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INDEX AND SUMMARY OF H. R. 7885

April 4, 1963 Sen. Fulbright introduced and designated H. R. 7885 which was referred to the Foreign Relations Committee. Print of bill and abstract on order.

Rep. Fargen introduced H. R. 7885 which was referred to the Foreign Affairs Committee. Print of bill on order.

LEGISLATIVE HISTORY

June 19, 1963 Public Law 88-205
H. R. 7885

Aug. 1, 1963 House committee ordered debate on H. R. 7885.
Print of bill on order.

Rep. Fargen introduced H. R. 7885 which was referred to the Foreign Affairs Committee. Print of bill on order.

Aug. 6, 1963 House committee voted to report H. R. 7885.

Aug. 6, 1963 House committee reported H. R. 7885 with amendments. H. Report No. 466. Print of bill and report.

Aug. 21, 1963 House committee reported H. R. 7885 with amendments. H. Report No. 466. H. Res. 466. H. Res. 466.

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Aug. 20, 1963 House began debate on H. R. 7885.

Aug. 21, 1963 House continued debate on H. R. 7885.

Aug. 22, 1963 House continued debate on H. R. 7885.

Aug. 23, 1963 House passed H. R. 7885 with amendments.

Sen. Fargen and Crenshaw submitted proposed amendments to H. R. 7885.

Aug. 26, 1963 H. R. 7885 was referred to the Senate Foreign Relations Committee. Print of bill on order.

Oct. 21, 1963 Senate committee voted to report H. R. 7885.

Oct. 22, 1963 Senate committee reported H. R. 7885 with amendments. S. Report No. 566. Print of bill and report.

Sen. Crenshaw submitted proposed amendments.

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Sen. Crenshaw and Fargen submitted amendments.

INDEX AND SUMMARY OF H. R. 7885

- April 4, 1963 Sen. Fulbright introduced and discussed S. 1276 which was referred to the Foreign Relations Committee. Print of bill and remarks of author.
- May 21, 1963 Rep. Morgan introduced H. R. 5490 which was referred to the Foreign Affairs Committee. Print of bill as introduced.
- June 19, 1963 Sen. Morse submitted proposed amendments to S. 1276.
- Aug. 1, 1963 House committee ordered clean bill introduced in lieu of H. R. 5490.
- Aug. 8, 1963 Rep. Morgan introduced H. R. 7885 which was referred to the Foreign Affairs Committee. Print of bill as introduced.
- Aug. 6, 1963 House committee voted to report H. R. 7885.
- Aug. 8, 1963 House committee reported H. R. 7885 without amendment. H. Report No. 646. Print of bill and report.
- Aug. 14, 1963 House Rules Committee reported resolution for the consideration of H. R. 7885. H. Res. 493, H. Rept. 686.
- Aug. 20, 1963 House began debate on H. R. 7885.
- Aug. 21, 1963 House continued debate on H. R. 7885.
- Aug. 22, 1963 House continued debate on H. R. 7885.
- Aug. 23, 1963 House passed H. R. 7885 with amendments.
- Aug. 26, 1963 Sens. Dirksen and Gruening submitted proposed amendments to H. R. 7885.
- Aug. 26, 1963 H. R. 7885 was referred to the Senate Foreign Relations Committee. Print of bill as referred.
- Oct. 21, 1963 Senate committee voted to report H. R. 7885.
- Oct. 22, 1963 Senate committee reported H. R. 7885 with amendment. S. Report No. 588. Print of bill and report.
- Oct. 24, 1963 Sen. Gruening submitted proposed amendments.
- Oct. 24, 1963 Senate began consideration of H. R. 7885.
- Sens. Gruening and Dirksen submitted amendments.

INDEX AND SUMMARY OF H. R. 7885, cont'd

Oct. 28, 1963	Senate continued debate on H. R. 7885.
Oct. 29, 1963	Senate continued debate on H. R. 7885.
Oct. 30, 1963	Senate continued debate on H. R. 7885.
Oct. 31, 1963	Senate continued debate on H. R. 7885.
Nov. 1, 1963	Senate continued debate on H. R. 7885.
Nov. 4, 1963	Senate continued debate on H. R. 7885.
Nov. 5, 1963	Senate continued debate on H. R. 7885.
Nov. 6, 1963	Senate continued debate on H. R. 7885.
Nov. 7, 1963	Senate continued debate on H. R. 7885.
Nov. 8, 1963	Senate continued debate on H. R. 7885.
Nov. 12, 1963	Senate continued debate on H. R. 7885.
Nov. 13, 1963	Senate continued debate on H. R. 7885.
Nov. 14, 1963	Senate continued debate on H. R. 7885.
Nov. 15, 1963	Senate passed H. R. 7885 with amendments.
	Senate conferees were appointed.
	Print of H. R. 7885 as passed by Senate.
Nov. 18, 1963	House conferees were appointed on H. R. 7885.
Dec. 5, 1963	Conferees agreed to file a report.
Dec. 6, 1963	House received conference report on H. R. 7885. H. Report No. 1006. Print of report.
Dec. 9, 1963	Senate began consideration of conference report.
	House agreed to conference report.
Dec. 10, 1963	Senate agreed to vote on conference report on Dec. 12th.
Dec. 11, 1963	Senate rescinded a unanimous-consent agreement of Dec. 10 providing for vote on Dec. 12th.
Dec. 12, 1963	Senate continued debate on conference report.

INDEX AND SUMMARY OF H. R. 7885, cont'd

Dec. 13, 1963 Senate agreed to conference report on H. R. 7885.

Dec. 16, 1963 Approved: Public Law 88-205.

HEARINGS: Senate Foreign Relations Committee on S. 1276.

House Foreign Affairs Committee on H. R. 5490, Parts 1 - 9.

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

APRIL 4, 1963

Mr. FULBRIGHT (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1963".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Chapter 1 of part I of the Foreign Assistance
8 Act of 1961, as amended, is hereby redesignated "Policy"
9 and section 101, which relates to short title, is hereby
10 deleted.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
COOPERATION

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 212, which relates to authorization, strike out “1963” and “\$300,000,000” and substitute “1964” and “\$257,000,000”, respectively.

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out “use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for” and substitute the word “furnish”.

(2) In subsection (b) strike out “to use” and “foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for” and substitute “to furnish” before the word “assistance”.

(3) Add the following new subsections (c) and (d) :

“(c) There is hereby authorized to be appropriated to the President, in addition to other funds available for such

1 purposes, such amounts as may be necessary from time to
 2 time to carry out the purposes of this section, which amounts
 3 shall remain available until expended.”

4 “(d) The President is authorized to use, in addition to
 5 other funds available for such purposes, foreign currencies
 6 accruing to the United States Government under any Act, for
 7 purposes of this section.”

8 TITLE III—INVESTMENT GUARANTIES

9 SEC. 103. Title III of chapter 2 of part I of the Foreign
 10 Assistance Act of 1961, as amended, which relates to invest-
 11 ment guaranties, is amended as follows:

12 (a) Amend section 221 (b), which relates to general
 13 authority, as follows:

14 (1) In the first sentence after “wholly owned”
 15 insert “(determined without regard to any shares, in
 16 aggregate less than 5 per centum of the total of issued
 17 and subscribed share capital, required by law to be
 18 held by persons other than the parent corporation) ”.

19 (2) In paragraph (1) strike out “\$1,300,000,000”
 20 in the proviso and substitute “\$2,500,000,000”.

21 (3) In paragraph (2) strike out “\$180,000,000”
 22 in the third proviso and substitute “\$300,000,000”.

23 (4) In paragraph (2) strike out “1964” in the
 24 fourth proviso and substitute “1965”.

25 (b) Amend section 222 (a), which relates to general

1 provisions, by striking out “section 221 (b)” and substi-
2 tuting “sections 221 (b) and 224”.

3 (c) Amend section 222 (b), which relates to general
4 provisions, by striking out “section 221 (b)” in both places
5 it appears and substituting “sections 221 (b) and 224”.

6 (d) Amend section 222 (d), which relates to general
7 provisions, to read as follows:

8 “(d) Any payments made to discharge liabilities under
9 guaranties issued under sections 221 (b) and 224 of this
10 part, sections 202 (b) and 413 (b) (4) of the Mutual Se-
11 curity Act of 1954, as amended, and section 111 (b) (3) of
12 the Economic Cooperation Act of 1948, as amended (exclu-
13 sive of informational media guaranties), shall be paid first
14 out of fees referred to in section 222 (b) as long as such fees
15 are available, and thereafter shall be paid out of funds, if
16 any, realized from the sale of currencies or other assets ac-
17 quired in connection with any payments made to discharge
18 liabilities under such guaranties as long as such funds are
19 available, and thereafter shall be paid out of funds heretofore
20 appropriated for the purpose of discharging liabilities under
21 the aforementioned guaranties, and thereafter out of funds
22 realized from the sale of notes issued under section 413 (b)
23 (4) (F) of the Mutual Security Act of 1954, as amended,

1 and section 111 (c) (2) of the Economic Cooperation Act
2 of 1948, as amended, and finally out of funds hereafter made
3 available pursuant to section 222 (f) .”

4 (e) Amend section 222 (e), which relates to general
5 provisions, to read as follows:

6 “(e) All guaranties issued prior to July 1, 1956, all
7 guaranties issued under sections 202 (b) and 413 (b) (4)
8 of the Mutual Security Act of 1954, as amended, and all
9 guaranties heretofore or hereafter issued pursuant to this
10 title shall be considered contingent obligations backed by the
11 full faith and credit of the Government of the United States
12 of America. Funds heretofore obligated under the afore-
13 mentioned guaranties (exclusive of informational media
14 guaranties) together with the other funds made available
15 for the purposes of this title shall constitute a single reserve
16 for the payment of claims in accordance with section 222 (d)
17 of this part.”

18 (f) Amend section 224, which relates to housing proj-
19 ects in Latin American countries, as follows:

20 (1) In subsection (b) strike out “\$60,000,000”
21 and substitute “\$150,000,000”.

22 (2) Strike out subsection (c) .

1 TITLE VI—ALLIANCE FOR PROGRESS

2 SEC. 104. Title VI of chapter 2 of part I of the Foreign
3 Assistance Act of 1961, as amended, which relates to the
4 Alliance for Progress, is amended as follows:

5 (a) Amend section 251, which relates to general
6 authority, as follows:

7 (1) In subsection (e) strike out “economical” and
8 substitute “economically”.

9 (2) In subsection (f) strike out “Agency for
10 International Development” and substitute “agency
11 primarily responsible for administering part I”.

12 (b) Amend section 252, which relates to authorization,
13 as follows:

14 (1) Insert the following after the words “available
15 until expended”: “: *Provided*, That any unappropriated
16 portion of the amount authorized to be appropriated for
17 any such fiscal year may be appropriated in any subse-
18 quent fiscal year during the above period in addition to
19 the amount otherwise authorized to be appropriated for
20 such subsequent fiscal year. The funds appropriated
21 pursuant to this section”.

22 (2) Strike out “and which” before “, except for”.

23 (3) Insert following “1963” the second time it
24 appears the words “and not to exceed \$100,000,000 of

the funds appropriated pursuant to this section for use beginning in fiscal year 1964”.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 105. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out “1963” and “\$148,900,000” and substituting “1964” and “\$136,050,000”, respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 106. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out “1963” and “\$415,000,000” and substituting “1964” and “\$435,000,000”, respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 107. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out “1963” and substituting “1964”.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated “Policy” and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance

1 Act of 1961, as amended, which relates to military assist-
2 ance, is amended as follows:

3 (a) In section 504 (a), which relates to authorization,
4 strike out "the fiscal years 1962 and 1963" and "\$1,700,-
5 000,000 for each such fiscal year, which sums" and substitute
6 "fiscal year 1964" and "\$1,405,000,000, which", respec-
7 tively.

8 (b) In section 510 (a), which relates to special author-
9 ity, strike out "1963" in the first and second sentences and
10 substitute "1964".

11 PART III

12 CHAPTER 1—GENERAL PROVISIONS

13 SEC. 301. Section 611 (b) of the Foreign Assistance Act
14 of 1961, as amended, which relates to completion of plans
15 and cost estimates, is amended by striking out "circular A-
16 47 of the Bureau of the Budget" and substituting "the
17 Memorandum of the President dated May 15, 1962".

18 CHAPTER 2—ADMINISTRATIVE PROVISIONS

19 SEC. 302. Chapter 2 of part III of the Foreign Assist-
20 ance Act of 1961, as amended, which relates to administra-
21 tive provisions, is amended as follows:

22 (a) Amend section 624, which relates to statutory offi-
23 cers, as follows:

24 (1) In subsection (a) (2) strike out "two" and
25 substitute "one",

1 (2) In subsection (a) (3) strike out "nine" and
2 substitute "ten".

3 (3) In subsection (b) strike out "paragraphs (2)
4 and" and substitute "paragraph".

5 (b) Amend section 626 (b), which relates to experts,
6 consultants, and retired officers, as follows:

7 (1) Strike out the entire first sentence.

8 (2) In the second sentence strike out "Nor shall
9 such service" and substitute "Service of an individual as
10 an expert or consultant under subsection (a) of this sec-
11 tion shall not".

12 (c) In section 631, which relates to missions and staffs
13 abroad, add the following new subsection (c) :

14 “(c) The President may appoint any United States
15 citizen who is not an employee of the United States Govern-
16 ment or may assign any United States citizen who is a
17 United States Government employee to serve as Chair-
18 man of the Development Assistance Committee or any
19 successor committee thereto of the Organization for Eco-
20 nomic Cooperation and Development upon election thereto
21 by members of said Committee, and, in his discretion, may
22 terminate such appointment or assignment, notwithstanding
23 any other provision of law. Such person may receive such
24 compensation and allowances as are authorized by the
25 Foreign Service Act of 1946, as amended, not to exceed

1 those authorized for a chief of mission, class 2, within the
 2 meaning of said Act, as the President may determine. Such
 3 person may also, in the President's discretion, receive any
 4 other benefits and perquisites available under this Act to
 5 chiefs of special missions or staffs outside the United States
 6 established under this section."

7 (d) Amend section 635, which relates to general au-
 8 thorities, by adding the following new subsection (k) :

9 " (k) Any cost-type contract or agreement (including
 10 grants) entered into with a university, college, or other edu-
 11 cational institution for the purpose of carrying out programs
 12 authorized by part I may provide for the payment of the
 13 reimbursable indirect costs of said university, college, or other
 14 educational institution on the basis of predetermined fixed-
 15 percentage rates applied to the total, or an element thereof,
 16 of the reimbursable direct costs incurred."

17 (e) Amend section 637 (a), which relates to admin-
 18 istrative expenses, by striking out "1963" and "\$53,000,-
 19 000" and substituting "1964" and "\$57,250,000", respec-
 20 tively.

21 CHAPTER 3—MISCELLANEOUS PROVISIONS

22 SEC. 303. Section 644 (f) of the Foreign Assistance
 23 Act of 1961, as amended, which relates to definition of de-
 24 fense services, is amended by inserting "including orienta-
 25 tion" after "training" the first time it appears.

1 SEC. 304. Section 645 of the Foreign Assistance Act
2 of 1961, as amended, which relates to unexpended balances,
3 is amended to read as follows:

4 “SEC. 645. UNEXPENDED BALANCES.—Unexpended
5 balances of funds made available pursuant to this Act, the
6 Mutual Security Act of 1954, as amended, or Public Law
7 86-735 are hereby authorized to be continued available for
8 the general purposes for which appropriated, and may at
9 any time be consolidated, and, in addition, may be consoli-
10 dated with appropriations made available for the same gen-
11 eral purposes under the authority of this Act.”

12 PART IV—AMENDMENTS TO OTHER LAWS

13 SEC. 401. The Act to provide for assistance in the devel-
14 opment of Latin America and in the reconstruction of Chile,
15 and for other purposes (Public Law 86-735, 22 U.S.C. 1942
16 et seq.), is amended as follows:

17 (a) In section 2 strike out “\$500,000,000” and substi-
18 tute “\$700,000,000”.

19 (b) Insert following the enacting clause “That this Act
20 may be cited as ‘the Latin American Development and
21 Chilean Reconstruction Act’ ”.

22 SEC. 402. Section 231 of the Trade Expansion Act of
23 1962 (Public Law 87-794, approved October 11, 1962)
24 is amended as follows:

1 (a) Insert “(a)” before the words “The President
2 shall”.

3 (b) Add the following new subsection:

4 “(b) The President may extend the benefits of trade
5 agreement concessions made by the United States to prod-
6 ucts, whether imported directly or indirectly, of a country
7 or area within the purview of subsection (a), when he deter-
8 mines that such treatment would be important to the national
9 interest and would promote the independence of such country
10 or area from domination or control by international com-
11 munism, and reports this determination and the reasons
12 therefor to the Congress.”

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. FULBRIGHT

APRIL 4, 1963

Read twice and referred to the Committee on
Foreign Relations

of the particular project, presumably constructed in the interest of all the people. So it is with post office sites, so it should be with water projects. There is no reason for a difference between the incidence of any Federal power over our waters and any other Federal power under the Constitution.

But that is only half of this particular problem. Unfortunately, even in instances where compensation by the United States is already required, as for example, in regard to the same reclamation project involved in the Gerlach case, the Justice Department has claimed the right to seize the affected water unilaterally, as by closure of a river, and put the deprived owners of affected vested water rights to the remedy of a suit in the court of claims. This is known as forcing resort to proceedings in inverse condemnation. As a lawyer, I judge this to be a deplorable tactic. The bill we introduce today should prevent such tactics in the future.

Compensation and orderly procedure should remove a great percentage of the friction in disputes between the Federal Government and those holding water rights recognized under State law. Yet the constitutional powers of the Federal Government would not be impaired. The relative cost of acquiring such rights would be small compared to the total cost of such projects, though just compensation is immensely important to the individuals and non-Federal public agencies involved.

I believe this bill goes a long way toward solving many of the existing or potential problems in the matter of Federal-State water rights. This bill is adapted from my S. 2636, 87th Congress, which, in turn, resulted from the very beneficial exploratory hearings on this subject held by the Senate Interior Committee in 1961. When I introduced that bill I said that I was introducing it for study as an initial step toward solving some of the many problems in this complex field. The verbiage of the pending bill is the result of extensive study and recommendations by many eminent water lawyers. It carries the endorsement of the Western Water Law Symposium conferees at the recent meeting of the National District Attorney's Association. I hope it will be uniformly supported by all those interested in this important field, even though it does not purport to solve all problems in this field.

Section 1 carries the thrust of the bill and, I believe, accomplishes all four of the proposals I have discussed here today. Paragraph 1 repeals, in effect, the definition of "public lands" which was enunciated in the Pelton Dam decision. It protects water rights assumed to be validly based on State appropriation and riparian doctrines in accord with the Desert Land Act and the interpretation in the Beaver Portland Cement Co. case.

Paragraph 2 enunciates the policy of preference for consumptive uses as against nonconsumptive uses, west of the 98th meridian.

Paragraph 3 provides that if the United States claims a water right under State law, it must perfect it under State law.

Paragraph 4 assures compensation for

the taking of vested water rights. The word "vested" does not necessarily mean presently perfected rights—State law will, as it should, control in each case. This paragraph also requires affirmative judicial action by the United States. It should prevent acts of seizure by the Federal Government.

Section 2 of the bill includes several saving provisions for the protection of both the Federal interests and State and individual interests in particular circumstances. Paragraph 1 of section 2 provides that if the United States is under statutory limitation to acquiring water rights under State law, such limitation continues in effect. Paragraph 2 preserves the effect of treaties. Paragraph 3 preserves the effect of compacts, adjudicated matters, Indian rights, existing rights of others than the United States, accomplished Federal rights for governmental purposes, and later-acquired Federal rights authorized by an act of Congress or State law.

Different from S. 2636, the present bill does not include a provision by which the United States could be unwillingly joined in water litigation between two or more States. Under present law, it is necessary for the Attorney General to intervene on behalf of the United States if the Federal Government is to be bound by such suits. I believe that section 3 of my former bill was a good provision but some objections to it have been raised and, in order to present a bill suited for wide support, I have not included such a waiver of sovereign immunity.

Another difference in this new bill is that we make it clear that in protecting vested water rights we are protecting the beneficial diversion or storage of water, as well as truly consumptive uses.

Other changes from former S. 2636 are minor.

Mr. President, I think this bill we introduce today provides a vehicle for accomplishing many of the aims sought by the Senate Select Committee on Water Resources, on which I was privileged to serve as vice chairman. At page 65 of our report we asked for "clarification of the Federal position in connection with water rights." I think this bill would go a long way toward providing a sound basis for continued Federal, State, local, and individual water uses. It would also assure a more healthy climate of mutual confidence, respect, and cooperation in which our Federal Government and State and other interests can join in mutual water planning and development for the future.

This bill deserves the wholehearted support of the Congress.

Mr. President, I ask unanimous consent that the bill may remain at the desk through next Wednesday, and I hope that we may be able to obtain coauthorship from Senators on both sides of the aisle.

I also ask unanimous consent that the text of the bill may be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD and

will lie on the table through next Wednesday, as requested.

The bill (S. 1275) to clarify the relationship of interests of the United States and of the States in the use of the waters of certain streams, introduced by Mr. KUCHEL (for himself and Mr. Moss), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (1) The withdrawal or reservation of surveyed or unsurveyed public lands, heretofore or hereafter made, shall not affect any right to the use of water acquired pursuant to State law either before or after the establishment of such withdrawal or reservation.

(2) The provisions of section 1(b) of the Flood Control Act of 1944 (Act of December 22, 1944, 58 Stat. 888-89, as amended, 33 U.S.C. sec. 701-1 (1958)) shall apply to all works hereafter constructed by or under the authority of the United States with respect to waters arising within States lying wholly or partly west of the ninety-eighth meridian.

(3) Any right claimed by the United States to the beneficial diversion, storage, distribution, or consumptive use of water under the laws of any State shall be initiated and perfected in accordance with the procedure established by the laws of that State.

(4) No vested right to the beneficial diversion, storage, or consumptive use of any waters, navigable or nonnavigable, which is recognized by the laws of the State or States in which such waters are diverted or used as compensable if taken by or under the authority of the State, shall be taken by or under authority of the United States without compensation; and where such rights are acquired otherwise than by agreement with the owner, they shall be taken by proceedings in eminent domain under the laws of the United States or of the State or States affected.

SEC. 2. Nothing in this Act shall be construed as—(1) Modifying or repealing any provision of any existing Act of Congress requiring that rights of the United States to the use of water be acquired pursuant to State law; (2) Permitting appropriations of water under State law which interfere with the provisions of international treaties of the United States; or (3) Affecting, impairing, diminishing, subordinating or enlarging (a) the rights of the United States or any State to waters under any interstate compact or existing judicial decree, (b) any obligations of the United States to Indians or Indian tribes, or any claim or right owned or held by or for Indians or Indian tribes, (c) any water right heretofore acquired by others than the United States under Federal or State law, (d) any right to any quantity of water used for governmental purposes or programs of the United States at any time prior to the effective date of this Act; or (e) any right of the United States to use water which is hereafter lawfully initiated in the exercise of the express or necessarily implied authority of any present or future Act of Congress or State law when such right is initiated prior to the acquisition by others of any right to use water pursuant to State law.

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, AND FOR OTHER PURPOSES

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference a bill to amend further the For-

eign Assistance Act of 1961, as amended, and for other purposes.

The proposed legislation has been requested by the President and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1963".

PART I

Chapter 1—Policy

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "Policy" and section 101, which relates to short title, is hereby deleted.

Chapter 2—Development assistance

Title II—Development grants and technical cooperation

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$257,000,000", respectively.

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".

(2) In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".

(3) Add the following new subsections (c) and (d):

"(c) There is hereby authorized to be appropriated to the President, in addition to other funds available for such purposes, such amounts as may be necessary from time to time to carry out the purposes of this section, which amounts shall remain available until expended."

"(d) The President is authorized to use, in addition to other funds available for such purposes, foreign currencies accruing to the United States Government under any Act, for purposes of this section."

Title III—Investment guaranties

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "\$180,000,000" in the third proviso and substitute "\$300,000,000".

(4) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Corporation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".

(2) Strike out subsection (c).

Title VI—Alliance for Progress

SEC. 104. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (e) strike out "economical" and substitute "economically".

(2) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(b) Amend section 252, which relates to authorization, as follows:

(1) Insert the following after the words

"available until expended": "Provided, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year. The funds appropriated pursuant to this section".

(2) Strike out "and which" before ", except for".

(3) Insert following "1963" the second time it appears the words "and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964".

Chapter 3—International organizations and programs

SEC. 105. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively.

Chapter 4—Supporting assistance

SEC. 106. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$435,000,000", respectively.

Chapter 5—Contingency fund

SEC. 107. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out "1963" and substituting "1964".

PART II

Chapter 1—Policy

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "Policy" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,405,000,000, which", respectively.

(b) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

PART III

Chapter 1—General provisions

SEC. 301. Section 611(b) of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by striking out "circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962".

Chapter 2—Administrative provisions

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (a)(2) strike out "two" and substitute "one".

(2) In subsection (a)(3) strike out "nine" and substitute "ten".

(3) In subsection (b) strike out "paragraphs (2) and" and substitute "paragraph".

(b) Amend section 622(b), which relates to experts, consultants, and retired officers, as follows:

(1) Strike out the entire first sentence.

(2) In the second sentence strike out "Nor shall such service" and substitute "Service of an individual as an expert or consultant under subsection (a) of this section shall not".

(c) In section 631, which relates to missions and staffs abroad, add the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor Committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

(d) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(e) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$57,250,000", respectively.

Chapter 3—Miscellaneous provisions

SEC. 303. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 304. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out "\$500,000,000" and substitute "\$700,000,000".

(b) Insert following the enacting clause "That this Act may be cited as 'the Latin American Development and Chilean Reconstruction Act'".

SEC. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87-794, approved October 11, 1962) is amended as follows:

(a) Insert "(a)" before the words "The President shall".

(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection

(a), when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

A METRIC SYSTEM OF WEIGHTS AND MEASURES

Mr. PELL. Mr. President, one of the most striking paradoxes in this modern aerospace age is our continued adherence to an antediluvian system of weights and measures. The United States, with other English-speaking countries stubbornly clings to a vestigial organ of inches and pounds which came into being with the birth of this Nation, and over the dedicated opposition of Thomas Jefferson who at least was able to give us a sensible currency system based on the tens of the metric system.

More incomprehensible is the fact that we cannot even meet with the British on common ground in this matter. Our gallon is not the British gallon; our ton is not the British ton, and there is little likelihood that these fraternal twins will ever be transformed into identical ones.

The most persuasive argument for the adoption of a metric system of weights and measures is that it would translate an antiquated system into one that is readily understandable, easy to work, and used by most of the nations and peoples of the world. It is a simple system based upon multiples of 10. Its adoption would facilitate both our domestic and our international commerce. It would provide us with a uniform system of standard measurements. And many segments of our society use the metric approach and have for many years, notably the medical and pharmaceutical professions, the military, and as I mentioned before, the financial world.

At the very least, we should be willing to conduct a comprehensive study to determine the feasibility of changing over to the metric system. The bill I am sponsoring, which is identical to that introduced in the House by the Honorable GEORGE P. MILLER of California, would authorize the National Bureau of Standards to conduct a program of investigation, research and survey to determine whether the adoption of the metric system of weights and measures by the United States would be practical. As such, I consider it a worthwhile and eminently desirable endeavor.

I ask unanimous consent to have the text of this bill printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1278) to provide that the National Bureau of Standards shall conduct a program of investigation, research, and survey to determine the practicability of the adoption by the United States of the metric system of weights and measures, introduced by Mr. PELL, was received, read twice by its title, referred to the Committee on Aero-

autical and Space Sciences, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Bureau of Standards (hereinafter referred to as the "Bureau"), in the exercise of its functions under the Act of March 3, 1901, as amended (15 U.S.C. 271 and the following), and other provisions of law, shall conduct a program of investigation, research, and survey to determine the desirability and practicability of the adoption in the United States of the metric system of weights and measures.

SEC. 2. In the conduct of the program described in the first section of this Act, the Bureau may—

(1) conduct extensive comparative studies of the standards of weights and measures used in scientific, engineering, manufacturing, and commercial areas and in educational institutions, and the advantages of each in its respective field;

(2) cooperate with other governmental agencies and private organizations in determining the economic advantages of a general change to the metric system in the United States or of a change to such system in specific fields;

(3) cooperate with foreign governments in determining the advantages in international trade and commerce, and in military and other areas of international relations, to be derived from a universal standardized system of weights and measures; and

(4) investigate the attitudes of the departments and agencies of the Federal Government and of the several States with respect to possible practical difficulties which might be encountered in accomplishing a change in the system of weights and measures for use generally or in specific fields or areas in the United States.

SEC. 3. The Bureau shall submit to the Secretary of Commerce for transmission to the Congress annual reports, and within three years after the date of the enactment of this Act, a full and complete report of the findings made in the conduct of the program described in the first section of this Act, together with such recommendations as it considers to be appropriate and in the best interests of the economic development and national security of the United States.

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

AUTHORITY FOR COMMITTEE ON LABOR AND PUBLIC WELFARE TO FILE REPORT ON SENATE BILL 1 DURING RECESS

Mr. CLARK. Mr. President, I ask unanimous consent that the report of the Committee on Labor and Public Welfare on S. 1, the youth employment bill, may be filed tomorrow, despite the fact that the Senate will be in recess. I have cleared this matter with the ranking Republican member.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE WILDERNESS BILL—EXTENSION OF TIME FOR FILING MINORITY VIEWS

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the time for filing minority views on Senate bill 4, the wilderness bill, be extended to midnight on Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSOR OF BILL

Mr. METCALF. Mr. President, I ask unanimous consent that at the next printing of the bill (S. 138), to redesignate Big Hole Battlefield National Monument and revise boundaries, the name of the senior Senator from Montana [Mr. MANSFIELD] be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF HEAD-OF-HOUSEHOLD BENEFITS TO CERTAIN WIDOWS AND WIDOWERS—ADDITIONAL COSPONSOR OF BILL

Mr. McCARTHY. Mr. President, I ask unanimous consent that the name of the Senator from Kentucky [Mr. COOPER] may be entered as a cosponsor of the bill (S. 35) to extend head-of-household benefits to certain widows and widowers which I introduced.

The PRESIDING OFFICER. Without objection, it is so ordered.

LOANS WITHOUT DISCRIMINATION ON REAL ESTATE BY FINANCIAL INSTITUTIONS—ADDITIONAL COSPONSOR OF RESOLUTION

Under authority of the order of the Senate of March 28, 1963, the name of Mr. CASE was added as an additional cosponsor of the resolution (S. Res. 118) concerning loans without discriminatory provisions, on real estate by financial institutions, submitted by Mr. SCOTT (for himself and other Senators) on March 28, 1963.

NOTICE OF POSTPONEMENT OF HEARING ON S. 63, AND S. 1057, PUBLIC DEFENDER BILLS

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, notice is hereby given that the public hearing scheduled for 10:30 a.m., Tuesday, Wednesday, and Thursday, April 9, 10, and 11, 1963, in room 2228, New Senate Office Building, on S. 63, a bill to provide for representation of indigent defendants, and S. 1057, a bill to promote the cause of criminal justice by providing for the representation of defendants who are financially unable to obtain an adequate defense in criminal cases in the courts of the United States, has been postponed until further notice.

NOTICE OF HEARINGS ON STATE OF DOMESTIC MINERALS INDUSTRY

Mr. GRUENING. Mr. President, I am certain that all Members of Congress and indeed all Americans are aware of the fundamental importance of minerals to our Nation's security and economic development. The essentiality of adequate supplies of metals and mineral fuels, such as oil, gas, and coal to our civilization is so self-evident as to be axiomatic.

Yet for a number of years past our domestic mining industry has been deteriorating, according to consistent reports received by the Senate Interior Committee. More and more, for current needs we are depending upon foreign sources and ocean-borne transportation of materials without which we could not defend ourselves or grow as a nation.

In an effort to get the facts and find ways of remedying this situation, the Subcommittee on Minerals, Materials and Fuels of the Interior Committee is scheduling hearings, beginning April 9, on the state of our domestic minerals industry. The subcommittee has invited Secretary Udall to appear before it as the first witness and present the situation with his recommendations for remedial action by the Government where any such action is indicated.

As chairman of the Minerals, Materials and Fuels Subcommittee, I wish to invite Members of the Senate who have special interest in or special knowledge of our domestic mining industry to meet with us and take part in our seeking to get the facts and to find solutions for the problems.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. LONG of Louisiana:

Address entitled "American Agriculture in a Changing World," delivered by Senator McGOVERN before the 29th Annual Convention of the Independent Bankers Association, at New Orleans, La., on March 26, 1963.

By Mr. EDMONDSON:

Editorial relating to Carl K. Bates, published in the Tulsa (Okla.) Tribune.

By Mr. MCGEE:

Article from the Alumni magazine of the University of Wyoming, issue of March-April 1963, in tribute to Rudolph T. Anselmi, Wyoming State senator.

Article entitled "What Foreign Tourists Think of America," written by Voit Gilmore, Director, U.S. Travel Service, and published in This Week magazine of March 24, 1963.

By Mr. ANDERSON:

Sermon entitled "Our Vanishing Wilderness," delivered on March 31, 1963, by Rev. Duncan Howlett, pastor of All Souls Unitarian Church in Washington, D.C.

FOREIGN AID

Mr. JAVITS. Mr. President, the opposition to the foreign aid program is placing strong emphasis on weakness, waste, and errors in its administration, and in this way serves an important function which I think will result eventually in a stronger, more effective program. But while we focus on this emphasis, we should not minimize or ignore the substantial impact that the foreign aid program has on our domestic economy in terms of the jobs, the industry, and the business development here in the United States and to be developed as these newly developing nations become more developed. Upstate New York has

a very large stake in this program and generally in the development of American trade abroad, and the extent of the impact of this program on a particular upstate county has been the subject of a research project since last year. The project is being conducted by the Maxwell Graduate School of Citizenship and Public Affairs of Syracuse University, under a grant from the Rockefeller Foundation, and will be completed in June. The project is directed by Gerard J. Mangone. I ask unanimous consent to print in the RECORD the interim report of the project, entitled "The Department of State and Onondaga County: American Foreign Policy at the Grassroots," issued in March 1963.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE DEPARTMENT OF STATE AND ONONDAGA COUNTY: AMERICAN FOREIGN POLICY AT THE GRASS ROOTS

(An interim report to the Rockefeller Foundation, March 1963—a research project directed by Gerard J. Mangone)

FOREIGN RELATIONS AND THE CITIZEN

The hypothesis of this study of foreign policy at the Maxwell Graduate School of Syracuse University is that the philosophy, programs, and conduct of American foreign relations impinge more profoundly upon the daily lives of U.S. citizens than they realize. It is our feeling that the daily activities of the Department of State in policy formulation and its implementation, both at Washington and abroad, touch the immediate interests of the community in employment, prices, profits, health, housing, travel, recreation, and education.

The purpose of the Maxwell study is to examine one facet of foreign policy rarely treated in detail; namely, the impact of foreign policy on one county. The study is attempting to describe in concrete terms some of the effects of America's defensive stature and outreach abroad upon business and the social patterns of a community. It is to be illustrated by examples of how national responses to world events have brought about changes in Onondaga County and its urban centers of Syracuse.

The study is intended to make both the general American public and the attentive elite of policy leaders aware of the particular impact of American foreign policy at the local level, so that a popular criticism of U.S. foreign policy can be more intelligent, responsible, and dynamic. World plans and national programs ought to be regularly reviewed for their effect upon a man's daily life.

ONONDAGA COUNTY: A TYPICAL COMMUNITY?

A "typical" American community is a delightful abstraction, but impossible to denote. Recognizing this difficulty, however, we have selected Syracuse and Onondaga County as a good area for analyzing the impact of foreign policy. Its diverse, yet fairly well-balanced economy presents many opportunities for tracing the effect of foreign policy upon business, trade, commerce, finance, and agriculture. Its population, too, by size, variety of occupations, and ethnic origins roughly approximates national averages for the so-called American community.

In 1960 Onondaga County had a population of 432,028 in the area of 792 square miles, making it the 74th largest county in the United States by population. The county population grew by almost 25 percent in the decade from 1950 to 1960, with the chief increase taking place in the suburbs of the principal city, Syracuse.

88TH CONGRESS
1ST SESSION

H. R. 5490

IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 1963

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1963".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Chapter 1 of part I of the Foreign Assistance
8 Act of 1961, as amended, is hereby redesignated "Policy"
9 and section 101, which relates to short title, is hereby de-
10 leted.

1 CHAPTER 2—DEVELOPMENT ASSISTANCE

2 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL

3 COOPERATION

4 SEC. 102. Title II of chapter 2 of part I of the Foreign
5 Assistance Act of 1961, as amended, which relates to devel-
6 opment grants and technical cooperation, is amended as
7 follows:

8 (a) In section 212, which relates to authorization, strike
9 out “1963” and “\$300,000,000” and substitute “1964” and
10 “\$257,000,000”, respectively.

11 (b) Amend section 214, which relates to American
12 schools and hospitals abroad, as follows:

13 (1) In subsection (a) strike out “use, in addition
14 to other funds available for such purposes, funds made
15 available for the purposes of section 211 for” and sub-
16 stitute the word “furnish”.

17 (2) In subsection (b) strike out “to use” and “for-
18 eign currencies accruing to the United States Govern-
19 ment under any Act, for purposes of subsection (a)
20 of this section and for” and substitute “to furnish” be-
21 fore the word “assistance”.

22 (3) Add the following new subsections (c) and
23 (d) :

24 “(c) There is hereby authorized to be appropriated to
25 the President, in addition to other funds available for such

1 purposes, such amounts as may be necessary from time to
 2 time to carry out the purposes of this section, which amounts
 3 shall remain available until expended.

4 “(d) The President is authorized to use, in addition to
 5 other funds available for such purposes, foreign currencies
 6 accruing to the United States Government under any Act,
 7 for purposes of this section.”

8 TITLE III—INVESTMENT GUARANTIES

9 SEC. 103. Title III of chapter 2 of part I of the Foreign
 10 Assistance Act of 1961, as amended, which relates to invest-
 11 ment guaranties, is amended as follows:

12 (a) Amend section 221 (b), which relates to general
 13 authority, as follows:

14 (1) In the first sentence after “wholly owned” in-
 15 sert “(determined without regard to any shares, in
 16 aggregate less than 5 per centum of the total of issued
 17 and subscribed share capital, required by law to be held
 18 by persons other than the parent corporation) ”.

19 (2) In paragraph (1) strike out “\$1,300,000,000”
 20 in the proviso and substitute “\$2,500,000,000”.

21 (3) In paragraph (2) strike out “\$180,000,000”
 22 in the third proviso and substitute “\$300,000,000”.

23 (4) In paragraph (2) strike out “1964” in the
 24 fourth proviso and substitute “1965”.

25 (b) Amend section 222 (a), which relates to general

1 provisions, by striking out “section 221 (b)” and substi-
2 tuting “sections 221 (b) and 224”.

3 (c) Amend section 222 (b), which relates to general
4 provisions, by striking out “section 221 (b)” in both places
5 it appears and substituting “sections 221 (b) and 224”.

6 (d) Amend section 222 (d), which relates to general
7 provisions, to read as follows:

8 “(d) Any payments made to discharge liabilities under
9 guaranties issued under sections 221 (b) and 224 of this
10 part, sections 202 (b) and 413 (b) (4) of the Mutual Security
11 Act of 1954, as amended, and section 111 (b) (3) of the
12 Economic Cooperation Act of 1948, as amended (exclusive
13 of informational media guaranties), shall be paid first out of
14 fees referred to in section 222 (b) as long as such fees are
15 available, and thereafter shall be paid out of funds, if any,
16 realized from the sale of currencies or other assets acquired
17 in connection with any payments made to discharge liabilities
18 under such guaranties as long as such funds are available,
19 and thereafter shall be paid out of funds heretofore appro-
20 priated for the purpose of discharging liabilities under the
21 aforementioned guaranties, and thereafter out of funds real-
22 ized from the sale of notes issued under section 413 (b) (4)
23 (F) of the Mutual Security Act of 1954, as amended, and

1 section 111 (c) (2) of the Economic Cooperation Act of
2 1948, as amended, and finally out of funds hereafter made
3 available pursuant to section 222 (f) .”

4 (e) Amend section 222 (e), which relates to general
5 provisions, to read as follows:

6 “(e) All guaranties issued prior to July 1, 1956, all
7 guaranties issued under sections 202 (b) and 413 (b) (4)
8 of the Mutual Security Act of 1954, as amended, and all
9 guaranties heretofore or hereafter issued pursuant to this
10 title shall be considered contingent obligations backed by
11 the full faith and credit of the Government of the United
12 States of America. Funds heretofore obligated under the
13 aforementioned guaranties (exclusive of informational media
14 guaranties) together with the other funds made available
15 for the purposes of this title shall constitute a single reserve
16 for the payment of claims in accordance with section 222 (d)
17 of this part.”

18 (f) Amend section 224, which relates to housing proj-
19 ects in Latin American countries, as follows:

20 (1) In subsection (b) strike out “\$60,000,000”
21 and substitute “\$150,000,000”.

22 (2) Strike out subsection (c) .

1 TITLE VI—ALLIANCE FOR PROGRESS

2 SEC. 104. Title VI of chapter 2 of part I of the Foreign
3 Assistance Act of 1961, as amended, which relates to the
4 Alliance for Progress, is amended as follows:

5 (a) Amend section 251, which relates to general au-
6 thority, as follows:

7 (1) In subsection (e) strike out “economical” and
8 substitute “economically”.

9 (2) In subsection (f) strike out “Agency for In-
10 ternational Development” and substitute “agency pri-
11 marily responsible for administering part I”.

12 (b) Amend section 252, which relates to authorization,
13 as follows:

14 (1) Insert the following after the words “available
15 until expended”: “: *Provided*, That any unappropriated
16 portion of the amount authorized to be appropriated
17 for any such fiscal year may be appropriated in any
18 subsequent fiscal year during the above period in ad-
19 dition to the amount otherwise authorized to be appro-
20 priated for such subsequent fiscal year. The funds ap-
21 propriated pursuant to this section.”

22 (2) Strike out “and which” before “, except for”.

23 (3) Insert following “1963” the second time it
24 appears the words “and not to exceed \$100,000,000 of

the funds appropriated pursuant to this section for use beginning in fiscal year 1964".

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 105. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,500,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 106. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$435,000,000", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 107. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out "1963" and substituting "1964".

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "Policy" and section 501, which relates to short title, is hereby deleted.

1 SEC. 202. Chapter 2 of part II of the Foreign Assist-
2 ance Act of 1961, as amended, which relates to military as-
3 sistance, is amended as follows:

4 (a) In section 504 (a), which relates to authorization,
5 strike out "the fiscal years 1962 and 1963" and "\$1,700,-
6 000,000 for each such fiscal year, which sums" and substitute
7 "fiscal year 1964" and "\$1,405,000,000, which", respec-
8 tively.

9 (b) In section 510 (a), which relates to special author-
10 ity, strike out "1963" in the first and second sentences and
11 substitute "1964".

PART III

CHAPTER 1—GENERAL PROVISIONS

14 SEC. 301. Section 611 (b) of the Foreign Assistance Act
15 of 1961, as amended, which relates to completion of plans
16 and cost estimates, is amended by striking out "circular A-47
17 of the Bureau of the Budget" and substituting "the Memo-
18 randum of the President dated May 15, 1962".

CHAPTER 2—ADMINISTRATIVE PROVISIONS

20 SEC. 302. Chapter 2 of part III of the Foreign Assist-
21 ance Act of 1961, as amended, which relates to administra-
22 tive provisions, is amended as follows:

23 (a) Amend section 624, which relates to statutory offi-
24 cers, as follows:

1 (1) In subsection (a) (2) strike out “two” and
2 substitute “one”.

3 (2) In subsection (a) (3) strike out “nine” and
4 substitute “ten”.

5 (3) In subsection (b) strike out “paragraphs (2)
6 and” and substitute “paragraph”.

7 (b) Amend section 626 (b), which relates to experts,
8 consultants, and retired officers, as follows:

9 (1) Strike out the entire first sentence.

10 (2) In the second sentence strike out “Nor shall
11 such service” and substitute “Service of an individual as
12 an expert or consultant under subsection (a) of this
13 section shall not”.

14 (c) In section 631, which relates to missions and staffs
15 abroad, add the following new subsection (c) :

16 “(c) The President may appoint any United States
17 citizen who is not an employee of the United States Govern-
18 ment or may assign any United States citizen who is a United
19 States Government employee to serve as Chairman of the
20 Development Assistance Committee or any successor Com-
21 mittee thereto of the Organization for Economic Cooperation
22 and Development upon election thereto by members of said
23 Committee, and, in his discretion, may terminate such ap-
24 pointment or assignment, notwithstanding any other provision

1 of law. Such person may receive such compensation and
2 allowances as are authorized by the Foreign Service Act of
3 1946, as amended, not to exceed those authorized for a chief
4 of mission, class 2, within the meaning of said Act, as the
5 President may determine. Such persons may also, in the
6 President's discretion, receive any other benefits and per-
7 quisites available under this Act to chiefs of special missions
8 or staffs outside the United States established under this
9 section."

10 (d) Amend section 635, which relates to general author-
11 ities, by adding the following new subsection (k) :

12 "(k) Any cost-type contract or agreement (including
13 grants) entered into with a university, college, or other
14 educational institution for the purpose of carrying out pro-
15 grams authorized by part I may provide for the payment
16 of the reimbursable indirect costs of said university, college,
17 or other educational institution on the basis of predetermined
18 fixed-percentage rates applied to the total, or an element
19 thereof, of the reimbursable direct costs incurred."

20 (e) Amend section 637 (a) , which relates to admin-
21 istrative expenses, by striking out "1963" and "\$53,000,-
22 000" and substituting "1964" and "\$57,250,000", respec-
23 tively.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Section 644 (f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 304. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out "\$500,000,000" and substitute "\$700,000,000".

1 (b) Insert following the enacting clause "That this
2 Act may be cited as 'the Latin American Development and
3 Chilean Reconstruction Act'".

4 SEC. 402. Section 231 of the Trade Expansion Act of
5 1962 (Public Law 87-794, approved October 11, 1962) is
6 amended as follows:

7 (a) Insert "(a)" before the words "The President
8 shall".

9 (b) Add the following new subsection:

10 “(b) The President may extend the benefits of trade
11 agreement concessions made by the United States to prod-
12 ucts, whether imported directly or indirectly, of a country
13 or area within the purview of subsection (a), when he
14 determines that such treatment would be important to the
15 national interest and would promote the independence of such
16 country or area from domination or control by international
17 Communism, and reports this determination and the reasons
18 therefor to the Congress.”

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

APRIL 4, 1963

Referred to the Committee on Foreign Affairs

11. **USDA OMNIBUS BILL.** Received from this Department the proposed administrative omnibus bill to facilitate the work of the Department; to Agriculture and Forestry Committee. (p. 10459) See Digest 91 for a summary of the provisions of this proposal.
12. **FOREIGN AID.** Sen. Javits submitted two proposed amendments to S. 1276, the foreign aid bill, one dealing with development research and the other with certain provisions for investment guarantees. p. 10469
Sen. Morse spoke on what he termed the "serious problems involved in the proposals of the administration on foreign aid this year," and stated that a greater proportion of foreign aid money should be loan money and less grant money, and until such action is taken, he will oppose foreign aid. pp. 10514-6
Sen. Williams, Del., called attention to the manner in which our foreign aid money has been used to expand foreign poultry industry and stated that since the establishment of the European Common Market, there has been continuous discrimination against American poultry products. p. 10486
13. **SUGAR.** Sen. Inouye commended and inserted a recent speech by Sen. McCarthy discussing today's high sugar prices in which he expressed the opinion that tinkering with existing law will not provide effective answers to the difficulties of the sugar market and said that we should return to the system of allocations of quotas to foreign suppliers. pp. 10487-8
14. **FOOD.** Sen. McGovern inserted a magazine article which he described as an excellent statement of the problem of world hunger. p. 10504-7
15. **DAIRY INDUSTRY.** Sen. Keating paid tribute to New York dairy farmers and inserted the proclamation declaring the month of June as Dairy Month in New York State. pp. 10507-8
16. **LEGISLATIVE PROGRAM.** Sen. Humphrey announced that the Senate will adjourn over from today, Thurs., until Mon., and that on Tuesday they plan to consider S. 1163, to amend certain provisions of the Area Redevelopment Act. p. 10551

HOUSE

17. **WHEAT.** Rep. Langen inserted article charging that USDA exerted pressures on radio and TV to give the Government's version in the wheat referendum. p. 10591
18. **FARM LABOR.** Reps. Gonzalez and Gubser debated the merits of extending the Mexican farm labor program. pp. 10594, 10595
19. **AREA REDEVELOPMENT.** Rep. Snyder inserted a letter opposing continuation of the Area Redevelopment Act. p. 10597
20. **PUBLIC WORKS.** Rep. Saylor inserted provisions of various laws which require approval from standing committees for construction including land conservation and utilization, national park concession leases, and public buildings. pp. 10575-8
21. **WATER RESOURCES.** Rep. Charles H. Wilson criticized the Supreme Court's decision concerning the Colorado River water allotments. pp. 10590-1
Received from the President amendments to the budget increasing water resources projects for 1964 by \$360,000; to the Appropriations Committee (H. Doc. 125). p. 10603

The "Daily Digest" states that the Conservation and Credit Subcommittee of the Agriculture Committee "approved several pending watershed projects" (p. D454) and that the Public Works Committee "approved several watershed, flood control, navigation, and beach erosion resolutions" while its Watershed Development Subcommittee "approved watershed development projects." p. D456
Rep. Schwengel inserted a letter paying tribute to Carl Brown and his contributions to watershed development. pp. 10595-6

22. CIVIL RIGHTS. Several Representatives debated the merits of the President's Civil Rights message. pp. 10557-8, 10588-90, 10594, 10596
23. FOREIGN TRADE. The Ways and Means Committee reported without amendment H. R. 2675, extending for 3 years the suspension of duty on certain tanning extracts (H. Rept. 424). p. 10603
Rep. Tollefson discussed foreign competition with domestic industry and inserted an article, "Free Trade Policy Throttling our Economy", dealing with our import-export policy. pp. 10598-10603
The Ways and Means Committee reported without amendment H. R. 6011, to provide a 3 year suspension of duty on certain istle or Tampico fiber (H. Rept. 427). p. 10604
24. DATA PROCESSING. The Government Operations Committee reported with amendment H. R. 5171, to authorize GSA to coordinate the purchase, lease, maintenance, operation, and utilization of electronic data processing equipment by Federal departments and agencies (H. Rept. 428). p. 10604
25. EMPLOYMENT. The General Subcommittee on Labor of the Education and Labor Committee voted to report to the full committee H. R. 405 (amended), the Federal Equal Employment Opportunity Act. p. D455
26. LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 6689, to extend the principles of equitable adjudication of sales of land under the Alaska Public Sale Act. p. 455
27. HIGHWAYS. The Public Works Committee voted to report (but did not actually report) H. R. 6141 (amended), to provide for submission of certain cost estimates for completion of the National System of Interstate and Defense Highways (the provisions of the bill to be included in a clean bill to be introduced). p. D456
28. DRUGS. The Government Operations Committee approved a report, "Consumer Protection Activities of State Government-Regulation of Drugs and Related Products". p. D455

ITEMS IN APPENDIX

29. COTTON. Extension of remarks of Rep. Morris inserting Part 2 of a table on the costs and returns of cotton production. pp. A3886-7
30. FARM LABOR. Extension of remarks of Rep. Rosenthal stating that he does not foresee "calamitous effects" as the result of the defeat of the Mexican farm labor bill. pp. A3891-2
Extension of remarks of Sen. Fulbright inserting an article, "U. S. Curb on Braceros Gives Mexico Problems." pp. A3892-3
31. DAIRY INDUSTRY. Extension of remarks of Rep. Stratton discussing the importance of the dairy industry to N. Y. State. p. A3896

people may be unable to function effectively if the population in the area doubles or triples.

If the useful life of the project is estimated as very short, it is quite likely that the benefit will not be large enough to justify the cost. However, as the years of estimated use increase, the difficulty of justification decreases. A dam which stands for 50 years will prevent a great many more floods than a dam which crumbles in 25. Until recently 50 years was the standard estimate of the life of a project.

But now the Bureau of Reclamation practice is to use the life of the project or 100 years, whichever is shorter. Since it is difficult to predict the life of the project, practice has resulted in 100 years being used. Of course, this greatly increases the ease of justifying a project. However, a 100-year lifespan is absurd in view of the great changes that have taken place in the last 100 years and that can be expected to take place in the future.

This means benefits are enormously overestimated by doubling useful life far beyond a realistic estimate.

The second question asked in estimating benefit is: "What is a future benefit worth today?" In order to answer this question it is necessary to discount the value of future dollars. We do this because if we had these dollars today, we could invest them and through their use earn more dollars. But since we do not have these benefits, expressed in terms of dollars today, and cannot use them we must estimate the present discounted value of future benefits.

If it is estimated that an investment would yield an annual return of 10 percent and the future benefit is discounted on this basis, the benefit would be so greatly discounted that the difficulty of justifying the project would be very great. On the other hand, if a low discount rate is used, it would be much easier to come up with a benefit-cost ratio justifying the project.

The discount rate now commonly used in calculating present value of future benefits is 2.5 percent. This is a ridiculously unrealistic figure since present investments, even in short-term Government bonds, are bringing a much higher yield. It is especially erroneous when used in connection with projects estimated to yield benefits for a period of more than 50 years. It enormously and artificially exaggerates the real benefits. The taxpayer is shoved by this device into commitments that cost far more—including the interest the taxpayer has to pay on the money the Government borrows—for the project than it is worth.

For these reasons, I submit a resolution which would make it the sense of the Senate that a discount rate equal to the interest paid on long-term Government securities be applied to projects whose life is estimated at more than 50 years. The current rate paid on these securities is approximately 4 percent.

Mr. President, this is a moderate proposal. It would serve notice that the Senate is interested in the means used by the executive branch to justify proposed projects. I am not proposing leg-

islation declaring that 100 years is too long a life to be given to a project although this is an age of great change and uncertainty. I am not proposing legislation declaring that 2.5 percent is too low a discount rate to apply to 50-year projects. I am merely saying that using a 2.5 percent discount rate in measuring benefits over a period of 100 years is stacking the deck in favor of unjustified projects and against the taxpayer. We must not allow overly optimistic benefit calculations to channel money into bad projects or to divert funds from the pocket of the taxpayer into creating impractical physical resources.

Mr. President, in behalf of myself and the Senator from Ohio [Mr. LAUSCHE], I submit this resolution calling for a discount rate equal to the rate paid by the Treasury of the United States on long-term marketable securities of the United States for all projects which are anticipated to exceed 50 years in life. I ask unanimous consent that the resolution remain on the desk for 1 week for additional cosponsors, and I also ask unanimous consent that the full text of the resolution may be printed in the *RECORD*.

The VICE PRESIDENT. The resolution will be received and appropriately referred; and, without objection, the resolution will be printed in the *RECORD* and held at the desk, as requested.

The resolution (S. Res. 165) was referred to the Committee on Interior and Insular Affairs, as follows:

Whereas the sense of the Senate, stated in S. Res. 281, Eighty-fourth Congress and in S. Res. 148, Eighty-fifth Congress, is that the Congress will continue to exercise its constitutional powers to encourage the comprehensive conservation, development, and utilization of the land and water resources of the Nation, and that reports to the Congress in support of authorization of projects for such purposes should (1) include evaluations made in accordance with criteria prescribed by the Congress, and (2) fully disclose the results of studies and analyses of the potential utilizations, costs, allocations, payout, benefits, both direct and indirect;

Whereas previous statements of congressional intent have been silent on the important matter of the proper discount rate (the interest rate on the Federal investment) to be used in such economic analysis of the benefits and costs of prospective water resource development projects, in spite of the fact that a small change in the present discount factor could significantly alter the benefit-cost ratio of many projects, thus affecting the choice of alternative projects;

Whereas if public funds are to be used to best advantage, the most economically feasible projects should be selected for authorization, so that funds are not denied to prospective water resource projects which would yield larger economic benefits over the years, and to insure that public funds are properly allocated to all private and public uses;

Whereas the proper choice of the best projects from many alternative uses requires that a discount rate be used which is realistic in terms of the public interest and all economic factors;

Whereas it is important that any rate of discount used for these important economic choices should be determined by the Congress;

Whereas the estimation of benefits for any project for any future time period includes the evaluation of many uncertainties and imponderables, and the longer the time period for which the projection is being

made, the more uncertain the estimated benefits will be;

Whereas the uncertainties associated with a longer period of analysis indicate that the discount rate should be higher so that the more uncertain benefits of the more distant future are not given the same weight as the more certain benefits which are estimated to come about in the near future in determining the selection of alternative water resource development projects; and

Whereas the present policy is to use the same discount rate, which currently is approximately 2.5 per centum, in analyzing the benefit-cost ratio of projects where the period of analysis is more than fifty years and as much as one hundred years and of projects where such period is less than fifty years: Now, therefore, be it

Resolved, That it is the sense of the Senate that in cases where the period of analysis with respect to the useful life of a water resource development project is more than fifty years the discount rate used for the purpose of such analysis should be greater than in cases where such period is fifty years or less and should be at least equal to the average rate of interest payable by the Treasury on interest-bearing marketable securities of the United States outstanding on the last day of the fiscal year preceding such analysis which on such day had fifteen years or more remaining before reaching maturity, such average rate being currently approximately 4 per centum.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS

Mr. JAVITS. Mr. President, I submit, for appropriate reference to the Foreign Relations Committee, two amendments. One of them deals with development research. The other deals with certain provisions for investment guarantees. They are amendments to the Foreign Assistance Act, Senate bill 1276, now before the Foreign Relations Committee.

The VICE PRESIDENT. The amendments will be received, printed, and appropriately referred.

The amendments were referred to the Committee on Foreign Relations.

COMMUNITY RELATIONS AND CONCILIATION SERVICE ACT—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 10, 1963, the names of Mr. BAYH, Mr. FONG, Mr. HART, Mr. LONG of Missouri, Mr. MCINTYRE, Mr. NELSON, and Mr. PELL were added as additional cosponsors of the bill (S. 1689) to establish a Community Relations and Conciliation Service to preserve domestic peace and to help insure to all persons the equal protection of the laws under the Constitution, introduced by Mr. WILLIAMS of New Jersey (for himself and Mrs. NEUBERGER) on June 10, 1963.

NOTICE OF HEARING ON NOMINATION OF HARRY PHILLIPS, OF TENNESSEE, TO BE U.S. CIRCUIT JUDGE, SIXTH CIRCUIT

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednes-

day, June 26, 1963, at 10:30 a.m., in room 2300, New Senate Office Building, on the nomination of Harry Phillips, of Tennessee, to be U.S. Circuit Judge, for the Sixth Circuit, vice John D. Martin, Sr., deceased.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Michigan [Mr. HART], the Senator from New York [Mr. KEATING], and myself, as chairman.

NOTICE OF HEARING BY JOINT COMMITTEE ON ATOMIC ENERGY TO CONSIDER NOMINATION OF DR. GERALD F. TAPE TO BE A MEMBER, AND REAPPOINTMENT OF DR. GLENN T. SEABORG AS CHAIRMAN OF ATOMIC ENERGY COMMISSION

Mr. PASTORE. Mr. President, on behalf of the Senate members of the Joint Committee on Atomic Energy I wish to give notice that a public hearing has been scheduled for Thursday, June 20, 1963, at 10 a.m., in the Joint Committee's open hearing room, S. 407 of the Capitol, to consider the nomination of Dr. Gerald F. Tape, of New York, to be a member of the Atomic Energy Commission for the remainder of the term expiring June 30, 1966, of Dr. Leland J. Haworth. Dr. Haworth is resigning from the Atomic Energy Commission to become the Director of the National Science Foundation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the biographical summary of Dr. Tape that accompanied his nomination. There being no objection, the biographical summary was ordered to be printed in the RECORD, as follows:

DR. GERALD F. TAPE

Born: Ann Arbor, Mich., May 29, 1915.

Education: 1935, graduated from the Michigan State Normal College with the A.B. degree; 1936, received the master of science degree, University of Michigan; 1940, received Ph. D. degree in physics, University of Michigan.

Marital status: Married.

Experience: 1939-42, instructor in physics at Cornell University where he did research in nuclear physics; 1942-46, staff member of the Massachusetts Institute of Technology Radiation Laboratory; 1946, joined the physics department at the University of Illinois; 1946-49, assistant professor; 1949-50, associate professor; 1950, became assistant to Dr. Haworth in his capacity as director of the Brookhaven National Laboratory; 1951, became single deputy director; January 1962, became vice president of Associated Universities, Inc.; October 1962, president of Associated Universities, Inc.

Mr. PASTORE. Mr. President, at this hearing the Senate members of the Joint Committee will also consider the reappointment of Dr. Glenn T. Seaborg of California, the Chairman of the Atomic Energy Commission, for a term of 5 years, expiring June 30, 1968. Dr. Seaborg's present appointment to the Atomic Energy Commission expires June 30, 1963.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 19, 1963, he presented to the President of the United States the enrolled bill (S. 74) for the relief of certain aliens.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. SALTONSTALL:

Address delivered by Hon. John S. Gleason, Jr., Administrator of Veterans' Affairs before a meeting of the National Cultural Center Fund Drive, at the National Gallery of Art on June 13, 1963.

By Mr. CHURCH:

Statement prepared by himself in response to advertisements in Idaho newspapers by private power companies attacking the decision that the Bonneville Power Administration will replace the Bureau of Reclamation as the marketing agent for public power in southern Idaho.

Article entitled "Berlin: A New Approach," written by Senator PELL and published in the June 22, 1963, issue of the Nation.

By Mrs. NEUBERGER:

Statement prepared by the Pastoral Institute, dealing with its effort to assist religious institutions by training the clergy to handle common pastoral problems.

Article entitled "The Institutes of Health," written by Dr. Howard A. Rusk, and published in the New York Times of June 16, 1963, dealing with U.S. aid for medical research.

Article entitled "Astorians Learn New Skills in Unique Trainee Program," published in a recent edition of Oregon Labor Press, dealing with a successful job training program in Astoria, Oreg.

Mr. LONG of Missouri:

Editorial entitled "Who Controls Public Schools?" published in the Nevada Daily Mail, of Nevada, Mo., on May 29, 1963.

By Mr. BYRD of Virginia:

Editorial entitled "The Way Out," published in the Richmond (Va.) Times-Dispatch, on June 16, 1963.

Booklet entitled "Democracy and Despotism—An Excerpt From Part II of Democracy in America," by Alexis de Tocqueville, reprinted by the Virginia Commission on Constitutional Government, together with an introduction by James J. Kilpatrick.

Editorial entitled "Echo From the Grass-Roots," published in the Richmond (Va.) News Leader, on June 11, 1963.

Report entitled "Federal Subsidies—The Facts and the Fiction," published by the Virginia Commission on Constitutional Government.

By Mr. THURMOND:

Article by Fulton Lewis, Jr., published in the June 12, 1963, issue of Fulton Lewis, Jr. Weekly Newsletter, analyzing President Kennedy's speech on June 10 at American University, on the subject of foreign policy and nuclear test ban negotiations.

Article entitled "A Sad Little Happy Day," published in the Wall Street Journal of May 2, 1963, dealing with the results of the irresponsible Government fiscal policies.

Article entitled "Merger Is the Goal," written by Dr. Robert Morris, formerly chief counsel of the Internal Security Subcommittee of the Senate Judiciary Committee, analyzing President Kennedy's address of June 10 at American University on the subject of foreign policy and nuclear war.

Article entitled "Fact and Opinion by the Minuteman—Reds in the Canal," published in the June 12, 1963, edition of the Hanahan News, published in North Charleston, S.C., dealing with the interest of Communists in the Panama Canal.

Article entitled "What Happened to Patriotism?" written by John Brock and published in the March 13, 1963, edition of the Belmont (N.C.) Banner, dealing with the importance of American principles and ideals.

By Mr. FULBRIGHT:

Article entitled "U.S. Curb on 'Braceros' Gives Mexico Problems," published in the Washington Post of June 13, 1963, dealing with the so-called bracero problem.

By Mr. GOLDWATER:

Article entitled "Are We Being Too Peaceful in Space?" by Senator HOWARD W. CANNON, published in the Saturday Evening Post, of recent date.

By Mr. MCINTYRE:

Article entitled "New Hope for Boston's Oldest Industry," published in the May 1963, issue of the magazine Boston, dealing with New England commercial fisheries.

Article entitled "New Hampshire Needs No Gimmicks," published in the American Banker of June 10, 1963, setting forth the basis for New Hampshire's industrial progress.

STIMULATION OF INTEREST AND PARTICIPATION OF BUSINESS PEOPLE IN POLITICAL AFFAIRS

Mr. CURTIS. Mr. President, last week I attended the annual meeting of the Effective Citizens Organization, a bipartisan, nonprofit national group which is engaged in activities designed to stimulate the interest and participation of business people in political and governmental affairs.

Effective Citizens Organization was founded in 1954 and was the forerunner of the public affairs movement in the business community. The public affairs field is familiar, I know, to many of my colleagues; we all have benefited from the comments of aroused constituents who have developed an interest in Congress because of a company-sponsored political education course. Effective Citizens Organization initiated the public affairs movement within American industry and today remains the leader in spreading the public affairs gospel while providing valuable services to those companies already established in active public affairs programs.

The annual meeting of the Effective Citizens Organization had a dual purpose: the morning session was devoted to a public affairs orientation for top corporate management personnel, and the luncheon session was the vehicle for the presentation of an award to Gen. Dwight D. Eisenhower for his contributions to the cause of increased citizen interest and participation in political and governmental affairs. In a gesture befitting a bipartisan organization, the award was presented by the Honorable James A. Farley, now chairman of the board of the Coca-Cola Export Corp. but once the political mastermind of Franklin D. Roosevelt's presidential campaign and one of the best known Democrats in the country. Mr. Farley's remarks on this occasion were a tribute to the bipartisan nature of a citizen's obligation to the

Veterans of the OSS, in New York City, June 5.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY MR. MCCLOY

I have been honored from time to time by awards of varying character, some of which have puzzled me as I could see little justification for my selection. On the other hand, there have been some which have meant so much to me that I simply have cherished them and have been so thankful that I was thought of in that connection that I have swept modesty aside in my delight to receive them. Tonight is one of those. Bill Donovan and his friendship meant so much to me over the years that to possess an award which bears his name, given by those who worked with him—by people who knew him and know me—that it was hard for me not to give the impression, to those who asked if I would receive it, that I was unseemingly eager.

I first met Bill Donovan in the course of World War I. I was traveling along the line with an old chief of mine who not only served in that war but who had fought the Indians on the Plains. So short is the span of U.S. history that this man who had been in the Indian wars only died relatively recently—a considerable time after the close of World War II. One of the divisions which we visited was the old 42d Rainbow Division, then commanded by General Menoher, and my chief, whose name was Guy Preston, had been at West Point with Menoher. In the course of the visit, he asked Menoher how he was getting along with his division. I remember Preston called Menoher by his West Point nickname, "Minnie," a familiarity in which I did not join as at that time I was only a lieutenant. Menoher replied that his division was getting along fine and if it could only continue successfully to contain two such extraordinary personalities as Douglas MacArthur and "Wild Bill" Donovan, he did not fear anything that the Germans would throw at him. I remember seeing both of them then—young, handsome, gallant, colorful—they seemed in their appearance to express all that I had ever heard about them and everything that was gallant and soldierly. Each had the Distinguished Service Cross and yet, it is significant that each of them, with all their great achievements in that war, had yet to make their greatest contribution to their country. Each of them went on to win the Medal of Honor and to render such mighty service to the winning of World War II.

I cherish among my possessions a picture of Bill Donovan taken at about that time, with his helmet cocked slightly on one side of his head and though it was not a color photograph, you can almost see the blue of his penetrating eyes. There is no doubt about your being able to see the burning spirit of the man.

There are a number of you here tonight who served with him in the AEF. To them, I do not need to recall the electric effect the mention of his name had among us.

Father Duffy tells how his personality pervaded the old 69th Regiment but that personality and his spirit also pervaded the whole 42d Division and from that division it went out to the entire AEF.

The tale of his exploits, his drive and his courage, went from dug-out to dug-out all along the line. There were no orders or messages or newspaper or radio broadcasts to pass it on—it was all word of mouth. What he had done on the Ourcq at St. Mihiel and the Argonne was mess talk everywhere. Many an officer led his troops better and more courageously through merely having heard the stories of Bill Donovan's energy and courage.

Homer said of one of his heroes that he was the bravest man that had come up under the walls of Troy. Maybe Bill was not the bravest man on the Western Front but he was among the bravest few. But he had more than courage—he had foresight and discernment. He saw the need for information and intelligence and the folly of attempting to face a challenge of the character of World War II without an organization thoroughly equipped to deal with all the ramifications that this need entailed. I like to think that I did a few things to help smooth his rather rough way toward the accomplishment of his objective, but as I look back on it now, I wish that I had done much more.

What a man. I used to think in World War II that all the Germans and Japanese needed to do was to put a tail on Bill Donovan and they could quickly identify the area of our next offensive. He ran to every fire. You couldn't anymore hold him in Washington when an attack was on than you could hold in a storm.

Bill knew everybody and most everyone knew him, but he had an inner quality that made him at times seem to me to be a rather lonely spirit. There was no one like him, in many ways quite unpredictable, unfathomable. I was at times in turn struck by his conviviality and his independence—almost his aloofness, but always he was a leader and a fighter and a friend. But really how uncalled for it is for me to describe Bill Donovan's character to a group consisting of his widow and his friends and fellow workers. It is not only uncalled for but presumptuous.

Let me just add this: Father Duffy, writing as of the time the 69th was stationed, after the close of hostilities in World War I at Remagen where another American unit was to cross the Rhine a quarter of a century later, spoke of the men whom he had been associated with in the regiment—some dead, others in hospitals or for one reason or another, about to leave the regiment.

"In a very special degree," he wrote, "I am going to miss Donovan." He went on to describe in a vivid manner some of his experiences with him during the fighting and then he ended up by writing, "I liked him for his alert mind and just views and ready wit, for his generous enthusiasms and his whole engaging personality. The richest gain I have gotten out of the war is the friendship of William J. Donovan."

In a very special degree all of us continue to miss Donovan and so I think you understand how much I am warmed by this award which will always refresh my memory of the ever-vital spirit of this outstanding patriot.

CIVIL RIGHTS LEGISLATION

Mr. JAVITS. Mr. President, I should like to supplement the statement which I made earlier today on the civil rights issue, which is a critically important issue before us, and to point out that every one of the items recommended by the President is an item which many of us here have worked on and put forward over the years. In the main—though there is at least one exception, that is, the so-called public accommodations section—they represent also recommendations of the U.S. Civil Rights Commission, which in my opinion has more than richly deserved the President's recommendation that its life be made permanent, as many of us have contended.

We have now come to a day of reckoning for the Nation, when the President has begun to assume the moral as well

as the lawful leadership of the whole Nation in expressing what must be done in legislation in order to give redress to grievances of millions of Americans which they feel so deeply that they are willing to shed their blood in order to see them redressed. It must be noted that on the very same day there is the funeral at Arlington Cemetery of Medgar Evers, a martyr in this cause, assassinated because of his advocacy of it, in a part of our native land which is so inhospitable to these ideas that it harbors such an assassin.

All these events should not for a moment induce us to forget the tribute which is due to Members of this body—my own associates on the Republican side as well as those on the Democratic side—and to Members of the other body who, in and out of season, when the issue was not quite the intense cause which it now is, have advocated the cause with vigor, dedication, and considerable sacrifice. Many of those, including myself, have anticipated the time when the issue would burgeon into a national crisis, and have pointed out what a great mistake it is to wait until it is upon us, in violent terms, before we give some attention to grievances so deeply felt by so many millions of Americans merely because their skin happens to be of a different color from that of the majority.

The gratification for this day must at the same time represent a spirit of appreciation to those who have fought so hard to bring this day about, notwithstanding the fact that even now we have overstayed our time on this question.

I should like also to express a sense of dedication for the trials and struggles which lie ahead. This Chamber will be the scene of a bitter battle. I have deep confidence that we shall prevail, at long last, historically, in imposing cloture on a civil rights measure. But it will not be easy. Let every Senator steel himself to all-night sessions, the cots, and that sleepy look on the faces of Senators when they come into the Chamber three or four times a night to answer quorum calls. Then it will really be true, as it was in 1957, though we did not get out of that exercise what we should have in terms of the country's security, that they also serve who stay at home—home in the Senate Chamber.

We shall be at home, but we shall be serving the great interests of our country, and I think the great interests of freedom in the world. Our friends all around the world should take great heart today from what is happening in this Chamber with relation to the President's message, the united support which that message and the measures following it are receiving, and also the spirit of determination prevalent in this Chamber that this time we will not be turned aside or thwarted in our course.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MORSE. I associate myself with the remarks of the Senator from New York and point out that if the opponents of civil rights legislation make the great mistake of seeking to prevent passage of

the measures against what I am certain is the overwhelming will of the great majority of the American people, they must follow exactly the parliamentary procedure the Senator from New York has outlined. He and I discussed the same subject the other day on the floor of the Senate. At that time we both expressed the point of view that we must break the filibuster, and that if it develops, the filibuster will be broken by American public opinion. But to get American public opinion pointed toward the breaking of a filibuster, the attention of the American people must be riveted of the Senate. It will be necessary in order to do that for the Senate not to keep banking hours in connection with the filibuster, but to remain in session week in and week out for as many weeks as it takes to break the filibuster. That means setting aside all the business of the Senate, because when all is said and done, in the year 1963 there is no business as important to American history as the deliverance of constitutional rights to all Americans, irrespective of the color of their skin.

Mr. JAVITS. I am very grateful to my colleague for his observations which are constructive and helpful. My colleague has emphasized what needs to be emphasized.

We shall not only sacrifice time and our personal disposition to be with our families, but also we shall sacrifice perhaps some very pet measures—perhaps even measures urgently needed by the country. But it seems to me the Senator is entirely correct in saying that the civil rights measures must have No. 1 priority. The President, as I read his message, has dedicated not only his head, but his heart. He is also dedicating his top priority program, displacing tax reduction. He has made that issue second, making civil rights first. Again I express my gratitude to the Senator for his statement.

I yield the floor.

FIRST AMENDMENT

Mr. BYRD of West Virginia. Mr. President, in what appears to be fast becoming an annual affair, the Supreme Court has concluded its 1963 term with another controversial first amendment decision. The trend toward absolutism which has marked the Court's more recent approach to the religious guarantees has again manifested itself in the decisions in *Murray against Curlett* and *Schempp against Abington Township School District*. According to this latest pronouncement the reading of a verse from the Bible or recitation of the Lord's Prayer constitutes a breach of the law of the land in that they violate the first amendment to the Constitution.

Dean Griswold, of Harvard, has observed;

Absolutes are likely to be phantoms eluding our grasp. Even if we have embraced them, they are likely to be misleading. If we start from absolute premises, we may find that we only oversimplify our problems and thus reach unsound results. It may well be that absolutes are the greatest hindrance to sound and useful thought—in law, as in other fields of human knowledge . . .

absolutism . . . is more likely to lead us into darkness than to light.

The spectre of religious sterility raised by the absolute construction of the establishment clause in the Regents' Prayer case—*Engel v. Vitale*, 370 U.S. 421 (1962)—is now upon us. These decisions should be disturbing to all God-fearing people everywhere. I am a staunch believer in the separation of church and state but not in the separation of God and government. The Constitution was written and this Government established by men of great religious conviction. The faith of the Founding Fathers was instilled in them at an early age, and permeated every aspect of not only their private but also their public lives. It is apparent that our children and all future generations are to be denied some of the religious opportunities which our forefathers so zealously sought to protect from Government interference.

As Dean Griswold points out, these decisions are based on the erroneous assumption that the first amendment was designed to effect an absolute divorce of religion from every aspect of American public life. A cursory examination of American constitutional history indicates that this was never intended by the framers of the Constitution. The Court recognized this in *Zorach v. Clauson* (343 U.S. 306, 312-313 (1952)) wherein it said:

The first amendment, however, does not say that in every and all respects there shall be a separation of church and state. Rather, it studiously defines the manner, the specific ways in which there shall be no concert or union or dependency one on the other. That is the commonsense of the matter. Otherwise the state and religion would be aliens to each other—hostile, suspicious, and even unfriendly. We find no constitutional requirement which makes it necessary for Government to be hostile to religion and to throw its weight against efforts to widen the effective scope of religious influence.

When the state encourages religious instruction or cooperates with religious authorities by adjusting the schedule of public events to sectarian needs, it follows the best of our traditions.

Thomas Jefferson, Mr. President, paid eloquent tribute to this tradition when he said:

God who gave us life, gave us liberty. Can the liberties of a nation be secured when we have removed the conviction that these liberties are the gift of God?

I appreciate the enormous difficulties implicit in constitutional interpretation, but even this endeavor requires due regard to the intent of the framers. Did the author of the first amendment comprehend the result announced earlier this week? James Madison, the father of that amendment, apprehended it to mean that:

Congress should not establish a religion, and enforce the legal observation of it by law, nor compel men to worship God in any manner contrary to their conscience . . . if the word "national" was inserted before religion, it would satisfy the minds of the honorable gentlemen. He believed that the people feared one sect might obtain a pre-eminence, or two combine together, and establish a religion to which they would compel others to conform. He thought if the word "national" was introduced, it would point

the amendment directly to the object it was intended to prevent. (I Annals of Congress 730-31 (1789-91).)

As noted by the late Professor Corwin:

In short, "to establish" a religion was to give it a preferred status, a preeminence, carrying with it even the right to compel others to conform. But in fact, before Madison's proposal was passed by the House and went to the Senate it had been changed to read: "Congress shall make no law establishing religion, or to prevent the free exercise thereof, or to infringe the rights of conscience"; and in the Senate this proposal was replaced by the following formula: "Congress shall make no law establishing articles of faith or a mode of worship or prohibiting the free exercise of religion." That is, Congress should not prescribe a national faith, a possibility which those States with establishments of their own—Massachusetts, New Hampshire, Connecticut, Maryland, and South Carolina—probably regarded with fully as much concern as those which had gotten rid of their establishments. And the final form of the first amendment, which came from a committee of conference between the two Houses, appears to reflect this concern. (14 Law and Contemp. Prob. 9 (1949).)

Joseph Story thought that while the no-establishment clause inhibited Congress from giving preference to any Christian sect or denomination, it was not intended to withdraw the Christian religion as such from the protection of Congress. Thus, in his "Commentaries on the Constitution" he wrote:

Probably at the time of the adoption of the Constitution, and of the amendment to it . . . the general, if not the universal, sentiment in America was that Christianity ought to receive encouragement from the state, so far as was not incompatible with the private rights of conscience, and the freedom of religious worship. An attempt to level all religions, and to make it a matter of state policy to hold all in utter indifference, would have created universal disapprobation if not universal indignation. (Joseph Story, "Commentaries on the Constitution," sec. 1874 (1833).)

Another constitutional authority of an earlier day had the same conception of "an establishment of religion."

Cooley wrote in the "Principles of Constitutional Law":

"By establishment" is meant the setting up or recognition of a state church, or at least the conferring upon one church of special favors and advantages which are denied to others. It was never intended by the Constitution that the Government should be prohibited from recognizing religion, . . . where it might be done without drawing any invidious distinctions between different religious beliefs, organizations, or sects. (Cooley, "Principles of Constitutional Law," 224-225 (3 ed. 1898).)

Justice Holmes, Mr. President, said:

The life of the law has not been logic; it has been experience. (Common Law 1 (1881).)

The American experience in the area of religion has been marked by a toleration hitherto unknown in the annals of human history. This spark of religious freedom has now been raked up in the ashes of blind, ironclad, unreasoning, legal dogma.

FOREIGN AID

Mr. MORSE. Mr. President, last week I announced that I intended to speak

with some frequency on the floor of the Senate during the period of time that the foreign aid bill was pending before the Foreign Relations Committee of the Senate and during the time it would be before the Senate itself for debate prior to a vote.

I announced that one of the reasons why I would follow that parliamentary cause of action was that I think it is impossible, in the limited time we have in the hearings before the Foreign Relations Committee, to get across to the American people the serious problems involved in the proposals of the administration on foreign aid this year.

It is important that those of us who are going to be called upon to vote on this subject matter carry out our trust of taking the facts of this issue to the American people. It is one of the three or four most vital issues to the destiny of this country that will be considered by this Congress. The one we have discussed so much already today, the question of civil rights, I would put at the top of the list, because no matter from what angle one looks at the civil rights issue, he cannot escape the fact that it is of vital importance to the destiny of this Nation.

Thus far, the Foreign Relations Committee has been listening to the administration witnesses in support of the bill. It is my evaluation of the testimony to date that they have made an exceedingly weak case in support of the bill. They have dealt for the most part in broad generalities. But the time has come for us to examine the foreign aid bill in minutia, and present what I am satisfied are facts that clearly justify drastic reductions in the amount sought by the administration for foreign aid, and also a reduction in the number of countries that now receive foreign aid. The administration witnesses admit the number of 107. The Senator from Idaho, in a great speech the other day on the floor of the Senate, pointed out that, outside the Communist bloc, there are only eight nations in all the world who are not recipients of some form of American foreign aid.

The record is clear that since 1946 the American taxpayers have made available, in round numbers, \$100 billion through fiscal year 1963.

There has been a considerable amount of discussion before our committee about the problem of loans. Some of the administration witnesses have countered that loans have increased. Our reply is, "Not fast enough."

It is true that 5 years ago some of us started strenuous objections to the maintenance of a foreign aid program of the proportions then being asked for. Five years ago 95 percent of our aid money was grant money and 5 percent loan money. We finally whittled the grant money down until a few years ago, 65 percent was grant money and 35 percent loan money.

The administration's bill this year would result in approximately the same proportion. But, in the opinion of the senior Senator from Oregon, that is not nearly good enough. Until the ratio is

somewhere in the neighborhood of 75 percent loan money and 25 percent grant money, the senior Senator from Oregon will continue to vote against foreign aid.

I want to stress this again, because it needs to be said over and over again in order to get the American people to understand the facts. Here, as in the case of the civil rights issue, the final decision will not be made by the Congress of the United States: the final decision will be made by American public opinion. Members of Congress will discover that fact if they do not know it now. If the American public is to render an enlightened opinion in regard to the form that foreign aid should take, we must get the facts to the public, and we must answer such arguments as administration witnesses have been making on the subject matter of loans.

They have been testifying before our committee that there have been some increases in loans. But they use generalities. They talk about loans. It is necessary to ask—and we have been doing it—what kind of loans? What variety of loans? Of course, there is an interesting variety of loans. There are hard loans and soft loans. Hard loans are loans that are supposed to be paid, eventually, in American dollars. Soft loans are repaid in terms of foreign currency, available to us only in the country of the currency. We can spend that currency in those countries, in most instances, only with the permission of the country itself. Of course, that is not a loan—that is a subterfuge. To talk about that kind of financial arrangement as a loan, without being very careful to qualify it every time the administration spokesmen talk about loans, is, in my judgment, grossly misleading.

When we talk about loans, the average citizen assumes that the American taxpayer is going to get interest. We have asked for memoranda giving us a detailed account. It is interesting that in the formal testimony the administration witnesses presented to the committee they omitted any analysis of the loans themselves. The testimony was notable for what it did not say more than for what it did say. It was noticeable that the testimony failed to point out that a very large percentage of loans bear an interest rate of three-quarters of 1 percent, which, as we said in our cross examination of the witnesses, probably does not even cover the service charge of the loan. We asked for information on that subject, too. We want to know exactly what the American taxpayer is out of pocket in connection with every dollar of foreign aid.

If a loan is obtained at three-quarters of 1 percent interest, the American taxpayer is out of pocket additional millions of dollars. Do not forget, hard American dollars cannot be loaned to country X, Y, or Z at three-quarters of 1 percent without the American taxpayer in fact giving a substantial additional amount of aid to the country that is the recipient of a low interest loan.

Why? It is because of the operation of our monetary system that the American taxpayer must pay the cost of the

use of that money, for the American taxpayer, through the Department of the Treasury, borrows the money that is loaned to a foreign country, and the American taxpayer, in fact, pays an interest charge for the use of that money by his own Government. That is a flexible figure, but the last one I saw from the Treasury Department was that such loans cost the American taxpayer 3¼ percent.

If we are getting no higher than three-quarters of 1 percent in interest from a foreign country, it means that we are making an additional subsidy grant to the country that obtains this kind of loan.

The American people must understand that point. I find that as they understand it, increasing numbers of them share the point of view of those of us who are critical of the foreign aid programs.

It was also brought out in the cross-examination of the administration witnesses that there is a grace period on many loans for as long as 10 years; that is, for 10 years the countries do not have to pay a cent in reduction of the principal.

We have tried in the Committee on Foreign Relations hearings to bring out the fact that this creates some very serious psychological barriers in the way of the final payment of the loan, and that it will create in the opinion of some of us a feeling on the part of many nations, "Well, eventually they will forgive the whole thing; there will not be 10 years of grace, but there will be grace in perpetuity; and eventually, we can get a final cancellation of the loan."

As we go around the world, as some members of the Foreign Relations Committee do from time to time, we find—at least I have found—the increasing impression developing that in many instances Uncle Sam probably will not even attempt to collect the loan. This must be stopped. We have a great, solemn obligation to protect the financial interest of the American taxpayer in our foreign aid program; and we have not been doing it.

I make these comments in further explanation of why I will follow what in some quarters is regarded as an unpopular course of action in using this desk in the Senate as the medium for disseminating factual knowledge to the American people about the operation of the foreign aid program.

AID PROGRAM RELATES TO NATO NUCLEAR FORCE

Mr. President, the debate this year over foreign aid foreshadows another international issue that promises to be costly, and, in my opinion, valueless to the United States. It is the issue of the surface fleet of missile-carrying freighters being proposed by the United States for the use of NATO. It involves another heavy expenditure. It involves another subsidy to NATO, at a time when most of the NATO countries are in better financial position than the United States, and when they ought to be required to start paying a greater share of the burden of protecting freedom in the world.

Because West Germany is denied by treaty the right to manufacture nuclear weapons or missiles, and because many Europeans fear that the United States would not use its domestic-based weapons in defense of Europe, the administration believes that a NATO nuclear force will accommodate the objections of our allies to the current U.S. monopoly over the nuclear forces of the Western World. Our proposal calls for the manning of these vessels by mixed crews from all participating nations; neither the crews nor any of the component forces could be withdrawn from NATO command by the contributing country.

This subject was discussed in some depth at the recent Ottawa Conference. In my judgment, that conference bodes ill for the United States, if we carry out the U.S. proposal for further aid to NATO, to which the Ottawa meeting was only a preliminary. Today I direct my attention to this particular proposal.

It stems from a great dilemma facing the United States. On the one hand, our allies are more economically and politically independent than at any time since World War II; they doubt that they should continue to rely completely on the U.S. nuclear force for their protection. The European members of NATO are impatient to have nuclear forces of their own, that will not be subject to American control and American veto.

On the other hand, the United States is anxious to prevent the spread of independent nuclear forces. We know that so long as only we and the Soviet Union have the nuclear capacity, the possibilities of nuclear war can be controlled by our two countries. Once many nations have the nuclear capacity, we will lose control of the peace or war issue, so far as the Western World is concerned.

The answer of the administration has, in effect, been an effort to preempt nuclear forces by almost literally "buying them up." We know it would be very expensive for our European allies to finance the huge development of nuclear and missile forces. So we are offering to pay 40 percent of the cost of a nuclear force under NATO command, with the understanding that although they will share in its operation, we will continue to have a veto over its use.

We are proposing that the United States and Germany each pay 40 percent of the cost of this surface fleet, which will amount to about \$2½ billion apiece, with Britain scheduled to pay only 10 percent and all the others the remaining 10 percent. Moreover, we are trying to "sweeten the pot" for the Europeans by telling them the freighters will be built in their shipyards. Nothing is being said about how many will be built in American shipyards, which need business much more, in many cases, than do the Europeans, nor about the further drain of U.S. dollars into Europe which this will cause.

UNITED STATES CANNOT CONTROL ALL WESTERN
NUCLEAR FORCES

It is my present opinion that the venture will be a failure. It will fail because in the end, we not only will have paid

much more than our share, but we will lose control of it, too. The effort to maintain complete control over western nuclear forces is an impossible objective to achieve. We all recognize the fact that it was only possible while the United States alone was financially able to develop such forces.

Today, France, Britain, and Germany are all capable of developing them alone, and certainly on a cooperative basis. Right now, France is going ahead with her independent nuclear force, and having nothing to do with the surface fleet because of our veto over it. So even if we proceed, we still will not accomplish our objective of monopolizing western nuclear power.

The only way we can bring France into this force and persuade her to give up her independent force, is to give up our veto. That is why I say that in the end we not only will be paying France's share of this force, but we will lose control of it, too.

In short, the whole idea is unsound financially and militarily for the United States. I am sorry to see President Kennedy going to Europe to promote something that seems to me so ill-advised. However I do not see how he can possibly go to Europe and not have this subject matter raised in one or more of his conferences.

The current debate on foreign aid will center on the undue share of the military burden of the Western World already being borne by the United States. We must immediately bring home to our allies and to the administration that there is a limit to what can be bought with American money. The time to start bringing that home is in the consideration of the foreign aid bill.

ORDER OF BUSINESS

Mr. ROBERTSON. Mr. President, I ask unanimous consent that I may yield to the distinguished junior Senator from Tennessee [Mr. GORE] that he may raise the point of no quorum, without my losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

Mr. MORSE. Mr. President, will the Senator from Tennessee withhold for a moment his suggestion of the absence of a quorum?

Mr. GORE. I withhold my request.

Mr. MORSE. Is this a call for a quorum prior to a speech that the distinguished Senator from Virginia plans to make? If so, I shall be delighted to join in the request.

Mr. ROBERTSON. The call for the quorum will be to enable several Senators who wish to be present when I make a brief speech concerning the decision of the Supreme Court on Monday, last, in the prayer case, to come to the Chamber.

Mr. MORSE. I am delighted to know that. The only reason why I inquired was that I assumed that later in the afternoon the President's message on civil rights would be read.

Mr. President, I should like to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Am I correct in my understanding that in accordance with understandings previously reached today, the President's message on civil rights will be read to the Senate later this afternoon?

The PRESIDING OFFICER (Mr. NELSON in the chair). The message is at the desk; it has not been read. The Chair does not know what the pleasure of the Senate is.

Mr. MORSE. I wish to hear the speech by the Senator from Virginia. Following the delivery of that speech, the Senator from Oregon will request that the President's message on civil rights be read. At that time, I shall suggest the absence of a quorum.

Mr. FONG. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield.

Mr. FONG. The Republican Senators are now having a conference on the civil rights bill. It is our hope that if there is to be a call for a live quorum, it will be deferred until after the conclusion of that conference.

Mr. ROBERTSON. The call that is about to be requested by the Senator from Tennessee will not be for a live quorum.

Mr. GORE. I do not intend to insist upon a live quorum. Some Senators have expressed a desire to be notified in order that they may be present when the distinguished Senator from Virginia speaks. I am about to renew my suggestion of the absence of a quorum; and after the call has proceeded for a few names, I shall withdraw the request.

Mr. FONG. Very well.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PRAYER CASE DECISION

Mr. ROBERTSON. Mr. President, the decision announced on Monday by the U.S. Supreme Court in the prayer cases from Pennsylvania and Maryland is so long, so involved, and so contradictory, that it is difficult to accurately appraise what it actually means. Of course, it carries forward the two basic errors of the New York prayer case of last year; namely, a misinterpretation of the meaning of the words "establishment of religion" and the application of the due process clause of the 14th amendment to State laws on the subject of prayers in public schools.

As I pointed out last year, and as the distinguished Senator from Georgia [Mr. TALMADGE] so effectively pointed out on the NBC television program last Monday night, what Jefferson, Madison, and other advocates of separation of church and state complained of in colonial days was the maintenance by taxation of an

acting as executors for a British creditor sued the State of Georgia. In *Chisholm v. Georgia*, 2 Dallas 419 (1792), the Court found against Georgia. The Georgia Legislature immediately passed a law imposing the death penalty on anyone trying to execute the order of the Court.

There is no record that anyone tried to enforce the order. The Nation was so aroused, however, at what was considered an invasion of States rights that the 11th amendment was adopted. This, of course, provided that the judicial power of the United States should not be construed to extend to any suit against a State by citizens of another State or by citizens of a foreign state.

It was in 1801, however, that the Court became embroiled in what may well be its most significant struggle for prestige. In February, just before Jefferson was to be inaugurated, Congress changed the judicial system of the country with the passage of the Circuit Court Act. The Supreme Court Justices would no longer be circuit riders and (note) their number was reduced to five. The obvious reason for the reduction was to prevent Jefferson from filling the vacancy likely to occur with the departure of Justice Cushing who was old and in ill health. In another act, Congress created the positions of more than 20 justices of the peace to be filled by the President. Adams signed the acts and began feverishly making appointments to the new positions. As Secretary of State, it was up to John Marshall to fill out, seal and deliver the commissions to these new appointees. By midnight of March 3, 1801, all had been sealed but a few remained undelivered. Upon his inauguration, Jefferson vowed to do everything in his power to prevent these midnight appointees from taking office. He ordered James Madison, his Secretary of State, not to deliver the commissions which remained on his desk.

It was just a little more than a month earlier that John Marshall had been confirmed by the Senate as Chief Justice. When one of the midnight appointees named Marbury, petitioned the Supreme Court for an order directing Madison to deliver to him the commission which had been signed and sealed, it was the Court of Chief Justice Marshall which agreed to hear argument on the petition during the next term of the Court. Jefferson was outraged and demanded the immediate repeal of the Circuit Court Act, and this brought Congress into the fray which had started as a battle between the Executive and the Court.

Congress repealed the act, passed a new one putting the Justices back on the circuits, and by revising the terms of Court forced an adjournment for 14 months.

Marshall and the Court were patient, however, and began hearing the Marbury case on February 9, 1803. Madison and Attorney General Lincoln were completely uncooperative. No one knew what had become of Marbury's commission. The Chief Justice, of course, knew that it had existed since he signed and sealed it. It was an affidavit of a clerk and another by James Marshall, the brother of the Chief Justice, however, which the Court accepted as evidence of the existence of the commission.

You all know what the Chief Justice did in his opinion. He asked three questions:

1. Has Marbury a right to the commission?
2. If he has a right, do the laws of the country afford him a remedy?
3. If they afford him a remedy, is it a mandamus issuing from this Court?

He answered "Yes" to the first two questions and "No" to the third. In answering "No" to the third question, it was necessary for him to hold that the act of Congress which conferred original jurisdiction on the Supreme Court to issue writ of mandamus to persons holding office under the authority of the United States was unconstitutional. This is the result Jefferson actually wanted.

Marbury did not get his commission. Yet in reaching it, Marshall made it very clear that had the Court the jurisdiction to issue a writ of mandamus at all, it would have issued one to the Secretary of State in this case.

Almost overlooked at the time was the importance of Marshall's answer to the third question. The principle, firmly established now, that in the exercise of its judicial power the Court may find an act of Congress unconstitutional is the one which distinguishes our Government from any other which has been known. There were other governments in which there was a separation of powers. There were other governments in which there were checks and balances. But there were no other governments in which acts of the parliament or legislature could be held invalid by the courts.

There is very little doubt that the framers of the Constitution intended this result. There is even less doubt that the framers intended that the Court have the power to strike down State legislation which was contrary to the Federal Constitution. Were it possible for the State legislatures to make the final determination of the validity of their acts, the whole character of our Federal system would be altered. There is no doubt in my mind that such an alteration would be a disastrous one. Yet today there is a ground-swell of opinion for making such a change—for creating a supreme court of the States which would be the ultimate arbiter of any alleged conflict between State law and Federal law.

Some of the advocates of this change are the same people who would impeach the Chief Justice because he is identified with a few decisions they do not like—with Brown against Board and Pennsylvania against Nelson. They are the same people who in the name of fighting an enemy would give up the very institutions which distinguish our way of life from that which would be imposed upon us by the enemy. The ground-swell may grow to a tidal wave that engulfs us unless those who are most qualified to speak out against these changes do speak out. This is the role of the lawyer.

The lawyer, more than any other man, has the ability, has the duty, to silence the critics—not by muffling their voices—not by making them outlaws—no, the lawyer's duty is to silence the critics by inundating them with a wave of logic.

When the critics say that the Nelson case has left the States defenseless against those who would subvert the State, publicize the facts. The Nelson case leaves a State free to punish those who would subvert the State. It is the punishment of those who would subvert the Nation that is the exclusive province of the Federal Government.

If this fails to satisfy the critics, the lawyer must point out that it is not necessary to change the Supreme Court in order to change the result. It is necessary only to change the law. But by all means let the critics know what troubles in the war against communism a change in the law would entail. Let them know how 50 State laws paralleling the Smith Act and the Communist Control Act would hamper the FBI. And by all means let your Congressmen know how you feel about H.R. 3, the perennial measure to overrule Nelson which would at the same time open a Pandora's box of legal miseries. Let them know also that you can't change the Constitution by changing the Court or its functions. Let them know too that until the 14th amendment is repealed it must be enforced.

The proposal to create a "court of the Union" composed of the chief justices of the 50 States, was presented last December in Chicago to an assembly of State delegations held by the Council of State Governments. It was one of a package of three proposed amendments to make basic changes

in the Constitution. The other two amendments would equally alter its purpose, and in my opinion, would challenge the Federal Union of the States. But I will not take the time to discuss them here. Sufficient to my purposes is the fact that all three of the proposed amendments were approved by the council, and it was decided to present them to the 48 State legislatures which would be meeting this year.

The first two proposals have already been quietly approved by one-third of the States needed to compel Congress to call a national convention on them, while the third one, the proposal which would, in effect, overturn the Supreme Court, has been acted upon favorably by State legislatures in four States (Arkansas, Wyoming, Florida, and Alabama).

It seems incredible that constitutional changes of such magnitude could be under consideration in our Republic with such little talk about them. There have been several newspaper stories about their impact, but I am sorry to say, there has been little more than a murmur in the legal profession. A proposal to subvert the Supreme Court with a "court of the Union" should be a clarion call to the legal profession, and their voices should be ringing in debate from one end of the land to another.

Can you imagine such a proposal going unnoticed by the members of the bar in the early days of our Republic? Lawyers would have been asking one another whether such a proposal would in any way endanger our liberties, or suppress our minorities. Would it strip the Court of powers essential to a strong Federal Union of the States? Would it lead to confusion and chaos and squabbling among the States reminiscent of that which existed almost 200 years ago under the Articles of Confederation?

I am sure that our legal forebears would have analyzed the proposal anxiously and sharply from every angle, and that is what we of the mid-20th century bar must do. For after all, if the legal profession is not the watchdog for the Supreme Court, who is?

No lawyer should ever give up his right to disagree with the Court. But every lawyer should be very conscious of the role he must play in the defense of the Court as an institution. There is a very special reason for the lawyer to plead the case for the Court. Whenever a President is attacked, he may strike back at his critics. Whenever a Member of Congress is attacked, he may strike back at his critics. When a Justice is attacked, he has no voice but that of the members of his bar. The current wave of anti-Court propaganda must surely pass as have earlier assaults upon our third coordinate branch of government. But we should shorten this misguided and somewhat ridiculous emotional outburst so that the discussion and disposition of substantive issues can proceed without distortion and clouds cast by this attack upon the institution of the Supreme Court.

In this attack by misguided zealots we need attorneys for the defense of the Court as an institution.

That is your role as a lawyer. That is my role as a lawyer. You as newly elected members and I as an honorary member of the order of the Coif, must, more than ever before, be conscious of the importance of that role. May God help you and me to play it well.

CIVIL RIGHTS LEGISLATION

Mr. PROXMIRE. Mr. President, I enthusiastically support the President's civil rights proposals. I consider them a charter for human rights which America needs and needs badly.

I understand that at the request of the Senator from Oregon the full text

of this historic statement will be read to the Senate later this afternoon.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. HUMPHREY. It is the intention to have a quorum call—a live quorum—and to have the full text of the President's message read. It has been read in the House of Representatives.

Mr. PROXMIRE. I concur, and I am delighted that the leadership has decided to have the message read. I should like to emphasize the last paragraph, in which the President says:

I therefore ask every Member of Congress to set aside sectional and political ties, and to look at this issue from the viewpoint of the Nation. I ask you to look into your hearts—not in search of charity, for the Negro neither wants nor needs condescension—but for the one plain, proud, and priceless quality that unites us all as Americans—a sense of justice. In this year of the emancipation centennial, justice requires us to insure the blessings of liberty for all Americans and their posterity—not merely for reasons of economic efficiency, world diplomacy, and domestic tranquillity—but, above all, because it is right.

CIVIL RIGHTS LEGISLATION

Mr. DODD. Mr. President, I fully and enthusiastically endorse the civil rights message sent to the Congress by the President today and shall vote for the comprehensive legislation program it recommended. I will take every measure possible to see to it that Congress stays in session until this program has been voted upon, however long that may be.

I am pleased to note that many of the President's recommendations are almost identical to bills which I have introduced and cosponsored in the past, including legislation on voting rights, school desegregation, financial and technical assistance to desegregating school districts, equal accommodation in public facilities, and fair employment practices legislation. There are some differences of approach, and where there are differences I shall certainly support that legislation which seems the strongest and most effective.

The President's emphasis on economic measures and educational and vocational programs to attack the shocking problem of unemployment among Negroes should be applauded.

The proposal for general legislation prohibiting the use of Federal funds under any guise for segregated facilities of any kind also has my vigorous support.

I have supported this principle consistently on specific appropriation bills for many years, and believe the matter should be settled once and for all through general legislation.

I commend the statesmanlike tone of this message. It was strong, it was responsible, it was comprehensive. This is a program worth fighting for to the ultimate degree, whatever the cost may be in terms of other legislation or in terms of political unity. The passing of this civil rights legislation is a moral and constitutional imperative that must be achieved if we are to redeem our his-

toric promises and restore our national image as the unqualified champion of human freedom at home and abroad.

Mr. President, I received this morning from the president of the Jefferson Club of Ridgefield, Conn., a resolution passed by that group in support of Federal legislation in behalf of civil rights.

I ask unanimous consent that a copy of this resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the Negro citizens of our country are engaged in a crucial struggle to obtain all the civil rights guaranteed to them by the 14th amendment to the Constitution; and

Whereas in various areas both in the South and in the North these basic rights are denied to them in full or in part; and

Whereas it appears necessary that certain Federal legislation must be enacted to provide the Federal Government with the power to assert and maintain the civil rights of minorities in courts of law; and

Whereas the President of the United States has submitted or is about to submit to the Congress proposals for the enactment of such laws relating to (1) eradication of discrimination in places of public commerce and assembly and accommodation, (2) more prompt and encompassing desegregation of schools in compliance with the Supreme Court decisions of 1954, and (3) for the protection and guarantee of voting rights of minorities especially in the Southern States: Now, therefore, it is unanimously

Resolved by the Jefferson Club of Ridgefield, Conn., as follows:

1. That it fully supports the American Negro in his struggle for civil rights.

2. That it fully supports the program of the President of the United States designed to defend and secure those rights.

3. That it respectfully urges its Representatives in Congress to vote for and vigorously support the legislation proposed or to be proposed by the President.

4. That the two Senators from Connecticut do all within their power to prevent a Senate filibuster which would debar the legislation from coming to a vote on the floor of the Senate.

5. That a copy of this resolution be sent to the following persons in Washington: Hon. THOMAS J. DODD, U.S. Senator; Hon. ABRAHAM A. RIBICOFF, U.S. Senator; Hon. ABNER SIBAL, Representative, Fourth Connecticut District; Hon. BERNARD GRABOWSKI, Representative-at-Large.

JEFFERSON CLUB OF RIDGEFIELD.

By PETER S. ALEXANDER, President.

Attest:

PETER J. ROBUTUCCI,
Secretary.

DISCRIMINATION AGAINST AMERICAN POULTRY PRODUCTS BY EUROPEAN COMMON MARKET

Mr. WILLIAMS of Delaware. Mr. President, today I call attention to the manner in which under our foreign-aid program the poultry farmers in foreign countries have received over \$6 million from the American taxpayers to finance the expansion of their poultry industry. This has been done at a time when our own domestic poultry industry has been facing a grave situation as the result of losing its export markets.

Since the establishment of the European Common Market, there has been

continuous discrimination against American poultry products.

The most recent action was the further increase of 1¼ cents in the variable fees, bringing the present charges to around 14 cents per pound.

Many of us in Congress have been urging Governor Herter, as our trade representative, to insist upon a correction in these discriminatory tariffs and to advise the European Common Market countries that, unless some correction is made, we shall be forced to take retaliatory steps. However, rather than obtaining favorable action, we now find that under our foreign-aid program the Federal Government has during the past couple of years been financing the expansion of the poultry industry in many countries which in turn will be supplying the European Common Market on more favorable tariff arrangements than those accorded to the American farmers.

For example, under our foreign-aid program we have made available, in outright grants and loans, over \$6 million to finance the expansion of the poultry industry in these countries. Those loans and grants are broken down as follows:

Libya: \$50,000 to introduce and distribute improved breeding stock.

Morocco: \$88,000 to provide a poultry adviser and equipment for a poultry station with 10,000 Rhode Island Red chicks plus another \$2 million made available to buy 18,000 tons of surplus grain. Just how they expect 10,000 chicks to eat 18,000 tons of feed has as yet not been explained.

Tunisia: \$659,000 to encourage the development and enlargement of a commercial poultry industry.

Sudan: \$200,000 to establish a 3,000 hen breeding flock, 30,000 egg hatchery, and a feed mixing plant.

Nigeria: \$486,000 to improve its poultry industry.

The Dominican Republic: A development grant of \$40,000 to build up its poultry industry.

Greece: A \$300,000 loan was made to the Voktas Feeds, Inc., in Greece, to expand its poultry-raising facilities.

India: The Arbor Acres Farm, an affiliate of IBEC—International Bank Econ-Corp.—in India, received a loan of \$2.5 million for the purpose of improvement of poultry production in that country.

Altogether \$6,323,000 of the taxpayers' money has been spent in these various countries to build up the poultry industry in competition with our already hard-pressed poultrymen. Of course, as taxpayers our American poultrymen are paying both ways.

CREDENTIALS OF USURPING POWERS OF HUNGARY ACCEPTED IN UNITED NATIONS

Mr. LAUSCHE. Mr. President, within the last 10 days it was decided in the United Nations to accept the credentials of the representatives sent to the United Nations by the usurping powers of the government in Hungary. Since the Hungarian revolution in 1956 each year the credentials of the usurping Communist leaders, under the direction of Ka-

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued August 2, 1963
For actions of August 1, 1963
88th-1st; No. 117

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HIGHLIGHTS: Senate committee voted to report Mexican farm labor bill. House committee completed markup of foreign aid authorization bill. House committee voted to report Labor-HEW appropriation bill. House Rules Committee cleared bill to expand vocational education program. House committee reported bill to exclude lumber shipments from certain Shipping Act requirements. House committee received permission to report Area Redevelopment bill by Sat. Reps. Widnall and Langen criticized Area Redevelopment program. Rep. Rosenthal favored establishment of Office of Consumers. Rep. Lindsay introduced and discussed wilderness bill.

SENATE

1. FARM LABOR. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendment S. 1703, to extend the Mexican farm labor program. p. D589
2. NOMINATIONS. The Agriculture and Forestry Committee approved for reporting the nominations of Kenneth T. Anderson and Lorin T. Bice to be members of the Federal Farm Credit Board, Farm Credit Administration. p. D589
3. LABOR-HEW APPROPRIATION BILL, 1964. The Appropriations Committee voted to report (but did not actually report) with amendments this bill, H. R. 5888. p. D589

HOUSE

4. FOREIGN AID. The "Daily Digest" states that the Foreign Affairs Committee "completed markup of H. R. 5490, the Foreign Assistance Act of 1963, and ordered a clean bill introduced (H. R. 7885)." p. D591
5. LUMBER. The Merchant Marine and Fisheries Committee reported with amendment H. R. 1157, to exclude domestic shipments of lumber from certain tariff filing requirements under the Shipping Act of 1916 (H. Rept. 630). p. 13146
6. VOCATIONAL EDUCATION. The Rules Committee reported a resolution for consideration of H. R. 4955, to improve and expand the vocational education program (H. Rept. 632). pp. 13129, 13146
7. AREA REDEVELOPMENT. Unanimous consent was granted to the Banking and Currency Committee to file a report by midnight Sat., Aug. 3, on S. 1163, to amend provisions of the Area Redevelopment Act. p. 13129
Rep. Widnall criticized administration of the Area Redevelopment program and inserted an editorial critical of the reported political deal to tie passage of area redevelopment legislation with passage of cotton legislation. pp. 13137-8
Rep. Langen criticized the reported consideration by the Area Redevelopment Administration of "the possibility of setting up a potato processing plant in one section of Minnesota to compete with processing plants in the very same State." p. 13138
Rep. Rhodes commended accomplishments of the area redevelopment program in Pa. p. 13130
8. CONSUMER COUNCIL. Rep. Rosenthal criticized the Consumer Advisory Council as having "displayed excessive timidity and administrative ineptitude during its brief history," and favored enactment of legislation to establish an independent Office of Consumers. pp. 13141-2
9. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 6396, to permit certain Federal employees to elect to receive compensation in accordance with Sec. 401 of the Federal Employees Pay Act of 1945 in lieu of certain compensation at a saved rate (H. Rept. 624). pp. 13145-6
A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee H. R. 10, to extend apportionment requirements in the Civil Service Act to temporary summer employment. p. D591
10. FARM LABOR. Rep. Gonzalez opposed enactment of legislation to provide for extension of the Mexican farm labor program. p. 14070
11. EXPENDITURES. Rep. Curtis criticized Administration fiscal policies and inserted a table comparing the original budget estimates with the final figures for fiscal 1963, including those for this Department. p. 13137
12. DATA PROCESSING. Received from the Post Office and Civil Service Committee an interim report on the use of electronic data equipment (H. Rept. 627). p. 13146
13. LEGISLATIVE PROGRAM. Rep. Albert announced the legislative program as follows: Mon., Consent Calendar, followed by consideration under motions to suspend the rules of H. R. 6997, program for oceanography, and H. R. 1157, to exempt lumber shipments from certain Shipping Act requirements, and Tues. and remainder of the week, Private Calendar, H. R. 4955, expansion of vocational

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 1963

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1963".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Chapter 1 of part I of the Foreign Assistance
8 Act of 1961, as amended, is hereby redesignated "POLICY"
9 and section 101, which relates to short title, is hereby
10 deleted.

11 SEC. 102. Section 102 of the Foreign Assistance Act of

1 1961, as amended, which relates to statement of policy, is
2 amended as follows:

3 (a) In the last sentence of the seventh paragraph, strike
4 out "should emphasize long-range development assistance"
5 and insert in lieu thereof "shall emphasize long-range de-
6 velopment assistance".

7 (b) Immediately after the seventh paragraph, insert the
8 following:

9 "The Congress further declares that, in order to assure
10 that each program of assistance under this part is admin-
11 istered in such a manner as will most effectively carry out
12 the policies stated in this section, each request for authoriza-
13 tion of funds for such program shall be accompanied by a
14 detailed statement setting forth—

15 " (1) the purposes of such program,

16 " (2) the specific objectives of such program, and

17 " (3) the priorities assigned to such purposes and
18 objectives,

19 which will be adhered to in the administration of such
20 program."

21 (c) The eighth paragraph is amended to read as fol-
22 lows:

23 "It is the sense of the Congress that in the administra-
24 tion of these funds great attention and consideration should
25 be given to those countries which share the view of the United

1 States on the world crisis and which do not, as a result of
2 United States assistance, divert their own economic resources
3 to military or propaganda efforts directed against the United
4 States or against other countries receiving aid under this
5 Act, whether or not such efforts are supported by the Soviet
6 Union or Communist China.”

7 (d) Immediately after the tenth paragraph insert the
8 following:

9 “It is the sense of the Congress that, in the administra-
10 tion of programs of assistance under chapter 2 of this part,
11 every possible precaution should be taken to assure that such
12 assistance is not diverted to short-term emergency purposes
13 (such as budgetary purposes, balance-of-payments purposes,
14 or military purposes) or any other purpose not essential to
15 the long-range economic development of recipient countries.
16 It is further the sense of the Congress that short-term emer-
17 gency purposes such as those referred to in the preceding
18 sentence should be met, to the extent possible, through inter-
19 national institutions (such as the International Monetary
20 Fund) which are equipped to condition assistance on im-
21 mediate economic and monetary reform.”

22 (e) The first sentence of the last paragraph is amended
23 by inserting “(including private enterprise within such
24 countries)” immediately after “countries”.

25 (f) Immediately after the first sentence of the last para-

1 graph insert the following new sentence: "In particular, the
 2 Congress urges that other industrialized free-world countries
 3 increase their contributions and improve the forms and terms
 4 of their assistance so that the burden of the common undertak-
 5 ing, which is for the benefit of all, shall be equitably borne
 6 by all."

7 CHAPTER 2—DEVELOPMENT ASSISTANCE

8 TITLE I—DEVELOPMENT LOAN FUND

9 SEC. 103. The second sentence of section 201 (b) of
 10 the Foreign Assistance Act of 1961, as amended, which
 11 relates to considerations to be taken into account in making
 12 loans from the development loan fund, is amended as
 13 follows:

14 (a) Strike out clauses (1) and (2) and insert in lieu
 15 thereof the following: "(1) whether financing could be ob-
 16 tained in whole or in part from other free-world sources on
 17 reasonable terms, including private sources within the United
 18 States, (2) the economic and technical soundness of the
 19 activity to be financed, including the capacity of the recipient
 20 country to repay the loan at a reasonable rate of interest,".

21 (b) Strike out "and" at the end of clause (5).

22 (c) Insert immediately before the period at the end of
 23 such second sentence the following: ", and (7) the economic
 24 development plans of the requesting country, which plans
 25 should specifically provide for appropriate participation by

1 private enterprise and include an analysis of current human
2 and material resources, together with a projection of the
3 ultimate objectives of the plans with respect to the overall
4 economic development of such country”.

5 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
6 COOPERATION

7 SEC. 104. Title II of chapter 2 of part I of the Foreign
8 Assistance Act of 1961, as amended, which relates
9 to development grants and technical cooperation, is amended
10 as follows:

11 (a) Section 211 (a), which relates to general authority,
12 is amended—

13 (1) by striking out “and” at the end of clause (5)
14 contained in the second sentence thereof; and

15 (2) by inserting immediately before the period at
16 the end of the second sentence the following: “, and (7)
17 whether such activity could be financed through a de-
18 velopment loan available under title I of this chapter”.

19 (b) In section 212, which relates to authorization,
20 strike out “1963” and “\$300,000,000” and substitute
21 “1964” and “\$217,000,000”, respectively.

22 (c) Amend section 214, which relates to American
23 schools and hospitals abroad, as follows:

24 (1) In subsection (a) strike out “use, in addition
25 to other funds available for such purposes, funds made

1 available for the purposes of section 211 for” and sub-
2 stitute the word “furnish”.

3 (2) In subsection (b) strike out “to use” and “for-
4 foreign currencies accruing to the United States Govern-
5 ment under any Act, for purposes of subsection (a)
6 of this section and for” and substitute “to furnish” be-
7 fore the word “assistance”.

8 (3) Add the following new subsection:

9 “(c) There is hereby authorized to be appropriated to
10 the President for the purposes of this section, for the fiscal
11 year 1964, \$12,000,000, to remain available until expended.
12 Of the sums authorized to be appropriated under this sub-
13 section, not to exceed \$2,200,000 shall be available for
14 direct dollar costs in carrying out subsection (b) and
15 \$2,000,000 shall be available solely for the purchase of
16 foreign currencies accruing to the United States Government
17 under any Act.”

18 **TITLE III—INVESTMENT GUARANTIES**

19 SEC. 105. Title III of chapter 2 of part I of the Foreign
20 Assistance Act of 1961, as amended, which relates to
21 investment guaranties, is amended as follows:

22 (a) Amend section 221 (b), which relates to general
23 authority, as follows:

24 (1) In the first sentence after “wholly owned” in-
25 sert “(determined without regard to any shares, in

1 aggregate less than 5 per centum of the total of issued
2 and subscribed share capital, required by law to be held
3 by persons other than the parent corporation) ”.

4 (2) In paragraph (1) strike out “\$1,300,000,000”
5 in the proviso and substitute “\$2,500,000,000”.

6 (3) In paragraph (2) strike out “\$180,000,000”
7 in the third proviso and substitute “\$300,000,000”.

8 (4) In paragraph (2) strike out “1964” in the
9 fourth proviso and substitute “1965”.

10 (b) Amend section 222 (a), which relates to general
11 provisions, by striking out “section 221 (b)” and substi-
12 tuting “sections 221 (b) and 224”.

13 (c) Amend section 222 (b), which relates to general
14 provisions, by striking out “section 221 (b)” in both places
15 it appears and substituting “sections 221 (b) and 224”.

16 (d) Amend section 222 (d), which relates to general
17 provisions, to read as follows:

18 “(d) Any payments made to discharge liabilities under
19 guaranties issued under sections 221 (b) and 224 of this
20 part, sections 202 (b) and 413 (b) (4) of the Mutual
21 Security Act of 1954, as amended, and section 111 (b) (3)
22 of the Economic Cooperation Act of 1948, as amended (ex-
23 clusive of informational media guaranties), shall be paid first
24 out of fees referred to in section 222 (b) as long as such fees
25 are available, and thereafter shall be paid out of funds, if any,

1 realized from the sale of currencies or other assets acquired
2 in connection with any payments made to discharge liabilities
3 under such guaranties as long as such funds are available,
4 and thereafter shall be paid out of funds heretofore appro-
5 priated for the purpose of discharging liabilities under the
6 aforementioned guaranties, and thereafter out of funds real-
7 ized from the sale of notes issued under section 413 (b) (4)
8 (F) of the Mutual Security Act of 1954, as amended, and
9 section 111 (c) (2) of the Economic Cooperation Act of
10 1948, as amended, and finally out of funds hereafter made
11 available pursuant to section 222 (f).”

12 (e) Amend section 222 (e), which relates to general
13 provisions, to read as follows:

14 “(e) All guaranties issued prior to July 1, 1956, all
15 guaranties issued under sections 202 (b) and 413 (b) (4)
16 of the Mutual Security Act of 1954, as amended, and all
17 guaranties heretofore or hereafter issued pursuant to this
18 title shall be considered contingent obligations backed by
19 the full faith and credit of the Government of the United
20 States of America. Funds heretofore obligated under the
21 aforementioned guaranties (exclusive of informational media
22 guaranties) together with the other funds made available
23 for the purposes of this title shall constitute a single reserve
24 for the payment of claims in accordance with section 222 (d)
25 of this part.”

(f) Amend section 222 by adding at the end thereof the following new subsection:

“(g) In making a determination to issue a guaranty under section 221 (b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States.”

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out “\$60,000,000” and substitute “\$150,000,000”.

(2) Strike out subsection (c).

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after “reasonable terms” the following: “(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,”.

1 (2) In subsection (e) strike out “economical” and
2 substitute “economically”.

3 (3) In subsection (f) strike out “Agency for Inter-
4 national Development” and substitute “agency primarily
5 responsible for administering part I”.

6 (b) Section 252, which relates to authorization, is
7 amended by inserting immediately after "1963" the second
8 time it appears therein the following: "and not to exceed
9 \$100,000,000 of the funds appropriated pursuant to this
10 section for use beginning in fiscal year 1964".

11 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
12 PROGRAMS

SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively.

18 CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$380,000,000", respectively.

23 CHAPTER 5—CONTINGENCY FUND

24 SEC. 109. Section 451 of the Foreign Assistance Act
25 of 1961, as amended, which relates to the contingency fund,

1 is amended by striking out "1963" and "\$300,000,000" and
2 inserting in lieu thereof "1964" and "\$200,000,000",
3 respectively.

4 PART II

5 CHAPTER 1—POLICY

6 SEC. 201. Chapter 1 of part II of the Foreign Assistance
7 Act of 1961, as amended, is hereby redesignated "POLICY"
8 and section 501, which relates to short title, is hereby de-
9 leted.

10 SEC. 202. Chapter 2 of part II of the Foreign Assist-
11 ance Act of 1961, as amended, which relates to military as-
12 sistance, is amended as follows:

13 (a) In section 504 (a), which relates to authorization,
14 strike out "the fiscal years 1962 and 1963" and "\$1,700,-
15 000,000 for each such fiscal year, which sums" and substi-
16 tute "fiscal year 1964" and "\$1,225,000,000, which",
17 respectively.

18 (b) In section 510 (a), which relates to special author-
19 ity, strike out "1963" in the first and second sentences and
20 substitute "1964".

21 (c) At the end of such chapter, add the following new
22 section:

23 "SEC. 512. RESTRICTIONS ON MILITARY AID TO
24 AFRICA.—No military assistance shall be furnished on a
25 grant basis to any country in Africa, except for internal

1 security requirements or for programs described in section
2 505 (b) of this chapter.”

3 PART III

4 CHAPTER 1—GENERAL PROVISIONS

5 SEC. 301. Section 601 (b) of the Foreign Assistance Act
6 of 1961, as amended, which relates to encouragement of pri-
7 vate enterprise, is amended as follows:

8 (a) Strike out “and” at the end of paragraph (3).

9 (b) Strike out the period at the end of paragraph (4)
10 and insert in lieu thereof a semicolon.

11 (c) At the end thereof add the following new para-
12 graphs:

13 “(5) utilize, wherever practicable, the services of
14 United States private enterprise (including, but not
15 limited to, the services of experts and consultants in tech-
16 nical fields such as engineering) ; and

17 “(6) take appropriate steps to discourage nationali-
18 zation, expropriation, confiscation, seizure of ownership
19 or control, of private investment and discriminatory or
20 other actions having the effect thereof, undertaken by
21 countries receiving assistance under this Act, which di-
22 vert available resources essential to create new wealth,
23 employment, and productivity in those countries and
24 otherwise impair the climate for new private investment

1 essential to the stable economic growth and development
2 of those countries.”

3 SEC. 302. Section 611 (b) of the Foreign Assistance
4 Act of 1961, as amended, which relates to completion of
5 plans and cost estimates, is amended by striking out “circular
6 A-47 of the Bureau of the Budget” and substituting “the
7 Memorandum of the President dated May 15, 1962”.

8 SEC. 303. Section 620 (a) of the Foreign Assistance Act
9 of 1961, as amended, which relates to prohibitions against
10 furnishing assistance to Cuba, is amended as follows:

11 (a) Insert “(1)” immediately after “(a)”.

12 (b) Insert immediately after the first sentence thereof
13 the following new sentence: “No funds provided under this
14 Act shall be used to make any voluntary contribution to
15 any international organization or program for financing proj-
16 ects of economic or technical assistance to the present Gov-
17 ernment of Cuba.”.

18 (c) At the end thereof add the following new para-
19 graph:

20 “(2) Except as may be deemed necessary by the Presi-
21 dent in the interest of the United States, no assistance shall
22 be furnished under this Act to any government of Cuba, nor
23 shall Cuba be entitled to receive any quota authorizing the

1 importation of Cuban sugar into the United States or to
2 receive any other benefit under any law of the United States,
3 until the President determines that such government has
4 taken appropriate steps according to international law stand-
5 ards to return to United States citizens, and to entities not
6 less than 50 per centum beneficially owned by United States
7 citizens, or to provide equitable compensation to such citizens
8 and entities for property taken from such citizens and en-
9 tities on or after January 1, 1959, by the Government of
10 Cuba.”

11 SEC. 304. Section 620 (e) of the Foreign Assistance Act
12 of 1961, as amended, which relates to suspension of assist-
13 ance, is amended as follows:

14 (a) In clause (2), immediately after “operational con-
15 ditions,” insert “or has taken other actions,”.

16 (b) Strike out “equitable and speedy compensation for
17 such property in convertible foreign exchange” and insert
18 in lieu thereof “speedy compensation for such property in
19 convertible foreign exchange equivalent to the full value
20 thereof”.

21 SEC. 305. Section 620 (f) of the Foreign Assistance Act
22 of 1961, as amended, which relates to prohibitions against
23 furnishing certain assistance to Communist countries, is
24 amended by inserting immediately before the period after

1 “Union of Soviet Socialist Republics” the following: “(in-
2 cluding its captive constituent republics) ”.

3 SEC. 306. Section 620 of the Foreign Assistance Act
4 of 1961, as amended, which relates to prohibitions against
5 furnishing assistance to Cuba and certain other countries,
6 is amended by adding at the end thereof the following new
7 subsections:

8 “(i) No assistance shall be provided under this or any
9 other Act, and no sales shall be made under the Agricultural
10 Trade Development and Assistance Act of 1954, to any
11 country which the President determines is engaging in or
12 preparing for aggressive military efforts directed against—

13 “(1) the United States,

14 “(2) any country receiving assistance under this
15 or any other Act, or

16 “(3) any country to which sales are made under
17 the Agricultural Trade Development and Assistance
18 Act of 1954,

19 until the President determines that such military efforts or
20 preparations have ceased and he reports to the Congress
21 that he has received assurances satisfactory to him that
22 such military efforts or preparations will not be renewed.
23 This restriction may not be waived pursuant to any au-
24 thority contained in this Act.

1 “(j) No assistance under this Act shall be furnished to
 2 Indonesia unless the President determines that the furnish-
 3 ing of such assistance is in the national interest of the United
 4 States. The President shall keep the Foreign Relations
 5 Committee and the Appropriations Committee of the Senate
 6 and the Speaker of the House of Representatives fully and
 7 currently informed of any assistance furnished to Indonesia
 8 under this Act.”

9 CHAPTER 2—ADMINISTRATIVE PROVISIONS

10 SEC. 307. Chapter 2 of part III of the Foreign Assist-
 11 ance Act of 1961, as amended, which relates to administra-
 12 tive provisions, is amended as follows:

13 (a) Amend section 624, which relates to statutory offi-
 14 cers, as follows:

15 (1) In subsection (a) (2) strike out “two shall
 16 have the rank of Deputy Under Secretaries” and sub-
 17 stitute “one shall have the rank of Deputy Under Secre-
 18 tary”.

19 (2) In subsection (a) (3) strike out “nine” and
 20 substitute “ten”.

21 (3) In subsection (b) strike out “paragraphs (2)
 22 and” and substitute “paragraph”.

23 (b) Amend section 626 (b), which relates to experts,
 24 consultants, and retired officers, as follows:

25 (1) Strike out the entire first sentence.

1 (2) In the second sentence strike out "Nor shall
2 such service" and substitute "Service of an individual as
3 an expert or consultant under subsection (a) of this
4 section shall not".

5 (c) In section 631, which relates to missions and staffs
6 abroad, add the following new subsection (c) :

7 “(c) The President may appoint any United States
8 citizen who is not an employee of the United States Govern-
9 ment or may assign any United States citizen who is a United
10 States Government employee to serve as Chairman of the
11 Development Assistance Committee or any successor Com-
12 mittee thereto of the Organization for Economic Cooperation
13 and Development upon election thereto by members of said
14 Committee, and, in his discretion, may terminate such ap-
15 pointment or assignment, notwithstanding any other provision
16 of law. Such person may receive such compensation and
17 allowances as are authorized by the Foreign Service Act of
18 1946, as amended, not to exceed those authorized for a chief
19 of mission, class 2, within the meaning of said Act, as the
20 President may determine. Such persons may also, in the
21 President’s discretion, receive any other benefits and per-
22 quisites available under this Act to chiefs of special missions
23 or staffs outside the United States established under this
24 section.”

1 (d) Amend section 635, which relates to general author-
2 ities, by adding the following new subsection (k) :

3 “(k) Any cost-type contract or agreement (including
4 grants) entered into with a university, college, or other
5 educational institution for the purpose of carrying out pro-
6 grams authorized by part I may provide for the payment
7 of the reimbursable indirect costs of said university, college,
8 or other educational institution on the basis of predetermined
9 fixed-percentage rates applied to the total, or an element
10 thereof, of the reimbursable direct costs incurred.”

11 (e) Amend section 636, which relates to provisions on
12 uses of funds, by adding at the end thereof the following new
13 subsection:

14 “(h) In carrying out programs under this Act, the
15 President shall take all appropriate steps to assure that, to
16 the maximum extent possible, (1) countries receiving as-
17 sistance under this Act contribute local currencies to
18 meet the cost of contractual and other services rendered in
19 conjunction with such programs, and (2) foreign currencies
20 owned by the United States are utilized to meet the costs
21 of such contractual and other services.”

22 (f) Amend section 637 (a) , which relates to administra-
23 tive expenses, by striking out “1963” and “\$53,000,000”
24 and substituting “1964” and “\$54,000,000”, respectively.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 308. Section 644 (f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 309. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-736 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out "\$500,000,000" and substitute "\$700,000,000".

(b) Insert following the enacting clause "That this

1 Act may be cited as 'the Latin American Development and
2 Chilean Reconstruction Act' ”.

3 SEC. 402. (a) Section 101 (f) of the Agricultural Trade
4 Development and Assistance Act of 1954, as amended, is
5 amended to read as follows:

6 “(f) obtain rates of exchange applicable to the
7 sale of commodities under such agreements which are not
8 less favorable than the highest of exchange rates legally
9 obtainable from the Government or agencies thereof in
10 the respective countries.”

11 (b) Section 105 of such Act is amended by adding at
12 the end thereof the following new sentence: “The President
13 shall utilize foreign currencies received pursuant to this title
14 in such manner as will, to the maximum extent possible,
15 reduce any deficit in the balance of payments of the United
16 States.”

17 (c) Section 202 of such Act is amended by striking
18 out “economic development” and inserting in lieu thereof
19 “economic and community development”.

20 SEC. 403. (a) Section 571 (a) of the Foreign Service
21 Act of 1946, as amended, is amended by changing the final
22 period to a colon and adding the following: “*Provided*, That
23 in individual cases when personally approved by the Secre-
24 tary further extension may be made.”

25 (b) Section 911 (2) of the Foreign Service Act of 1946,

1 as amended, is amended by inserting immediately after “on
2 authorized home leave;” the following: “accompanying him
3 for representational purposes on authorized travel within the
4 country of his assignment or, at the discretion of the Sec-
5 retary, outside the country of his assignment, but in no case
6 to exceed one member of his family;”.

7 (c) Title IX of the Foreign Service Act of 1946, as
8 amended, is amended by striking out section 921 (d), re-
9 lating to use of Government vehicles, and by inserting im-
10 mediately after section 913 the following new section:

11 “USE OF GOVERNMENT OWNED OR LEASED VEHICLES

12 “SEC. 914. Notwithstanding the provisions of section 5
13 of the Act of July 16, 1914, as amended (5 U.S.C. 78),
14 the Secretary may authorize any principal officer to approve
15 the use of Government owned or leased vehicles located at
16 his post for transportation of United States Government
17 employees and their dependents when public transportation
18 is unsafe or not available.”

19 (d) Title X of the Foreign Service Act of 1946, as
20 amended, is amended by adding at the end thereof the follow-
21 ing:

22 “PART I—EDUCATIONAL FACILITIES

23 “SEC. 1081. Whenever the Secretary determines that
24 educational facilities are not available, or that existing educa-
25 tional facilities are inadequate, to meet the needs of children

1 of American citizens stationed outside the United States
2 engaged in carrying out Government activities, he is author-
3 ized, in such manner as he deems appropriate and under
4 such regulations as he may prescribe, to establish, operate,
5 and maintain primary schools, and school dormitories and
6 related educational facilities for primary and secondary
7 schools, outside the United States, or to make grants of funds
8 for such purposes, or otherwise provide for such educational
9 facilities. The provisions of the Foreign Service Buildings
10 Act, 1926, as amended, and of paragraphs (h) and (i) of
11 section 3 of the Act entitled 'An Act to provide certain basic
12 authority for the Department of State', approved August 1,
13 1956 (5 U.S.C. 170h (h) and 170h (i)), may be utilized
14 by the Secretary in providing assistance for educational
15 facilities. Assistance may include, but shall not be limited
16 to, hiring, transporting, and payment of teachers and other
17 necessary personnel."

18 SEC. 404. The Act entitled "An Act to provide certain
19 basic authority for the Department of State", approved
20 August 1, 1956 (5 U.S.C. 170f-170t), is amended by in-
21 serting immediately after section 12 the following new
22 section:

23 "SEC. 13. There is hereby established a working capital
24 fund for the Department of State, which shall be available
25 without fiscal year limitation, for expenses (including those

1 authorized by the Foreign Service Act of 1946, as amended)
2 and equipment, necessary for maintenance and operation
3 in the city of Washington and elsewhere of (1) central
4 reproduction, editorial, data processing, audiovisual, library
5 and administrative support services; (2) central supply
6 services for supplies and equipment (including repairs),
7 and (3) such other administrative services as the Secretary,
8 with the approval of the Bureau of the Budget, determines
9 may be performed more advantageously and more economi-
10 cally as central services. The capital of the fund shall consist
11 of the amount of the fair and reasonable value of such supply
12 inventories, equipment, and other assets and inventories on
13 order, pertaining to the services to be carried on by the
14 fund, as the Secretary may transfer to the fund, less the
15 related liabilities and unpaid obligations, together with any
16 appropriations made for the purpose of providing capital.
17 Not to exceed \$750,000 in net assets shall be transferred
18 to the fund for purposes of providing capital. The fund
19 shall be reimbursed, or credited with advance payments,
20 from applicable appropriations and funds of the Department
21 of State, other Federal agencies, and other sources author-
22 ized by law, for supplies and services at rates which will
23 approximate the expense of operations, including accrual
24 of annual leave and depreciation of plant and equipment of
25 the fund. The fund shall also be credited with other receipts

1 from sale or exchange of property or in payment for loss or
2 damage to property held by the fund. There shall be trans-
3 ferred into the Treasury as miscellaneous receipts, as of the
4 close of each fiscal year, earnings which the Secretary deter-
5 mines to be excess to the needs of the fund. There is hereby
6 authorized to be appropriated such amounts as may be
7 necessary to provide capital for the fund.”

8 SEC. 405. The first sentence of the first section of the
9 Act entitled “An Act to authorize participation by the
10 United States in parliamentary conferences of the North
11 Atlantic Treaty Organization”, approved July 11, 1956
12 (70 Stat. 523), is amended to read as follows: “That not
13 to exceed eighteen Members of Congress shall be appointed
14 to meet jointly and annually with representative parliamen-
15 tary groups from other NATO (North Atlantic Treaty
16 Organization) members, for discussion of common problems
17 in the interests of the maintenance of peace and security in
18 the North Atlantic area.”

19 SEC. 406. (a) (1) The first sentence of section 104 (b)
20 of the Immigration and Nationality Act (8 U.S.C. 1104
21 (b)) is amended to read as follows: “There is hereby
22 established in the Department of State a Bureau of Con-
23 sular and Migration Affairs to be headed by an administra-
24 tor with the title of Assistant Secretary of State and with

1 compensation equal to that of an Assistant Secretary of
2 State.”.

3 (2) The individual holding the position of administra-
4 tor of the Bureau of Security and Consular Affairs in the
5 Department of State on the date of enactment of this section
6 shall not be required to be reappointed to the position of
7 administrator of the Bureau of Consular and Migration Af-
8 fairs in the Department of State solely by reason of the
9 enactment of this section.

10 (b) (1) Clause (2) of section 104 (a) of the Immi-
11 gration and Nationality Act (8 U.S.C. 1104 (a)) is
12 amended by striking out “Bureau of Security and Consular
13 Affairs” and inserting in lieu thereof “Bureau of Consular
14 and Migration Affairs”.

15 (2) The heading of section 104 of the Immigration
16 and Nationality Act (8 U.S.C. 1104) is amended by strik-
17 ing out “BUREAU OF SECURITY AND CONSULAR AFFAIRS”
18 and inserting in lieu thereof “BUREAU OF CONSULAR AND
19 MIGRATION AFFAIRS”.

20 (3) Section 101 (a) (1) of the Immigration and Na-
21 tionality Act (8 U.S.C. 1101 (a) (1)) is amended by
22 striking out “Bureau of Security and Consular Affairs” and
23 inserting in lieu thereof “Bureau of Consular and Migration
24 Affairs”.

1 (4) That portion of the table of contents contained in
2 the first section of the Immigration and Nationality Act
3 which appears under the center heading

“TITLE I—GENERAL”

4 is amended by striking out—

“Sec. 104. Powers and duties of the Secretary of State; Bureau of Security and Consular Affairs.”

5 and inserting in lieu thereof—

“Sec. 104. Powers and duties of the Secretary of State; Bureau of Consular and Migration Affairs.”.

6 (5) All provisions of laws of the United States which
7 refer to the Bureau of Security and Consular Affairs shall
8 hereafter be deemed to refer to such Bureau by the name
9 of the “Bureau of Consular and Migration Affairs”.

10 (c) Subsection (f) of section 212 of the Immigration
11 and Nationality Act (8 U.S.C. 1182 (f)), as so redesignated
12 by section 109 (c) of the Mutual Educational and Cultural
13 Exchange Act of 1961 (75 Stat. 535), is hereby redesign-
14 nated as subsection (i) .

88TH CONGRESS
1ST Session

H. R. 7885

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

AUGUST 1, 1963

Referred to the Committee on Foreign Affairs

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued August 7, 1963

For actions of August 6, 1963

88th-1st; No. 120

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HIGHLIGHTS: Senate committee reported Mexican farm labor extension bill. House subcommittee voted to report bill to establish land and water conservation fund. House committee voted to report foreign aid authorization bill. Senate debated Labor-HEW appropriation bill. House Rules Committee cleared public debt limit bill. House committee reported proposed Adult Basic Education Act.

HOUSE

1. **CONSERVATION FUND.** The Subcommittee on National Parks of the Interior and Insular Affairs Committee voted to report to the full committee with amendment H. R. 3846, to provide for the establishment of a land and water conservation fund to assist the States and Federal agencies in meeting present and future outdoor recreational demands. p. D607
2. **FOREIGN AID.** The Foreign Affairs Committee voted to report (but did not actually report) H. R. 7885, the foreign aid authorization bill. p. D607
3. **VOCATIONAL EDUCATION.** By a vote of 377 to 21, passed as reported the proposed Vocational Education Act of 1963 (pp. 13462-507). By a vote of 181 to 217, rejected a motion by Rep. Snyder to recommit the bill to the Education and Labor Committee (p. 13506). By a vote of 146 to 194, rejected an amendment by

Rep. Bell to include an anti-discrimination clause (pp. 13495-504). As passed, this bill includes provisions as follows: Authorizes the appropriation of \$45 million for fiscal year 1964, \$90 million for fiscal year 1965, \$135 million for fiscal year 1966, and \$180 million for each fiscal year thereafter for grants to States for vocational education programs. Establishes in the U. S. Office of Education an Advisory Committee on Vocational Education, including a representative from this Department. Amends the George-Barden and Smith-Hughes Vocational Education Acts so as to permit any of the funds earmarked for use in particular categories of vocational education (including agriculture and home economics) to be transferred to and combined with any of the funds earmarked for any other category of vocational education, to eliminate the requirement that funds allotted for vocational education in agriculture may only be used to educate persons who have entered upon or who are preparing to enter upon the work of the farm or the farm home and allows the use of such funds for vocational education in any occupation involving knowledge and skills in agricultural subjects, and to permit funds allotted for vocational education in home economics to be used to provide vocational education to fit persons for gainful employment (rather than useful employment) in any occupation involving knowledge and skills in home economics subjects (in addition to work of the farm home).

4. AREA REDEVELOPMENT. The report of the Banking and Currency Committee on S. 1163, the proposed Area Redevelopment Act Amendments of 1963 (see Digest 119), states that the bill, as amended by the committee, would:

"Raise the limit on each of the two industrial loan funds (one for urban areas and one for rural areas) by \$125 million.

"Increase the ceiling on public facility loans by \$25 million.

"Place all ARA loan programs on an appropriations basis and eliminate the authority for borrowing from the Treasury.

"Increase the amount which may be appropriated for public facility grants by \$75 million.

"Raise the limit on annual appropriations for technical assistance by \$5.5 million.

"Permit the 10 percent of the financing of industrial projects which must be met by a public or semipublic body to be repaid over the same period as the Federal share of financing. (Existing law requires that such a local loan cannot be repaid until the Federal loan is fully retired which may be as long as 25 years.)

"Require that construction workers on any project financed under ARA be paid prevailing wages as required by the Davis-Bacon Act.

"Restrict loans which can be made to foreign companies.

"Direct the Department of Labor to gather statistics on unemployment for areas within major labor market areas.

"Further tighten the features of existing law which prohibit assistance to concerns that relocate, or might relocate, from another area.

"Eliminate assistance for the construction or expansion of any hotel, motel, or nursing home.

"Require State approval of loan applications."

5. DATA PROCESSING. The report on this subject by the Post Office and Civil Service Committee (H. Rept. 627, Digest 117) includes the following:

"The subcommittee recommends ... that the President authorize the Director of the Bureau of the Budget to evaluate the present EDP policies and practices in the Federal agencies and to develop guidelines for future Federal policy on EDP. In conducting the review, the Director should (1) consult widely with Members of Congress and with representatives of the principal Federal agencies,

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
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Issued August 9, 1963
For actions of August 8, 1963
88th-1st; No. 122

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HIGHLIGHTS: House committee reported foreign aid authorization bill. House passed public debt limit bill. Several Senators discussed merits of area redevelopment program. Sen. Williams (N.J.) criticized Mexican farm labor program. Sen. Williams (N.J.) urged support for proposed National Service Corps. Sen. Hruska supported action against Common Market for import restrictions on U. S. poultry. Rep. Laird criticized administration dairy and farm policies. Rep. McDowell approved of tariffs on Common Market commodities to counteract our poultry losses. Sen. Humphrey and others introduced and discussed bill to prohibit FPC jurisdiction over REA cooperatives.

SENATE

1. **FORESTRY.** Concurred in the House amendment to S. 1388, to add certain lands to the Cache National Forest, Utah. This bill will now be sent to the President. p. 13748
2. **LUMBER TARIFF.** Concurred in the House amendments to H. R. 1157, to exclude cargo which is lumber from certain tariff-filing requirements under the Shipping Act, 1916. This bill will now be sent to the President. p. 13737
3. **NUCLEAR TEST BAN TREATY.** Received from the President for advice and consent the proposed Nuclear Test Ban Treaty; to Foreign Relations Committee. pp. 13762-8
4. **AREA REDEVELOPMENT.** Sen. Lausche criticized the application for an area redevelopment loan for building an electric furnace mill which he stated would

compete with privately-owned mills and urged that the area redevelopment program be discontinued. p. 13726

Sen. Yarborough defended the area redevelopment program against recent criticism by the president of the U. S. Chamber of Commerce, and praised achievements of the program in Texas. pp. 13748-9

Sen. Tower inserted a resolution from the City Council of Athens, Texas, protesting the designation of the city as a depressed area. p. 13753

Sens. Lausche, Gore, and Mansfield debated the merits of an application for an area redevelopment loan for building an electric furnace mill and the merits of the area redevelopment program in general. pp. 13753-4

5. FOREIGN TRADE. Sen. Hruska commended an announcement by the State Department that it is contemplating retaliatory action against certain European Common Market products as a result of its increased import duties on U. S. poultry. pp. 13735-6

6. FARM LABOR. Sen. Williams (N.J.) criticized the Mexican farm labor program as a "continuing injustice to the American worker," and inserted statements urging that the program be discontinued. pp. 13784-5

7. NATIONAL SERVICE CORPS. Sen. Williams (N.J.) reviewed the objectives and purpose of the proposed National Service Corps and urged bipartisan support for enactment of the proposal. pp. 13780-2

8. WATER RESOURCES. Sen. Ellender inserted the remarks of Elmer B. Staats, Deputy Director of the Budget Bureau, before the national convention of the National Rivers and Harbors Congress reviewing some of the overall problems and considerations of water resource development projects. pp. 13733-4

9. WATERSHEDS. Received from the Budget Bureau plans for works of improvement on watersheds in Kan., Mass., Okla., Texas, and Utah (to Agriculture and Forestry Committee), and for works of improvement on Mill Creek, Ala., and Pine Creek, Texas (to Public Works Committee). p. 13719

HOUSE

10. PUBLIC DEBT. By a vote of 221 to 175, passed without amendment H. R. 7824, to continue through Nov. 30, 1963, the existing temporary increase in the public debt limit to \$309 billion (pp. 13802-19). By a vote of 164 to 222, rejected a motion to recommit the bill (pp. 13817-8).

11. FOREIGN AID. The Foreign Affairs Committee reported without amendment H. R. 7885, the foreign aid authorization bill (H. Rept. 646). p. 13838

Rep. Gonzalez inserted an editorial stating that the Alliance for Progress' success must be achieved by the Latin American peoples equally with the aid of the North Americans. p. 13834

12. COTTON. Rep. Sisk inserted a telegram urging passage of the Cooley cotton bill. pp. 13834-5

13. DAIRY INDUSTRY. Rep. Laird criticized the administration's policies concerning the dairy industry and the administration's farm program in general. pp. 13835-6

14. POULTRY. Rep. McDowell spoke in favor of tariffs on certain imports from the European Common Market in view of resistance to our poultry exports. pp. 13836-7

FOREIGN ASSISTANCE ACT OF 1963

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H.R. 7885

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT OF
1961, AS AMENDED, AND FOR OTHER PURPOSES



AUGUST 8, 1963.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

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FOREIGN ASSISTANCE ACT OF 1963

AUGUST 8, 1963.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H.R. 7885]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

INTRODUCTION

The bill authorizes \$2,424,050,000 to finance the foreign assistance program for fiscal year 1964. This is a reduction of \$438,250,000 below the Executive request. In addition to the authorization contained in this bill, the Executive has requested the appropriation of \$1,663,025,000 against authorizations made in previous years. The total appropriation request for fiscal year 1964 is \$4,525,325,000. The committee's reduction will limit the maximum appropriation for fiscal year 1964 to \$4,087,075,000.

The bill also amends the Foreign Assistance Act of 1961 and other acts in order to improve the effectiveness of the program by revising certain of its procedures, imposing new limitations on the furnishing of assistance, and by making a number of modifications in policy directives.

Table on foreign assistance for fiscal year 1964, appropriation request and authorizations

[In thousands]

	Fiscal year 1964 Exec- utive request ¹ (H. Doc. 94)	Fiscal year 1964 House committee recommen- dation	House com- mittee re- duction for fiscal year 1964
Development grants and technical cooperation.....	\$257,000	\$217,000	\$40,000
American schools and hospitals abroad.....	² 22,000	³ 12,000	10,000
Alliance for Progress.....	^{1 4} 50,000		¹⁴ 50,000
International organizations and programs.....	136,050	136,050	
Supporting assistance.....	435,000	380,000	55,000
Contingency fund.....	300,000	299,000	100,000
Military assistance.....	1,405,000	1,225,000	180,000
Administrative expenses:			
AID.....	57,250	54,000	3,250
Social Progress Trust Fund.....	200,000	200,000	
Total.....	¹ 2,862,300	2,424,050	438,250

¹ The Executive appropriation request, totaling \$4,525,325,000 for fiscal year 1964, includes requests for items previously authorized. See recapitulation below.

² Includes \$2,000,000 for purchase of local currency for hospital construction.

³ Of this, not to exceed \$2,200,000 is available for direct dollar costs in carrying out sec. 214(b) and \$2,000,000 is available solely for purchase of foreign currencies owned by the United States.

⁴ In fiscal year 1963, the authorization for the Alliance for Progress was \$600,000,000 but only \$525,000,000 was appropriated. The Executive requested a reauthorization of the \$75,000,000 of which \$50,000,000 was requested to be appropriated for fiscal year 1964. Thus, the Executive program for fiscal year 1964 for the Alliance for Progress was \$650,000,000.

RECAPITULATION

President's appropriation request (H.Doc. 94).....	\$4,525,325,000
Less programs previously authorized and for which the Executive requests the following appropriations:	
Development loans.....	\$1,060,000,000
Alliance for Progress.....	600,000,000
State Department administrative expenses.....	3,025,000
	1,663,025,000
Request for new authorization for fiscal year 1964.....	2,862,300,000
Committee cuts.....	438,250,000
New authorization in H.R. 7885.....	2,424,050,000

PIPELINE

For the past several years the committee has given increased attention to the size of the unexpended balances of the foreign assistance program. These unexpended balances, popularly called the pipeline, are funds that have been obligated for goods and services that are on order but have not yet been delivered. Payment must be made for them when delivered. During the hearings the chairman asked the executive branch to submit several tables that would clearly and accurately show the unexpended and the unobligated balances (hearings, pp. 390-391). The following table shows the annual unexpended balances for the foreign assistance program—military and nonmilitary but excluding investment guarantee programs—at the close of each fiscal year since 1950.

*Unexpended balances, foreign assistance program, military and nonmilitary ¹—
Including Alliance for Progress but excluding investment guarantees*

[In billions]

1950.....	\$3.5	1955.....	\$7.9	1960.....	\$4.8
1951.....	7.1	1956.....	6.4	1961.....	6.0
1952.....	9.9	1957.....	6.1	1962.....	6.7
1953.....	10.1	1958.....	5.3	1963 (estimated)---	6.7
1954.....	9.6	1959.....	4.8		

¹ Excludes \$200,000,000 public debt funds for the investment guarantee programs.

These unexpended balances are available only to meet obligations already incurred. They are not available to move the program forward through the purchase of additional goods and services. These can only be procured by making available new or unobligated money. Some critics lump together other programs such as the Export-Import Bank and the sales of surplus agricultural commodities to make a case that large availabilities exist. Each of these other programs has, of course, a foreign policy objective. But the objectives of these programs are not identical with those of the foreign aid program. In many cases they complement the foreign aid program; in no case do they supplant it.

In every case, the use of the unexpended funds of such agencies is limited by the basic legislation governing their operations and their unexpended funds, even if not already obligated, would not be usable for many aspects of foreign aid operations. The funds authorized and appropriated for the foreign assistance program provide the principal means of financing our cold war strategy. There are no other funds available to meet the costs of the varied efforts necessary to carry out this strategy.

As the President's budget indicates, unexpended balances are not peculiar to the foreign aid program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

Unexpended balances—Military assistance program compared with Department of Defense

[In billions]

	Military assistance	Department of Defense (military functions)		Military assistance	Department of Defense (military functions)
1950.....	\$1.3	\$9.8	1957.....	\$4.2	\$34.6
1951.....	5.5	38.1	1958.....	3.4	32.1
1952.....	8.4	59.5	1959.....	2.5	31.7
1953.....	8.5	62.1	1960.....	2.3	30.7
1954.....	7.8	55.0	1961.....	2.6	28.7
1955.....	6.2	45.3	1962.....	2.8	29.2
1956.....	4.6	37.5	1963 (estimated).....	2.4	30.8

The argument has also been made that the foreign assistance program not only has large unexpended balances but that it also has tremendous unobligated amounts. The following figures taken from the President's budget for fiscal year 1964 show the unexpended and unobligated amounts for the foreign assistance program, the Department of Defense, the Department of Agriculture, and all other Federal agencies.

Unexpended and unobligated balances

(In billions)

	Department of Defense (military functions)	Foreign assistance	Depart- ment of Agricul- ture	All others	Total
Unexpended, June 30, 1956-----	\$37.5	\$6.6	\$2.0	\$26.7	\$72.8
Unobligated/unreserved, June 30, 1956-----	12.7	.4	.2	19.6	32.9
Unexpended, June 30, 1957-----	34.6	6.3	3.0	24.7	68.6
Unobligated/unreserved, June 30, 1957-----	11.0	.9	1.6	17.7	31.2
Unexpended, June 30, 1958-----	32.1	5.5	4.8	29.5	71.9
Unobligated/unreserved, June 30, 1958-----	8.3	.2	3.4	20.6	32.5
Unexpended, June 30, 1959-----	31.7	5.0	3.6	31.3	71.6
Unobligated/unreserved, June 30, 1959-----	8.2	.2	2.2	22.1	32.7
Unexpended, June 30, 1960-----	30.7	5.0	3.7	33.0	72.4
Unobligated/unreserved, June 30, 1960-----	9.6	.2	2.4	23.5	35.7
Unexpended, June 30, 1961-----	28.7	6.2	3.3	38.2	76.4
Unobligated/unreserved, June 30, 1961-----	9.9	.8	1.1	27.4	39.2
Unexpended, June 30, 1962-----	29.2	6.9	3.9	39.3	79.3
Unobligated/unreserved, June 30, 1962-----	9.8	.2	1.4	27.3	38.7
Unexpended, June 30, 1963 (estimated)-----	30.8	6.9	3.0	46.4	87.1
Unobligated/unreserved, June 30, 1963 (estimated)-----	8.8	.1	1.4	30.2	40.5

NOTE.—Foreign assistance unexpended balances include public debt funds of \$200,000,000 for the investment guarantee program.

Military assistance reservations are included in foreign assistance unexpended balances above but are not included in unobligated balances. The figures for the Department of Defense military functions do not include undelivered military assistance orders (i.e. reservations) which have been included in the foreign assistance column of this table. Reservations are made pursuant to the provisions of sec. 108 of the Mutual Security Appropriation Act, 1956, as amended. Under the reservation procedure equipment on order for the foreign assistance program is financed initially from regular Department of Defense procurement funds. At the time orders are placed, funds are reserved in the foreign assistance/military assistance accounts for future reimbursement to the procurement accounts of the military services.

For development loans (included in foreign assistance) the unexpended balance includes loan commitments not yet technically obligated. The unobligated balance excludes such commitments.

Considering the global character of the program, the committee believes that the fiscal side of the foreign aid program compares favorably with that of other Government agencies. In many cases it is considerably better. In arriving at the amounts authorized the committee has taken into consideration the Executive's revised end-of-the-year estimates on unobligated balances.

FOREIGN AID AND U.S. GOLD OUTFLOW

The committee has again considered the U.S. balance of payments problem and the continued decline in U.S. gold holdings in view of charges that the foreign assistance program is a major cause of the loss of gold by the United States.

Although the U.S. gold supply continues to decline and the U.S. balance of payments remains unfavorable, it is clear that factors other than foreign aid are primarily and directly responsible and that the elimination of the foreign aid program would neither balance U.S. payments nor have a significant bearing on the underlying causes.

Most U.S. foreign aid money has always been spent in the United States, thus having no effect on the balance of payments, and the proportion has been increased in recent years as a result of the inauguration of a "buy American" policy. It is estimated that 81 percent of the economic assistance funds obligated in fiscal 1963 will be spent in the United States. In the case of military aid for fiscal 1963, only \$262 million was spent outside the United States. In fact, U.S. military aid resulted in U.S. procurement amounting to more than 100 percent of total expenditures because foreign governments procured in the United States components of airplanes and other equip-

ment which they now are manufacturing for themselves. The United States received enough more for such orders than our oversea expenditures for such projects to make the overall balance for oversea expenditures for military assistance \$87.2 million in favor of the United States.

The following tabulation indicates the magnitude of major categories of dollar payments to foreigners, all of which adversely affect the U.S. balance of payments and are potential causes of gold loss (hearings, p. 1731):

Calendar year 1962

	<i>Billions</i>
Imports.....	\$16
Tourists abroad.....	2
Defense expenditures abroad.....	1 2
Private foreign investments.....	2-3
Foreign aid.....	1

¹ Defense expenditures abroad are made from Defense Department funds in connection with the maintenance of U.S. forces overseas (in Germany, Korea, etc.) and are not part of the military aid program.

Among the fundamental causes of the drain on U.S. gold stocks are the restoration of strength and stability to the major industrial and trading nations of the world, with resulting demands on their monetary reserves and on the mechanisms for financing a greatly expanded world trade; a substantial and increasing rate of private investment by U.S. citizens in foreign countries, and the desire to maintain the level of interest rates within the United States at a level which will encourage business expansion.

These matters are being given a high priority by the principal officials and agencies of the U.S. Government, and a variety of actions have been brought to bear on these and other aspects of the problem.

SITUATION IN THE NEAR EAST

The committee notes with satisfaction that our aid programs have contributed to economic progress in the Near East. There is also evidence that Soviet influence has suffered setbacks in some countries of the region.

However, the Near East continues to be unstable. There has been no progress toward an Arab-Israel peace, and little progress toward settlement of the conflicts that divide the Arab States.

Virulent threats and recriminations engender fear and disrupt stability. Parallel with this competition in propaganda goes a competitive acquisition of arms. This arms race began with conventional weapons which the Soviet bloc furnished to Egypt in 1955 and has been intensified in kind and in proportion until there is now danger of escalation to more sophisticated weapons.

As a result, the governments of the region are burdened with excessive defense expenditures. While Israel continues to make rapid economic progress, it has been compelled to go deeply into debt in the effort to maintain the arms balance.

The committee believes that an arms race cancels out the salutary effects of U.S. economic assistance and accentuates the threat of a new outbreak of hostilities. Our aid to Israel and the Arab States should be administered so as to discourage conflict and to promote stability in the area. Consideration should be given to the withholding of economic assistance from those countries which persist

in policies of belligerence and in preparations for their execution, and to entering into security guarantees with those nations that would be willing to make appropriate commitments for promoting peace and stability in the area.

RESTORATION OF PEACE IN YEMEN

The committee is particularly concerned with the situation in Yemen. It has been U.S. policy over a period of years to provide assistance to a number of countries in the Near East even though certain of these countries are hostile to each other. The Nasser government of the United Arab Republic, which continues to receive substantial U.S. assistance, currently maintains large military forces in Yemen, and the Government of Saudi Arabia, which has been the recipient of U.S. aid, has given assistance to the so-called Royalist Government of Yemen, which is engaged in military operations against the Government of Yemen which we recognize. A representative of the United States, Ambassador Ellsworth Bunker, had an important role in bringing about the agreement of April 8, 1963, between the Governments of Saudi Arabia and United Arab Republic, and the Secretary General of the United Nations for terminating military intervention in Yemen under supervision of the United Nations. Saudi Arabia agreed to stop support of forces carrying on hostilities against the Government of Yemen which the United States recognizes and Nasser agreed to pull out his troops.

Information available to the committee indicates that the Department of State and the Secretary General of the United Nations believe that the United Arab Republic and Saudi Arabia will live up to the agreements into which they have entered, and that Saudi Arabia is already in compliance therewith. United Nations representatives are now stationed in Yemen and the aforementioned agreement is in full force and effect. However, so far there has been no evidence of a permanent withdrawal, or a plan for such a withdrawal, of the Egyptian forces. While the committee has recommended no legislative action at this time with respect to the situation in Yemen, it does believe that assistance should not be continued to either or both nations that fail to comply with the terms of the April agreement. The committee, therefore, will take appropriate legislative action unless there is satisfactory compliance with the aforementioned agreement.

KASHMIR

The United States has given extensive economic aid to India and Pakistan to strengthen their economic base. It has also made substantial amounts available for the improvement of Pakistan's military forces and, as a result of recent Communist Chinese pressures against India, has inaugurated military assistance to that country. The continued dispute between India and Pakistan over Kashmir jeopardizes the security of both countries, and not until an amicable solution is achieved will it be possible for both nations to attain their economic objectives. The committee recognizes the complexities of the Kashmir question. It does not presume to pass judgment on the claims of either party, but it is mindful of the fact that, to the extent that the dispute embitters relations between India and Pakistan, it reduces and may even nullify our assistance to both. The committee

carefully considered an amendment that would drastically reduce our aid to both countries until such time as the issue is resolved. It noted the small but encouraging measures that have been taken by both parties to remove this issue. It will keep the matter under continuous review. Should there be no evidence of an improvement in the situation, the committee is prepared to recommend curtailment of aid to both parties.

ORGANIZATION FOR PRIVATE ENTERPRISE

In order to effectuate the congressional policy to utilize private enterprise to the maximum extent practicable, the committee gave careful attention to the duties of the Assistant Administrator, Development Finance and Private Enterprise, and to the personnel and authority of his office under the present organization of AID. The committee shares the view expressed in the Clay report (p. 18) that

AID has shown increasing awareness of the vital role played by local and foreign private investment in the development processes, but fuller cognizance is required in conceiving, conditioning, and implementing its programs in various countries.

AID has advised the committee that it has in preparation a new and stronger charter for the Assistant Administrator, and other changes which will provide more effective assistance to U.S. private investors and to the private sector generally in underdeveloped countries. The committee will follow these changes closely and weigh the results in speeding economic development through private endeavors, thereby reducing the burden on American taxpayers.

CONSOLIDATION OF INTERNATIONAL HEMISPHERIC ORGANIZATIONS

In the last few years new hemispheric organizations have been established for the purpose of promoting economic cooperation and development in Latin America. The committee is of the opinion that the executive branch should give consideration to the consolidation of these international hemispheric organizations for the purpose of coordinating the policies of the member nations with respect to foreign assistance, foreign trade, and foreign monetary affairs. The success of OECD in Europe gives us reason to hope that a similar organization operating in the Western Hemisphere would be beneficial in achieving the objectives of the Alliance for Progress.

AVAILABILITY OF CLASSIFIED FOREIGN AID PRESENTATION BOOKS TO MEMBERS OF CONGRESS

As in previous years an invitation has been extended to every Member of the House willing to respect their security classification to examine the presentation books containing detailed information relating to the foreign aid program. This year there are three volumes, two classified "Confidential" and one classified "Secret." The secret volume deals with the military assistance program and the two confidential volumes deal with the economic program. These volumes are available at all times at the office of the Foreign Affairs Committee, on the gallery floor in the Capitol, and will be at the

committee tables on the floor of the House during the period when the foreign aid bill is under consideration.

The classification of the material in these volumes is done by the Executive and not by the Committee on Foreign Affairs. There are three main categories of material which are not made public:

First, information as to the size and strength of the forces of our allies, as well as specific information as to the quantity of tanks, airplanes, etc., which have been or will be delivered to other nations.

Second, frank comments on the part of U.S. officials concerning officials and conditions in foreign countries. If the committee and the Congress are to continue to receive frank estimates, it is essential that such comments not be made public. Otherwise, our Ambassadors and military commanders will seek protection in carefully phrased statements which will conform to diplomatic usage, but which will not be very informative or useful to the Congress.

Third, the amount of money programed by the Executive for individual countries. In order to avoid disappointment and ill will, it is better not to disclose these figures until congressional action is completed.

PROVISIONS OF BILL

PART I

CHAPTER 1—POLICY

Section 101—Short title

Section 101 amends the Foreign Assistance Act of 1961 to eliminate the short title of part I. As originally enacted, part I of the act, which deals with economic and other types of nonmilitary assistance, was given the title "Act for International Development of 1961," and part II of the act, which deals with military assistance, was given the title "International Peace and Security Act of 1961."

The title assigned to the basic law, including parts I and II, together with other provisions, is the "Foreign Assistance Act of 1961."

It has subsequently been found that the separate titles of parts I and II have, in some instances, been confusing, so that the present bill eliminates them.

Section 102(a)—Emphasis on long-range development

Section 102(a) amends section 102 of the Foreign Assistance Act statement of policy by changing the phrase "should emphasize long-range development assistance" to "shall emphasize long-range development assistance" in order to give a positive legislative directive to the significance of such long-range assistance in the growth of the less developed countries.

Section 102(b)—Objectives and priorities

Section 102(b) adds to the statement of policy a declaration that each request for authorization of funds for economic assistance shall be accompanied by a detailed statement setting forth (1) the purposes of such program, (2) the specific objectives of such program, and (3) the priorities assigned to such purposes and objectives.

The purpose of the amendment is not to produce an increase in the documentary detail submitted to the committee in support of future requests for authorization, but, rather, to cause the presentation to focus more directly on U.S. foreign policy objectives on a country basis which are to be attained as a result of proposed expenditures, including those of immediate or shortrun significance.

The committee recognizes and approves the emphasis given to long-range economic development as a major objective of economic aid, and the present bill adds to the provisions of existing law assigning priority to long-range development.

Nevertheless, the committee recognizes that concentration on goals attainable only 5 or 10 years in the future makes impossible the evaluation of the effectiveness of the program on a year-to-year basis. If the results of last year's program for each country cannot be seen for several years and the objectives of this year's program cannot be related to current crises and problems, about the only measure of accomplishment which can be applied to the administration of the

program is whether or not the funds made available by the Congress have been spent in accordance with the programs submitted.

The administrators of U.S. foreign policy seek to attain long-range objectives but they devote most of their time and energy to dealing with current problems and crises in order to find solutions which will contribute to the attainment of our long-range objectives. The foreign aid program is an important implement of U.S. foreign policy and undoubtedly can and should be utilized to cope with current problems.

Furthermore, the attainment of broad economic development goals 5 or 10 years in the future can be accomplished only if specific preliminary and intermediate goals are attained with coordination as to sequence and time.

The committee intends to give increasing attention to the evaluation of the more immediate objectives of economic assistance and to reviewing current progress toward the attainment of such objectives.

Section 102(c)—View of world crisis

Section 102(c) amends the eighth paragraph of section 102 relating to the statement of policy. That paragraph states the sense of Congress that great attention and consideration should be given to countries which share the U.S. view on the world crisis and do not, as a result of U.S. assistance, divert their own economic resources to military or propaganda efforts supported by the Soviet Union or Communist China and directed against the United States or other aid recipients. The amendment changes the placement of the words relating to support of such efforts by the Soviet Union or Communist China and inserts immediately preceding them the words "whether or not such efforts are." The purpose of this amendment is that the provisions of the paragraph shall apply to such military or propaganda efforts whether or not supported by the Soviet Union or Communist China.

The committee is encouraged by the fact that some progress has been made in implementation of the nondiscrimination declaration contained in section 102 of the Foreign Assistance Act. Some Near Eastern countries have eased travel restrictions affecting American citizens of the Jewish faith. However, forward movement has been slow and further effort is required. Congress has repeatedly insisted that no country receiving U.S. aid should make distinctions among our citizens on the basis of religion or race.

Section 102(d)—Diversion of assistance for short-term emergencies

Section 102(d) amends section 102 of the Foreign Assistance Act statement of policy by expressing the sense of the Congress that funds authorized for economic development purposes should not be diverted to meet short-term emergencies, such as assisting recipient countries which do not further reasonable fiscal and military practices to meet current budgetary or balance of payments difficulties, or for military purposes making no contribution to long-range development. The funds authorized by chapter 2 of part I (which include development loans, development grants, and technical assistance; surveys of investment opportunities; development research; and the Alliance for Progress) should be used only for purposes essential to long-range development.

Funds adequate to meet political, financial, or military emergencies should be available from appropriations authorized for the con-

tingency fund, supporting assistance, and military assistance to the extent that such funds are not available from international institutions, such as the International Monetary Fund.

This subsection also expresses the sense of the Congress that, to the extent possible, short-term emergencies should be met through international institutions.

Section 102(e)—Contribution of private enterprise

Section 102(e) amends the last paragraph of section 102 of the act to provide that private enterprise, as well as the governments of countries other than the United States, is urged to contribute to meeting the goals of the program for international development.

Section 102(f)—Contributions from other free-world nations

Section 102(f) amends the statement of policy by adding a sentence to the final paragraph, stating:

In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all.

The purpose of this sentence is to urge free-world countries not only to increase their contributions to economic development but also to make such assistance available on more liberal terms as to interest and principal than has been the past practice of a number of such countries.

The Clay Committee has pointed out that—

With the exception of France, assistance from other free nations has to a substantial extent been in the form of hard loans to finance exports from the lending countries. * * *

The importance of improving loan terms—including maturities, interest rates, and grace periods—is particularly apparent in the case of those nations undertaking comprehensive development programs. Unless the lending terms of other countries improve greatly and approach U.S. terms, international consortia and coordinating groups for such countries as India, Pakistan, Turkey, and Nigeria will saddle these countries with impossible debt-service requirements and U.S. funds would pay for these short-term and short-sighted debts. * * *

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

Section 103—Loan criteria

Section 103 of the bill amends in several respects section 201(b) of the act. The latter section sets out a series of six guidelines that the President shall follow in determining whether a loan shall be made from the Development Loan Fund. The bill amends the first two of these six and adds a seventh.

The first of the six criteria is “whether financing could be obtained in whole or in part from other free world sources on reasonable terms.” It is not clear from that language whether it is intended to include

private institutional lenders in the United States. The addition of the words by the amendment to clause (1) in subsection 103(a) "including private sources within the United States," will remove any ambiguity that may exist on this point, thus making clear that the availability of untapped private resources in the United States are to be considered before the President authorizes the use of Government funds for a loan.

The second criteria requires a Presidential assessment of "the economic and technical soundness of the activity to be financed." The amendment to clause (2) in subsection 103(a) adds the words "including the capacity of the country to repay the loan at a reasonable rate of interest." This amendment is intended to prevent loans at a nominal rate of interest and over a period of repayment as long as 40 years from being accepted as standard practice for development loan financing. Each case is to be considered on its own merits and as high an interest rate as is appropriate is to be established.

Underdeveloped countries do not depend entirely upon the United States for loans. They are borrowing from other countries and from international institutions at higher interest rates and shorter amortization periods. The result is to give a higher priority to the repayment of loans made on harder terms and, correspondingly, to jeopardize the repayment of loans made on easier terms by the United States. The inclusion of the additional language should assure that loans from the United States are made on terms more nearly comparable to those of other countries and international institutions which provide development assistance.

The committee wishes to stress, however, its belief that in general the terms offered by other donors should be improved so as not to impose an unreasonable burden on the underdeveloped countries capacity to repay.

Subsection 103(c) adds a seventh guideline to be considered by the President in making loans from the Development Loan Fund. It points up the necessity, in making such loans, to give consideration to the role that the loan will play in the larger development plans of the borrower, including the participation by private enterprise in such plans. Consideration must also be given to the availability of technically qualified personnel and of the necessary material resources such as raw materials and supporting facilities that will assure an effective use of the loan. The committee recognizes that some underdeveloped countries, particularly those with vigorous private sectors, are able to allocate intelligently and marshal their resources without a formal development plan. For other countries in an earlier stage of development, basic development of technical and administrative skills must precede any formal plans. The committee wishes, however, that individual loan requests be reasonably related to the overall development effort and priority needs of the requesting country.

Policy regarding loans to International Development Association

The committee gave consideration to the authority contained in section 205 of the act, which authorizes the use of not to exceed 10 percent of the funds available for the Development Loan Fund for loans to the International Development Association. The committee noted the statement by the Executive that no funds have so far been used for this purpose and that there are at present no plans for doing so.

No restrictions were added to the existing language of section 205, but the committee desires to express its concern that loans to the International Development Association should not be used as a device for providing assistance to foreign countries so as to avoid the restrictions on the use of funds in the Foreign Assistance Act, including provisions relating to procurement and to expropriation.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

Section 104(a)—Grant criteria

Section 104(a) of the bill amends section 211(a) of the act. The latter section enumerates six considerations that the President shall take into account in furnishing grant aid under this title to promote the economic development of less developed friendly countries and areas. The new language adds a seventh consideration; namely, whether the particular activity could be financed by a loan under the Development Loan Fund rather than by a grant. Over the past several years there has been a slight decline in development grant and technical cooperation programs in various countries as a result of greater use of loans. Similarly, grant funds for industry, mining, and transportation have fallen as these activities are financed by loans. Thus, the amendment gives affirmative legislative endorsement and encouragement to a reduction in the use of grant funds where loans are a feasible alternative.

Section 104(b)—Authorization

This section amends section 212 of the Foreign Assistance Act of 1961, as amended, by striking out language referring to the authorization for an appropriation for use beginning in fiscal year 1963 and substituting an authorization for an appropriation of \$217 million for development grants and technical cooperation for use beginning in fiscal year 1964. This sum is \$40 million below the Executive request, \$83 million below the authorization for fiscal year 1963, and \$8 million below the sum appropriated for these purposes for fiscal year 1963.

The committee reduction of \$40 million was based upon several considerations. As indicated above, there is a perceptible trend toward loans in lieu of grants, a trend which the committee wishes to encourage. The financing of American schools and hospitals abroad, previously funded from development grant and technical cooperation appropriations, carries a separate authorization under an amendment to this bill. The expansion of the investment guarantee program provided in this bill is intended to accelerate American investment abroad in the less developed countries. This program represents not only the movement of capital but also of technology. Training provided by the Peace Corps is slowly but steadily building up basic skills. The civic action program carried out in conjunction with the military assistance program is developing a wide array of technical competence. The growing foreign assistance programs of the Western European countries, Canada, and Japan, as well as the more recent entry of Israel and the Republic of China into the technical assistance field, offer resources in many cases more appropriate to the needs of the less developed countries than those the United States could supply. In short, the reduced authorization is recognition of the many other channels of technical assistance available to the development needs of the emerging nations.

Section 104(c)—American schools, libraries, and hospitals abroad

Section 104(c) of the bill amends section 214 of the act which relates to American schools, libraries, and hospitals abroad. Section 214(a) of existing law authorizes the use of development grant and technical cooperation funds to assist schools and libraries abroad, founded or sponsored by U.S. citizens, that serve as demonstration centers for ideas and practices representative of the United States. Section 214(b) authorizes the use of U.S.-owned foreign currency for those purposes and for hospitals abroad that are similarly sponsored.

The amendment in section 104(c) of the bill provides a separate authorization to furnish assistance to American schools, libraries, and hospitals abroad. The Executive requested a separate continuing dollar authorization without limitation to finance these programs and, in the case of foreign currencies owned by the United States, an authorization to the President to use such currencies. Against these authorizations, the Executive planned programs amounting to \$22 million for fiscal year 1964. This sum included \$10 million for a new hospital facility at the American University of Beirut, detailed plans of which have not yet been completed. In lieu of the Executive request, the committee has included a separate authorization of \$12 million for fiscal year 1964. The amendment restricts the amount of the appropriation that may be used for direct dollar costs to American hospitals abroad under section 214(b) to \$2,200,000. It further requires that \$2 million of the total amount appropriated shall be used only for the purpose of buying U.S.-owned foreign currencies. These latter two sums are for the financing of the dollar and the local currency costs of the Children's Hospital in Poland. The balance will be available to meet the programs for American schools and libraries abroad during the fiscal year 1964.

TITLE III—INVESTMENT GUARANTEES*Introduction*

President Kennedy, in his 1963 foreign aid message to the Congress, said:

Economic and social growth cannot be accomplished by governments alone. The effective participation of an enlightened U.S. businessman, especially in partnership with private interests in the developing countries, brings not only his investment but his technological and management skills into the process of development.

One of the primary tools to encourage wider participation by private enterprise in the economic development of the less developed countries is the investment guarantee program administered by the Agency for International Development. Through this program the U.S. Government offers for a fee a form of insurance protection to new American investments against the specified risks of currency inconvertibility, expropriation, and loss by reasons of war, revolution, and insurrection. In addition, AID can issue extended risk guarantees covering up to 75 percent of an investment against political and commercial risks and extended risk housing guarantees against losses of any loan investments for housing projects in which there is appropriate participation by the private investor in the loan risk.

Countries where investment guarantees are available, July 26, 1963

Convertibility	Expropriation	War risk
Afghanistan.....	Afghanistan.....	Afghanistan.
Argentina.....	Argentina.....	Argentina.
Bolivia.....	Bolivia.....	
Chile.....		
China, Republic of.....	China, Republic of.....	China, Republic of.
Colombia.....	Colombia.....	Colombia. ¹
Congo (Brazzaville).....	Congo (Brazzaville).....	Congo (Brazzaville). ¹
Congo (Léopoldville).....	Congo (Léopoldville).....	Congo (Léopoldville). ¹
Costa Rica.....	Costa Rica.....	
Cyprus.....	Cyprus.....	Cyprus.
Dominican Republic.....	Dominican Republic.....	Dominican Republic. ¹
Ecuador.....	Ecuador.....	
El Salvador.....	El Salvador.....	
Ethiopia.....	Ethiopia.....	
Gabon.....	Gabon.....	Gabon. ¹
Ghana.....	Ghana.....	
Greece.....	Greece.....	Greece. ¹
Guatemala.....	Guatemala.....	
Guinea.....	Guinea.....	Guinea. ¹
Haiti.....	Haiti.....	
Honduras.....	Honduras.....	
India.....	India.....	
Iran.....	Iran.....	
Israel.....	Israel.....	Israel. ¹
Ivory Coast.....	Ivory Coast.....	Ivory Coast. ¹
Jamaica.....	Jamaica.....	Jamaica. ¹
Jordan.....	Jordan.....	Jordan. ¹
Korea.....	Korea.....	Korea.
Liberia.....	Liberia.....	Liberia.
Malagasy Republic.....	Malagasy Republic.....	Malagasy Republic. ¹
Malaya, Federation of.....	Malaya, Federation of.....	
Morocco.....	Morocco.....	Morocco.
Nepal.....	Nepal.....	Nepal. ¹
Nicaragua.....	Nicaragua.....	Nicaragua.
Niger.....	Niger.....	Niger. ¹
Nigeria.....	Nigeria.....	
Pakistan.....	Pakistan.....	
Panama.....	Panama.....	Panama.
Paraguay.....	Paraguay.....	
Peru.....		
Philippines.....	Philippines.....	
Portugal.....	Portugal.....	
Senegal.....	Senegal.....	Senegal. ¹
Sierra Leone.....	Sierra Leone.....	Sierra Leone
Spain.....	Spain.....	
Sudan.....	Sudan.....	Sudan.
Thailand.....	Thailand.....	Thailand.
Togo.....	Togo.....	Togo. ¹
Trinidad-Tobago.....	Trinidad-Tobago.....	Trinidad-Tobago. ¹
Tunisia.....	Tunisia.....	Tunisia. ¹
Turkey.....	Turkey.....	
United Arab Republic.....	United Arab Republic.....	United Arab Republic. ¹
Uruguay ³	Uruguay ²	
Venezuela.....	Venezuela.....	Venezuela. ¹
Vietnam.....	Vietnam.....	Vietnam.
Yugoslavia.....	Yugoslavia.....	

¹ Includes also guarantees against loss due to revolution and insurrection.

² Although applications will be accepted for Uruguay, guarantees cannot be processed until agreement is ratified by country's legislative body.

Specific risk guarantees

The oldest and best known of the investment guarantee programs is the one for specific risks. During the life of this program guarantees totaling over \$1.1 billion have been issued and at May 31, 1963, there were 1,092 applications totaling \$3.9 billion on hand. Under the bill an increased authorization of \$1.3 billion is proposed which will raise the ceiling on the total face amount of specific risk guarantees which may be outstanding at any one time to \$2.5 billion.

Investment guarantees (specific risks) issued (by country) through May 31, 1963

Country	Convertibility	Expropriation	War risk	Total
Afghanistan.....	\$400,000	\$200,000	\$200,000	\$800,000
Algeria (French).....		15,750,000		15,750,000
Argentina.....	176,899,795			176,899,795
Austria.....	1,030,000	1,000,000		2,030,000
Belgium.....	432,000	120,000		552,000
Bolivia.....	1,164,073	20,100,375		20,264,448
China.....	26,466,662	23,282,941	14,122,000	63,871,603
Congo (Léopoldville).....	475,000	475,000		950,000
Costa Rica.....	186,430	873,166		1,059,596
Denmark.....	182,500			182,500
Ecuador.....	2,934,205	2,681,260		5,615,465
France.....	34,355,295	15,933,536		50,288,831
Germany.....	13,875,541	44,855,690		58,731,231
Greece.....	2,944,700	2,845,000		5,789,700
Guatemala.....	447,000	2,772,000		3,219,000
Guinea.....		72,000,000		72,000,000
Haiti.....	1,950,000	2,520,000		4,470,000
Honduras.....	900,000	4,373,350		5,273,350
India.....	50,798,369	31,158,064		81,956,433
Iran.....	11,631,176	7,301,176		18,932,352
Israel.....			171,390	171,390
Italy.....	113,636,819	44,908,454	676,053	159,221,326
Ivory Coast.....	1,828,000	1,828,000	675,000	4,331,000
Jamaica.....	206,000			206,000
Japan.....	2,872,000	2,422,000		5,294,000
Jordan.....		8,000,000		8,000,000
Liberia.....	1,200,000	19,664,500	540,000	21,404,500
Malaya.....	773,300	1,160,950		1,933,250
Morocco.....	2,767,696	2,400,000	1,130,000	6,297,696
Netherlands.....	7,444,835	3,883,056		11,327,891
Pakistan.....	3,409,000	66,040,000		69,449,000
Paraguay.....	3,912,000	6,912,000		10,824,000
Peru.....	13,420,857			13,420,857
Philippines.....	6,569,300	5,110,550		11,679,850
Thailand.....	8,194,630	4,545,230	288,000	13,027,860
Trinidad.....	17,749,125			17,749,125
Tunisia.....	2,893,000	6,726,000	1,500,000	11,119,000
Turkey.....	95,324,553	38,435,583		133,760,136
United Kingdom.....	32,381,099			32,381,099
Vietnam.....	3,099,973	3,184,973	1,395,293	7,680,239
Yugoslavia.....	2,000,000	2,000,000		4,000,000
Total, May 31, 1963.....	646,819,283	466,162,854	20,697,736	1,132,679,873

Extended risk guarantees

The Foreign Assistance Act of 1961 broadened the scope of the guarantee program to authorize all-risk guarantees of equity and loan investments on a share-the-loss basis. Under existing law these extended risk guarantees may insure up to 75 percent of any investment against losses of any nature except for losses due to fraud or misconduct on the part of the investor. Additionally, extended risk guarantees may be issued insuring against losses of any part of the loan investments in housing projects worldwide as well as self-liquidating pilot housing projects in Latin America with appropriate participation on the part of the investor. No single guarantee may exceed \$25 million for a loan investment or \$10 million for any other investment.

Although AID has over \$263 million of applications in process under the extended risk provisions of both the general and housing sections only one housing guarantee contract for \$1,260,000 has been issued to date. In the investment fields other than housing, delays have been caused primarily by a variety of administrative problems such as selectivity, eligibility, the extent of coverage, the relevance of political crisis, and the nature of appropriate governmental safeguards. • The committee is informed now, however, that these policy matters have been largely worked out and a number of test applications are being processed.

*Program administration**Latin American housing projects*

The committee noted with considerable concern that after nearly 2 years of legislative authority only one housing guarantee had been issued to date. This can be attributed in part to the understaffing of this function. However, an even more seriously inhibiting factor would appear to be the failure to establish in writing firm policies and procedures for use of the Agency administrators and potential investors.

One example of obvious indecision concerning an important policy matter which came to the committee's attention is the administrative limitation of 90 percent established for housing guarantees. This artificially low coverage which is being offered has prevented smaller builders from participating and, to some extent, has prevented certain U.S. institutional investors who are prohibited by our laws from making less than fully secured investments from participating.

Despite the drawbacks to this limitation, and the legislative history which supports a much broader interpretation, the Agency had failed to arrive at any firm decision to expand the coverage.

Under existing law any loan investment in housing projects may be guaranteed providing there is appropriate participation by the private investor. In the view of the committee, the determination as to what represents an "appropriate" participation could in the case of these loans be limited to interest charges on the loan which would allow 100 percent of the principal of the loan to be guaranteed. This position is fully supported by the act which suggests that Federal Housing Administration guarantees, which are 100-percent guarantees, be used as a model.

The Agency testified that it had been considering the adoption of such a policy for some weeks but, at the time of the hearings, had not reached any decision on the matter. The committee believes that every effort should be made to establish, in writing, not only a policy on this matter, but complete policies and procedures for use in expediting the processing, approval, and issuance of guarantees in this important field.

Further, careful consideration should be given to expanding the housing guarantee program to cover all authorized investments including construction loans. The guaranteeing of construction loans, practiced for years by the FHA, has enabled small- and medium-size builders to play an important part in our domestic housing program and would facilitate the participation of such builders in the housing construction programs envisioned under this act. Attempts should also be made to reduce to the minimum the excessively high carrying costs to the home buyer that result from the application of standard interest rates, local service charges, guarantee fees, and other handling costs which are passed on to the buyer. The Agency should keep under constant review its experienced costs and those of the investor which are subject to the Agency's approval in order to effect any possible adjustments.

Personnel

In addition to the program delays required for the development of policies and procedures, others have apparently occurred due to shortages of personnel. It came to the committee's attention during

consideration of the bill that AID has on board only 15 people to handle the present specific risk investment guarantee workload, although the Agency estimates at least 46 employees are required. The committee gave serious consideration to an amendment to allow fee income from investment guarantee operations to be used to pay the cost of the Agency's operation of this program. This would have allowed, in addition to the management and custodial costs incurred with respect to currencies or other assets acquired under guarantees made, the payment of direct and indirect personnel, travel, communications, and other expenses involved in the processing and issuance of guarantee contracts.

Although it rejected authority to use fee income for the employment of personnel and the payment of other costs, the committee recognized the need for increased emphasis on the proper staffing of this important program, and believes that early attention should be given to this problem. Further, the committee believes that the necessary personnel can be provided without any change in existing law if AID gives greater attention to the processing of the investment guarantees. In the view of the committee the importance of encouraging the participation of private enterprise in our development efforts warrants the assignment of the very highest priority to meeting the needs of this program within available administrative appropriations and personnel ceilings.

DETAILED DISCUSSION OF PROVISIONS

Section 105(a)—General authority

This section amends section 221(b) of the existing law in four respects:

1. It provides that a foreign subsidiary of a U.S. company may be considered "wholly owned" and therefore eligible for investment guarantees if not more than 5 percent of the total issued and subscribed share capital of the subsidiary, if required by law, is held by persons other than the parent corporation.

2. Section 221(b)(1) is amended by raising the ceiling on the face amount of guarantees which may be outstanding for specific risks from \$1.3 billion to \$2.5 billion.

3. It amends section 221(b)(2) which relates to all risk guarantees by increasing from \$180 million to \$300 million the ceiling on the total face amount of such guarantees that may be outstanding at any one time.

4. It further amends section 221(b)(2) by extending the present termination date for the issuance of such guarantees from June 30, 1964, to June 30, 1965.

GENERAL PROVISIONS

Section 105 (b) and (c)—Conforming amendments

These subsections amend section 222 (a) and (b) of existing law which relates to general provisions by providing specific reference to the fact that these sections also apply to section 224 (housing projects in Latin American countries). This is not a change in existing law but merely represents a rearrangement for purposes of simplification and clarity.

Section 105(d)—Pooling of reserves

This section amends section 222(d) in two respects:

1. It deletes the requirement that payments to discharge liabilities under ICA's pre-July 1, 1956, and DLF guarantees shall be made from the funds which were specifically reserved against each such guarantee at the time of issuance.

2. It provides that the various categories of funds composing the investment guarantee reserve shall be used to discharge liabilities under guarantees in the following order: (1) fee income, (2) currencies or other assets acquired in connection with any payments made to discharge liabilities under guarantees, (3) funds previously appropriated to provide guarantee reserves, (4) funds realized from the sale of notes issued under authority of the Mutual Security Act and the Economic Cooperation Act, and (5) funds hereafter appropriated for the purpose of discharging liabilities under guarantees as authorized pursuant to section 222(f).

The purpose of this amendment is to conform existing reserves and the basis of making payments from the reserves to reflect the proposed new provision of the law that all contingent obligations for guarantees issued are backed by the full faith and credit of the United States as provided in section 105(e) of the bill.

*Reserves available to meet requirements of investment guarantee program as of
May 31, 1963, and sources of those reserves*

Investment guarantee fees.....	\$12, 100, 252. 17
Proceeds from sales of assets.....	16, 161. 07
Appropriated funds, AID and DLF.....	57, 747, 863. 42
Treasury borrowing authority.....	199, 071, 521. 50
Total.....	268, 935, 798. 16
Less disbursements.....	667, 548. 86
Total available reserves.....	268, 268, 249. 30

Section 105(e)—Obligation of U.S. Government

This section amends section 222(e) of the act, which relates to the extent that new guarantees shall be considered obligations, to provide that all guarantees issued prior to July 1, 1956, and all guarantees issued pursuant to the act and the Mutual Security Act of 1954, as amended, shall be considered contingent obligations backed by the full faith and credit of the U.S. Government. It also confirms the President's authority to issue guarantees within the ceilings prescribed without obligating the specific funds at the time the guarantees are issued.

This express statement concerning the full extent of the U.S. Government's obligation will serve to assure applicants for guarantees as to the nature of their contract with the United States. Also, since there is no specific requirement for reserves to be set aside, it will eliminate the necessity of appropriating additional funds to add to the reserve until substantial losses have been incurred and paid. The fact that the Federal Government has a contingent liability to meet obligations arising as a result of the investment guarantee program and that a specific reserve for this purpose is not necessary was pointed out by the Appropriations Committee in its report on the foreign aid appropriation bill in 1962.

The \$268.2 million now in reserve should constitute an adequate and ready source of funds to pay any immediate losses. Restoration of

the corpus of the reserve fund could be made through subsequent appropriations.

Section 222(e) is further amended to provide that all funds heretofore obligated under guarantees (except informational media guarantees) together with other funds made available for the purposes of title III shall constitute a single reserve for the payment of claims in accordance with section 222(d). This, in effect, means that fee income, funds realized from the sale of currencies or other assets, funds heretofore appropriated, and funds realized from the sale of notes, and future appropriations will each be treated as a part of total resources which are available in a single reserve to pay claims in the order of priority specified in section 222(d).

Section 105(f)—Balance of payments

This section amends section 222 by adding a new subsection (g) which would require the President, in making a determination to issue a guarantee under section 221(b), to consider the possible adverse effect of the dollar investment under the guarantee upon the balance of payments of the United States.

The committee has given constant and careful consideration to the relationship of the foreign aid program to the U.S. balance of payments problem. It has concluded that, in the administration of the foreign aid program, continuing attention must be given to ways in which any adverse effect of our aid operations on the balance of payments may be minimized or eliminated. Therefore, without any desire to restrict the investment guarantee program, the adoption of this criterion emphasizes the necessity for considering this problem in an important sector of the foreign aid operations not previously covered.

Section 105(g)—Housing projects in Latin American countries

Section 105(g) amends section 224(b) relating to housing projects in Latin America by raising from \$60 to \$150 million the ceiling on the total face amount of guarantees which may be outstanding at any one time under that section.

This amendment also deletes section 224(c) for purposes of simplification and clarity in conformance with section 105 (b) and (c).

TITLE VI—ALLIANCE FOR PROGRESS

The bill authorizes no additional funds for the Alliance for Progress under the authority of title VI of the Foreign Assistance Act of 1961.

The Foreign Assistance Act of 1962 authorized an appropriation of \$600 million for each of fiscal years 1964, 1965, and 1966. These authorizations remain in effect; \$525 million was appropriated under the authority of this title for fiscal 1963.

An additional authorization of \$200 million for the Social Progress Trust Fund, which is a major element of the Alliance for Progress, is provided in section 401 of this bill by increasing the funds authorized under Public Law 86-735.

The committee refused to authorize the carrying forward of prior years unused authorizations. This will make necessary a reduction of \$50 million below the \$650 million appropriation requested by the Executive for the Alliance for Progress.

The authorization for fiscal 1963 was \$600 million, of which only \$525 million was appropriated, leaving an unused authorization of

\$75 million. This unused authorization may not be carried over to a subsequent year without legislative authority. The Executive requested authority to carry forward all unused authorizations and an appropriation of \$50 million against the unused authorization of \$75 million. The committee refused to grant the request of the Executive to carry forward this unused authorization.

The committee has taken this action because it is dissatisfied with the rate of progress in implementing the development program for Latin America and believes that the Executive requested more funds than can be effectively utilized. At the same time, the committee recognizes the importance of giving assurance to the people of the American Republics of continued U.S. support for the Alliance for Progress and of avoiding any suggestion of a loss of confidence by the United States in the basic premises and ultimate objectives of the Alliance.

Section 106(a)—Private capital and rates of interest

Subsection (a) adds to the policy directives concerning the making of loans and provides two conforming changes of a technical nature.

Section 251(b) of the act includes among the matters to be taken into account by the President in making loans under the Alliance for Progress program "whether financing could be obtained in whole or in part from other free-world sources on reasonable terms." It is not clear from the language whether it is intended to include private institutional lenders in the United States. The addition of the words by the amendment contained in subsection 106(a), paragraph (1), "including private sources within the United States," will remove any ambiguity that may exist on this point, thus making clear that the availability of untapped private resources in the United States are to be considered before the President authorizes the use of Government funds for a loan.

Paragraph (1) also adds a requirement that the administrators of the program in making loans consider "the capacity of the recipient country to repay the loan at a reasonable rate of interest."

This amendment is intended to prevent loans at a nominal rate of interest and for a period of repayment as long as 40 years from being accepted as standard practice for Alliance for Progress financing. Each case is to be considered on its own merits and as high an interest rate as is appropriate is to be established.

Underdeveloped countries do not depend entirely upon the United States for loans. They are borrowing from other countries and from international institutions at higher interest rates and shorter amortization periods. The result is to give a higher priority to the repayment of loans made on harder terms and, correspondingly, to jeopardize the repayment of loans made on easier terms by the United States. The inclusion of the additional language should assure that loans from the United States are made on terms more nearly comparable to those of other countries and international institutions which provide development assistance.

Paragraph (2) changes the word "economical" to "economically" in subsection (e) of section 251 of the Foreign Assistance Act of 1961, as amended. No change in meaning is intended. Subsection (e) of section 251 of the act, relating to the Alliance for Progress, is intended to be identical in language and meaning to subsection (e) of section 201 of the act, relating to the Development Loan Fund.

Except for the words "economically" and "economical" they are now identical in language, and the amendment makes them conform.

Paragraph (3) eliminates the specific reference to the "Agency for International Development" and substitutes the designation "agency primarily responsible for administering part I." This makes title VI, relating to the Alliance for Progress, conform to the other provisions of the Foreign Assistance Act which do not name the agency to perform the functions which are authorized. It is the understanding of the Committee on Foreign Affairs that the Alliance for Progress program authorized by title VI of the Foreign Assistance Act will continue to be administered by the Agency for International Development.

Section 106(b)—Limitation on grants

Subsection (b) of section 106 amends section 252 of the Foreign Assistance Act to authorize the use of not to exceed \$100 million of the funds appropriated for use beginning in fiscal year 1964 on terms other than dollar repayable loans (grants or local currency repayable loans). The remaining funds must be used for dollar repayable loans. A similar authorization that not to exceed \$100 million of the funds appropriated could be used on terms other than dollar repayable loans was contained in the authorization for fiscal 1963 funds for the Alliance for Progress.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Section 107—Authorization

This section authorizes the sum of \$136,050,000 for an appropriation for fiscal year 1964 (\$12,850,000 less than was appropriated under chapter 3 of the act in fiscal 1963) to cover voluntary contributions of the United States to eight international programs as follows:

[In thousands of dollars]

1. United Nations technical assistance and Special Fund.....	55, 000
2. United Nations economic assistance to the Congo.....	5, 000
3. United Nations Relief and Works Agency for Palestine Refugees....	17, 200
4. United Nations Children's Fund (UNICEF).....	12, 000
5. U.N.-Food and Agriculture Organization world food program.....	2, 000
6. International Atomic Energy Agency operational program.....	1, 250
7. World Health Organization special programs.....	500
8. Indus waters fund.....	43, 100
Total.....	136, 050

The channeling of foreign assistance through multilateral organizations provides a constructive supplement to direct U.S. assistance. These organizations are composed of a large number of countries (UNICEF, for example, has 105 members). The financial resources and technical skills of these agencies are an important asset in attacking the economic and social problems confronting the world community. Furthermore, the less developed countries tend more readily to accept assistance when it is channeled through multilateral organizations of which they are members. This is particularly true in connection with programs designed to foster administrative and financial reforms.

An aspect of U.S. foreign policy is actively to assist the international agencies to which we belong in carrying out their programs effectively. The concept of multilateral cooperation and action has long been supported by the United States as one of several means of promoting peace and encouraging economic development.

A proposal has been advanced to limit U.S. contributions, assessed and voluntary, to one-third of the budget of each United Nations specialized agency or program. The committee carefully considered the advisability of including such a limitation in this legislation, and decided against it for two principal reasons. First, a limitation of this type would severely hamper or even preclude the United States from working through the U.N. to put out "brush fire" conflicts and enhancing the utility of the U.N. as a peacekeeping organization. Second, with respect to voluntary technical assistance programs which would be most severely hit by such an amendment, the committee feels that the record of the executive branch, under successive administrations, in working for a reduction of the U.S. share of the cost of such undertakings, has been good. The U.S. share of the contributions to UNICEF declined from 72 to 40 percent; to the U.N. Program of Expanded Technical Assistance, from 60 to 40 percent; to WHO Malaria Eradication Program, from 90 to 31 percent; and the like. The committee believes that the executive branch is working earnestly toward the goal of reducing U.S. contributions to U.N. voluntary programs to the percentage share of the regular assessed programs which is already limited by law to one-third. Consequently, the amendment is unnecessary and may cause more harm than good by depriving the United States of the flexibility to use international organizations to meet urgent problems which we would otherwise have to attempt to solve on our own.

The activities to which it is proposed that the United States contribute are as follows:

United Nations Expanded Technical Assistance Program and the Special Fund.—The level of contributions from U.N. member countries, now numbering 106, to the Expanded Program of Technical Assistance has increased steadily since 1950 when the program was established. The U.S. share has declined from 60 to 40 percent. This program furnishes to developing countries, at their request, experts, fellowships, demonstration supplies, and equipment. On the other hand, the U.N. Special Fund, established in 1958, undertakes basic surveys, research, and establishment of training installations necessary for economic development. The Fund is not a source of development capital but rather finances preinvestment surveys. The U.S. contribution to the Special Fund is limited to 40 percent of the total contributed by all the participants. The authorization of \$55 million for the U.S. contribution for 1964 to both programs is based on a continuance of the 40 percent matching formula and an estimate that actual pledges will reach \$135-\$140 million.

The committee was concerned about United Nations technical assistance projects for Cuba. The committee inquired into this matter and ascertained that while the Communist countries contributed \$28.6 million to these U.N. voluntary programs, they received, in approved projects, only \$15.7 million. In other words, while contributing approximately 6 percent of the funds used by these two programs, the Communist countries benefited from them to the extent of approximately 3 percent of the projects approved. Nevertheless, the committee was of the opinion that a specific restriction should be placed on the use of U.S. voluntary contributions for projects in Cuba. An amendment to this effect, described elsewhere in this report (see p. 30, sec. 303(b)), was adopted by the committee to

prevent funds authorized by this act from being used for economic or technical assistance to the present government of Cuba.

Economic assistance to the Congo.—The administration has requested authorization to contribute up to \$5 million to the United Nations Fund for the Congo. This will not be used for peacekeeping operations, but solely for economic assistance. This Fund is presently the principal source of U.N. technical assistance to the Congo. U.S. contributions to the Fund in 1964 would be made available to match other countries contributions on a dollar-for-dollar basis.

Additional economic assistance will be provided on a bilateral basis from supporting assistance and development grants.

Relief and Works Agency for Palestine Refugees.—It is proposed that the U.S. contribution for fiscal year 1964 remain at the same level as in fiscal 1963—\$24.7 million of which \$17.2 million would represent a cash contribution to the UNRWA budget and \$7.5 million would be made available under the food-for-peace program. This would represent about 70 percent of total estimated contributions. There are 39 countries contributing to UNRWA.

Although the Palestine refugee problem remains, the administration has testified that a number of initiatives are underway which ultimately should lead to the achievement of a greater degree of self-support by the refugees and a lessening of the need for U.S. assistance. In the meantime, the task of caring for the over 1,100,000 Palestine refugees remains. The Agency's function under its mandate, as approved by the U.N. General Assembly in 1949, is for the relief and rehabilitation of the refugees pending the achievement of a political solution. The committee believes that for the immediate future at least, UNRWA appears to be the most efficient and economical means of providing essential basic services to the refugees.

United Nations Children's Fund.—The United States has been a participant since 1947. The programs currently are assisting 400 projects in more than 100 developing countries and territories to establish and carry out long-range health, nutrition, and welfare programs for children and mothers. The \$12 million contribution request is now 40 percent of the total and at the same level it has been since 1960. To qualify for international aid in any area of UNICEF concern, the country seeking aid must be ready to allocate from its own resources an amount at least equal to the external help it is seeking. Projects must have the technical approval of WHO, FAO, or the U.N. Bureau of Social Affairs before they are presented to the UNICEF Executive Board for adoption.

The world food program.—This program was established by the United Nations and the Food and Agriculture Organization in April 1962 to operate on an experimental basis for a period of 3 years from January 1, 1963. Its purpose is to determine how food aid can be used on a multilateral basis in developing countries to stimulate economic and social development, assist in preschool and school feeding, and meet emergency food needs.

The initial program calls for expenditure of \$100 million, toward which the United States has pledged \$40 million in surplus agricultural commodities and \$4 million in transportation costs under Public Law 480. Subject to legislative authority, the United States has pledged to provide 40 percent in cash contributions for administrative expenses on a matching basis up to a total of \$6 million. Other countries have

pledged \$27 million in commodities and services and \$12 million in cash. The request of \$2 million for fiscal year 1964 is to meet the second installment of the U.S. 3-year pledge. The United States contributed \$1,638,096 in fiscal year 1963.

International Atomic Energy Agency.—The request of \$1.25 million for fiscal year 1964 is the same as that for 1963. The Agency was founded in 1957 with the basic objective "to seek to accelerate and enlarge the contribution of atomic energy to promote health and prosperity throughout the world." For the purpose of encouraging research and practical application of atomic energy to peaceful uses, experts in this field are sent to various countries and the Agency finances a number of fellowships enabling scientists to study in the United States.

Eighty-two countries belong to the organization. The administration is endeavoring to move most of the costs of the operational program into the regular budgeting of the IAEA, thereby making the U.S. share of costs 32.02 percent. An exact percentage of present contributions cannot be calculated because of the contribution "in kind" of many countries.

World Health Organization special programs.—The \$500,000, same as for the past 4 years, is proposed for a contribution to the World Health Organization's medical research program, which supplements the program financed under the regular budget to which United States contributes 31.29 percent and to which 112 countries are contributors. The administration is endeavoring to have this research activity absorbed into the regular budget.

Indus waters project.—The Indus waters project, conceived as a solution to one of the major causes of friction between India and Pakistan, calls for a free world commitment of over a billion dollars, stretching over a 10-year period. The funds are administered by the International Bank for Reconstruction and Development from which a callup of \$43.1 million from the United States during fiscal year 1964 is anticipated. The consortium financing this development which will create one of the world's largest irrigation systems consists of Australia, Canada, New Zealand, United Kingdom, United States, and the World Bank, together with India and Pakistan.

CHAPTER 4—SUPPORTING ASSISTANCE

Section 108—Authorization

Section 108 of the bill amends section 402 of the act which relates to supporting assistance. The committee recommends for fiscal year 1964 an authorization of \$380 million, a reduction of \$55 million from the Executive request of \$435 million. The appropriation for fiscal year 1963 for this program was \$395 million.

Supporting assistance is that part of the economic aid program which is directed primarily toward meeting immediate political and security objectives. Countries receiving supporting assistance fall into one of four categories:

(1) Four countries—Vietnam, Korea, Turkey, and Thailand—are programed to receive about 58 percent of the funds requested by the Executive. These countries are on the fringe of the Sino-Soviet bloc. Each is maintaining sizable military forces that strain their limited economic resources. Without U.S. assistance to their economies their military effort would necessarily have to be curtailed.

(2) In six countries supporting assistance funds are used to maintain economic stability. These are countries in which the United States has strategic political interests and therefore must assure that economic deterioration does not bring on political chaos. About 25 percent of the requested funds are for our programs in these countries.

(3) Supporting assistance as an alternative to excessive dependence on bloc aid is programed for five countries. This amounts to about 11 percent of the Executive request for this program. Such assistance is intended to indicate U.S. interest in the economic advancement and independence of certain countries which are also receiving substantial assistance from Communist sources. None of these countries has so far evidenced a sufficient commitment to economic development or the capacity to implement effective economic programs to qualify for major development support. The United States is encouraging these countries to adopt economic reforms and avoid entangling commitments with the Communist countries.

(4) In the case of three countries we are extending supporting assistance to assure access to U.S. military bases considered important for the defense of the free world. About 6 percent of the program is programed for these countries.

Over the past several years the trend in the supporting assistance program has been downward as some countries have been able to shift to a loan basis. The program has been discontinued in China, Greece, Pakistan, Iran, and Tunisia in the past 2 years. In the case of Korea the level of supporting assistance has declined. Disturbed conditions in Thailand and Vietnam have prevented a further reduction of such aid to those countries.

CHAPTER 5—CONTINGENCY FUND

Section 109—Authorization

Section 109 amends section 451 of the act which relates to the contingency fund by authorizing an appropriation of \$200 million for the fiscal year 1964. This is a reduction of \$100 million below the amount requested.

For the fiscal year 1963, the Congress appropriated \$250 million and an additional \$15 million was available as a carryover of unobligated funds and recoveries of prior year obligations. As of June 30, 1963, approximately \$148 million has been programed. As a result, the unobligated balance of approximately \$117 million will revert to the Treasury. The executive branch is complimented on this saving.

The contingency fund is intended to serve as a reserve to meet in part: (a) anticipated requirements which are not firm at the time of the congressional presentation, and (b) unforeseen contingencies.

The committee urges that the executive branch strictly adhere to the criteria for use of the contingency fund. Under these circumstances the committee would hope that another saving in the amount authorized would be achieved next year.

PART II

CHAPTER 1—POLICY

Section 201—Short title

Section 201 eliminates the short title to part II of the Foreign Assistance Act of 1961, which deals with military assistance. As originally enacted, part II was entitled "International Peace and Security Act of 1961" and part I, dealing with economic aid, was given the title "Act for International Development."

Separate titles for parts I and II of the basic act have proved to be confusing and the bill eliminates both.

Section 202(a)—Authorization

The bill authorizes \$1,225 million for military assistance. This is a reduction of \$180 million below the Executive request. The appropriation for fiscal year 1963 was \$1,325 million.

The security of the United States depends on the provision of adequate funds for military assistance. Oversea bases and the armed forces of our allies are built into the defense strategy of the United States. Without them our military plans would have to be redrawn and our forces reorganized, relocated, and equipped with a different assortment of weapons.

The importance of military assistance to U.S. defense was pointed out by Secretary of Defense Robert S. McNamara in his testimony during the hearings on this bill, as follows:

I would like to say this in open session: that if it was believed that our economy could not support the total national defense which we need as a foundation for our foreign policy—and I, for one, can't believe we are in that position—if it were believed, if such a proposition was to be advanced, I would strongly urge that to the extent our national economy will not finance our national security that we make the necessary reductions in portions of the defense program other than the military assistance program. Our total defense budget in terms of new obligational authority approximates \$53.5 billion. Were we to be requested to cut that budget \$300 to \$400 million, I would strongly urge that cut be taken from those portions of the defense program other than the military assistance program (hearings, p. 87).

Although the vital importance of military assistance is recognized, there are a number of activities which should be curtailed or modified.

The program submitted by the Executive includes \$142,200,000 for the nations of Western Europe, most of which are enjoying unprecedented prosperity. If any countries in the free world other than the United States are able to assume the cost of their own defense, these nations should be able to do so.

The Defense Department has assured the committee that grant military aid to the countries of Western Europe has been terminated except to fulfill existing commitments. The Defense Department can only make commitments subject to the appropriation of funds.

It is expected that the reduction in the authorization for military assistance will make necessary a reevaluation of U.S. contributions

to the Western European members of NATO and of the validity of outstanding commitments.

The Clay Committee pointed out that "phased reductions of a very substantial order" of the military forces of certain nations in areas bordering the Communist bloc which have forces "larger than required for their immediate mission of defense and not large enough to assume other missions" appear practical. The Clay group also cited the fact that other countries in southeastern and western Asia, not allies or members of alliances with which the United States is associated, have received U.S. military equipment and that most of this equipment is "not essential to our own or free world security."

The cut in the funds authorized should provide the administrators of the military aid program sufficient money to continue programs deserving a high priority yet make inevitable a curtailment of operations such as those referred to by General Clay.

Section 202(b)—Special authority

Section 202(b) continues for another year the special authority granted by section 510(a) of the Foreign Assistance Act to the President, subject to a \$300 million limitation, to order supplies from existing stocks of the Defense Department and defense services to be furnished for military assistance purposes, if he makes a finding that the use of these supplies or services is "vital to the security of the United States." This special authority is intended to enable the President to act promptly in situations that cannot be anticipated at the present time—situations where, in his judgment, the provision of military assistance is, in fact, vital to the security of the United States.

The Secretary of Defense has given assurance that this authority would not be used except to meet an emergency. No assistance has been provided under this authority during the 2 years it has been in effect.

In commenting on this provision when originally enacted, the Committee on Foreign Affairs made this statement:

In the judgment of the committee, the authority provided by this section gives the President a means of meeting a military emergency with less likelihood that part or all of the [\$300 million] authorization would be drawn upon than would be the case if a dollar contingency fund for military assistance were created (p. 61, H. Rept. 851, 87th Cong., 1st sess.).

So far the judgment of the committee has been correct.

Section 202(c)—Restrictions on military aid to Africa

Section 202(c) amends part II, chapter 2, "Military Assistance," by adding a new section 512 which provides that grant military assistance can be made available to countries in Africa solely for the purpose of supplying a country's requirements for internal security or to carry out civic action programs.

The grant military assistance presently programed for fiscal year 1964 is primarily for internal security requirements, some part of which may be used in programs of civic action described in section 505(b). However, since there was no specific prohibition against the furnishing

of grant military aid to African countries for other than internal security, the committee was concerned lest the program be expanded without full recognition being given to the possibility and danger of starting a full-scale arms race in the area. The committee is in general agreement with the view expressed in the Clay report that "the problems created by military assistance programs in the African countries generally would be greater than those they would forestall or solve."

This amendment does not preclude military assistance to the area for other than internal security and civic action purposes, since the requirement is subject to the special waiver authorities of the President contained in section 614 of the act. However, it does assure that if military assistance is made available for any other purpose the decision will have received detailed consideration at the very highest levels.

PART III

CHAPTER 1—GENERAL PROVISIONS

Section 301—Encouragement of free enterprise and private participation

Section 301 amends section 601(b) of the act, which relates to the encouragement of free enterprise and private participation, by adding two new paragraphs (5) and (6).

Use of private consultants and engineers.—New paragraph (5) adds a directive that the President shall, in carrying out the foreign assistance program, utilize to the maximum extent practicable the services of U.S. private enterprise, including, but not limited to, the services of experts and consultants in technical fields such as engineering.

The purpose of the amendment is to encourage the administrators of foreign aid to make use of the services of private firms of engineers, consultants, and technicians rather than hire specialists as members of the staff of the Agency for International Development since in many instances it is possible to obtain the services of skilled specialists at a lower overall cost by so doing.

In order to prevent the duplication by the Agency for International Development of technical staff already being maintained by other Federal agencies in such fields as health, housing, agriculture or in other fields, section 621 of the act directs the administrators of the foreign aid program to utilize to the fullest extent possible the services of such agencies. This amendment makes clear that the direction to the Agency for International Development to utilize the technical services of other Federal agencies is not intended to indicate that the services of such agencies should be preferred to the services of private firms.

Discouragement of expropriations.—Paragraph (6) requires appropriate steps be taken to discourage nationalization, expropriation, confiscation, seizure of ownership or control of private investment, and discriminatory or other actions having the effect thereof, undertaken by countries assisted under the act which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries.

Even with increased assistance by other countries, capital resources will be insufficient to meet the needs of underdeveloped countries, and an increased flow of private investment will be needed. The declaration of policy contained in this section concerning the encouragement and protection of private investment should be strengthened by including these additional requirements. Countries receiving our assistance should be made fully aware of the U.S. Government's position toward the creation and maintenance of a favorable private investment climate, and the intent of this Government to extend every available protection to the U.S. investor.

The act now contains a requirement to cut off assistance to countries that expropriate U.S. property (sec. 620(e)). This requirement has been helpful in obtaining negotiated settlements of expropriations as well as preventing the taking of expropriatory actions in a number of countries. The more other nations are aware of this provision, the less likely it is that the provisions of section 620(e) will have to be applied.

One deterrent to private investment is the government-owned industrial and commercial enterprise, mostly subsidized, protected, and inefficient, which competes with existing private endeavors.

The committee is in general agreement with that part of the Clay report which emphasized:

Countries which would take this route should realize that while the United States will not intervene in their affairs to impose its own economic system, they too lack the right to intervene in our national pocketbook for aid to enterprises which only increase their cost of government and the foreign assistance burden they are asking us to carry.

Section 302—Completion of plans and cost estimates

Section 302 amends section 611(b) of the act which relates to the completion of plans and cost estimates, by deleting reference to the Bureau of the Budget Circular A-47, dated December 31, 1952, and substituting the memorandum of the President dated May 15, 1962. The memorandum approved a statement on policies, standards, and procedures for water and related land resources projects for use by affected Government departments and the Bureau of the Budget. The statement is printed in Senate Document 97, 87th Congress, and contains an up-to-date set of standards for such projects developed by the Secretaries of the Army, Interior, Agriculture, and Health, Education, and Welfare. This change reflects the fact that Bureau of the Budget Circular A-47 has been superseded by the President's memorandum. The amendment continues in effect the requirement that the same cost-benefit formula which applies to water and related land resources projects constructed in the United States shall be applied to such projects financed with foreign aid funds.

Section 303(b)—Prohibition on use of voluntary contributions to benefit Cuba

Section 301(b) amends section 620(a) of the Foreign Assistance Act of 1961, as amended, which relates to prohibition against assistance to the present government of Cuba or countries which assist Cuba.

The committee disapproves of the United States financing, either directly or through international organizations, economic and technical assistance projects for Cuba, and has adopted this amendment

to prevent the utilization of U.S. funds for such assistance. The amendment will prohibit funds appropriated under this act from being used through any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present government of Cuba. Its purpose is not to cut off U.S. contributions to any organization concerned where U.S. funds are not involved but to restrict such assistance by insuring that no U.S. funds are used for this purpose. This prohibition is intended to apply to funds specifically authorized to be appropriated for voluntary contributions to international organizations under chapter 3 of part I of this act, to the contingency fund, and to funds appropriated for other general purposes stated in the act. The prohibition applies to all voluntary contributions for the direct costs of specific projects described above.

Section 303(c)—Compensation for expropriated property in Cuba

Section 303 amends section 620(a) which prohibits assistance to the present Government of Cuba by including an additional provision, forbidding assistance under this act as well as the authorization of any quota for the import of Cuban sugar until the present or a future government has taken appropriate steps to make equitable compensation for properties taken from U.S. citizens by the Government of Cuba after January 1, 1959.

The President is given authority to waive this prohibition. It is recognized that it may be desirable in the future for the United States to provide assistance to Cuba under a new government even though that government may not be able immediately to make compensation for expropriated property.

The amendment does, however, make explicit in this case the long-established principle of international law that the government of a country succeeds to the obligations of its predecessor. It thereby gives notice that the United States holds any future government of Cuba responsible for paying U.S. citizens for their property expropriated by the Castro regime and that any such government cannot count on receiving U.S. assistance unless it takes appropriate action to make compensation.

Section 304—Suspension of assistance for expropriating U.S.-owned property

Section 304 (a) and (b) amends section 620(e) which relates to the suspension of assistance when a government expropriates property owned by U.S. citizens and corporations.

Section 304(a) adds an additional step in clause (2)—“or has taken other actions”. This would cut off assistance if the action taken has the “effect of nationalizing, expropriating, or otherwise seizing ownership or control” of property which is U.S.-owned. This language is intended to make clear that the intent of section 620(e) was to cover all actions, including “creeping” expropriation.

Section 304(b) further amends section 620(e) by substituting “speedy compensation for such property in convertible foreign exchange equivalent to the full value thereof,” for the existing language, “equitable and speedy compensation for such property in convertible exchange.” This change confirms that the term “equitable” compensation means compensation “equivalent to the full value” of the property taken. Compensation which is equivalent to the full

value must include all elements or interests of value that make up the total worth of the property.

Section 305—Captive constituent Republics

Section 305 of the bill amends section 620(f) of the act by inserting after the words "Union of Soviet Socialist Republics" the words "including the captive constituent republics." The inclusion of these words is intended to point out the existence of irrepressible nationalistic forces within the captive republics of the Soviet Union. This amendment also dramatizes the fact that the Soviet Union is not a Russian nationality state but is composed of countless nationality groups with histories and traditions of their own. The amendment also points to the fact that the Soviet Union is a colonial power, in the historic sense of that word, by its control of non-Russian ethnic groups.

Section 306—Prohibitions against furnishing assistance

Countries engaging in aggressive military efforts.—Section 306 amends section 620 of the act by providing a new subsection (i) which provides that no assistance shall be given under this or any other act or sales made under the Agricultural Trade Development and Assistance Act of 1954 to any country engaging in or preparing for aggressive military efforts directed against (1) the United States, (2) any country receiving U.S. aid under this or any other act, or (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.

Any government which devotes its energies and its resources to the harassment of neighboring countries and to a military buildup directed against them reduces the effectiveness of its efforts to develop its resources and to improve the condition of its people. Funds provided by the U.S. taxpayer should not be used to make up for the money and effort diverted by the beneficiaries of our aid to such military activities. Furthermore, U.S. financial support to a government engaged in such activities must inevitably be regarded by those nations which are subjected to such harassment and military threats as evidence that the United States is willing to tolerate, if not endorse, such action. The administrators of the foreign assistance program have not taken a firm stand in dealing with situations of this kind.

Prohibition of assistance to Indonesia.—Section 306 amends section 620 of the act by providing a new subsection (j) which prohibits all U.S. assistance to Indonesia unless the President determines that such assistance is in the national interest of the United States and requires that the President keep the Speaker of the House and the Foreign Relations and Appropriations Committees of the Senate informed of any assistance furnished to Indonesia.

The committee believes that the results of past U.S. assistance to Indonesia are not commensurate with the magnitude of our expenditures. The economic progress of the country has been unsatisfactory and there is little to indicate that the Government of Indonesia is less receptive to the blandishments of the Communist bloc or more ready to cooperate with the United States as a result of the substantial aid which we have provided. Furthermore, the committee has been

unable to find evidence that democracy is taking root or that the leaders of Indonesia have the determination to solve the problems with which the country is confronted.

Although the committee doubts the wisdom of providing aid as long as the conditions which have prevailed during recent years persist, the committee does not wish to write off Indonesia as hopeless. Indonesia is one of the larger nations of the world; it has important resources, and its location assures it of an important place in world commerce and transportation.

For these reasons, the amendment gives the President discretion to furnish aid to Indonesia when he is convinced that such action is definitely in the interest of the United States. The committee recommends that any resumption of U.S. aid be carefully adjusted to the discernible results of such assistance.

Section 307(a)—Statutory officers

Section 307(a) of the bill amends section 624(a) of the act which relates to statutory officers. Statutory officers of AID are those appointed by the President by and with the advice and consent of the Senate. The amendment reduces from 2 to 1 the number of such officers who have the rank of Deputy Under Secretary and increases from 9 to 10 the number of such officers who have the rank of Assistant Secretary. Under existing law there is authority for two deputies to the Agency for International Development Administrator of the same rank and salary, which is equivalent to that of a Deputy Under Secretary, and for nine top-level offices of the salary and rank of Assistant Secretary. The amendment in effect demotes one Under-Secretary-level officer to the Assistant Secretary level. It also amends section 624(b) to provide that the authority of the President to fix the order of succession among the statutory officers is limited to those officers having the rank of Assistant Secretary.

Section 307(b)—Experts, consultants, and retired officers

Section 307(b) amends section 626(b) of the act which relates to experts, consultants, and retired officers, by striking out the entire first sentence of that subsection exempting experts and consultants from certain provisions of title 18, United States Code, sections 281, 283, and 284, and other Federal laws dealing with conflicts of interest and other matters involving the conduct of public officials. Last year Congress enacted comprehensive new legislation relating to these matters (Public Law 87-849, approved October 23, 1962). Section 2 of that law repealed all such special exemptions for employees of the executive branch. The amendment clarifies this intent with respect to experts and consultants employed under authority of the act. The repeal of the first sentence of section 626(b) of the act necessitates a technical change in the second sentence thereof in order to make clear that the exemptions from certain other laws contained in the second sentence continue to apply to experts and consultants.

Section 307(c)—Chairman of the Development Assistance Committee

Section 307(c) amends section 631 of the act, which relates to missions and staffs abroad, by adding a new subsection (c). The amendment gives the President authority to appoint or assign a U.S. citizen to serve as Chairman of the Development Assistance Committee of the OECD upon election thereto by members of the

Committee. The citizen need not be a U.S. Government employee when appointed. The amendment also authorizes the President to terminate the appointment or assignment notwithstanding any other law. In addition, the amendment authorizes the President to compensate such person at a rate not to exceed that established for a chief of mission, class 2, under the Foreign Service Act of 1946 (i.e., presently \$25,000 per annum), and to extend to such person any other benefits and perquisites available under this act to chiefs of special missions or staffs established under section 631. The amendment does not create a permanent position since it is contingent upon his service as Chairman.

One of the main objectives of the Development Assistance Committee is to see that the burden of providing aid is fairly shared among the aid-providing countries. It is important to the United States as a forum in which to seek increases in the assistance provided to developing nations by other developed free world countries. The Development Assistance Committee chairman occupies a key position in determining the agenda of the committee and in negotiating with high officials from other countries. This amendment authorizes compensation and allowances appropriate to this important post.

Section 307(d)—Predetermined overhead rates

Section 307(d) amends section 635 of the act, which relates to general authorities, by adding a new subsection (k). The authority contained in this new subsection would permit the Agency for International Development to include in cost-type contracts or agreements (including grants) with universities, colleges, or other educational institutions a provision for the payment of reimbursable indirect costs, based on a predetermined fixed-percentage rate applied to the total, or an element thereof, of the reimbursable direct costs incurred.

"Other educational institutions" is intended to mean only corporations, trusts, associations, or other institutions operated for educational purposes, which have been accredited by a responsible national or regional accrediting organization.

The authority would apply not only to contracts entered into for the purpose of carrying out programs authorized by part I of the act, but would extend to contracts entered into by both AID and third parties with AID financing for this purpose.

The purpose of the proposed amendment is to simplify the administration of cost-type contracts with educational institutions. The use of predetermined fixed percentages to establish at the outset of a university contract the ultimate obligation on the part of the Government permits the expeditious closeout of these contracts. It also allows greater precision by the institution in planning its annual budget.

The general stability in the operations of educational institutions produces only slight fluctuations in indirect costs from year to year. Therefore, the possibility of overcompensation or undercompensation which would work to the disadvantage of either the contractor or the Government are negligible. A review of AID overhead audits completed on 70 university contracts during the 23-month period July 1, 1961, to May 31, 1963, disclosed an average adjustment for overcompensation of about \$2,890 per contract. These adjustments resulted from overhead percentages established at provisional overhead

rates for billing purposes subject to subsequent adjustment on the basis of actual cost determined by a postaudit.

In approving this amendment, the committee expects AID to institute effective procedures which will result in the establishment of fair and accurate rates at the beginning of the contract. The procedures should include the making use of appropriate audits made in sufficient depth for use in the negotiating processes, minimizing any possibility of over or under compensation.

This provision follows Public Law 87-638, approved September 5, 1962, which authorized the use of a fixed-percentage formula in computing indirect costs under Government "research and development" contracts with universities, colleges, and other educational institutions. The principles and justifications for the approval of Public Law 87-635 are equally applicable to AID-financed contracts with like institutions.

Section 307(e)—Provision on uses of funds

Section 307(e) amends section 636 which relates to the provision on the use of funds by adding a new subsection (h). This amendment is designed to protect our balance-of-payments position by requiring the President, to the maximum extent possible, to take all appropriate steps to assure that (1) countries receiving assistance contribute local currency to meet local costs of contracts and other technical services rendered under technical assistance and other projects, and (2) U.S.-owned foreign currencies rather than dollars are utilized to meet local costs for these services.

The balance of payments and the gold outflow problems have been matters of continuing concern to the committee and the existing act contains several requirements addressed to these problems.

1. Section 211(a)(6) requires the President to take into account the desirability of safeguarding the U.S. balance of payments in furnishing assistance of a development grant and technical cooperation nature.

2. Section 604 provides for the use of aid funds for the procurement of commodities in the United States.

3. Section 609(a)(2) requires countries receiving supporting assistance which is used to import commodities to make available to the United States a part of the local currency proceeds from their sale to meet its requirements.

This amendment emphasizes the need to search out every possible means that local costs of foreign assistance can be met from sources other than U.S. dollars. It requires the President to seek contributions from aid-receiving countries which may be used to meet local costs of contract and other services under our technical assistance programs. Many costs of local personnel, supplies, and other expenses are now met with local currencies purchased with dollars made available for specific projects and technical support. To the extent that increased contributions from the recipient countries can be obtained, dollar savings will be realized which will directly affect our balance of payments.

The amendment further requires the use of U.S.-owned foreign currencies to meet local costs of contract and other services whenever such currencies are available. Currencies contributed by the recipient countries should be used, wherever available, before utilizing those owned by the United States.

An amendment to the Agricultural Trade Development and Assistance Act (Public Law 480), which established similar requirements on the utilization of currencies under that act, was also adopted by the committee (see sec. 402).

Section 307(f)—Administrative expenses

Section 307(f) amends section 637(a) of the act which authorizes an appropriation for the administrative expenses of the Agency for International Development by deleting "1963" and "\$53,000,000" and substituting "1964" and "\$54,000,000." This amount is \$3,725,000 less than the Executive request but \$1 million more than the authorization and \$4,500,000 more than the appropriation for 1963. The larger authorization for the next fiscal year will permit the strengthening of our missions in Latin America, the funding of mandatory salary increases and improved personnel training.

Section 308—Miscellaneous provisions

Section 308 of the bill amends section 644(f) of the act, which relates to the definition of defense services, to include within that definition orientation related to the training of foreign military personnel. Within the definition in the current legislation "orientation" has been considered an extraordinary expense as authorized by section 636(g)(1). The \$300,000 ceiling authorized in the latter section has been utilized for ordinary orientation activities and has been considered inadequate to achieve its objective. The amended language in the bill is intended to recognize that "orientation" is an integral part of the term "training" and is therefore an "ordinary" rather than an "extraordinary" expense of the military assistance program. Under the proposed amendment to section 644(f) the term "orientation" is intended to include those ordinary expenses involved in acclimating foreign military students on orientation tours. These expenses would include costs of transportation, meals, attendance at or participation in athletic events, admissions to cultural affairs such as concerts, visits to points of historical interest, and similar exposures to the American way of life. Expenses considered as "extraordinary" and therefore subject to the limitation of section 636(g)(1) would include the costs of receptions, banquets, or similar social events that are desirable but not essential to the accomplishment of the military assistance program training mission.

Section 309—Unexpended balances

Section 309 reenacts and amends section 645 of the existing law which relates to unexpended balances. This section simply provides the authority for the reappropriation of unexpended balances made available under this act, the Mutual Security Act, and the Latin American Development and Chilean Reconstruction Act. It is also the authority for the consolidation of these reappropriated funds with newly appropriated funds made available for the same general purpose under these acts. For example, unobligated fiscal year 1963 development grant funds which are reappropriated for fiscal year 1964 can be consolidated with the fiscal year 1964 development grant funds, and so identified. The same general purpose has been consistently construed and understood to be within the same appropriation symbol. Therefore, funds originally made available for development grants cannot, upon reappropriation, be consolidated with the contingency fund or supporting assistance.

PART IV—AMENDMENTS TO OTHER LAWS

SECTION 401—LATIN AMERICAN DEVELOPMENT AND CHILEAN RECONSTRUCTION

Section 401(a)—Social Progress Trust Fund authorization

Section 401(a) amends Public Law 86-735, which authorizes assistance in the development of Latin America and in the reconstruction of Chile, to increase the authorization of funds by \$200 million. The additional authorization is to provide \$195,500,000 for the Social Progress Trust Fund and \$4,500,000 to finance special projects of the Organization of American States.

Funds had been appropriated previously for these purposes under Public Law 87-41, approved May 27, 1961, \$394 million having been provided to the Social Progress Trust Fund and \$6 million to the Organization of American States.

The Social Progress Trust Fund was created under a trust agreement between the United States and the Inter-American Development Bank. All of its capital is provided by the United States. The trust agreement sets forth four fields of social investment to which the Bank, as administrator of the Trust Fund, can extend financial and technical assistance:

Land settlement and improved land use.

Housing for low-income groups.

Community water supply and sanitation facilities.

Advanced education and training related to economic and social development.

The loans made up to March 31 of this year may be broken down as follows: Low income housing, 19 loans totaling \$156.7 million; improved land use, 18 loans totaling \$61.6 million; water and sanitation, 19 loans totaling \$111.3 million; advanced education, 6 loans totaling \$13.1 million.

The Inter-American Development Bank is a multilateral institution. Member countries of the Alliance are represented, under a system of weighted votes. Loans are made on the basis of a two-thirds vote. The United States has 41 percent of the voting strength.

The committee has been informed that the Inter-American Development Bank has adhered to the practice of approving loans on a priority basis and emphasizing self-help measures. The result is that local sources have put up 53 percent of the \$780 million total required for approved projects. The Social Progress Trust Fund's share was 41 percent and other external sources added the remaining 6 percent. The interest charged has ranged from 1¼ percent to 4 percent for periods from 15 to 30 years. In addition, a service charge of three-fourths of 1 percent payable in U.S. dollars is charged on all loans.

If the Social Progress Trust Fund is to continue to make loans, additional financing must be provided. Of the \$394 million received by the Bank in June 1961, there had been obligated by June 30, 1963, a total of \$348.5 million in 64 loans. Of the balance of \$45.5 million, about \$8.5 million has been allocated for technical assistance projects and administrative expenses and \$37 million is currently being processed into loan commitments. By June 30, 1963, there had been disbursed \$55 million.

It is essential to the attainment of U.S. objectives in Latin America that the Social Progress Trust Fund, utilizing the services of the Inter-American Development Bank, be continued. The nations of Latin

America regard the Inter-American Development Bank as "their Bank" and a majority of the Bank's executive personnel come from these countries. The administration and supervision of assistance projects by the Bank facilitates the development of attitudes and institutions and the acceptance of responsibilities by the recipients which are essential to economic and social progress.

Despite the importance of this fund, it should be pointed out, however, that the success of the Alliance for Progress depends primarily on the Latin American countries rather than on the United States. The American Republics must develop themselves. The job cannot be done for them by the United States or any outside organization or institution.

The \$4,500,000 for the Organization of American States is necessary to finance planning and advisory functions performed by that organization under the Alliance for Progress.

Section 401(b)—Short title

Section 401(b) amends Public Law 86-735, which does not have a title as originally enacted, by giving it a title, the "Latin American Development and Chilean Reconstruction Act."

SECTION 402—AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE
ACT OF 1954, AS AMENDED

Section 402(a)—Exchange rates for U.S.-owned foreign currencies

Section 402(a) amends section 101(f) of the Agricultural Trade Development and Assistance Act of 1954, as amended, which relates to agreements providing for the sale of surplus agricultural commodities for foreign currencies to friendly nations or organizations of friendly nations (title I, sales agreements).

The amendment revises section 101(f) to provide that in negotiating such agreements, the President shall obtain rates of exchange applicable to the sale of surplus agricultural commodities which are not less favorable than the highest of exchange rates legally obtainable from the government or agencies thereof in the respective countries. In the past, the executive branch has accepted from some countries purchasing surplus farm commodities under title I rates of exchange which grossly overvalued foreign currencies tendered in payment for such commodities. The committee regards such practices as unbusinesslike. The directive contained in the amendment is intended to proscribe them.

The amendment also removes a limitation on the rates of exchange at which U.S.-owned foreign currencies, generated by sales of surplus commodities under title I of Public Law 480, can be sold by the Treasury to U.S. agencies having programs in foreign countries. Under existing law, those rates of exchange may not be more favorable than the rates of exchange embodied in title I sales agreements. The amendment removes that limitation and will permit the Secretary of the Treasury, when he deems it advisable, to sell such U.S.-owned foreign currencies to U.S. Government departments and agencies at more favorable rates of exchange. Such flexibility may be required in special cases to make it possible for U.S. Government agencies conducting programs financed in whole or in part with foreign currencies to purchase such currencies at realistic rates of exchange from the U.S. Treasury.

Section 402(b)—U.S.-owned foreign currencies

Section 402(b) amends section 105 of the Agricultural Trade Development and Assistance Act (Public Law 480) by adding a requirement that the President shall utilize foreign currencies received under title I of Public Law 480 in a manner and to the maximum extent possible to reduce any deficit in the balance of payments of the United States.

This amendment is complementary to an amendment adopted by the committee in section 307(e). It is intended to encourage the maximum provision for U.S. uses of foreign currencies accruing under title I sales agreements with the hope that current dollar outflows may be stemmed.

Section 402(c)—Community development

Section 402(c) amends section 202 of the Agricultural Trade Development and Assistance Act to include among the uses for which surplus agricultural commodities may be supplied under title II of that act "community development" in addition to "economic development."

In the administration of section 202 of the Agricultural Trade Development and Assistance Act economic development has been regarded as including only programs or projects which contribute directly to increased productivity.

Some of the most effective and successful operations carried on under the foreign aid program have involved community development. Such programs have not resulted immediately or directly in increased agricultural or industrial production but have focused on village health, education, sanitation, roadbuilding, housing, and other matters relating to the improvement, on a self-help basis, of living conditions and the development of local programs and institutions which further such progress.

The purpose of the amendment is to encourage the use of surplus agricultural commodities under the authority of title II of the Agricultural Trade Development and Assistance Act for programs undertaken with friendly governments or U.S. voluntary agencies for community development projects of this nature.

SECTION 403—FOREIGN SERVICE ACT OF 1946, AS AMENDED

Section 403(a)—Assignment of Foreign Service officers

Section 403(a) of the bill amends section 571(a) of the Foreign Service Act of 1946, as amended, which limits the assignment of an officer or employee of the Foreign Service to a maximum of 8 consecutive years in any Government agency, including the Department of State, or in any international organization, international commission, or international body. The proposed amendment would authorize the Secretary of State to approve in individual cases the extension of such assignment beyond 8 years when he believes it is in the best interest of the Government.

A Foreign Service officer, by the nature of his title, is expected to spend most of his years abroad. Under present administrative policy about 60 percent of his service is outside the United States. There are a few instances, however, where special skill has been developed in assignment within the United States which, if abruptly terminated at the end of the statutory period of 8 years, may cause considerable

inconvenience to the Government. The inclusion of this amendment does not represent a departure from the present practice of normal rotation. It is not offered to satisfy the personal convenience of the individual. The amendment is intended to provide the Secretary with a small element of flexibility in those few instances where it will be to the advantage of the Department to retain an individual on assignment in the United States beyond 8 years.

Section 403(b)—Travel of dependents

Section 403(b) amends section 911(2) of the Foreign Service Act of 1946, as amended, which relates to travel and related expenses. The amendment authorizes a dependent of a Foreign Service officer or employee to accompany him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment. Experience has shown that representation is frequently conducted more successfully by a man-and-wife team than by an officer alone, and in the case of a single or widowed officer, when accompanied by a sister or other relative who normally acts as hostess. There may be occasions when an ambassador may be accompanied by a son or daughter to a meeting of local youth groups. Customarily our ambassador accompanies a chief of state when the latter visits the United States. On such occasions the wife of the chief of state often accompanies her husband. This section will authorize the Secretary to include the wife of an ambassador or any other dependent serving as his hostess in the official party.

Section 403(c)—Use of Government vehicles

Section 403(c) of the bill, relating to the use of Government owned and leased vehicles, deletes section 921(d) of the Foreign Service Act of 1946, as amended, and substitutes in lieu thereof a new section 914. The existing provision of law appears under the inappropriate heading "Commissary services." It permits the Secretary to authorize any principal officer to approve the use of Government-owned vehicles located at his post for the transportation of U.S. Government employees who are American citizens and their dependents to and from recreation facilities when public transportation is unsafe or is not available. The amended language in this new section 914 is separately titled and covers the use of Government-leased as well as Government-owned vehicles. It expands the authority to use such vehicles for other than transportation to and from recreation facilities, and includes both American and local employees and their dependents.

There are many instances where in the interest of the safety of the adult and minor dependents of Foreign Service personnel, Government transportation must be used. In many of the newly opened posts in Africa, in certain Asian posts, and in the Iron Curtain countries, public transportation facilities, if they exist at all, cannot be considered a safe means of travel for women and children. In some areas it is not considered safe for an unescorted woman to drive herself or her children on the public thoroughfares, whatever may be the purpose of the travel. In addition to the absence of safe public transportation, there is the further fact that in many cities, privately owned vehicles cannot be left unattended on the streets.

Government-owned vehicles are available at all posts abroad. They are not necessarily in use constantly for official transportation, yet

they must be maintained and held in readiness for such use. The principal officer at a post where transportation facilities are unavailable or unsafe should be able to use, in his discretion, facilities that are available to him for whatever purpose they may be needed to provide transportation for employees and their dependents. Leased vehicles as well as Government-owned vehicles are included in the new authorization since there are posts where it is more economical for the Department to lease a few vehicles on a part-time basis rather than to purchase and maintain a full quota of Government-owned vehicles. This authorization does not provide for indiscriminate use of Government vehicles. The language of the amendment is specific that their use is limited to those situations where public transportation is unsafe or is not available. The committee expects that the authority conferred by this section will be rigidly controlled by the principal officer and checked by the appropriate officials of the Department.

Section 403(d)—Educational facilities

Section 403(d) adds a new section 1081 to the Foreign Service Act. It authorizes the Secretary of State to supplement the present channels of assistance by providing educational facilities in those instances where none of the existing statutory authorities enable him to provide adequate education for the children of U.S. citizens who are engaged in Government service abroad.

Existing legislative authority provides for several types of aid for the education of such children. One is the military dependents' school system which is concentrated in areas where troops are stationed. A second is the authority in the Foreign Assistance Act of 1961 which authorizes assistance to schools for dependents of Government employees and non-Government personnel carrying out AID activities in areas where AID is conducting programs. Two other programs, one under the direction of the Department of State's Bureau of Educational and Cultural Relations and the other conducted by AID, permit the establishment of demonstration centers in a few foreign countries to display American educational techniques primarily for the benefit of the local population. Finally, the Overseas Differentials and Allowances Act of 1960 authorizes the granting of educational allowances to parents to defray the cost of obtaining an adequate education for their children. The value of this allowance is dependent upon the existence of adequate educational facilities and the willingness of local educators to cooperate.

The authority contained in the amendment will permit the Secretary to supplement existing educational facilities or to provide new ones where they are not available through the grant of funds in those limited instances where the needs for educational services cannot be met under present legislative authority. The amendment makes clear that only primary schools, not secondary schools, may be established, maintained, and operated. Dormitories and other educational facilities related to meeting the needs of children of U.S. citizens who are working for the Government abroad may be established, operated, and maintained by the Secretary for both primary and secondary students. In some cases adequate schools are available but the school has no facilities for boarding students. Under this amendment the Secretary could provide such accommodations. In other cases it would be desirable to hire a teacher or to supplement library or laboratory facilities. Frequently one or two rooms would be sufficient

to meet the needs of the American community and these may be available in a structure owned or leased by the Government. The amendment contains authorization for such use of Government facilities.

The authorization contained in this section is not intended to duplicate any benefits provided by the education allowances. Nor is it expected to result in an appreciable increase in such allowances. Those allowances cover only items normally provided without cost in public schools in the United States, such as tuition, books, and essential supplies. Additional costs relating to room, board, and periodic transportation to and from the nearest locality where an adequate school is available may also be included in the education allowance. The additional authorization made available by this section will permit needed assistance and facilities only in those instances where other legislative authority is not sufficient to meet the needs for the adequate education of dependent children. The committee does not envisage that under this authority the Secretary of State will run a worldwide system of educational services. The Department of State does not anticipate an appropriation request of more than \$300,000 in any one year under this authorization.

Section 404—Working capital fund of Department of State

Section 404 of the bill adds a new section to the act of 1956 that provides basic authority for the Department of State. It authorizes the establishment of a working capital fund to finance central services. This method is now used by a number of other agencies of the Government including Agriculture, Interior, Labor, Commerce, and Health, Education, and Welfare. Their experience has demonstrated the value of this method of managing and financing such services.

The purpose of the working capital fund is to provide an improved method of managing, financing, and accounting for administrative service operations provided in Washington and abroad by the Department of State to its bureaus and offices, AID, USIA, ACDA, and related activities. The Department now provides some administrative and facilitating services to several agencies or programs financed by different appropriations. These common services are funded by the "Salaries and expenses" appropriation which receives reimbursements from the other appropriations and agencies in accordance with comprehensive support agreements. The working capital fund method of managing, financing, and accounting could be used wherever a consolidated service operation exists or is needed in the Department.

The working capital fund would be a revolving fund of working capital employed to finance commercial-type operations servicing more than one appropriation or activity. The fund would finance the central buying of materials, supplies, labor, and other services; the holding and issuing of materials and supplies and the processing of materials. The supplies, materials, and services would be sold on order to customer activities on the basis of cost and the working capital fund reimbursed. In each case the customer would pay the cost of goods and services furnished. Under existing practices supplies and services are dispensed to each office to be used on a "first come, first serve" basis. These are regarded as free supplies and services for which the particular office does not have to budget. Experience elsewhere in Government has demonstrated that customers are more prudent and frugal in ordering supplies and services when

they have to pay the costs than when these are provided without charge. Thus, the working capital fund offers an improved method of operation and a better method of management over centralized services.

The working capital fund provides a means for accumulating reserves to cover the cost of repairing and replacing equipment and the stocking of supplies under the most advantageous conditions. To maintain the fund on a self-supporting but nonprofit basis, payment for services would be at rates approximately equal to the cost of furnishing the services. The initial capital, estimated at \$750,000, represents the value of supplies and equipment located in Washington and in the three regional supply centers at Bonn, Tokyo, and Lagos, that would be transferred from the regular accounts of the Department to the working capital fund. At present the personnel costs of supplying goods and services are paid out of the salaries and expenses account. Under the language contained in this amendment such costs would be charged to the working capital fund. There would not, however, be any change in the status of the employees. Should it be found desirable to finance other activities and services through the mechanism of the working capital fund, such additional capital as may be necessary could be provided by an appropriation authorized by the last sentence of this section.

Section 405—Participation in NATO parliamentary conferences

Section 405 amends section 1 of the act of 1956 that authorizes participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization. Since the creation of NATO in 1949, sustained and successful programs have been undertaken by representative groups of the member states of NATO to strengthen and broaden the relations among the citizens of those states. Among the most active and productive of these is the NATO parliamentary conference whose annual meetings are attended by leading legislators of different political parties within each national parliament. The legislators have discussed openly, fully, and frankly a wide array of issues and problems in order to promote further the bonds among the members of the NATO community. Delegates from the U.S. Congress representing both political parties have played a leading role in these deliberations. Their continued presence at the meetings is imperative to project our thinking on all matters under discussion. The act provides for their participation when Congress is not in session. The amended language will authorize representation and participation by Members of the Congress on an occasion when the annual meeting may be held at a time when Congress is in session.

Section 406—Bureau of Consular and Migration Affairs

Section 406 of the bill amends section 104(b) of the Immigration and Nationality Act of 1952, as amended, which relates to the Bureau of Security and Consular Affairs. Section 104(b) established in the Department of State a Bureau of Security and Consular Affairs, headed by an administrator whose rank and compensation are equal to that of an Assistant Secretary. By a Department order of August 1962 the security functions have been transferred from that Bureau to the Office of Security headed by the Deputy Assistant Secretary for Security who reports to the Deputy Under Secretary for Adminis-

tration. The Office of Security is responsible for the technical, procedural, and personnel security programs of the Department and its oversea posts. In addition, it is charged with the protection of visiting dignitaries. The Bureau of Security and Consular Affairs thus has no responsibility for security matters except those associated with visa, passport, and refugee matters. The amendment in this section of the bill recognizes the realignment of functions and responsibilities by amending the name of the Bureau created pursuant to the Immigration and Nationality Act and redesignating it the Bureau of Consular and Migration Affairs. It will be headed by an administrator who shall have the title and receive the compensation of an Assistant Secretary of State (i.e., \$20,000). This will not be an additional cost since the present administrator already receives that compensation. The effect will be to increase the number of Assistant Secretaries of State from 11 to 12. Section 406(a)(2) will permit the present administrator who has previously been confirmed by the Senate to be administrator of the redesignated Bureau without reconfirmation.

Section 406(b) places the new language within the text of the Immigration and Nationality Act by appropriate editorial and technical changes necessary for reasons of proper codification.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

The Foreign Assistance Act of 1961, as Amended

AN ACT To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Foreign Assistance Act of 1961".

PART I

CHAPTER 1—[SHORT TITLE AND] POLICY

[SEC. 101. SHORT TITLE.—This part may be cited as the "Act for International Development of 1961".]

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities and by minimizing or eliminating barriers to the flow of private investment capital.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of

the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and [should] shall emphasize long-range development assistance as the primary instrument of such growth.

The Congress further declares that, in order to assure that each program of assistance under this part is administered in such a manner as will most effectively carry out the policies stated in this section, each request for authorization of funds for such program shall be accompanied by a detailed statement setting forth—

- (1) the purposes of such program,*
 - (2) the specific objectives of such program, and*
 - (3) the priorities assigned to such purposes and objectives,*
- which will be adhered to in the administration of such program.*

It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts [supported by the Soviet Union or Communist China, and] directed against the United States or against other countries receiving aid under this Act, *whether or not such efforts are supported by the Soviet Union or Communist China.*

The Congress further declares that in the administration of programs of assistance under this Act the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries. It is further the sense of the Congress that short-term emergency purposes such as those referred to in the preceding sentence should be met, to the extent possible, through international institutions (such as the International Monetary Fund) which are equipped to condition assistance on immediate economic and monetary reform.

Finally, the Congress urges that all other countries (including private enterprise within such countries) able to contribute join in a common undertaking to meet the goals stated in this part. *In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all.* It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of

international financial institutions in bringing about the establishment of such missions.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the “Development Loan Fund” to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, *including private sources within the United States*, (2) the economic and technical soundness of the activity to be financed, *including the capacity of the recipient country to repay the loan at a reasonable rate of interest*, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, [and] (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved, and (7) *the economic development plans of the requesting country, which plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources, together with a projection of the ultimate objectives of the plans with respect to the overall economic development of such country*. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-

aside that it is in the national interest to use such funds pursuant to multilateral plans.

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriations of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development of objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, [and] (6) the desirability of safeguarding the international balance of payments position of the United States, and (7) *whether such activity could be financed through a development loan available under title I of this chapter.* If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

(c) Not to exceed \$1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1963] 1964 to carry out the purposes of section 211 not to exceed [\$300,000,000] \$217,000,000, which shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—* * * (Repealed—1962)

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to [use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for] *furnish* assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized [to use], notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22

U.S.C. 1611 et seq.), [foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for] to furnish assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$12,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$2,000,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act.

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned (*determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation*) foreign subsidiary of any such corporation—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed **[\$1,300,000,000]** \$2,500,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed **[\$180,000,000]** \$300,000,000: *Provided further*, That this authority shall continue until June 30, **[1964]** 1965.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under [section 221(b)] *sections 221(b) and 224* is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under [section 221(b)] *sections 221(b) and 224*, under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to [section 221 (b)] *sections 221(b) and 224* of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

[(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and out of funds made available pursuant to this title.]

(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and

thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f).

[(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).]

(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part.

(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.

(g) *In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States.*

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term “investment” includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

(b) the term “expropriation” includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor’s own fault or misconduct, and materially adversely affects the continued operation of the project.

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—

(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed **[\$60,000,000]** *\$150,000,000.*

[(c) The provisions of section 222 (a), (b), (d), (e) and (f) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b)(2).]

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person on such terms and conditions as he may determine: *Provided,* That his participation shall not exceed 50 per centum of the total

cost of any such survey. The making of each such survey shall be approved by the President.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed \$2,000,000, which shall remain available until expended.

SEC. 233. DEFINITIONS.—As used in this title—

(a) the term “person” means a citizen of the United States or any corporation, partnership, or other association substantially beneficially owned by United States citizens; and

(b) the term “survey of extraction opportunities” means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of the Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms (*including private sources within the United States*), the capacity of the recipient country to repay the loan at a reasonable rate of interest, and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an **【economical】** *economically* and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the **【Agency for International Development】** *agency primarily responsible for administering part I* or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress established under the Department of Commerce.

SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to

other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963 and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year **[1963] 1964** to carry out the purposes of this chapter not to exceed **[\$148,900,000]** \$136,050,000.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote eco-

economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1963] 1964 to carry out the purposes of this chapter not to exceed [\$415,000,000] \$380,000,000, which shall remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1963] 1964 not to exceed [\$300,000,000] \$200,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of funds under this section.

CHAPTER 6—ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES

SEC. 461. ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.—Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation. In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level.

PART II

CHAPTER 1—[SHORT TITLE AND] POLICY

[SEC. 501. SHORT TITLE.—This part may be cited as the “International Peace and Security Act of 1961”.]

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic Area.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in [the fiscal years 1962 and 1963] *fiscal year 1964* to carry out the purposes of this part, not to exceed [\$1,700,000,000 for each such fiscal year, which sums] \$1,225,000,000, *which* shall remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programing and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interest of the United States, such articles which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay not less than the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due. No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year [1963] 1964 the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year [1963] 1964 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may

be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$57,500,000: *Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.

SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—*No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter.*

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed friendly countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or

other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; [and]

(4) wherever appropriate carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons [.];

(5) *utilize, wherever practicable, the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering); and*

(6) *take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries.*

SEC. 602. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any

other law relating to the ocean transportation of commodities on United States flag vessels.

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure

such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes and within the limitations of this Act.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.

SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited

to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitations, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$45,000,000.

SEC. 609. SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the recipient country from the sale thereof, the President shall require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States Government: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by Act of the Congress, be agreed to between such country and the United States Government.

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.

SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I, II, and VI of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in [circular A-47 of the Bureau of the Budget] *the memorandum of the President dated May 15, 1962* with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 612. USE OF FOREIGN CURRENCIES.—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

SEC. 613. ACCOUNTING, VALUATION, AND REPORTING OF FOREIGN CURRENCIES.—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 for foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in further-

ance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

SEC. 615. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated creating obligations in advance of appropriations.

SEC. 616. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part.

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) (1) No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States. *No funds provided under this Act shall be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present government of Cuba.* As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President

is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(2) *Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.*

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than 20 per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, *or has taken other actions* which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action

or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including [equitable and] speedy compensation for such property in convertible foreign exchange *equivalent to the full value thereof*, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international Communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Peoples Republic of Albania,
Peoples Republic of Bulgaria,
Peoples Republic of China,
Czechoslovak Socialist Republic,
German Democratic Republic (East Germany),
Estonia,
Hungarian Peoples Republic,
Latvia,
Lithuania,
North Korean Peoples Republic,
North Vietnam,
Outer Mongolia-Mongolian Peoples Republic,
Polish Peoples Republic,
Rumanian Peoples Republic,
Tibet,
Federal Peoples Republic of Yugoslavia,
Cuba, and
Union of Soviet Socialist Republics (*including its captive constituent republics*).

(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which,

contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.

(i) *No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—*

(1) the United States,

(2) any country receiving assistance under this or any other Act, or

(3) any country to which sales are made under the Agricultural

Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

(j) *No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.*

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 621. EXERCISE OF FUNCTIONS.—The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such pro-

grams are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 623. THE SECRETARY OF DEFENSE.—(a) In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 624. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;

(2) **two** *one* shall have the rank of Deputy Under **Secretaries** *Secretary* and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and

(3) **nine** *ten* shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in **paragraphs (2) and** *paragraph (3)* of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d)(1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General,

Foreign Assistance, and two Assistant Inspectors General, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, and programs being conducted by United States Government agencies under Public Law 86-735, as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in

carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, and Public Law 86-735, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act, and Public Law 86-735 and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General.

Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed one hundred and ten may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), but not in excess of the highest rate of grade 18 of such general schedule: *Provided*, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, but not in excess of the highest rate of grade 18 of such general schedule. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in

all cases the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment of assignment exceeds thirty months: *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe: *Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate.

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government.

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

(i) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in

lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) [Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service.]

[Nor shall such service] *Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.*

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency

of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 629. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or 624(d) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization, to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or

employee during the period of detail or assignment in accordance with section 629.

SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

(c) *The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor Committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such persons may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section.*

SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or

at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States); or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Pro-*

vided further, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637(a)) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantage to be gained.

SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of section 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 634. REPORT AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress charged with considering legislation, appropriations or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recom-

mendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) At the end of each fiscal year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the fiscal year under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants

in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(h) A contract or agreement which entails commitments for the expenditure of funds available under titles II, V, and VI of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligations issued in connection with any operation or transaction arising under this Act.

(k) *Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other*

educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred.

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: *Provided further*, That passenger motor vehicles, other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed \$3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however*, That any such payments to any employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

(h) *In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services.*

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1963] 1964 not to exceed [\$53,000,000] \$54,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as “American Aid”.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

- (1) Reorganization Plan Numbered 7 of 1953;
- (2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 408, 414, 417, 502(a), 502(b), 514, 523(d), and 536): *Provided*, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act;
- (3) section 12 of the Mutual Security Act of 1955;
- (4) sections 12, 13, and 14 of the Mutual Security Act of 1956;
- (5) section 503 of the Mutual Security Act of 1958;
- (6) section 108 of the Mutual Security Appropriation Act, 1959;
- (7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and
- (8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

SEC. 644. DEFINITIONS.—As used in this Act—

(a) “Agency of the United States Government” includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) “Armed Forces” of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) “Commodity” includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) “Defense article” includes—

(1) any weapon, weapons system, munition, aircraft; vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other items necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) “Defense information” includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) “Defense service” includes any service, test, inspection, repair, training *including orientation*, training aid, publication, or technical

or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carry-over, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations under this Act, the contract of production costs of such articles. Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act [or the], the Mutual Security Act of 1954, as amended, or *Public Law 86-736* are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance that long-range economic plans take cognizance of the need for a dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

Latin American Development and Chilean Reconstruction Assistance

(Public Law 86-735, as amended)

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "the Latin American Development and Chilean Reconstruction Act".

STATEMENT OF POLICY

SEC. 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspira-

tions of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—

(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economies of the American Republics, and encourage the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republic through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the

Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

AUTHORIZATION

SEC. 2. In order to carry out the purposes of section 1 of this Act, there is hereby authorized to be appropriated to the President not to exceed ~~["\$500,000,000"]~~ \$700,000,000 which shall remain available until expended, and which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any country in Latin America being subjected to economic or diplomatic sanctions by the Organization of American States. The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed \$100,000,000, which shall remain available until expended, for use, in addition to other funds available for such purposes, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

GENERAL PROVISIONS

SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration.

Agricultural Trade Development and Assistance Act of 1954, as Amended

(Public Law 480, 83d Congress)

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

* * * * *

TITLE I—SALES FOR FOREIGN CURRENCY

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

* * * * *

[(f) obtain rates of exchange applicable to the sales of commodities under such agreements which are not less favorable than the rates at which United States Government agencies can buy currencies from the United States disbursing officers in the respective countries.]

(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries.

* * * * *

SEC. 105. Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. *The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.*

* * * * *

TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

* * * * *

SEC. 202. In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic and community development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

Foreign Service Act of 1946, as Amended

AN ACT To improve, strengthen, and expand the Foreign Service of the United States and to consolidate and revise the laws relating to its administration.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE, OBJECTIVES, AND DEFINITIONS

PART A—SHORT TITLE

SEC. 101. Titles I to X, inclusive, of this Act may be cited as the "Foreign Service Act of 1946".

PART B—OBJECTIVES

SEC. 111. The Congress hereby declares that the objectives of this Act are to develop and strengthen the Foreign Service of the United States so as—

(1) to enable the Foreign Service effectively to serve abroad the interests of the United States;

(2) to insure that the officers and employees of the Foreign Service are broadly representative of the American people and are aware of and fully informed in respect to current trends in American life;

(3) to enable the Foreign Service adequately to fulfill the functions devolving on it by reason of the transfer to the Department of State of functions heretofore performed by other Government agencies;

(4) to provide improvements in the recruitment and training of the personnel of the Foreign Service;

(5) to provide that promotions leading to positions of authority and responsibility shall be on the basis of merit and to insure the selection on an impartial basis of outstanding persons for such positions;

(6) to provide for the temporary appointment or assignment to the Foreign Service of representative and outstanding citizens of the United States possessing special skills and abilities;

(7) to provide salaries, allowances, and benefits that will permit the Foreign Service to draw its personnel from all walks of American life and to appoint persons to the highest positions in the Service solely on the basis of their demonstrated ability;

(8) to provide a flexible and comprehensive framework for the direction of the Foreign Service in accordance with modern practices in public administration; and

(9) to codify into one Act all provisions of law relating to the administration of the Foreign Service.

PART C—DEFINITIONS

SEC. 121. When used in this Act, the term—

(1) "Service" means the Foreign Service of the United States;

(2) "Secretary" means the Secretary of State;

(3) "Department" means the Department of State;

(4) "Government agency" means any executive department, board, bureau, commission, or other agency in the executive branch of the Federal Government, or any corporation wholly owned (either directly or through one or more corporations) by the United States;

(5) "Government" means the Government of the United States of America;

(6) "Continental United States" means the States and the District of Columbia;

(7) "Abroad" means all areas not included in the continental United States as defined in paragraph (6) of this section;

(8) "Principal officer" means the officer in charge of an embassy, legation, or other diplomatic mission or of a consulate general, consulate, or vice consulate of the United States; and

(9) "Chief of mission" means a principal officer appointed by the President, by and with the advice and consent of the Senate, to be in charge of an embassy or legation or other diplomatic mission of the United States, or any person assigned under the terms of this Act to be minister resident, chargé d'affaires, commissioner, or diplomatic agent.

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TITLE V—APPOINTMENTS AND ASSIGNMENTS

PART A—PRINCIPAL DIPLOMATIC REPRESENTATIVES

POLICY

SEC. 500. It is the policy of the Congress that chiefs of mission and Foreign Service officers appointed or assigned to serve the United States in foreign countries shall have, to the maximum practicable extent, among their qualifications, a useful knowledge of the principal language or dialect of the country in which they are to serve, and knowledge and understanding of the history, the culture, the economic and political institutions, and the interests of such country and its people.

* * * * *

PART H—ASSIGNMENT OF FOREIGN SERVICE PERSONNEL

ASSIGNMENTS TO ANY GOVERNMENT AGENCY OR INTERNATIONAL ORGANIZATION

SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years[.]: *Provided, That in individual cases when personally approved by the Secretary further extension may be made.*

(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned pursuant to the terms of this section is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department that is designated as a Foreign Service Officer position, shall be entitled to receive a salary differential under the provisions of this paragraph.

(d) The salary of an officer or employee assigned pursuant to the terms of this section shall be paid from appropriations made available for the payment of salaries of officers and employees of the Service. Such appropriations may be reimbursed, however, when the Secretary enters into reimbursement agreements for all or any part of the salaries of officers or employees assigned to such agencies and payment is received pursuant thereto, or when an officer or employee of the Service is assigned to a position the salary of which is payable from other funds available to the Department.

* * * * *

TITLE IX—ALLOWANCES AND BENEFITS

PART A—ALLOWANCES AND SPECIAL ALLOTMENTS

REPRESENTATION ALLOWANCES

SEC. 901. In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the Secretary is authorized to grant to any officer or employee of the Service who is a citizen of the United States allowances in order to provide for the proper representation of the United States by officers or employees of the Service.

PART B—TRAVEL AND RELATED EXPENSES

GENERAL PROVISIONS

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay—

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary in accordance with the provisions of section 933 with regard to the granting of home leave;

(2) the travel expenses of the members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized home leave; *accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family; or otherwise traveling in accord-*

ance with authority granted pursuant to the terms of this or any other Act;

(3) the cost of transporting the furniture and household and personal effects of an officer or employee of the Service to his successive posts of duty and, on the termination of his services, to the place where he will reside;

(4) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service, when he is absent from his post of assignment under orders, or when he is assigned to a post to which he cannot take or at which he is unable to use such furniture and household and personal effects, or when it is in the public interest or more economical to authorize storage; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

(5) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service in connection with assignment or transfer to a new post, from the date of his departure from his last post or from the date of his departure from his place of residence in the case of a new officer or employee and for not to exceed three months after arrival at the new post, or until the establishment of residence quarters, whichever shall be shorter; and, in connection with separation of an officer or employee of the Service, the cost of packing and unpacking, transporting to and from a place of storage, and storing for a period not to exceed three months, his furniture and household and personal effects; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

(6) the travel expenses of the members of the family and the cost of transporting the personal effects and automobile of an officer or employee of the Service, whenever the travel of such officer or employee is occasioned by changes in the seat of the government whose capital is his post;

(7) the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Service and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned;

(8) the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant, the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die abroad or while in travel status;

(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their

families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty.

LOAN OF HOUSEHOLD FURNISHINGS AND EQUIPMENT

SEC. 912. The Secretary may, if he shall find it in the interests of the Government to do so as a means of eliminating transportation costs, provide officers and employees of the Service with basic household furnishings and equipment for use on a loan basis in personally owned or leased residences.

TRANSPORTATION OF MOTOR VEHICLES

SEC. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned motor vehicle in any case in which he shall determine that water, rail, or air transportation of the motor vehicle is necessary or expedient for all or any part of the distance between points of origin and destination. Not more than one motor vehicle of any such officer or employee may be transported under authority of this section during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any such officer or employee may be so transported during such period upon approval, in advance, by the Secretary and upon a determination, in advance, by the Secretary that such replacement is necessary for reasons beyond the control of the officer or employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this section of a privately owned motor vehicle of any officer or employee who has remained in continuous service outside the continental United States (excluding Alaska and Hawaii) during such period, the transportation of a replacement for such motor vehicle for such officer or employee may be authorized by the Secretary in accordance with this section.

USE OF GOVERNMENT OWNED OR LEASED VEHICLES

SEC. 914. *Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available.*

PART C—COMMISSARY SERVICE

SEC. 921. (a) The Secretary may, under such regulations as he may prescribe, establish and maintain emergency commissary or mess services, in such places abroad where, in his judgment, such services are necessary temporarily to insure the effective and efficient performance of the duties and responsibilities of the Service, such services to be available to the officers and employees of all Government agencies located in any such places abroad. Reimbursements incident to the maintenance and operation of commissary or mess service shall be at not less than cost as determined by the Secretary and shall be used as working funds: *Provided*, That an amount equal to the amount expended for such services shall be covered into the Treasury as miscellaneous receipts.

(b) The Secretary, under such regulations as he may prescribe, may authorize and assist in the establishment, maintenance, and operation, by officers and employees of the Service, of non-Government-operated commissary and mess services and recreation facilities at posts abroad, including the furnishing of space, utilities, and properties owned or leased by the United States for use by its diplomatic and consular missions. The provisions of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 292–300), may be utilized by the Secretary in providing such assistance. Commissary or mess services and recreation facilities established pursuant to this subsection shall be made available, insofar as practicable, to officers and employees of other Government agencies and their dependents who are stationed abroad. Such services or facilities shall not be established in localities where another United States agency operates similar services or facilities unless the Secretary determines that such additional services or facilities are necessary.

(c) Notwithstanding the last paragraph under the heading “Subsistence Department” in the Act of March 3, 1911 (10 U.S.C. 1253), or the provisions of any other law, charges at any post abroad by a commissary or mess service or recreation facility authorized or assisted under this section shall be at the same rate for all civilian personnel of the Government serviced thereby, and all charges for supplies furnished to such a service or facility abroad by any Government agency shall be at the same rate as that charged by the furnishing agency to its civilian commissary or mess services or recreation facilities.

[(d) Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government-owned vehicles located at his post for transportation of United States Government employees who are American citizens, and their dependents, to and from recreation facilities when public transportation is unsafe or is not available.]

* * * * *

TITLE X—MISCELLANEOUS

PART A—PROHIBITIONS

AGAINST UNIFORMS

SEC. 1001. An officer or employee of the Service holding a position of responsibility in the Service shall not wear any uniform except such as may be authorized by law or such as a military commander may require civilians to wear in a theater of military operations.

AGAINST ACCEPTING PRESENTS

SEC. 1002. An officer or employee of the Service shall not ask or, without the consent of the Congress, receive, for himself or any other person, any present, emolument, pecuniary favor, office, or title from any foreign government. A chief of mission or other principal officer may, however, under such regulations as the President may prescribe, accept gifts made to the United States, or to any political subdivision thereof by the government to which he is accredited or from which he holds an exequatur.

AGAINST ENGAGING IN BUSINESS ABROAD

SEC. 1003. An officer or employee of the Service shall not, while holding office, transact or be interested in any business or engage for profit in any profession in the country or countries to which he is assigned abroad in his own name or in the name or through the agency of any other person, except as authorized by the Secretary.

AGAINST CORRESPONDENCE ON AFFAIRS OF FOREIGN GOVERNMENTS

SEC. 1004. (a) An officer or employee of the Service shall not correspond in regard to the public affairs of any foreign government except with the proper officers of the United States, except as authorized by the Secretary.

(b) An officer or employee of the Service shall not recommend any person for employment in any position of trust or profit under the government of the country to which he is detailed or assigned, except as authorized by the Secretary.

AGAINST POLITICAL, RACIAL, RELIGIOUS, OR COLOR DISCRIMINATION

SEC. 1005. In carrying out the provisions of this Act, no political test shall be required and none shall be taken into consideration, nor shall there be any discrimination against any person on account of race, creed, or color.

PART B—BONDS

SEC. 1011. Every secretary, consul general, consul, vice consul, Foreign Service officer, and Foreign Service Reserve officer, and, if required, any other officer or employee of the Service or of the Department before he enters upon the duties of his office shall give to the United States a bond in such form and in such penal sum as the Secretary shall prescribe, with such sureties as the Secretary shall approve, conditioned without division of penalty for the true and

faithful performance of his duties, including (but not by way of limitation) certifying vouchers for payment, accounting for, paying over, and delivering up of all fees, moneys, goods, effects, books, records, papers, and other property that shall come to his hands of any other person to his use as such officer or employee under any law now or hereafter enacted and for the true and faithful performance of all other duties now or hereafter lawfully imposed upon him as such officer or employee, and such bond shall be construed to be conditioned for the true and faithful performance of all official duties of whatever character now or hereafter lawfully imposed upon him, or by him assumed incident to his employment as an officer or employee of the Government. Notwithstanding any other provisions of law, upon approval of any bond given pursuant to this Act, the principal shall not be required to give another separate bond conditioned for the true and faithful performance of only a part of the duties for which the bond given pursuant to this Act is conditioned. The bond of an officer or employee of the Service shall be construed to be conditioned for the true and faithful performance of all acts of such officer incident to his office regardless of whether appointed or commissioned as diplomatic, consular, Foreign Service officer, or other officer of the Service. The bonds herein mentioned shall be deposited with the Secretary of the Treasury. Nothing herein contained shall be deemed to obviate the necessity of furnishing any bond which may be required pursuant to the provisions of the Subsistence Expense Act of 1926, as amended (44 Stat. 688; 47 Stat. 405; 56 Stat. 39; 5 U.S.C. 821-823, 827-833).

PART C—GIFTS

SEC. 1021. (a) The Secretary may accept on behalf of the United States gifts made unconditionally by will or otherwise for the benefit of the Department including the Service or for the carrying out of any of its functions. Conditional gifts may be so accepted at the discretion of the Secretary, and the principal of and income from any such conditional gift shall be held, invested, reinvested, and used in accordance with its conditions, but no gift shall be accepted which is conditioned upon any expenditure not to be met therefrom or from the income thereof unless such expenditure has been approved by Act of Congress.

(b) Any unconditional gift of money accepted pursuant to the authority granted in paragraph (a) of this section, the net proceeds from the liquidation (pursuant to paragraph (c) or paragraph (d) of this section) of any other property so accepted, and the proceeds of insurance on any such gift property not used for its restoration, shall be deposited in the Treasury of the United States and are hereby appropriated and shall be held in trust by the Secretary of the Treasury for the benefit of the Department including the Service, and he may invest and reinvest such funds in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. Such gifts and the income from such investments shall be available for expenditure in the operation of the Department including the Service and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for the Service by Congress.

(c) The evidences of any unconditional gift of intangible personal property, other than money, accepted pursuant to the authority

granted in paragraph (a) of this section, shall be deposited with the Secretary of the Treasury and he, in his discretion, may hold them, or liquidate them except that they shall be liquidated upon the request of the Secretary whenever necessary to meet payments required in the operation of the Department including the Service or the performance of its functions. The proceeds and income from any such property held by the Secretary of the Treasury shall be available for expenditure as is provided in paragraph (b) of this section.

(d) The Secretary shall hold any real property or any tangible personal property accepted unconditionally pursuant to the authority granted in paragraph (a) of this section and he shall permit such property to be used for the operation of the Department including the Service and the performance of its functions or he may lease or hire such property, and may insure such property, and deposit the income thereof with the Secretary of the Treasury to be available for expenditure as provided in paragraph (b) of this section. The income from any such real property or tangible personal property shall be available for expenditure in the discretion of the Secretary for the maintenance, preservation, or repair and insurance of such property and any proceeds from insurance may be used to restore the property insured. Any such property when not required for the operation of the Department including the Service or the performance of its functions may be liquidated by the Secretary, and the proceeds thereof deposited with the Secretary of the Treasury, whenever in his judgment the purposes of the gifts will be served thereby.

(e) For the purpose of Federal income, estate, and gift taxes, any gift, devise, or bequest accepted by the Secretary under authority of this Act shall be deemed to be a gift, devise, or bequest to or for the use of the United States.

PART D—AUTHORIZATION TO RETAIN ATTORNEYS

SEC. 1031. The Secretary may, without regard to sections 189 and 365 of the Revised Statutes (5 U.S.C. 49 and 314), authorize a principal officer to procure legal services whenever such services are required for the protection of the interests of the Government or to enable an officer or employee of the Service to carry on his work efficiently.

PART E—DELEGATION OF AUTHORITY

SEC. 1041. [Repealed by P.L. 73, 81st Cong., 63 Stat. 111; 22 U.S.C. 811a. Section 11 of P.L. 726, 84th Cong., amended P.L. 73, 81st Cong., to authorize redelegation.]

PART F—EXEMPTION FROM TAXATION ¹

SEC. 1051. Section 116 of the Internal Revenue Code, as amended (53 Stat. 48; 53 Stat. 575; 56 Stat. 842; 58 Stat. 46; 26 U.S.C. 116), relative to exclusions from gross income, is further amended by adding at the end thereof a new subsection to read as follows:

“(k) In the case of an officer or employee of the Foreign Service of the United States, amounts received by such officer or employee as allowances or otherwise under the terms of title IX of the Foreign Service Act of 1946.”

¹ Exemption of allowances from gross income for tax purposes is now contained in section 912 of the Internal Revenue Code of 1954, as amended by P.L. 86-707 (74 Stat. 802; 26 U.S.C. 912).

PART G—INTERPRETATION OF THE ACT

LIBERAL-CONSTRUCTION CLAUSE

SEC. 1061. The provisions of this Act shall be construed liberally in order to effectuate its purpose.

PROVISIONS THAT MAY BE HELD INVALID

SEC. 1062. If any provision of this Act or the application of any such provision to any person or circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

HEADINGS OF TITLES, PARTS, AND SECTIONS

SEC. 1063. The headings descriptive of the various titles, parts, and sections of this Act are inserted for convenience only, and, in case of any conflict between any such heading and the substance of the title, part, or section to which it relates, the heading shall be disregarded.

PROVISIONS OF THE ACT OF JULY 3, 1946

SEC. 1064. Nothing in this Act shall be construed to affect the provisions of sections 1, 2, 3, and 4 of the Act of July 3, 1946 (Public Law 488, Seventy-ninth Congress). The "classified grades" within the meaning of that Act shall, from and after the effective date of this Act, be construed to mean classes 1 to 5, inclusive.

PART H—AUTHORIZATION FOR APPROPRIATIONS

SEC. 1071. Appropriations to carry out the purposes of this Act are hereby authorized.

PART I—EDUCATIONAL FACILITIES

SEC. 1081. *Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel.*

* * * * *

Basic Authority for the Department of State

(Public Law 885, 84th Cong.)

AN ACT To provide certain basic authority for the Department of State.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State is authorized to establish, maintain, and operate passport and dispatch agencies.

SEC. 2. The Secretary of State, when funds are appropriated therefor, may—

(a) provide for printing and binding outside the continental United States without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111);

(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than \$15,000 or the foreign currency equivalent thereof.

(c) employ aliens, by contract, for services abroad;

(d) provide for official functions and courtesies;

(e) purchase uniforms; and

(f) pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad.

SEC. 3. The Secretary of State is authorized to—

(a) obtain insurance on official motor vehicles operated by the Department of State in foreign countries, and pay the expenses incident thereto;

(b) rent tie lines and teletype equipment;

(c) provide ice and drinking water for United States Embassies and Consulates abroad;

(d) pay excise taxes on negotiable instruments which are negotiated by the Department of State abroad;

(e) pay the actual expenses of preparing and transporting to their former homes the remains of persons, not United States Government employees, who may die away from their homes while participating in international educational exchange activities under the jurisdiction of the Department of State;

(f) pay expenses incident to the relief, protection, and burial of American seamen, and alien seamen from United States vessels in foreign countries and in the United States, Territories and possessions;

(g) pay the expenses incurred in the acknowledgment of the services of officers and crews of foreign vessels and aircraft in rescuing American seamen, airmen, or citizens from shipwreck or other catastrophe abroad or at sea;

(h) rent or lease, for periods of less than ten years, such offices, buildings, grounds, and living quarters for the use of the Foreign

Service abroad as he may deem necessary, and make payments therefor in advance; and

(i) maintain, improve, and repair properties rented or leased pursuant to authority contained in subsection (h) of this section and furnish fuel, water, and utilities for such properties.

SEC. 4. The Secretary of State is authorized to—

(a) make expenditures, from such amounts as may be specifically appropriated therefor, for unforeseen emergencies arising in the diplomatic and consular service and, to the extent authorized in appropriation Acts, funds expended for such purposes may be accounted for in accordance with section 291 of the Revised Statutes (31 U.S.C. 107); and

(b) delegate to subordinate officials the authority vested in him by section 291 of the Revised Statutes pertaining to certification of expenditures.

SEC. 5. The Secretary of State is authorized to—

(a) provide for participation by the United States in international activities which arise from time to time in the conduct of foreign affairs for which provision has not been made by the terms of any treaty, convention, or special Act of Congress: *Provided*, That this subsection shall not be construed as granting authority to accept membership for the United States in any international organization, or to participate in the activities of any international organization for more than one year without approval by the Congress; and

(b) pay the expenses of participation in activities in which the United States participates by authority of subsection (a) of this section, including, but not limited to the following:

(1) Employment of aliens;

(2) Travel expenses without regard to the Standardized Government Travel Regulations and to the rates of per diem allowances in lieu of subsistence expenses under the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842);

(3) Travel expenses of persons serving without compensation in an advisory capacity while away from their homes or regular places of business not in excess of those authorized for regular officers and employees traveling in connection with said international activities; and

(4) Rental of quarters by contract or otherwise.

SEC. 6. The provisions of section 8 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e), and regulations thereunder, applicable to expenses incurred pursuant to that Act, may be applicable to the obligation and expenditure of funds in connection with United States participation in the International Civil Aviation Organization.

SEC. 7. The exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles in possession of the Foreign Service abroad, in accordance with section 201(c) of the Act of June 30, 1949 (40 U.S.C. 481(c)), shall be available without fiscal year limitation for replacement of an equal number of such vehicles.

SEC. 8. The Secretary of State may, when authorized in an appropriation or other law, transfer to any department, agency, or independent establishment of the Government, with the consent of the head thereof, any funds appropriated to the Department of State, for

direct expenditure by such department, agency, or independent establishment for the purposes for which the funds are appropriated.

SEC. 9. The Secretary of State is authorized to enter into contracts in foreign countries involving expenditures from funds appropriated or otherwise made available to the Department of State, without regard to the provisions of section 3741 of the Revised Statutes (41 U.S.C. 22): *Provided*, That nothing in this section shall be construed to waive the provisions of section 431 of title 18 of the United States Code.

SEC. 10. Appropriated funds made available to the Department of State for expenses in connection with travel of personnel outside the continental United States, including travel of dependents and transportation of personal effects, household goods, or automobiles of such personnel shall be available for such expenses when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year.

SEC. 11. Notwithstanding the provisions of section 16(a) of the Act of August 2, 1946 (5 U.S.C. 78(c)), the Secretary of State may authorize any chief of diplomatic mission to approve the use of Government-owned vehicles or taxicabs in any foreign country for transportation of United States Government employees from their residence to the office and return when public transportation facilities other than taxicabs are unsafe or are not available.

SEC. 12. The Secretary of State, with the approval of the Bureau of the Budget, shall prescribe the maximum rates of per diem in lieu of subsistence (or of similar allowances therefor) payable while away from their own countries to foreign participants in any exchange of persons program, or in any program of furnishing technical information and assistance, under the jurisdiction of any Government agency, and said rates may be fixed without regard to any provision of law in limitation thereof.

SEC. 13. *There is hereby established a working capital fund for the Department of State, which shall be available, without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audio-visual, library, and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed \$750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of*

the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund.

SEC. 14.²

SEC. 15. Appropriations to carry out the purposes of this Act are hereby authorized. When so provided in an appropriation law, an appropriation made to the Department of State may remain available until expended.

Public Law 689—84th Congress

AN ACT To authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually [and when Congress is not in session,] with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area. Of the Members of the Congress to be appointed for the purposes of this resolution (hereinafter designated as the "United States Group"), half shall be appointed by the Speaker of the House from Members of the House, and half shall be appointed by the President of the Senate from Members of the Senate. Not more than five of the appointees from the respective Houses shall be of the same political party.

* * * * *

Immigration and Nationality Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, chapters, and sections according to the following table of contents, may be cited as the "Immigration and Nationality Act".

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TITLE I—GENERAL

- Sec. 101. Definitions.
- Sec. 102. Applicability of title II to certain nonimmigrants.
- Sec. 103. Powers and duties of the Attorney General and the Commissioner.
- Sec. 104. Powers and duties of the Secretary of State; Bureau of [Security and Consular] Consular and Migration Affairs.
- Sec. 105. Liaison with internal security officers.
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² Sec. 14 was repealed by P.L. 86-707 (74 Stat. 798).

TITLE I—GENERAL

DEFINITIONS

SECTION 101. (a) As used in this Act—

(1) The term “administrator” means the administrator of the Bureau of **【Security and Consular】** *Consular and Migration Affairs* of the Department of State.

* * * * *

POWERS AND DUTIES OF THE SECRETARY OF STATE; BUREAU OF
【SECURITY AND CONSULAR】 *CONSULAR AND MIGRATION AFFAIRS*

SEC. 104. (a) The Secretary of State shall be charged with the administration and the enforcement of the provisions of this Act and all other immigration and nationality laws relating to (1) the powers, duties and functions of diplomatic and consular officers of the United States, except those powers, duties and functions conferred upon the consular officers relating to the granting or refusal of visas; (2) the powers, duties and functions of the Bureau of **【Security and Consular】** *Consular and Migration Affairs*; and (3) the determination of nationality of a person not in the United States. He shall establish such regulations; prescribe such forms of reports, entries and other papers; issue such instructions; and perform such other acts as he deems necessary for carrying out such provisions. He is authorized to confer or impose upon any employee of the United States, with the consent of the head of the department or independent establishment under whose jurisdiction the employee is serving, any of the powers, functions, or duties conferred or imposed by this Act or regulations issued thereunder upon officers or employees of the Department of State or of the American Foreign Service.

(b) **【There is hereby established in the Department of State a Bureau of Security and Consular Affairs, to be headed by an administrator (with an appropriate title to be designated by the Secretary of State), with rank and compensation equal to that of an Assistant Secretary of State.】** *There is hereby established in the Department of State a Bureau of Consular and Migration Affairs to be headed by an administrator with the title of Assistant Secretary of State and with compensation equal to that of an Assistant Secretary of State.* He shall be appointed by the President by and with the advice and consent of the Senate. The administrator shall be a citizen of the United States, qualified by experience, and shall maintain close liaison with the appropriate committees of Congress in order that they may be advised regarding the administration of this Act by consular officers. He shall be charged with any and all responsibility and authority in the administration of the Bureau and of this Act which are conferred on the Secretary of State as may be delegated to him by the Secretary of State or which may be prescribed by the Secretary of State. He shall also perform such other duties as the Secretary of State may prescribe.

* * * * *

GENERAL CLASSES OF ALIENS INELIGIBLE TO RECEIVE VISAS AND
EXCLUDED FROM ADMISSION; WAIVERS OF INADMISSIBILITY

SEC. 212. (a) * * *

* * * * *

[(f)] (i) Whenever the President finds that the entry of any aliens or of any class of aliens into the United States would be detrimental to the interests of the United States, he may by proclamation, and for such period as he shall deem necessary, suspend the entry of all aliens or any class of aliens as immigrants or nonimmigrants, or impose on the entry of aliens any restrictions he may deem to be appropriate.

* * * * *

SUPPLEMENTAL VIEWS OF HON. LEONARD FARBSTEN AND HON. DONALD M. FRASER

We strongly support the Foreign Assistance Act of 1963 but file this supplemental report to express concern about the possible impact of the provision in section 303(b) which amends section 620(a) of the existing law by adding the following restriction:

No funds provided under this Act shall be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present government of Cuba.

This amendment applies to all funds authorized to be appropriated by the Foreign Assistance Act of 1961, as amended. It would apply, therefore, to the funds specifically authorized in chapter 3 of part I of the act ("International Organizations"), to the contingency fund, and to any funds transferred to chapter 3 pursuant to the transfer authority granted the President in section 610 of the act.

The amendment, therefore, could restrict or even bar U.S. contributions to the United Nations Technical Assistance and Special Fund, the U.N. Children's Fund, the Food and Agriculture Organization world food program, the International Atomic Energy Agency operational program, and the World Health Organization special programs. Equally important, it could seriously damage the already grave financial difficulties of U.N. peacekeeping operations.

This amendment was offered and supported in committee by some committee members who have consistently supported the United Nations. We fully appreciate that even more damaging amendments may be offered and that the presence in the bill of the quoted language may deter those who would otherwise seek harsher results. This supplemental report, therefore, should not be construed as questioning the good faith and perhaps even the good judgment of those who favored this amendment. Nevertheless, the possible consequences of this amendment should be made explicit.

1. U.S. POLICY TOWARD CUBA NOT AT ISSUE

The United States has condemned the Communist regime in Cuba because of its betrayal of those who fought in the Cuban revolution with the hope that a free Cuba would emerge. We have sought ways short of direct military intervention to bring free government to that island. Indeed, the Communist Government of Cuba has actively given the United States good cause for its policy, not only by accepting nuclear missiles last fall which were to have been aimed at the United States, but by continuing a program of recruiting, training, and supporting subversives in the Western Hemisphere. U.S. policy toward Cuba is not in question here, nor are the other provisions of the Foreign Assistance Act which already prohibit all direct U.S. aid

to Cuba, and U.S. aid to countries providing assistance to the present Government of Cuba.

The amendment to section 620(a), however, which intended to injure the present Government of Cuba, offers instead the prospect of injuring the United Nations whose role is so essential to the achievement of the long-term goal of peace with freedom in this world. It is a clear example of hitting the fly on a baby's head with a hammer.

2. THE AMENDMENT VIOLATES U.N. POLICY EMBODIED IN STANDING RESOLUTIONS WHICH WERE SUPPORTED BY THE UNITED STATES

The terms of the proposed amendment are a clear violation of at least two United Nations resolutions, both of which were strongly supported by the United States.

General Assembly Resolution 1240(XIII), establishing the Special Fund, provides that assistance by the Fund

shall not be a means of foreign economic and political interference in the internal affairs of the country * * * concerned and shall not be accompanied by any conditions of a political nature.

The activities of the expanded program of technical assistance are guided by a practically identical provision.

United Nations resolutions further provide that in making contributions to U.N. technical assistance programs, member countries may not attach political conditions to such contributions. Resolution 1240 (XIII) of the General Assembly and Resolution 22A (IX) of the Economic and Social Council provide that contributions for U.N. technical assistance programs shall be made

without limitation as to use * * * in a specific * * * country.

In the opinion of the United Nations officials this provision is not merely a recommendation but a mandatory prerequisite of the acceptance of contributions.

The United States has supported the adoption by the United Nations of the policy embodied in these resolutions. U.S. representatives in the United Nations (in the case of the special fund resolution, Ambassador Henry Cabot Lodge) voted for the resolutions which embody this principle. Throughout the life of the U.N. technical assistance programs, the United States has insisted that political factors have no place in the provisions of such assistance to countries requesting it. In pursuance of this policy, the United States has supported—and the U.N. had approved—technical assistance projects for Formosa and Vietnam in spite of Soviet objections, and for Israel in spite of Arab objections.

The imposition of a political condition on U.S. voluntary contributions to U.N. technical assistance programs—i.e., the condition that no funds so contributed be used to finance technical assistance projects for Cuba—violates both the policy of the United States with respect to U.N. technical assistance programs and U.N. resolutions specifically dealing with this matter.

If this amendment is adopted, and the executive branch endeavors to implement it by attaching this condition to U.S. contributions to the various U.N. programs, officials managing these programs may

be compelled either to refuse our contributions or to run the risk of violating U.N. resolutions by accepting them.

In effect, therefore, the amendment may seriously hamper, and even bar, our continued support of the various constructive U.N. technical assistance programs.

3. THE AMENDMENT UNDERMINES U.S. EFFORTS TO ENFORCE THE COLLECTIVE FISCAL RESPONSIBILITY OF U.N. MEMBERS IN THE FACE OF SOVIET ATTEMPTS TO DESTROY IT

For more than a year, the United States has been engaged in a major effort to enforce the collective fiscal responsibility of U.N. members. We were successful in isolating the Soviet bloc, and a handful of free world countries, in their refusal to contribute their assessed share of peacekeeping operations and their political credit dropped substantially. Our position was upheld last year by the International Court of Justice which in an advisory opinion reaffirmed the binding nature of assessments made under article 17 of the U.N. Charter. In December 1962, the U.N. membership accepted the Court's opinion. This was done with strong U.S. urging, including the following directive from the Congress embodied in Public Law 87-731 (of October 2, 1962):

SEC. 7. It is the sense of the Congress that the United Nations should take immediate steps to give effect to the advisory opinion of the International Court of Justice on the financial obligations of members of the United Nations in order to assure prompt payment of all assessments to cover the cost of operations to maintain or restore international peace and security.

The success of U.S. efforts to enforce collective fiscal responsibility in the face of Soviet attempts to destroy it may be seriously undermined by the adoption of the proposed amendment. A political restriction by the United States on our voluntary contributions to U.N. technical assistance programs could be seen in the same light as the Soviet Union's refusal, for political reasons, to pay assessed contributions to peacekeeping operations. If the United States considers itself free to disclaim its obligations under U.N. resolutions duly arrived at by consensus and compromise, there can be no collective responsibility for world peace or for the financing of U.N. programs. Following our lead, one nation after another will find some pretext for not paying its assessed or voluntary contributions to U.N. programs. And so, ultimately, the enactment of this amendment can cause the United Nations to wither for lack of financing.

4. THERE IS NO JUSTIFICATION FOR THIS AMENDMENT IN THE PAST RECORD OF SPECIAL FUND AND ETAP PROJECTS FOR COMMUNIST AND COMMUNIST-DOMINATED COUNTRIES

On the whole, Communist countries contribute considerably more to the U.N. Special Fund and Expanded Technical Assistance Program than they received from those programs in approved projects. It cannot be said, therefore, that the amendment is needed to prevent Communist countries from receiving "something for nothing" from the United Nations. If anything, the amendment will have the op-

posite effect. By undermining the entire structure of U.N. technical assistance, it will work to the detriment of the free world which has benefited to the extent of 98 percent from the activities of these programs. The figures for the U.N. Expanded Program for Technical Assistance and the U.N. Special Fund are shown in the tables appearing below:

U.N. Expanded Program of Technical Assistance—Contributions and assistance provided or authorized for the calendar years 1950 through 1963 (inclusive)

	Contributions ¹		Projects ²	
	Millions of dollars	Percent	Millions of dollars	Percent
Communist countries.....	\$20.4	5.03	\$10.1	2.72
Free world countries.....	385.5	94.97	361.4	97.28
Total.....	405.9	100.00	371.5	100.00

	Contributions	Projects		Contributions	Projects
Albania.....	\$14,000	\$138,000	Poland.....	\$900,000	\$457,900
Bulgaria.....	108,745		Rumania.....	150,000	
Byelorussia.....	650,000		Ukraine.....	1,625,000	
Cuba.....	475,000	847,792	U.S.S.R.....	14,000,000	
Czechoslovakia.....	764,162		Yugoslavia.....	1,347,834	8,612,694
Hungary.....	343,084	9,000	Total.....	20,377,825	10,065,386
Mongolia.....					

¹ Includes pledges for 1963 announced as of Mar. 31, 1963.

² Covers expenditures and obligations for project costs for 1950-62 and amounts authorized for 1963.

United Nations Special Fund—Contributions and assistance provided or authorized from January 1959 to June 1963

	Contributions ¹		Projects ²	
	Millions of dollars	Percent	Millions of dollars	Percent
Communist countries.....	\$8.2	3.37	\$5.6	1.98
Free world countries.....	234.9	96.63	277.0	98.02
Total.....	243.1	100.00	282.6	100.00

	Contributions	Projects		Contributions	Projects
Albania.....	\$8,000		Rumania.....	\$83,335	
Bulgaria.....	64,630		Ukraine.....	625,000	
Byelorussia.....	250,000		U.S.S.R.....	5,000,000	
Czechoslovakia.....	347,220		Cuba.....	55,000	\$1,157,600
Hungary.....	213,040		Yugoslavia.....	957,000	2,267,500
Mongolia.....			Total.....	8,228,225	5,622,100
Poland.....	625,000	\$1,837,500			

¹ Includes pledges for 1963 announced as of Mar. 31, 1963.

² Includes projects authorized up through June 1963.

Statistics cited above show that the dollar equivalent of contributions by Communist countries to the U.N. Special Fund and the Expanded Technical Assistance Program is approximately *twice* as large as the dollar value of technical assistance projects approved for such countries. In other words, Communist contributions to the

Special Fund and ETAP, in addition to financing U.N. technical assistance projects in Communist countries, may also contribute to the financing of \$13.5 million's worth of projects *in non-Communist countries*. On balance, therefore, the Communist countries are getting *less* (in direct project benefits) from these U.N. activities than they put into them.

While the United States—as in the case of the 1961 Special Fund project for Cuba—has been unable at times to prevent the approval of U.N. technical assistance projects for Communist countries, approximately 98 percent of the funds expended through these U.N. programs are spent *within and for the benefit of the free world*. Further, U.N. technical assistance activities parallel programs of technical assistance undertaken directly and financed entirely by the United States. The objectives of the U.N. programs correspond to the objectives of the point 4 program initiated by the United States over a decade ago. Continued U.S. support of these U.N. activities is, therefore, fully consistent with the declared goals of U.S. foreign policy.

5. A REDUCTION IN U.S. SUPPORT TO THESE FUNDS IS CONTRARY TO OUR INTERESTS

To the extent that U.S. voluntary contributions to the Special Fund and ETAP encourage other countries to contribute to this effort, the United States is getting a good bargain. Both the Expanded Technical Assistance Program and the U.N. Special Fund owe their existence to U.S. initiative. It can be said, therefore, with respect to these programs, that each \$1 contributed by the United States is buying \$2.50 worth of technical assistance (\$2.43, if projects approved for Communist countries are excluded). Further, as pointed out by the Clay Committee (pp. 15–16 of the Clay Committee's report, 1963), assistance administered through international organizations can frequently provide higher returns, in terms of economic and social development, for each dollar invested in technical cooperation and economic development. For these reasons, it would certainly appear advantageous in terms of U.S. foreign policy purposes to continue U.S. support for these U.N. activities. The amendment places that support in jeopardy.

LEONARD FARBSTAIN.
DONALD M. FRASER.

SUPPLEMENTAL VIEWS OF HON. WILLIAM S. BROOMFIELD

I support the objectives of the Foreign Assistance Act of 1963 as reported by the Committee on Foreign Affairs. A number of positive steps have been adopted to insure a more workable, more effective foreign aid program.

I am convinced that further improvements can be, and should be, made to this program before it can reach maximum effectiveness. Too often foreign aid appears to be used as a substitute for sound foreign policy. Projects have been approved on the basis of political expediency or to conform to theoretical, long-range programs for social and economic development rather than on the basis of a realistic analysis by qualified specialists.

A case in point is the proposed Bokaro steel plant in India. This plant would involve a U.S. investment of more than \$500 million in its initial phase. Additional foreign exchange requirements for the later stages would be about \$400 million. While the source of these latter requirements has not been determined, it is reasonable to assume that the United States will be asked to make available a large part, if not all. Indeed, if we made available the initial costs, it would be incumbent upon us to see the plant through to completion. Thus, we are really talking about more than \$900 million of U.S. money.

Experience at home and abroad has demonstrated that the most carefully made cost studies seldom prove to be accurate. Unanticipated factors invariably push the cost upward before the project is completed.

The committee has been given evidence of the need for this plant and of the contribution it can make to India's economy. I am convinced of the validity of these observations. But the gap between what is needed and how the need is to be met is the reason for my concern.

Basic problems that must be resolved in order to assure the success of the Bokaro project include ministerial coordination for an adequate supply of the necessary raw materials. There is a dearth of trained personnel in and around the vicinity where the plant will be located. No fewer than 5,400 individuals would require training, many at an advanced level, to make the plant operative. Detailed arrangements have to be worked out that will determine the relation between Bokaro's output and the rest of the economy.

To quote only one extract from the report of United States Steel Corp.:

Unless transportation, power, and water facilities are available in accordance with the assumptions made in this report, the operation and economic success of a Bokaro steel plant would be seriously affected.

In my judgment, many of the assumptions upon which this careful report was drafted are on the optimistic side.

Foreign aid can do little or nothing to resolve many of the problems that bring into question the feasibility of this project. Their resolution is only within the province of the Government of India. Until these problems are recognized and forcefully addressed by India, the United States should not embark upon a project of this magnitude.

I believe that Congress should have an opportunity to express its approval on all projects for the construction of productive enterprises in which our contribution is more than \$100 million of the total cost. I shall offer on the floor of the House an amendment to this effect.

WILLIAM S. BROOMFIELD.

ADDITIONAL VIEWS OF HON. ROBERT R. BARRY

There has been a growing misconception that political conservatives are ipso facto opposed to foreign aid, whereas those who support foreign aid are necessarily liberals.

To most of those with the greatest experience in the program, foreign aid is a successful weapon of the cold war. Whereas we are continuously modernizing our military weapons, so too must we improve our capability in the aid program so that maximum security is obtained from each taxpayer's dollar.

The Nation should not be deprived of a most useful tool in combating communism in the great East-West struggle of our time.

ROBERT R. BARRY.

MINORITY VIEWS

Four months ago, in its report to the President of the United States, the Committee To Strengthen the Security of the Free World (the Clay Committee) offered this appraisal of our foreign aid program: *"We believe that we are indeed attempting too much for too many * * *."*

The evidence developed subsequently in the lengthy hearings before the Committee on Foreign Affairs lends full support to that appraisal. As we will show in this report, the foreign aid program assuredly attempts to do too much for too many—and too soon. Unfortunately, the bill accompanying this report does little if anything to correct this situation. The bill, it must be pointed out, contains a few long overdue constructive amendments adopted by the committee. Unfortunately, many others failed to win the committee's approval. Further, by proposing to authorize foreign aid spending at the current excessively high rates, it also compounds the problem singled out by the Clay Committee and can only add to the already considerable congressional and public disenchantment with the foreign aid program.

For this reason, we are compelled to oppose this legislation.

WE ARE ATTEMPTING TO DO TOO MUCH FOR TOO MANY

During the period since World War II, the United States has provided aid to approximately 110 countries and territories. Not all of them have received assistance simultaneously, or for an equal period of time. Five years ago, for instance, while foreign aid appropriations were running at a level comparable to that in fiscal 1963, U.S. military and/or economic assistance went to some 80 countries. Today, an estimated 95 countries and territories are benefiting from our largesse. And in the proposed program for fiscal 1964, the number of prospective recipients of our aid remains about the same.

It is obviously impossible for any country, no matter how rich or strong it may be at the start, to continue assistance indefinitely to most of the countries of the world. The growing size of our national debt and our dwindling gold reserves attest to the drain of our resources resulting from our heavy foreign and domestic commitments. While we admonish the beneficiaries of our largesse and require them, as a condition of our aid, to balance their budgets, to reduce their national debts, and to stop the outflow of gold, we do none of these things ourselves. It is time that America began to practice in her own economy what she preaches to those who receive her aid.

What is equally alarming is the fact that our diffuse aid effort, spread thinly over most of the globe, is not producing and cannot produce the desired results. As some of us have stated repeatedly in the past, we would do much better by sharpening our objectives, concentrating our efforts, and limiting our assistance to those nations whose self-discipline and will to reform provide a reasonable promise of constructive utilization of our help.

In this respect, we have been troubled by continuing evidence of lack of reasonable criteria in the selection of the recipients of our aid. U.S. economic and even military assistance has been provided simultaneously to countries on both sides of troublesome quarrels; to staunch allies, neutrals, and Communist-dominated countries alike; and, in such cases as those of British Guiana, Kenya, Jamaica, and Uganda, even to territories controlled by colonial powers *before* such territories were given their national independence. It is difficult to believe when one looks at the list of countries benefiting from American aid, that the dispensers of foreign assistance have exercised any appreciable degree of selectivity or prudence in making their decisions.

Apart from the issue of selectivity, it is becoming apparent that the volume of our aid may in certain cases exceed the capacity of the receiving countries to digest it properly. Some foreign aid funds, obligated as long as 5 years ago, still remain to be disbursed. The Executive practice of "overobligating" funds for particular programs, exposed by a number of the committee's staff studies, still persists with respect to some projects in Yugoslavia, Korea, Peru, and certain other countries. There is no justification for this practice and the law should be amended to provide for a systematic review of all obligations. Obligated funds against which no program has been developed or initiated within 2 or 3 years, should be deobligated and returned to the Treasury.

We also wish to point out that in some cases, i.e., India and Brazil, the volume of external debt is reaching a level at which the borrowers may find it difficult to meet the annual installments due on U.S. loans. In still other cases, soft loans extended to avoid hard decisions may very well prove to be grants in disguise.

There is perhaps no better measure of the excess in the flow of foreign aid, and of the loss of congressional control over this program, than the growing accumulation of unexpended balances from prior year appropriations. On June 30, 1960, this so-called pipeline, economic and military, amounted to \$4.8 billion. As of June 30, 1963, it rose to an estimated \$6.8 billion. When the \$4.1 billion recommended in this bill is added to this sum, the total which may be available for expenditure in fiscal 1964 reaches the astronomical figure of \$10.9 billion. A table showing, country by country, and program by program, the unexpended balances in the foreign economic aid program, follows (pp. 280-290 from hearings before the Committee on Foreign Affairs, Foreign Assistance Act of 1963):

AID pipeline—Economic assistance programs administered by AID and other agencies (including military assistance funds used for economic assistance programs)

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Development loans.....	1,823,815	2,043,399
Development grants.....	432,006	371,941
Alliance for Progress.....	791,843	986,808
Loans.....	275,960	498,814
Grants.....	83,087	119,798
Chile reconstruction and rehabilitation.....	48,796	13,796
IDB trust fund.....	384,000	354,400
Supporting assistance.....	661,868	602,324
International organizations.....	87,372	66,330
Other programs.....	-40,717	25,341
Total, economic assistance.....	3,756,187	4,096,143
Africa and Europe.....	454,719	485,795
Near East and south Asia.....	1,682,134	1,802,956
Far East.....	698,842	697,530
Latin America.....	848,245	1,067,089
Nonregional.....	72,247	129,991
Adjustment ¹		-87,218
Total.....	3,756,187	4,096,143

¹ Includes estimated receipts and recoveries not distributed by region.

AID pipeline—European countries

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Berlin: Supporting assistance.....	905	205
Iceland: Supporting assistance.....	1,798	298
Poland: Other assistance.....	1,668	2,468
Spain:		
Development loans.....	6,000	4,000
Development grants.....	253	53
Supporting assistance.....	21,508	10,508
Total, Spain.....	27,761	14,561
Yugoslavia:		
Development loans.....	38,493	16,493
Development grants.....	3,978	1,817
Supporting assistance.....	941	341
Total, Yugoslavia.....	43,412	18,651
European technical exchange: Development grants.....	56	46
Summary, Europe:		
Development loans.....	44,493	20,493
Development grants.....	4,287	1,916
Supporting assistance.....	25,152	11,352
Other assistance.....	1,668	2,468
Total, Europe.....	75,600	36,229

AID pipeline—African countries

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Algeria:		
Development grants.....		900
Supporting assistance.....	232	632
Total, Algeria.....	232	1,532
Congo (Léopoldville):		
Development grants.....	4,057	4,476
Supporting assistance.....		15,095
Total, Congo.....	4,057	19,571
U.N. Congo: Contributions to international organizations.....	¹ (10,177)	
Ethiopia:		
Development loans.....	18,389	8,389
Development grants.....	7,575	6,833
Supporting assistance.....	968	268
Total, Ethiopia.....	26,932	15,490
Ghana:		
Development loans.....	82,000	82,500
Development grants.....	2,004	2,534
Total, Ghana.....	84,004	85,034
Guinea:		
Development loans.....		2,100
Development grants.....	2,736	3,470
Supporting assistance.....	3,865	6,965
Total, Guinea.....	6,601	12,535
Kenya:		
Development loans.....		2,200
Development grants.....	2,332	3,502
Supporting assistance.....		
Total, Kenya.....	2,332	5,702
Liberia:		
Development loans.....	2,876	36,576
Development grants.....	13,789	13,674
Total, Liberia.....	16,665	50,250
Libya:		
Development loans.....	480	80
Development grants.....	785	1,305
Supporting assistance.....	6,620	620
Total, Libya.....	7,885	2,005
Mali:		
Development loans.....		1,800
Development grants.....	57	635
Supporting assistance.....	2,419	1,549
Total, Mali.....	2,476	3,984
Morocco:		
Development loans.....	22,500	15,500
Development grants.....	1,303	1,207
Supporting assistance.....	36,568	28,068
Total, Morocco.....	60,371	44,775
Nigeria:		
Development loans.....	107	23,207
Development grants.....	25,496	30,096
Total, Nigeria.....	25,603	53,303
Rhodesia and Nyasaland, Federation of: Development grants.....	2,832	4,264
Sierra Leone: Development grants.....	1,782	2,481

See footnote at end of table, p. 128.

AID pipeline—African countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Somali, Republic:		
Development loans.....	1,919	5,319
Development grants.....	10,527	8,127
Supporting assistance.....	31	
Total, Somali Republic.....	12,477	13,446
Sudan:		
Development loans.....	2,339	5,739
Development grants.....	12,863	9,752
Supporting assistance.....	18	
Total, Sudan.....	15,220	15,491
Tanganyika:		
Development loans.....	1,584	10,784
Development grants.....	2,114	3,479
Supporting assistance.....	205	
Total, Tanganyika.....	3,903	14,263
Tunisia:		
Development loans.....	46,095	58,795
Development grants.....	9,362	7,049
Supporting assistance.....	10,697	12,810
Total, Tunisia.....	66,154	78,654
Uganda:		
Development loans.....		2,000
Development grants.....	3,584	2,574
Total, Uganda.....	3,584	4,574
Zanzibar: Development grants.....	55	24
Ex-French Metropole (UAM): Development loans.....		
Burundi: Development grants.....		35
Cameroon:		
Development loans.....	9,200	9,200
Development grants.....	506	231
Supporting assistance.....	4,135	2,235
Total, Cameroon.....	13,841	11,666
Central African Republic: Development grants.....	230	391
Chad: Development grants.....	312	902
Congo (Brazzaville): Development grants.....	1,182	447
Dahomey: Development grants.....	872	1,122
Gabon: Development grants.....	395	461
Ivory Coast:		
Development loans.....		3,000
Development grants.....	1,862	2,582
Total, Ivory Coast.....	1,862	5,582
Malagasy Republic: Development grants.....	978	808
Mauritania:		
Development grants.....	7	197
Supporting assistance.....		4
Total, Mauritania.....	7	201
Niger:		
Development loans.....		500
Development grants.....	1,561	1,734
Total, Niger.....	1,561	2,234
Rwanda: Development grants.....		10
Senegal: Development grants.....	3,050	3,555
Togo:		
Development grants.....	1,313	1,513
Supporting assistance.....	300	
Total, Togo.....	1,613	1,513
Upper Volta: Development grants.....	1,635	2,050
Programming adjustment: Development loans.....		-20,500
Regional: Development grants.....	8,366	11,711

See footnote at end of table, p. 128.

AID pipeline—African countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Africa summary:		
Development loans.....	187,489	247,189
Development grants.....	125,572	134,131
Supporting assistance.....	66,058	68,246
Total, Africa.....	379,119	449,566

¹ Included in nonregional total.*AID pipeline—Near East and South Asia countries*

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Afghanistan:		
Development loans.....		2,400
Development grants.....	14,668	20,768
Supporting assistance.....	44,761	39,761
Total, Afghanistan.....	59,429	62,929
Ceylon:		
Development loans.....	3,236	3,136
Development grants.....	1,594	924
Total, Ceylon.....	4,830	4,060
Cyprus:		
Development loans.....		1,900
Development grants.....	662	1,062
Total, Cyprus.....	662	2,962
Greece:		
Development loans.....	41,052	73,552
Development grants.....	287	87
Supporting assistance.....	25,392	15,392
Total, Greece.....	66,731	89,031
India:		
Development loans.....	720,836	824,336
Development grants.....	28,918	19,368
Total, India.....	749,754	843,704
Iran:		
Development loans.....	18,405	28,405
Development grants.....	5,877	3,177
Supporting assistance.....	1,976	1,072
Total, Iran.....	26,258	32,654
Iraq: Development grants.....	1,314	1,414
Israel:		
Development loans.....	53,641	73,641
Development grants.....	557	57
Supporting assistance.....		
Total, Israel.....	54,198	73,698
Jordan:		
Development loans.....	824	
Development grants.....	9,753	7,753
Supporting assistance.....	55	
Total, Jordan.....	10,632	7,753

AID pipeline—Near East and South Asia countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Lebanon:		
Development loans.....	2,890	2,090
Development grants.....	1,328	478
Total, Lebanon.....	4,218	2,568
Nepal:		
Development loans.....	400	
Development grants.....	5,689	4,989
Total, Nepal.....	6,089	4,989
Pakistan:		
Development loans.....	301,984	368,984
Development grants.....	12,471	13,221
Supporting assistance.....	40,523	5,523
Total, Pakistan.....	354,978	387,728
Saudi Arabia: Supporting assistance.....	242	
Syria:		
Development loans.....	22,199	19,499
Development grants.....	114	234
Supporting assistance.....	9,000	7,517
Total, Syria.....	31,313	27,250
Turkey:		
Development loans.....	155,650	145,650
Development grants.....	7,267	7,317
Supporting assistance.....	44,404	56,404
Total, Turkey.....	207,321	209,371
United Arab Republic:		
Development loans.....	29,961	58,461
Development grants.....	4,352	4,152
Supporting assistance.....	20,000	25,000
Total, United Arab Republic.....	54,313	87,613
Yemen: Supporting assistance.....	5,615	4,515
CENTO:		
Development grants.....	60	110
Supporting assistance.....	19,122	6,562
Total, CENTO.....	19,182	6,672
Programing adjustment: Development loans.....		-65,000
Regional:		
Development loans.....	19,290	16,020
Development grants.....	5,765	3,025
Supporting assistance.....		
Total, regional.....	25,055	19,045
Near East and south Asia summary:		
Development loans.....	1,351,078	1,537,054
Development grants.....	114,201	101,131
Supporting assistance.....	216,855	164,771
Total, Near East and south Asia.....	1,682,134	1,802,956

AID pipeline—Far East countries

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Burma:		
Development grants.....	11,248	9,548
Supporting assistance.....	96	10,096
Total, Burma.....	11,344	19,644
Cambodia:		
Development grants.....	15,970	15,970
Supporting assistance.....	20,699	21,099
Total, Cambodia.....	36,669	37,069
China:		
Development loans.....	96,524	117,024
Development grants.....	10,133	6,133
Supporting assistance.....	1,674	
Total, China.....	108,331	123,157
Indonesia:		
Development loans.....	6,106	16,706
Development grants.....	25,680	21,880
Supporting assistance.....	5,487	13,387
Total, Indonesia.....	37,273	51,973
Japan:		
Development grants.....	421	
Supporting assistance.....	124	
Total, Japan.....	545	
Korea:		
Development loans.....	44,058	67,058
Development grants.....	44,458	28,158
Supporting assistance.....	113,733	97,630
Total, Korea.....	202,249	192,846
Laos:		
Development grants.....	261	
Supporting assistance.....	20,152	38,452
Total, Laos.....	20,413	38,452
Malaya: Development loans.....	13,539	5,939
Philippines:		
Development loans.....	20,959	31,959
Development grants.....	6,686	4,681
Supporting assistance.....	752	
Total, Philippines.....	28,397	36,640
Thailand:		
Development loans.....	20,472	17,872
Development grants.....	14,711	11,461
Supporting assistance.....	17,949	10,249
Total, Thailand.....	53,132	39,582
Vietnam:		
Development loans.....	39,097	34,697
Development grants.....	30,171	18,921
Supporting assistance.....	102,016	117,416
Total, Vietnam.....	171,284	171,034
Western Samoa: Supporting assistance.....	22	
Asian Productivity Organization: Development grants.....	211	261
SEATO: Development grants.....	2,194	1,744
Regional:		
Development grants.....	436	986
Supporting assistance.....	12,803	5,803
Total, regional.....	13,239	6,789
Programing adjustment: Development loans.....		-27,600
Far East summary:		
Development loans.....	240,755	263,655
Development grants.....	162,580	119,743
Supporting assistance.....	295,507	314,132
Total, Far East.....	698,842	697,530

AID pipeline—Latin American countries

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Argentina: Alliance for Progress.....	28,378	79,478
Loans.....	26,000	76,700
Grants.....	2,378	2,778
Bolivia:	16,278	27,685
Alliance for Progress.....	12,238	20,738
Loans.....	4,040	6,947
Grants.....		
Supporting assistance.....	18,768	12,168
Total, Bolivia.....	35,046	39,853
Brazil: Alliance for Progress.....	13,389	137,094
Loans.....		109,800
Grants.....	13,389	27,294
Chile:	109,889	81,197
Alliance for Progress.....	58,897	63,897
Loans.....	2,196	3,504
Grants.....	48,796	13,796
Reconstruction and rehabilitation.....		
Supporting assistance.....	948	904
Total, Chile.....	110,837	82,101
Colombia:	29,315	75,377
Alliance for Progress.....	21,758	68,758
Loans.....	7,557	6,619
Grants.....		
Supporting assistance.....		
Total, Colombia.....	29,315	75,377
Costa Rica: Alliance for Progress.....	8,933	14,033
Loans.....	6,825	12,425
Grants.....	2,108	1,608
Dominican Republic:	910	3,961
Alliance for Progress.....		1,900
Loans.....	910	2,061
Grants.....		
Supporting assistance.....	13,500	25,250
Total, Dominican Republic.....	14,410	29,211
Ecuador:	21,478	26,492
Alliance for Progress.....	14,378	19,678
Loans.....	7,100	6,814
Grants.....		
Supporting assistance.....		2,000
Total, Ecuador.....	21,478	28,492
El Salvador: Alliance for Progress.....	4,406	12,706
Loans.....	1,600	9,100
Grants.....	2,806	3,606
Guatemala:	15,888	17,855
Alliance for Progress.....	11,896	14,096
Loans.....	3,992	3,759
Grants.....		
Supporting assistance.....		
Total, Guatemala.....	15,888	17,855

AID pipeline—Latin American countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Haiti:		
Alliance for Progress.....	829	183
Loans.....	546	
Grants.....	283	183
Supporting assistance.....	5,536	8,323
Total, Haiti.....	6,365	8,506
Honduras:		
Alliance for Progress.....	5,480	5,530
Loans.....	3,706	2,106
Grants.....	1,774	3,424
Supporting assistance.....	785	485
Total, Honduras.....	6,265	6,015
Mexico: Alliance for Progress.....	20,827	28,627
Loans.....	20,000	28,000
Grants.....	827	627
Nicaragua: Alliance for Progress.....	11,154	9,454
Loans.....	9,432	7,332
Grants.....	1,722	2,122
Panama:		
Alliance for Progress.....	9,128	18,028
Loans.....	6,665	15,165
Grants.....	2,463	2,863
Supporting assistance.....	9,298	7,298
Total, Panama.....	18,426	25,326
Paraguay: Alliance for Progress.....	9,246	5,978
Loans.....	7,949	3,949
Grants.....	1,297	2,029
Peru:		
Alliance for Progress.....	51,050	46,009
Loans.....	41,990	36,990
Grants.....	9,060	9,019
Supporting assistance.....	5,518	4,018
Total, Peru.....	56,568	50,027
Uruguay: Alliance for Progress.....	3,110	9,050
Loans.....	2,810	7,310
Grants.....	300	1,740
Venezuela:		
Alliance for Progress.....	25,097	48,424
Loans.....	24,270	46,270
Grants.....	827	2,154
Supporting assistance.....		
Total, Venezuela.....	25,097	48,424
British Guiana: Alliance for Progress, grants.....	1,372	1,672
British Honduras:		
Alliance for Progress, grants.....	171	121
Supporting assistance, nonproject.....	45	
Total, British Honduras.....	216	121

AID pipeline—Latin American countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Trinidad-Tobago:		
Alliance for Progress, grants.....		600
Supporting assistance, project.....		9,092
Total, Trinidad.....		9,692
East Caribbean:		
Alliance for Progress, grants.....	2,800	1,200
Supporting assistance.....	2,004	1,849
Total, East Caribbean.....	4,084	3,049
Jamaica: Alliance for Progress.....	970	5,420
Loans.....		4,500
Grants.....	970	920
Surinam: Alliance for Progress, grants.....	218	418
Contribution to PAHO: Alliance for Progress, grants.....	2,000	1,800
Contributions to OAS: Alliance for Progress, grants.....	7,701	6,081
IDB Trust Fund: Alliance for Progress.....	384,000	354,400
Regional: Alliance for Progress.....	7,826	15,629
Loans.....	5,000	5,000
Grants.....	2,826	10,629
ROCAP: Alliance for Progress.....		8,900
Loans.....		4,000
Grants.....		4,900
Programming adjustment: Alliance for Progress, loans.....		-47,700
Latin America summary:		
Alliance for Progress.....	791,843	995,702
Loans.....	275,960	510,014
Grants.....	83,087	117,492
Chile reconstruction and rehabilitation.....	48,796	13,796
IDB Trust Fund.....	384,000	354,400
Supporting assistance.....	56,402	71,387
Total, Latin America.....	848,245	1,067,089

AID pipeline—Nonregional

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
U.N. technical assistance: International organizations.....	37,480	48,780
Indus waters: International organizations.....	14,500	
U.N. Congo: International organizations.....	10,177	
U.N. Children's Fund: International organizations.....	13,943	6,000
NATO science: International organizations.....	103	
U.N. Relief and Works Agency: International organizations.....	7,573	10,200
Atoms for peace:		
Development grants.....	5,105	2,584
International organizations.....	650	600
Total, atoms for peace.....	5,755	3,184
Malaria eradication:		
Development grants.....	122	22
International organizations.....	2,500	500
Total, malaria eradication.....	2,622	522

AID pipeline—Nonregional—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations, June 30, 1962	Estimated unexpended balance, June 30, 1963
Community water supply:		
Development grants.....	220	
International organizations.....	400	250
Total, community water supply.....	620	250
American schools abroad: Other programs.....	12,514	12,214
Investment incentive: Development grants.....	931	481
Investment survey: Other assistance.....	2	400
NATO civilian headquarters: International organizations.....	46	
Intergovernmental Committee for European Migration: Other assistance.....	8	
U.N. High Commissioner for Refugees: Other assistance.....	710	
U.S. escapee program: Other assistance.....	3,238	2,238
Hungarian refugees: Other assistance.....	30	
World refugee airlift: Other assistance.....	226	
Cuban refugee airlift: Other assistance.....	167	
Cuban refugees: Other assistance.....	2,687	15
Law conference: Supporting assistance.....	100	50
Office of Inspector General:		
Development loans.....		
Development grants.....		
Supporting assistance.....		
Alliance for Progress.....		
Total.....		
Worldwide school facilities: Development grants.....	58	64
American national exhibition in Moscow: Other assistance.....	1	
Project Hope:		
Supporting assistance.....	1,344	472
Alliance for Progress.....		500
Total, Project Hope.....	1,344	972
Ocean freight—Voluntary relief:		
Development grants.....	308	1,630
Alliance for Progress.....		370
Total, ocean freight.....	308	2,000
Disaster relief: Supporting assistance.....	63	60
Freight differentials: Supporting assistance.....	387	287
Foreign scientists: Development grants.....	654	304
Research:		
Development grants.....	8,351	9,361
Alliance for Progress.....		1,100
Total, research.....	8,351	10,461
Interregional:		
Development grants.....	9,617	12,563
Supporting assistance.....		154
Alliance for Progress.....		2,433
Total, interregional.....	9,617	15,150
Undistributed: Other assistance.....	-72,945	-68,945
Administrative expenses, AID: Other assistance.....	10,920	10,210
Administrative expenses, State: Other assistance.....	57	201
Organization of American States: International organizations.....		
Unprogramed contingency.....		74,893
Nonregional summary:		
International organizations.....	87,372	66,330
Development loans.....		
Development grants.....	25,366	27,009
Supporting assistance.....	1,894	1,023
Other assistance.....	-42,385	31,226
Alliance for Progress.....		4,403
Total, nonregional.....	72,247	129,991

The figures in the above table speak for themselves. They lend full support to the conclusion that the \$4.1 billion authorization proposed in the bill is excessive. A \$2.9 billion authorization recommended by the American Farm Bureau Federation is much more realistic and the Bureau should be commended for its soundly conceived presentation.

It is frustrating for the minority to see, year after year, the Committee on Foreign Affairs authorize foreign aid expenditures which are far in excess both of the actual needs of a soundly executed program and of funds eventually appropriated by the Congress. This practice diminishes the credibility of the committee's recommendations and contributes to administrative abuses.

EXCESSIVE VOLUME OF AID ENCOURAGES POOR ADMINISTRATIVE PRACTICES

It is apparent from testimony presented during the hearings on this legislation that the difficulty in handling the large volume of foreign aid leads to many poor administrative practices. In some instances, the committee found that funds hastily obligated for particular projects were subsequently diverted to other uses when the projects did not materialize. This practice circumvents congressional control over the direction of the aid program and should be terminated immediately. All deobligated funds should revert to the Treasury. In some countries, the Agency for International Development (AID) has been unable to provide proper supervision over aid projects. Instances of poor project management, of funds lying idle, of unnecessary expenditures, abound in the history of the aid program. The legislative framework of the program suffers from the demands imposed upon the overseeing congressional committees by the vastness of this undertaking. The fact that the Inspector General for Foreign Aid to date has no legal authority to review and inspect projects financed out of the Social Progress Trust Fund—through which instrumentality more than \$384 million in aid has been obligated in less than 2 years' time—is a case in point.

Another problem that has troubled us relates to AID personnel policies. In spite of personnel "freezes", "reorganizations", and other administrative "reforms", the number and the cost of personnel involved in the administration of foreign aid continue to mount. As of June 30, 1963, an estimated 42,500 persons were employed or participating in the foreign aid program. These were divided, almost evenly, between the military and the economic portions of the program. Of the total mentioned above, only about 17,000 were direct-hire personnel financed from AID and military assistance funds. The remainder were employees of contractors receiving AID funds, personnel financed from trust funds, personnel paid from Defense Department appropriations, and the like.

The true extent of foreign aid personnel costs is obscured by the diversity of sources from which these people are paid—and especially by AID practice of charging some employees to program costs. The average cost of AID administrative personnel in Washington is approximately \$13,000 per year per person. The average cost of maintaining a direct-hire AID technician abroad, \$34,000. And the cost of contract technicians in some cases has exceeded \$50,000 per man-year.

The current practice of expanding "contract foreign aid"—e.g., technical and other assistance provided by private concerns under contract to AID—is particularly troublesome and raises some serious questions. Because of its magnitude and the manner in which it operates, contract foreign aid is becoming impossible to supervise effectively and to evaluate properly. As of March 31, 1963, the volume of this aid was in excess of \$439 million. If contract foreign aid is to be used in the future, current policies governing such aid cannot be allowed to continue. The cost of contract technicians and specialists must be substantially reduced. The dollar volume of contracts awarded to private firms and institutions must be rigidly controlled. And the implementation of all contracts must be subjected to full and thorough supervision.

OTHER OBJECTIONABLE EXECUTIVE BRANCH PRACTICES

Certain other objectionable practices of the executive branch warrant mention at this point. These include entering into long-term aid commitments without prior congressional authorization and the misuse of the contingency fund.

For many years, ignoring repeated congressional objections, the executive branch has followed the practice of making long-term aid commitments without prior congressional authorization. Recently, an agreement to provide \$398.5 million in aid to Brazil—some of it from future year authorizations and appropriations for the foreign aid program—received considerable publicity. Another case in point is the Bokaro steel mill in India. It may be correct to state that the United States has made no commitment to build this mill. But the fact is that AID has financed a basic study by an American steel company, provided personnel for a followup on technical details, and the President has expressed endorsement of the proposed project. All of these steps were undertaken before the Congress had an opportunity to study the magnitude and the feasibility of the Bokaro steel mill. Under the circumstances, it is difficult to say that we are uncommitted to this project. And, finally, at the very time when the Committee on Foreign Affairs was considering this bill, the executive branch was already involved in making commitments to other countries in connection with future aid to Indonesia.

In these and other cases, once the commitment is made by the executive branch, the argument is advanced that the Congress cannot fail to provide the necessary authorization and funds without breaking faith with foreign countries and causing our Nation irreparable harm abroad. We consider this a specious argument. With the exception of long-term programs specifically authorized by the Congress, no funds should be provided for any long-term aid commitment entered into by the executive branch. Some of the amendments embodied in this bill, such as the long overdue amendment relating to aid to Indonesia, are designed to enforce this principle.

To reemphasize: The Congress should not debate this legislation handcuffed to executive commitments. The Congress must insist on independence of action and on meaningful sharing of authority in this program. Unless this is done, the legislative process will become a mockery and the Congress will become a rubber stamp of the Executive.

The use of the contingency fund for purposes not even remotely related to emergency situations is also to be condemned. The contingency fund has been used to finance a variety of projects not included in the regular budget—to purchase independence day gifts for foreign countries, to finance United Nations operations in the Congo, to bail out financially irresponsible dictators, and to pay for a road project in Afghanistan which had been a part of the regular program for several years. Even more shocking are some executive practices relating to the obligation of unspent contingency fund appropriations. Out of the \$293 million in contingency fund appropriations used in fiscal 1962, \$87.9 million, or 30 percent, was obligated during the last month of the year—\$49 million of it on the very last day. While the executive branch is to be commended this year for turning back to the Treasury some of the funds appropriated for the contingency fund, we believe that the practices described above should be abandoned promptly. The contingency fund was intended for emergency situations and should be used accordingly.

There is still another executive branch practice which we find extremely objectionable—the practice of permitting the use of our aid to create or to expand competition by recipient governments with private enterprise. Several provisions of the Foreign Assistance Act caution against such use of funds appropriated for this program. Nevertheless, some instances have been called to our attention in which U.S. aid has been so employed, even to the extent of fostering competition by recipient governments with resident business of American-owned companies. In one case, U.S. aid was provided to a foreign government-owned corporation interested in establishing a long-distance communications service. The government-owned entity then proceeded to induce the appropriate ministry to deny the application of a private communications company to perform the same service with equipment already on order. This, of course, resulted in the cancellation of the order placed by the private company, and in the use of AID funds to meet needs which could have been satisfied by private industry. Under no circumstances should U.S. aid be used, either directly or indirectly, for such purposes.

AID AND TRADE WITH RED GOVERNMENTS

One of the tragic errors of our foreign policy since 1949 has been the direct aid provided through this program to countries with Communist governments. We refer specifically to Yugoslavia and Poland, whose peoples are staunchly anti-Communist. The Communist governments in these countries were placed in control in the closing period of World War II as a result of the Yalta and the Potsdam agreements. The peoples of Yugoslavia and Poland were thereby deprived of the right to self-determination, and their legitimate prewar officials were driven out by the Communist forces. U.S. diplomacy condoned these actions.

The Communist dictators of Yugoslavia since 1949 and of Poland since 1957, have been receiving aid by fraudulently claiming that they are independent of the international Communist conspiracy. The executive branch, under three Presidents, has claimed that direct aid to Yugoslavia and Poland was necessary to wean them away from Moscow's control. The facts are that aid to a Communist-dominated

government merely serves to perpetuate its insidious control over the people and does not provide for their material or political well-being.

We discuss this subject in these minority views since, despite a direct prohibition by the Congress against aid to Communist countries, we are fearful that the executive branch intends not only to restore direct aid to Yugoslavia and Poland, but hopes to extend it to other Communist countries as well.

To compound the tragedy of using American tax dollars to support brutal Communist dictatorships, we find the present administration determined to ignore the provisions of the 1962 Trade Expansion Act by refusing to withdraw the "most favored nation" tariff status from Yugoslavia and Poland. In 1962, section 231 of the Trade Expansion Act directed the President to revoke, *as soon as practicable*, the "most favored nation" treatment and other trade concessions accorded to these two Red-dominated countries. The executive branch has chosen deliberately to disregard this section of the Trade Act which should be respected and administered as the law of the land.

To compound further this tragic error and dubious policy, the executive branch attempted to repeal this provision in the original draft of this year's foreign aid bill recommended by it to the Committee on Foreign Affairs. However, as a direct result of an objection from the chairman and members of the House Committee on Ways and Means, and in recognition of the strong opposition within our committee, this attempt to repeal section 231 has been temporarily abandoned.

We must direct attention, however, to the fact that the foreign aid bill being processed in the other body may well contain repeal of section 231 of the Trade Expansion Act. It is our intention to guard against this possibility in the Conference Committee which will ultimately resolve the differences between the two authorization bills.

If the argument for the huge foreign aid expenditures is still based on halting the spread of communism, it is completely contradictory to extend any aid, direct or indirect, or to provide beneficial trade advantages, to Communist governments. It must be recognized that a Communist government exports to the United States items of which its own people are deprived. In turn, they import from the United States materials needed to expand Communist productive resources in direct cooperation with the Soviet economic bloc. When applied to trade relations with a Communist government, free trade is actually a fiction.

The oppressed peoples of Red-dominated lands do not benefit from our mistaken policies. We repeat that aid and favorable trade conditions extended to Communist governments serve to strengthen those governments and help them keep those people in bondage. This is a direct contradiction of our historic support of the principle of self-determination of peoples, and an affront to the intelligence of the American taxpayer.

A THOROUGH REVIEW OF THE MILITARY ASSISTANCE PROGRAM IS LONG OVERDUE

Military assistance has long accounted for a substantial portion of foreign aid expenditures. We are of the opinion that recent developments in Europe and in other parts of the world render imperative a

thorough and dispassionate reappraisal of this program. We further believe that the issues raised by the Clay Committee provide a logical starting point for such a review.

As pointed out by the Clay Committee and other observers, our military assistance has been used for a variety of purposes—not all of them equally compelling. Military assistance funds have helped to finance national military establishments in prosperous Western Europe, and to promote military buildups in some of the developing countries. They have been used to support excessively large armies in some countries, and to prop up undemocratic regimes in others. Continued expenditure of public funds for each of these purposes is open to question. But over and above these considerations, one basic issue demands our attention. Are the objectives of the military assistance program realistic, and is its magnitude justified by the contributions of our allies to our common, collective security? The answer to these questions lies at the heart of the security problem confronting the free world.

It is no secret that our plans for a collective defense system within the North Atlantic community—a system which could enhance the security of other parts of the world as well—have suffered some severe setbacks in recent times. For over 15 years, while Western Europe proceeded with the task of reconstruction, the United States—working with and through NATO—shouldered the primary responsibility for the security of the free world. That task—and *that primary mission of NATO*—have been accomplished. Western Europe stands today on its own feet economically. It is fully capable of contributing a fair share to the common defense. What seems to be lacking on the part of our allies, however, is the willingness to discharge that responsibility within the framework of an acceptable collective security system.

NATO does not constitute such a system. The integrated supply system which we have worked hard to achieve has not gotten off the ground. Military contributions of many of the member countries have failed to measure up to NATO requirements and goals. Most of the allied forces “earmarked” for NATO are not actually under the control of that organization but remain under the control of individual member nations. The control over NATO military decisions in time of emergency rests with the North Atlantic Council (also referred to as Council of Ministers) within which any single member can make prompt and decisive action impossible. NATO does not at present provide, as anticipated, a satisfactory instrument of collective security.

We believe that the continuation of the current policy under which the United States still provides for most of the security requirements of Western Europe—and of other areas—should be subject to closer scrutiny. Our prosperous allies should take concrete steps to assume a larger portion of the burdens of free world defense. Until they do, we ought to be less liberal with our assistance.

CONCLUSIONS

The contribution which the foreign aid program, as currently administered, makes to our national interest and security is discouragingly low in relation to its multi-billion-dollar cost.

As we have pointed out, there is no selectivity in the dispensing of our aid. The taxpayers’ dollars are handed out through a multi-

plicity of "banking windows" to virtually every country in the world.

Administrative abuses and excesses still abound in spite of repeated congressional efforts to curb them.

Executive commitments handcuff the Congress in the exercise of its legislative responsibilities, making effective congressional control over this program impossible.

Under these circumstances, we believe it is imperative that the Congress face up squarely to these basic questions:

Can the United States, with a combined public and private debt of \$1,700 billion, continue to try to police and wet-nurse the whole world?

Should the United States continue to spend billions on foreign aid when the recipients of our assistance—the rich and the poor alike—appear so little concerned about helping themselves and helping each other?

In our opinion, the answer to both of these questions is "No."

We believe it is high time for the Congress to pause and take a hard, realistic look at this entire program. We must put away the carrot and lay the facts of life before our allies. We must enunciate specific objectives which are within our means to achieve through foreign aid. And we must concentrate and sharpen our effort to secure those objectives.

Most of all, we must not fool ourselves that the bill accompanying this report will accomplish any of these long overdue reforms.

In the public interest, this is the course which we should follow. Until we do, the public interest demands that this legislation be defeated.

To sum up—

The aid program must be completely revised.

The aid program must be brought, in all its financial aspects, under the unfettered control of the Congress.

The aid program must be limited to the actual amount which the recipient countries can absorb effectively, and deobligated funds must immediately revert to the Treasury.

The aid program must be withheld from countries which use it for the purpose of territorial expansion.

The aid program must have stricter administrative supervision, and all "featherbedding" practices must be terminated.

The aid program must require specific congressional authorization for each project exceeding \$50 million.

The aid program must be limited exclusively to non-Communist countries.

The aid program must contain stronger safeguards to prohibit the use of our aid to finance government-owned productive facilities which compete with private enterprise in the recipient countries.

E. ROSS ADAIR.

E. Y. BERRY.

JAMES F. BATTIN.

H. R. GROSS.

EDWARD J. DERWINSKI.

VERNON W. THOMSON.

88TH CONGRESS
1ST SESSION

H. R. 7885

[Report No. 646]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 1963

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

AUGUST 8, 1963

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1963".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Chapter 1 of part I of the Foreign Assistance
8 Act of 1961, as amended, is hereby redesignated "POLICY"
9 and section 101, which relates to short title, is hereby
10 deleted.

11 SEC. 102. Section 102 of the Foreign Assistance Act of

1 1961, as amended, which relates to statement of policy, is
2 amended as follows:

3 (a) In the last sentence of the seventh paragraph, strike
4 out "should emphasize long-range development assistance"
5 and insert in lieu thereof "shall emphasize long-range de-
6 velopment assistance".

7 (b) Immediately after the seventh paragraph, insert the
8 following:

9 "The Congress further declares that, in order to assure
10 that each program of assistance under this part is admin-
11 istered in such a manner as will most effectively carry out
12 the policies stated in this section, each request for authoriza-
13 tion of funds for such program shall be accompanied by a
14 detailed statement setting forth—

15 " (1) the purposes of such program,

16 " (2) the specific objectives of such program, and

17 " (3) the priorities assigned to such purposes and
18 objectives,

19 which will be adhered to in the administration of such
20 program."

21 (c) The eighth paragraph is amended to read as fol-
22 lows:

23 "It is the sense of the Congress that in the administra-
24 tion of these funds great attention and consideration should
25 be given to those countries which share the view of the United

1 States on the world crisis and which do not, as a result of
2 United States assistance, divert their own economic resources
3 to military or propaganda efforts directed against the United
4 States or against other countries receiving aid under this
5 Act, whether or not such efforts are supported by the Soviet
6 Union or Communist China.”

7 (d) Immediately after the tenth paragraph insert the
8 following:

9 “It is the sense of the Congress that, in the administra-
10 tion of programs of assistance under chapter 2 of this part,
11 every possible precaution should be taken to assure that such
12 assistance is not diverted to short-term emergency purposes
13 (such as budgetary purposes, balance-of-payments purposes,
14 or military purposes) or any other purpose not essential to
15 the long-range economic development of recipient countries.
16 It is further the sense of the Congress that short-term emer-
17 gency purposes such as those referred to in the preceding
18 sentence should be met, to the extent possible, through inter-
19 national institutions (such as the International Monetary
20 Fund) which are equipped to condition assistance on im-
21 mediate economic and monetary reform.”

22 (e) The first sentence of the last paragraph is amended
23 by inserting “(including private enterprise within such
24 countries)” immediately after “countries”.

25 (f) Immediately after the first sentence of the last para-

1 graph insert the following new sentence: "In particular, the
 2 Congress urges that other industrialized free-world countries
 3 increase their contributions and improve the forms and terms
 4 of their assistance so that the burden of the common undertak-
 5 ing, which is for the benefit of all, shall be equitably borne
 6 by all."

7 CHAPTER 2—DEVELOPMENT ASSISTANCE

8 TITLE I—DEVELOPMENT LOAN FUND

9 SEC. 103. The second sentence of section 201 (b) of
 10 the Foreign Assistance Act of 1961, as amended, which
 11 relates to considerations to be taken into account in making
 12 loans from the development loan fund, is amended as
 13 follows:

14 (a) Strike out clauses (1) and (2) and insert in lieu
 15 thereof the following: "(1) whether financing could be ob-
 16 tained in whole or in part from other free-world sources on
 17 reasonable terms, including private sources within the United
 18 States, (2) the economic and technical soundness of the
 19 activity to be financed, including the capacity of the recipient
 20 country to repay the loan at a reasonable rate of interest,".

21 (b) Strike out "and" at the end of clause (5).

22 (c) Insert immediately before the period at the end of
 23 such second sentence the following: ", and (7) the economic
 24 development plans of the requesting country, which plans
 25 should specifically provide for appropriate participation by

1 private enterprise and include an analysis of current human
2 and material resources, together with a projection of the
3 ultimate objectives of the plans with respect to the overall
4 economic development of such country”.

5 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
6 COOPERATION

7 SEC. 104. Title II of chapter 2 of part I of the Foreign
8 Assistance Act of 1961, as amended, which relates
9 to development grants and technical cooperation, is amended
10 as follows:

11 (a) Section 211 (a), which relates to general authority,
12 is amended—

13 (1) by striking out “and” at the end of clause (5)
14 contained in the second sentence thereof; and

15 (2) by inserting immediately before the period at
16 the end of the second sentence the following: “, and (7)
17 whether such activity could be financed through a de-
18 velopment loan available under title I of this chapter”.

19 (b) In section 212, which relates to authorization,
20 strike out “1963” and “\$300,000,000” and substitute
21 “1964” and “\$217,000,000”, respectively.

22 (c) Amend section 214, which relates to American
23 schools and hospitals abroad, as follows:

24 (1) In subsection (a) strike out “use, in addition
25 to other funds available for such purposes, funds made

1 available for the purposes of section 211 for” and sub-
2 stitute the word “furnish”.

3 (2) In subsection (b) strike out “to use” and “for-
4 foreign currencies accruing to the United States Govern-
5 ment under any Act, for purposes of subsection (a)
6 of this section and for” and substitute “to furnish” be-
7 fore the word “assistance”.

8 (3) Add the following new subsection:

9 “(c) There is hereby authorized to be appropriated to
10 the President for the purposes of this section, for the fiscal
11 year 1964, \$12,000,000, to remain available until expended.
12 Of the sums authorized to be appropriated under this sub-
13 section, not to exceed \$2,200,000 shall be available for
14 direct dollar costs in carrying out subsection (b) and
15 \$2,000,000 shall be available solely for the purchase of
16 foreign currencies accruing to the United States Government
17 under any Act.”

18 TITLE III—INVESTMENT GUARANTIES

19 SEC. 105. Title III of chapter 2 of part I of the Foreign
20 Assistance Act of 1961, as amended, which relates to
21 investment guaranties, is amended as follows:

22 (a) Amend section 221 (b), which relates to general
23 authority, as follows:

24 (1) In the first sentence after “wholly owned” in-
25 sert “(determined without regard to any shares, in

1 aggregate less than 5 per centum of the total of issued
2 and subscribed share capital, required by law to be held
3 by persons other than the parent corporation) ”.

4 (2) In paragraph (1) strike out “\$1,300,000,000”
5 in the proviso and substitute “\$2,500,000,000”.

6 (3) In paragraph (2) strike out “\$180,000,000”
7 in the third proviso and substitute “\$300,000,000”.

8 (4) In paragraph (2) strike out “1964” in the
9 fourth proviso and substitute “1965”.

10 (b) Amend section 222 (a), which relates to general
11 provisions, by striking out “section 221 (b)” and substi-
12 tuting “sections 221 (b) and 224”.

13 (c) Amend section 222 (b), which relates to general
14 provisions, by striking out “section 221 (b)” in both places
15 it appears and substituting “sections 221 (b) and 224”.

16 (d) Amend section 222 (d), which relates to general
17 provisions, to read as follows:

18 “(d) Any payments made to discharge liabilities under
19 guaranties issued under sections 221 (b) and 224 of this
20 part, sections 202 (b) and 413 (b) (4) of the Mutual
21 Security Act of 1954, as amended, and section 111 (b) (3)
22 of the Economic Cooperation Act of 1948, as amended (ex-
23 clusive of informational media guaranties), shall be paid first
24 out of fees referred to in section 222 (b) as long as such fees
25 are available, and thereafter shall be paid out of funds, if any,

1 realized from the sale of currencies or other assets acquired
2 in connection with any payments made to discharge liabilities
3 under such guaranties as long as such funds are available,
4 and thereafter shall be paid out of funds heretofore appro-
5 priated for the purpose of discharging liabilities under the
6 aforementioned guaranties, and thereafter out of funds real-
7 ized from the sale of notes issued under section 413 (b) (4)
8 (F) of the Mutual Security Act of 1954, as amended, and
9 section 111 (c) (2) of the Economic Cooperation Act of
10 1948, as amended, and finally out of funds hereafter made
11 available pursuant to section 222 (f)."

12 (e) Amend section 222 (e), which relates to general
13 provisions, to read as follows:

14 "(e) All guaranties issued prior to July 1, 1956, all
15 guaranties issued under sections 202 (b) and 413 (b) (4)
16 of the Mutual Security Act of 1954, as amended, and all
17 guaranties heretofore or hereafter issued pursuant to this
18 title shall be considered contingent obligations backed by
19 the full faith and credit of the Government of the United
20 States of America. Funds heretofore obligated under the
21 aforementioned guaranties (exclusive of informational media
22 guaranties) together with the other funds made available
23 for the purposes of this title shall constitute a single reserve
24 for the payment of claims in accordance with section 222 (d)
25 of this part."

1 (f) Amend section 222 by adding at the end thereof the
2 following new subsection:

3 “(g) In making a determination to issue a guaranty
4 under section 221 (b), the President shall consider the pos-
5 sible adverse effect of the dollar investment under such
6 guaranty upon the balance of payments of the United
7 States.”

8 (g) Amend section 224, which relates to housing
9 projects in Latin American countries, as follows:

10 (1) In subsection (b) strike out “\$60,000,000”
11 and substitute “\$150,000,000”.

12 (2) Strike out subsection (c).

13 TITLE VI—ALLIANCE FOR PROGRESS

14 SEC. 106. Title VI of chapter 2 of part I of the Foreign
15 Assistance Act of 1961, as amended, which relates to the
16 Alliance for Progress, is amended as follows:

17 (a) Amend section 251, which relates to general
18 authority, as follows:

19 (1) In subsection (b), amend the next to the last
20 sentence thereof by inserting immediately after “reason-
21 able terms” the following: “(including private sources
22 within the United States), the capacity of the recipient
23 country to repay the loan at a reasonable rate of
24 interest.”.

1 (2) In subsection (e) strike out “economical” and
2 substitute “economically”.

3 (3) In subsection (f) strike out “Agency for Inter-
4 national Development” and substitute “agency primarily
5 responsible for administering part I”.

6 (b) Section 252, which relates to authorization, is
7 amended by inserting immediately after "1963" the second
8 time it appears therein the following: "and not to exceed
9 \$100,000,000 of the funds appropriated pursuant to this
10 section for use beginning in fiscal year 1964".

11 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
12 PROGRAMS

13 SEC. 107. Section 302 of the Foreign Assistance Act
14 of 1961, as amended, which relates to international organiza-
15 tions and programs, is amended by striking out "1963" and
16 "\$148,900,000" and substituting "1964" and "\$136,050,-
17 000", respectively.

18 CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$380,000,000", respectively.

23 CHAPTER 5—CONTINGENCY FUND

24 SEC. 109. Section 451 of the Foreign Assistance Act
25 of 1961, as amended, which relates to the contingency fund,

1 is amended by striking out "1963" and "\$300,000,000" and
2 inserting in lieu thereof "1964" and "\$200,000,000",
3 respectively.

4 PART II

5 CHAPTER 1—POLICY

6 SEC. 201. Chapter 1 of part II of the Foreign Assistance
7 Act of 1961, as amended, is hereby redesignated "POLICY"
8 and section 501, which relates to short title, is hereby de-
9 leted.

10 SEC. 202. Chapter 2 of part II of the Foreign Assist-
11 ance Act of 1961, as amended, which relates to military as-
12 sistance, is amended as follows:

13 (a) In section 504 (a), which relates to authorization,
14 strike out "the fiscal years 1962 and 1963" and "\$1,700,-
15 000,000 for each such fiscal year, which sums" and substi-
16 tute "fiscal year 1964" and "\$1,225,000,000, which",
17 respectively.

18 (b) In section 510 (a), which relates to special author-
19 ity, strike out "1963" in the first and second sentences and
20 substitute "1964".

21 (c) At the end of such chapter, add the following new
22 section:

23 "SEC. 512. RESTRICTIONS ON MILITARY AID TO
24 AFRICA.—No military assistance shall be furnished on a
25 grant basis to any country in Africa, except for internal

1 security requirements or for programs described in section
2 505 (b) of this chapter.”

3 PART III

4 CHAPTER 1—GENERAL PROVISIONS

5 SEC. 301. Section 601 (b) of the Foreign Assistance Act
6 of 1961, as amended, which relates to encouragement of pri-
7 vate enterprise, is amended as follows:

8 (a) Strike out “and” at the end of paragraph (3).

9 (b) Strike out the period at the end of paragraph (4)
10 and insert in lieu thereof a semicolon.

11 (c) At the end thereof add the following new para-
12 graphs:

13 “(5) utilize, wherever practicable, the services of
14 United States private enterprise (including, but not
15 limited to, the services of experts and consultants in tech-
16 nical fields such as engineering) ; and

17 “(6) take appropriate steps to discourage nationali-
18 zation, expropriation, confiscation, seizure of ownership
19 or control, of private investment and discriminatory or
20 other actions having the effect thereof, undertaken by
21 countries receiving assistance under this Act, which di-
22 vert available resources essential to create new wealth,
23 employment, and productivity in those countries and
24 otherwise impair the climate for new private investment

1 essential to the stable economic growth and development
2 of those countries.”

3 SEC. 302. Section 611 (b) of the Foreign Assistance
4 Act of 1961, as amended, which relates to completion of
5 plans and cost estimates, is amended by striking out “circular
6 A-47 of the Bureau of the Budget” and substituting “the
7 Memorandum of the President dated May 15, 1962”.

8 SEC. 303. Section 620 (a) of the Foreign Assistance Act
9 of 1961, as amended, which relates to prohibitions against
10 furnishing assistance to Cuba, is amended as follows:

11 (a) Insert “(1)” immediately after “(a)”.

12 (b) Insert immediately after the first sentence thereof
13 the following new sentence: “No funds provided under this
14 Act shall be used to make any voluntary contribution to
15 any international organization or program for financing proj-
16 ects of economic or technical assistance to the present Gov-
17 ernment of Cuba.”.

18 (c) At the end thereof add the following new para-
19 graph:

20 “(2) Except as may be deemed necessary by the Presi-
21 dent in the interest of the United States, no assistance shall
22 be furnished under this Act to any government of Cuba, nor
23 shall Cuba be entitled to receive any quota authorizing the

1 importation of Cuban sugar into the United States or to
2 receive any other benefit under any law of the United States,
3 until the President determines that such government has
4 taken appropriate steps according to international law stand-
5 ards to return to United States citizens, and to entities not
6 less than 50 per centum beneficially owned by United States
7 citizens, or to provide equitable compensation to such citizens
8 and entities for property taken from such citizens and en-
9 tities on or after January 1, 1959, by the Government of
10 Cuba.”

11 SEC. 304. Section 620 (e) of the Foreign Assistance Act
12 of 1961, as amended, which relates to suspension of assist-
13 ance, is amended as follows:

14 (a) In clause (2), immediately after “operational con-
15 ditions,”, insert “or has taken other actions,”.

16 (b) Strike out “equitable and speedy compensation for
17 such property in convertible foreign exchange” and insert
18 in lieu thereof “speedy compensation for such property in
19 convertible foreign exchange equivalent to the full value
20 thereof”.

21 SEC. 305. Section 620 (f) of the Foreign Assistance Act
22 of 1961, as amended, which relates to prohibitions against
23 furnishing certain assistance to Communist countries, is
24 amended by inserting immediately before the period after

1 “Union of Soviet Socialist Republics” the following: “(in-
2 cluding its captive constituent republics) ”.

3 SEC. 306. Section 620 of the Foreign Assistance Act
4 of 1961, as amended, which relates to prohibitions against
5 furnishing assistance to Cuba and certain other countries,
6 is amended by adding at the end thereof the following new
7 subsections:

8 “(i) No assistance shall be provided under this or any
9 other Act, and no sales shall be made under the Agricultural
10 Trade Development and Assistance Act of 1954, to any
11 country which the President determines is engaging in or
12 preparing for aggressive military efforts directed against—

13 “(1) the United States,

14 “(2) any country receiving assistance under this
15 or any other Act, or

16 “(3) any country to which sales are made under
17 the Agricultural Trade Development and Assistance
18 Act of 1954,

19 until the President determines that such military efforts or
20 preparations have ceased and he reports to the Congress
21 that he has received assurances satisfactory to him that
22 such military efforts or preparations will not be renewed.
23 This restriction may not be waived pursuant to any au-
24 thority contained in this Act.

1 “(j) No assistance under this Act shall be furnished to
2 Indonesia unless the President determines that the furnish-
3 ing of such assistance is in the national interest of the United
4 States. The President shall keep the Foreign Relations
5 Committee and the Appropriations Committee of the Senate
6 and the Speaker of the House of Representatives fully and
7 currently informed of any assistance furnished to Indonesia
8 under this Act.”

9 CHAPTER 2—ADMINISTRATIVE PROVISIONS

10 SEC. 307. Chapter 2 of part III of the Foreign Assist-
11 ance Act of 1961, as amended, which relates to administra-
12 tive provisions, is amended as follows:

13 (a) Amend section 624, which relates to statutory offi-
14 cers, as follows:

15 (1) In subsection (a) (2) strike out “two shall
16 have the rank of Deputy Under Secretaries” and sub-
17 stitute “one shall have the rank of Deputy Under Secre-
18 tary”.

19 (2) In subsection (a) (3) strike out “nine” and
20 substitute “ten”.

21 (3) In subsection (b) strike out “paragraphs (2)
22 and” and substitute “paragraph”.

23 (b) Amend section 626 (b), which relates to experts,
24 consultants, and retired officers, as follows:

25 (1) Strike out the entire first sentence.

1 (2) In the second sentence strike out "Nor shall
2 such service" and substitute "Service of an individual as
3 an expert or consultant under subsection (a) of this
4 section shall not".

5 (c) In section 631, which relates to missions and staffs
6 abroad, add the following new subsection (c) :

7 “(c) The President may appoint any United States
8 citizen who is not an employee of the United States Govern-
9 ment or may assign any United States citizen who is a United
10 States Government employee to serve as Chairman of the
11 Development Assistance Committee or any successor Com-
12 mittee thereto of the Organization for Economic Cooperation
13 and Development upon election thereto by members of said
14 Committee, and, in his discretion, may terminate such ap-
15 pointment or assignment, notwithstanding any other provision
16 of law. Such person may receive such compensation and
17 allowances as are authorized by the Foreign Service Act of
18 1946, as amended, not to exceed those authorized for a chief
19 of mission, class 2, within the meaning of said Act, as the
20 President may determine. Such persons may also, in the
21 President’s discretion, receive any other benefits and per-
22 quisites available under this Act to chiefs of special missions
23 or staffs outside the United States established under this
24 section.”

1 (d) Amend section 635, which relates to general author-
2 ities, by adding the following new subsection (k) :

3 “(k) Any cost-type contract or agreement (including
4 grants) entered into with a university, college, or other
5 educational institution for the purpose of carrying out pro-
6 grams authorized by part I may provide for the payment
7 of the reimbursable indirect costs of said university, college,
8 or other educational institution on the basis of predetermined
9 fixed-percentage rates applied to the total, or an element
10 thereof, of the reimbursable direct costs incurred.”

11 (e) Amend section 636, which relates to provisions on
12 uses of funds, by adding at the end thereof the following new
13 subsection:

14 “(h) In carrying out programs under this Act, the
15 President shall take all appropriate steps to assure that, to
16 the maximum extent possible, (1) countries receiving as-
17 sistance under this Act contribute local currencies to
18 meet the cost of contractual and other services rendered in
19 conjunction with such programs, and (2) foreign currencies
20 owned by the United States are utilized to meet the costs
21 of such contractual and other services.”

22 (f) Amend section 637 (a) , which relates to administra-
23 tive expenses, by striking out “1963” and “\$53,000,000”
24 and substituting “1964” and “\$54,000,000”, respectively.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 308. Section 644 (f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting “including orientation” after “training” the first time it appears.

SEC. 309. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

“SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.”

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out “\$500,000,000” and substitute “\$700,000,000”.

(b) Insert following the enacting clause “That this

1 Act may be cited as 'the Latin American Development and
2 Chilean Reconstruction Act' ”.

3 SEC. 402. (a) Section 101 (f) of the Agricultural Trade
4 Development and Assistance Act of 1954, as amended, is
5 amended to read as follows:

6 “ (f) obtain rates of exchange applicable to the
7 sale of commodities under such agreements which are not
8 less favorable than the highest of exchange rates legally
9 obtainable from the Government or agencies thereof in
10 the respective countries.”

11 (b) Section 105 of such Act is amended by adding at
12 the end thereof the following new sentence: “The President
13 shall utilize foreign currencies received pursuant to this title
14 in such manner as will, to the maximum extent possible,
15 reduce any deficit in the balance of payments of the United
16 States.”

17 (c) Section 202 of such Act is amended by striking
18 out “economic development” and inserting in lieu thereof
19 “economic and community development”.

20 SEC. 403. (a) Section 571 (a) of the Foreign Service
21 Act of 1946, as amended, is amended by changing the final
22 period to a colon and adding the following: “*Provided, That*
23 in individual cases when personally approved by the Secre-
24 tary further extension may be made.”

25 (b) Section 911 (2) of the Foreign Service Act of 1946,

1 as amended, is amended by inserting immediately after “on
2 authorized home leave;” the following: “accompanying him
3 for representational purposes on authorized travel within the
4 country of his assignment or, at the discretion of the Sec-
5 retary, outside the country of his assignment, but in no case
6 to exceed one member of his family;”.

7 (c) Title IX of the Foreign Service Act of 1946, as
8 amended, is amended by striking out section 921 (d), re-
9 lating to use of Government vehicles, and by inserting im-
10 mediately after section 913 the following new section:

11 “USE OF GOVERNMENT OWNED OR LEASED VEHICLES

12 “SEC. 914. Notwithstanding the provisions of section 5
13 of the Act of July 16, 1914, as amended (5 U.S.C. 78),
14 the Secretary may authorize any principal officer to approve
15 the use of Government owned or leased vehicles located at
16 his post for transportation of United States Government
17 employees and their dependents when public transportation
18 is unsafe or not available.”

19 (d) Title X of the Foreign Service Act of 1946, as
20 amended, is amended by adding at the end thereof the follow-
21 ing:

22 “PART I—EDUCATIONAL FACILITIES

23 “SEC. 1081. Whenever the Secretary determines that
24 educational facilities are not available, or that existing educa-
25 tional facilities are inadequate, to meet the needs of children

1 of American citizens stationed outside the United States
2 engaged in carrying out Government activities, he is author-
3 ized, in such manner as he deems appropriate and under
4 such regulations as he may prescribe, to establish, operate,
5 and maintain primary schools, and school dormitories and
6 related educational facilities for primary and secondary
7 schools, outside the United States, or to make grants of funds
8 for such purposes, or otherwise provide for such educational
9 facilities. The provisions of the Foreign Service Buildings
10 Act, 1926, as amended, and of paragraphs (h) and (i) of
11 section 3 of the Act entitled 'An Act to provide certain basic
12 authority for the Department of State', approved August 1,
13 1956 (5 U.S.C. 170h (h) and 170h (i)), may be utilized
14 by the Secretary in providing assistance for educational
15 facilities. Assistance may include, but shall not be limited
16 to, hiring, transporting, and payment of teachers and other
17 necessary personnel."

18 SEC. 404. The Act entitled "An Act to provide certain
19 basic authority for the Department of State", approved
20 August 1, 1956 (5 U.S.C. 170f-170t), is amended by in-
21 serting immediately after section 12 the following new
22 section:

23 "SEC. 13. There is hereby established a working capital
24 fund for the Department of State, which shall be available
25 without fiscal year limitation, for expenses (including those

1 authorized by the Foreign Service Act of 1946, as amended)
2 and equipment, necessary for maintenance and operation
3 in the city of Washington and elsewhere of (1) central
4 reproduction, editorial, data processing, audiovisual, library
5 and administrative support services; (2) central supply
6 services for supplies and equipment (including repairs),
7 and (3) such other administrative services as the Secretary,
8 with the approval of the Bureau of the Budget, determines
9 may be performed more advantageously and more economi-
10 cally as central services. The capital of the fund shall consist
11 of the amount of the fair and reasonable value of such supply
12 inventories, equipment, and other assets and inventories on
13 order, pertaining to the services to be carried on by the
14 fund, as the Secretary may transfer to the fund, less the
15 related liabilities and unpaid obligations, together with any
16 appropriations made for the purpose of providing capital.
17 Not to exceed \$750,000 in net assets shall be transferred
18 to the fund for purposes of providing capital. The fund
19 shall be reimbursed, or credited with advance payments,
20 from applicable appropriations and funds of the Department
21 of State, other Federal agencies, and other sources author-
22 ized by law, for supplies and services at rates which will
23 approximate the expense of operations, including accrual
24 of annual leave and depreciation of plant and equipment of
25 the fund. The fund shall also be credited with other receipts

1 from sale or exchange of property or in payment for loss or
2 damage to property held by the fund. There shall be trans-
3 ferred into the Treasury as miscellaneous receipts, as of the
4 close of each fiscal year, earnings which the Secretary deter-
5 mines to be excess to the needs of the fund. There is hereby
6 authorized to be appropriated such amounts as may be
7 necessary to provide capital for the fund.”

8 SEC. 405. The first sentence of the first section of the
9 Act entitled “An Act to authorize participation by the
10 United States in parliamentary conferences of the North
11 Atlantic Treaty Organization”, approved July 11, 1956
12 (70 Stat. 523), is amended to read as follows: “That not
13 to exceed eighteen Members of Congress shall be appointed
14 to meet jointly and annually with representative parliamen-
15 tary groups from other NATO (North Atlantic Treaty
16 Organization) members, for discussion of common problems
17 in the interests of the maintenance of peace and security in
18 the North Atlantic area.”

19 SEC. 406. (a) (1) The first sentence of section 104 (b)
20 of the Immigration and Nationality Act (8 U.S.C. 1104
21 (b)) is amended to read as follows: “There is hereby
22 established in the Department of State a Bureau of Con-
23 sular and Migration Affairs to be headed by an administra-
24 tor with the title of Assistant Secretary of State and with

1 compensation equal to that of an Assistant Secretary of
2 State.”.

3 (2) The individual holding the position of administra-
4 tor of the Bureau of Security and Consular Affairs in the
5 Department of State on the date of enactment of this section
6 shall not be required to be reappointed to the position of
7 administrator of the Bureau of Consular and Migration Af-
8 fairs in the Department of State solely by reason of the
9 enactment of this section.

10 (b) (1) Clause (2) of section 104 (a) of the Immi-
11 gration and Nationality Act (8 U.S.C. 1104 (a)) is
12 amended by striking out “Bureau of Security and Consular
13 Affairs” and inserting in lieu thereof “Bureau of Consular
14 and Migration Affairs”.

15 (2) The heading of section 104 of the Immigration
16 and Nationality Act (8 U.S.C. 1104) is amended by strik-
17 ing out “BUREAU OF SECURITY AND CONSULAR AFFAIRS”
18 and inserting in lieu thereof “BUREAU OF CONSULAR AND
19 MIGRATION AFFAIRS”.

20 (3) Section 101 (a) (1) of the Immigration and Na-
21 tionality Act (8 U.S.C. 1101 (a) (1)) is amended by
22 striking out “Bureau of Security and Consular Affairs” and
23 inserting in lieu thereof “Bureau of Consular and Migration
24 Affairs”.

1 (4) That portion of the table of contents contained in
2 the first section of the Immigration and Nationality Act
3 which appears under the center heading

“TITLE I—GENERAL”

4 is amended by striking out—

“Sec. 104. Powers and duties of the Secretary of State; Bureau of Security and Consular Affairs.”

5 and inserting in lieu thereof—

“Sec. 104. Powers and duties of the Secretary of State; Bureau of Consular and Migration Affairs.”.

6 (5) All provisions of laws of the United States which
7 refer to the Bureau of Security and Consular Affairs shall
8 hereafter be deemed to refer to such Bureau by the name
9 of the “Bureau of Consular and Migration Affairs”.

10 (c) Subsection (f) of section 212 of the Immigration
11 and Nationality Act (8 U.S.C. 1182 (f)), as so redesignated
12 by section 109 (c) of the Mutual Educational and Cultural
13 Exchange Act of 1961 (75 Stat. 535), is hereby redesign-
14 nated as subsection (i).

88TH CONGRESS
1ST SESSION

H. R. 7885

[Report No. 646]

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

AUGUST 1, 1963

Referred to the Committee on Foreign Affairs

AUGUST 8, 1963

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

HOUSE

August 14, 1963

12. **FOOD STAMP.** The Special Subcommittee on the Food Stamp Program of the Agriculture Committee voted to report to the full committee H. R. 5733, the proposed Food Stamp Act (amended, a clean bill to be introduced). p. D635
13. **SUGAR.** Rep. Vanik criticized speculation on the sugar futures market as causing the recent increased sugar prices for the housewife. p. 14136
14. **FOREIGN AID.** The Rules Committee reported a resolution for the consideration of H. R. 7885, the foreign aid authorization bill. p. 14202
 - Rep. Nelsen questioned a report that Secretary Freeman offered U. S. aid to improve Russian agriculture and inserted an article discussing the matter. p. 14206
 - Rep. Foreman criticized the foreign aid program and Secretary Freeman for reportedly committing the U. S. to give additional aid to Yugoslavia. p. 14202
 - Rep. Staebler spoke in support of continuing U. S. foreign aid to other countries. pp. 14195-6
 - Several Representatives spoke in support of the foreign aid program and opposed the idea that foreign aid is the main cause of our present balance-of-payments problem. pp. 14212-23
15. **EDUCATION; FEDERAL AID.** Rep. Rowell inserted "a statement of Federal programs under which institutions with religious affiliations receive Federal funds through grants or loans." Included are the USDA National school lunch program, the special milk program, and forestry research. pp. 14145-8
16. **RECLAMATION.** Rep. Kirwan criticized a Life magazine article stating that water resource development and irrigation farming are great national needs which cause a very small amount of surplus production involving wheat and feed grains. pp. 14196-14200
 - Rep. Ullman urged continued expansion of the reclamation program as a means of preventing future food shortages and to reclaim potential farmlands. p. 14211
17. **EXPORT-IMPORT BANK.** The "Daily Digest" states that the Conferees agreed to file a report on H. R. 3872, the Export-Import Bank extension bill, and "As agreed by the conferees, the bill would (1) omit provisions relating to types of financing for the Export-Import Bank, (2) extend for 5 years the Export-Import Bank Act of 1945, (3) increase from \$7 billion to \$9 billion the lending authority of the Bank, and (4) increase insurance coverage from \$1 billion to \$2 billion." p. D363
 - Rep. Pelly criticized the back-door financing provisions of the Export-Import Bank extension bill. p. 14200
18. **CIVIL RIGHTS.** Rep. Roosevelt urged combining H. R. 7152, the proposed Civil Rights Act of 1963 with H. R. 405, the proposed Federal Equal Employment Opportunity Act. pp. 14200-2
19. **AREA REDEVELOPMENT.** Rep. Conzalez criticized the president of the U. S. Chamber of Commerce's remarks "to label the area redevelopment assistance program as one instance of vote buying." pp. 14210-1

Rep. Pelly agreed with the U. S. Chamber of Commerce's presidents remarks and criticized ARA's "attempt to discredit" him and cited a Life magazine article as defending his point of view. pp. 14234-6

ITEMS IN APPENDIX

20. FUTURE FARMERS. Extension of remarks of Sen. Young, N. Dak., inserting an article announcing that a constituent had been named one of four outstanding farmers in the U.S. pp. A5152-3
21. FARM LABOR. Extension of remarks of Rep. Gonzalez inserting an article, "Lobby Campaigns To Revive Bracero Bill." pp. A5166-7
22. FOREIGN AID. Extension of remarks of Rep. Fascell expressing his support for the foreign aid program, but at the same time favoring a constant reappraisal and evaluation of the program. pp. A5167-8
Extension of remarks of Rep. Zablocki inserting an article, "Most Foreign Aid Now Spent With U. S. Firms." pp. A5172-3
Extension of remarks of Rep. O'Hara inserting an article "as evidence of what foreign aid can accomplish." p. A5205
23. ELECTRIFICATION. Extension of remarks of Rep. Olsen commending REA programs and inserting an article on the extension of electricity to the Yaak River valley. p. A5172
Extension of remarks of Rep. Saylor inserting an article opposing the expansion of Bonneville power marketing area into southern Idaho. pp. A5198-9
24. IRRIGATION. Extension of remarks of Rep. Martin inserting an article describing the irrigation of the Imperial Valley, Calif. pp. A5192-3

BILLS INTRODUCED

25. ORGANIZATION. S. 2046, by Sen. Miller, to establish an Office of Community Development in the Executive Office of the President; to Government Operations Committee. Remarks of author, pp. 14053-5
26. FOREIGN TRADE. S. Con Res 55, by Sen. Humphrey, to create a Joint Committee on International Trade Policy; to Foreign Relations Committee. Remarks of author pp. 14055-7
27. ANIMALS. H. R. 8077, by Rep. Pepper, to provide for humane treatment of animals used in experiment and research by recipients of grants from the United States, and by agencies and instrumentalities of the United States; to Interstate and Foreign Commerce Committee.
28. PATENTS. H. R. 8043, by Rep. Belcher, to fix certain fees payable to the Commissioner of Patents; to Judiciary Committee.
29. INFORMATION. H. R. 8046, by Rep. Fascell, to amend section 3 of the Administrative Procedure Act, chapter 324, of the act of June 11, 1946 (60 Stat. 238), to clarify and protect the right of the public to information; to Judiciary Committee. Remarks of author, pp. 14209-10
30. ELECTRICITY. H. R. 8058, by Rep. Langen, to amend the Federal Power Act, as amended, in respect of the jurisdiction of the Federal Power Commission over nonprofit cooperatives; to Interstate and Foreign Commerce Committee. Remarks of author p. 14204

CONSIDERATION OF H.R. 7885

AUGUST 14, 1963.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 493]

The Committee on Rules, having had under consideration House Resolution 493, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 122

88TH CONGRESS
1ST SESSION

H. RES. 493

[Report No. 686]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 14, 1963

Mr. O'NEILL, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H.R. 7885) to
5 amend further the Foreign Assistance Act of 1961, as
6 amended, and for other purposes, and all points of order
7 against said bill are hereby waived. After general debate,
8 which shall be confined to the bill and continue not to
9 exceed five hours, to be equally divided and controlled by
10 the chairman and ranking minority member of the Com-
11 mittee on Foreign Affairs, the bill shall be read for amend-
12 ment under the five-minute rule. At the conclusion of the

1 consideration of the bill for amendment, the Committee shall
2 rise and report the bill to the House with such amendments
3 as may have been adopted and the previous question shall be
4 considered as ordered on the bill and amendments thereto
5 to final passage without intervening motion except one mo-
6 tion to recommit.

House Calendar No. 122

88TH CONGRESS
1ST SESSION

H. RES. 493

[Report No. 686]

RESOLUTION

Providing for consideration of H.R. 7885, a bill
to amend further the Foreign Assistance Act
of 1961, as amended, and for other purposes.

By Mr. O'NEILL

AUGUST 14, 1963

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued August 21, 1963

For actions of August 20, 1963

88th-1st; No. 129

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HIGHLIGHTS: House subcommittee voted to report USDA administrative omnibus bill. House debated foreign aid authorization bill. Senate passed public debt bill. Sen. Yarborough defended REA program. Sen. Miller discussed possible effects of inaction on new wheat legislation.

SENATE

1. PUBLIC DEBT. By a vote of 57 to 31, passed without amendment H. R. 7824, to extend the existing temporary public debt limit of \$309 billion until November 30, 1963. This bill will now be sent to the President. pp. 14569-70, 14597-604
2. ELECTRIFICATION. Sen. Yarborough commended the Rural Electrification Administration and defended it against recent criticism by Life magazine. pp. 14554-6
Sen. McGee inserted a statement by the president of the Wyoming State Rural Electric Association supporting the construction of a dam and hydroelectric powerplant on the Snake River at Burns Creek. p. 14558
Sen. Metcalf commended the formation of the Mid-Continent Area Power Planners to coordinate the planning, construction, and operation of the electric power supply facilities in certain areas of Mid-west. pp. 14570-81
3. FOREIGN TRADE. Sen. Miller inserted an article reviewing difficulties within the European Common Market in agreeing on common objectives. pp. 14586-7
Sen. McIntyre urged that Congress establish a Joint Committee on Trade. p. 14613

4. WHEAT. Sen. Miller inserted an article discussing the possible effects of increased wheat production on other agricultural commodities if action is not taken to curtail the production of wheat. pp. 14585-6
5. MARKETING Sen. Hart spoke in support of legislation to provide stricter regulations on the labeling of packages in commerce and inserted several items on the matter. pp. 14564-6
6. INTEREST RATES. Sen. Douglas inserted an article explaining the objectives of proposed truth-in-lending legislation. pp. 14553-4
7. DEPRESSED AREAS. Sen. Keating submitted an amendment to provide increased defense work in economically depressed areas. pp. 14548-9
8. FEDERAL AID. Sen. Ribicoff submitted (for himself and Sen. Keating) a proposed amendment to S. 1731, the proposed Civil Rights Act of 1963, to prohibit discrimination in programs or activities financed with Federal funds. pp. 14547-8
9. PUBLIC WORKS. Sen. Fulbright defended the public works program against recent criticism by a Life magazine article. pp. 14560-2
Passed without amendment S. J. Res. 87, to provide for the designation of the week commencing September 8, 1963, as National Public Works Week. p. 14605
10. RADIATION. Sen. Moss expressed concern over the amount of radioactive iodine found in Utah, particularly in milk. p. 14599
11. ADJOURNED until Fri., Aug. 23. p. 14613

HOUSE

12. OMNIBUS BILL. The Departmental Oversight and Consumer Relations Subcommittee of the Agriculture Committee voted to report to the full committee with amendment H. R. 7155, the administrative omnibus bill to facilitate the work of the Department of Agriculture. p. D651
13. FOREIGN AID. Began debate on H. R. 7885, the foreign aid authorization bill. pp. 14618-54
14. FARM LABOR. Reps. Talcott and Gonzalez debated the merits of extending the Mexican farm labor program. pp. 14556-7
15. SUPPLIES. Received from the Comptroller General a report on "the unnecessary depot handling and transportation costs of supply items by the Federal Supply Service at selected regional offices of the General Services Administration"; to Government Operations Committee. p. 14671

ITEMS IN APPENDIX

16. LANDS. Extension of remarks of Rep. Rogers (Tex.) inserting an address by Rep. Aspinall urging a legislative program to satisfy increased demands for the use of the public domain lands. pp. A5303-5
17. INFORMATION. Extension of remarks of Rep. Hosmer criticizing the establishment of a new Market News Service by this Department. p. A5308

"Subsection (c) of section 245 of the Immigration and Nationality Act shall be held to be inapplicable in the case of Mercedes Robinson Orr."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Mercedes Robinson Orr."

A motion to reconsider was laid on the table.

BRIG. GEN. FRED C. GRAY

The Clerk called the bill (H.R. 5583) for the relief of Brig. Gen. Fred C. Gray.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Brigadier General Fred C. Gray, United States Air Force, a monetary award in an amount determined by the Secretary of the Air Force in full settlement of all claims of Brigadier General Fred C. Gray against the United States on account of the destruction of his personal property by a fire on September 1, 1955, in the quarters assigned to him at Tyndall Air Force Base, Florida. In computing the monetary award to which Brigadier General Fred C. Gray is entitled, all items destroyed by the fire shall be valued at acquisition or replacement cost, whichever is higher, without regard to depreciation or the maximum limitations prescribed by administrative regulations: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendments:

Page 1, lines 6 and 7, strike "a monetary award in an amount determined by the Secretary of the Air Force" and insert "the sum of \$2,708.30".

Page 1, line 11, strike "Florida." and insert "Florida:".

Page 2, lines 1 to 6, strike "In computing the monetary award to which Brigadier General Fred C. Gray is entitled, all items destroyed by the fire shall be valued at acquisition or replacement cost, whichever is higher, without regard to depreciation or the maximum limitations prescribed by administrative regulations:".

Page 2, line 7, strike "in excess of 10 per centum thereof".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STEAMSHIP TRADE ASSOCIATION OF BALTIMORE-WATERFRONT GUARD ASSOCIATION

The Clerk called the bill (H.R. 5753) relating to the effective date of the qualification of the Steamship Trade Association of Baltimore-Waterfront Guard Association pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Steamship Trade Association of Baltimore, Incorporated-Waterfront Guard Association of the Port of Baltimore, Local 1852 Independent Watchmen's Association pension fund which was established by collective bargaining agreement effective April 1, 1955, and which has been held by the Internal Revenue Service to constitute a qualified trust under section 401(a) of the Internal Revenue Code of 1954, and to be exempt from taxation under section 501(a) of such Code, for years ending on or after June 2, 1962, shall be held and considered to have been a qualified trust under such section 401(a), and to have been exempt from taxation under section 501(a) for the period beginning on April 1, 1955, and ending on June 2, 1962, but only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the trust has not in this period been operated in a manner which would jeopardize the interests of its beneficiaries.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WILLIAM L. BERRYMAN

The Clerk called the bill (H.R. 7491) for the relief of William L. Berryman.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$15,000 to William L. Berryman, in full settlement of all claims against the United States. That such sum represents the financial loss incurred by Mr. Berryman, resulting from a physical injury received in Portland, Maine, on November 22, 1949. This claim is not cognizable under the Federal Tort Claims Act of 1946.

With the following committee amendments:

Page 1, lines 10 and 11, strike "This claim is not cognizable under the Federal Tort Claims Act of 1946.".

Page 1, line 11, add the following: "No part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE PRESENTATION OF AN AIR FORCE MEDAL OF RECOGNITION TO MAJ. GEN. BENJAMIN D. FOULOIS, RETIRED

The Clerk called the joint resolution (S.J. Res. 51) to authorize the presentation of an Air Force Medal of Recognition to Maj. Gen. Benjamin D. Foulois, retired.

There being no objection, the Clerk read the joint resolution, as follows:

Whereas Major General Benjamin D. Foulois (retired) enlisted in the Army Corps of Engineers on July 7, 1898, was subsequently commissioned as an officer in the Army, became associated with the aviation section of the Signal Corps of the Army in 1908, and qualified as a pilot in 1909; and

Whereas during the punitive expedition into Mexico in 1915 and 1916, he commanded the First Aero Squadron with that expedition; and

Whereas during World War I he served as Chief of the Air Services of the American Expeditionary Forces in France, was elevated to the post of Assistant Chief of the Air Corps in 1927, became Chief of the Army Air Corps in 1931, and continued in that assignment until his retirement as a major general on December 31, 1935; and

Whereas Major General Benjamin D. Foulois (retired), during his twenty-seven years of commissioned service, played a major role in the development of the role of military air power and of the military department now having primary cognizance over military air power, the United States Air Force; and

Whereas General Foulois, now nearly eighty-four years of age, has devoted twenty-seven years in a retired status to the furtherance of aviation, which matches the twenty-seven years of his active commissioned service in behalf of aviation, and totals fifty-four years of uninterrupted dedication and service to the development of aviation; and

Whereas military decorations and awards in specific recognition of aviation service were not authorized during the active military career of General Foulois and he has, therefore, never received a military decoration or award for such service: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Air Force is authorized to cause an appropriate medal to be struck, with suitable emblems, devices, and inscriptions, in recognition of more than fifty years of devoted service by Major General Benjamin D. Foulois (retired) to the advancement of aviation and to present said medal to Major General Benjamin D. Foulois (retired), together with a copy of this joint resolution engrossed on parchment.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, such sum as may be necessary to carry out the provisions of this joint resolution.

The joint resolution was ordered to be read a third time, was read the third

time, and passed, and a motion to reconsider was laid on the table.

MARIKA N. VATAKIS

The Clerk called the bill (H.R. 2928) for the relief of Marika N. Vatakis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Marika N. Vatakis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of sections 203(a) (2) and 205 of the Immigration and Nationality Act, Maria Cavaris shall be held and considered to be the natural-born alien daughter of Mr. and Mrs. Menelas Cavaris, citizens of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

The title was amended so as to read: "A bill for the relief of Maria Cavaris."

DR. PEDRO B. MONTEMAYOR, JR.

The Clerk called the bill (H.R. 6097) for the relief of Dr. Pedro B. Montemayor, Jr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Pedro B. Montemayor, Junior, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of June 24, 1958.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

E. L. K. OIL CO.

The Clerk called the bill (H.R. 5451) for the relief of the E. L. K. Oil Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of section 31 of the Mineral Leasing Act of February 25, 1920 (30 U.S.C. 188), the Secretary of the Interior is authorized and directed to receive, consider, and act upon any petition of the E. L. K. Oil Company, of Cheyenne, Wyoming, filed with-

in one hundred and eighty days after the date of enactment of this Act, for reinstatement of United States oil and gas lease "Wyoming 046887 (C)", as if such petition had been filed within the time provided in such section and such section had been applicable thereto.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. SAYLOR. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1066) for the relief of the E. L. K. Oil Co., which is identical with the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of section 31 of the Mineral Leasing Act of February 25, 1920 (30 U.S.C. 188), the Secretary of the Interior is authorized and directed to receive, consider, and act upon any petition of the E. L. K. Oil Company, of Cheyenne, Wyoming, filed with in one hundred and eighty days after the date of enactment of this Act, for reinstatement of United States oil and gas lease "Wyoming 046887 (C)", as if such petition had been filed within the time provided in such section and such section had been applicable thereto.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 5451) was laid on the table.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that the further call of the Private Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1963

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 493 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. LAIRD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 127]

Bolling	Healey	Pirnie
Bolton	Hoeven	Powell
Oliver P.	Hoffman	Pucinski
Buckley	Hull	Riehlman
Cannon	Karth	Senner
Corman	King, Calif.	Shelley
Davis, Tenn.	Lindsay	Short
Edwards	Long, La.	Sikes
Ellsworth	Madden	Trimble
Fraser	O'Brien, Ill.	Tuck
Gray	Osmer	Wickersham
Halleck	Pillion	Younger

The SPEAKER. On this rollcall 395 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1963

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield myself such time as I may consume, and at the conclusion of my remarks I yield 30 minutes to the gentlewoman from New York [Mrs. St. GEORGE].

Mr. Speaker, House Resolution 493 provides for the consideration of H.R. 7885, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. This legislation annually provides this House with its major opportunity to make a positive contribution toward shaping the foreign policy of the United States. The Congress, by authorizing the appropriation of funds for foreign assistance, arms our country with its most potent weapon in the day-to-day struggle against the forces of international communism. This resolution provides for an open rule, waiving points of order, with 5 hours of general debate.

The proposed bill is essentially an extension of last year's authorization act which further amended the act of 1961. The 1961 act, as you know, reorganized our foreign assistance program and established the Agency for International Development. The bill before us contains four parts. Part I contains amendments to the Act for International Development of 1961; part II contains the substance of our military assistance authorization; parts III and IV include a variety of general, administrative, and miscellaneous provisions applicable to the foreign assistance program generally, and to parts I and II. The entire bill is designated the Foreign Assistance Act of 1963.

Mr. Speaker, this is a tight program. It has been carefully planned and budgeted. Earlier this year, following the Clay committee review, and the intensive

personal review of the program made by the new Administrator, Mr. Bell, the President's original foreign aid request was cut by \$420 million. The \$420 million cut was made possible by reduced fiscal year 1964 programs and estimates and by tighter administration of program funds available in fiscal year 1963 which can be carried over for use next year. The reductions cannot be described as "paper cuts."

The President's revised program took into consideration the report of the Clay committee. General Clay subsequently expressed to the House Foreign Affairs Committee his committee's gratification with this fact and said that the revised program is "very closely in compliance with the recommendations" of his committee.

We are particularly fortunate in the leadership of the Agency responsible for administering this vital program. The new Administrator, Mr. David E. Bell, brings to his tasks a wide administrative background and extensive experience in programing and budgeting. Having served in the Graduate School of Public Administration at Harvard, and as Director of the Bureau of the Budget, Mr. Bell possesses the know-how essential to bring order and coherence to the program. Since December of last year, when he took over, there has been a significant rise in Agency morale, and both programing and policy have gained new cohesiveness and direction. This past year has seen continued emphasis—and, incidentally, considerable success—in the of self-help and social and economic reforms in recipient countries and increasing success in our efforts to step up the assistance contributions of our Western European allies and Japan. With regard to the latter, it is significant that in the crucial areas where the challenge of communism and the problems of underdevelopment are the most immediate, the other developed countries of the free world are carrying an increasing share of the burden every year. During recent negotiation for the IBRD consortium for India our allies pledged over a half billion dollars for the next 2 years—a new high. They are playing a greater role, as well, in the Pakistan consortium and the consortia now being planned for Greece and Turkey. In the Far East, as well, our allies, especially Germany, are increasing their contributions substantially.

Mr. Speaker, I commend the Foreign Affairs Committee for a very careful and critical review of the executive branch request. Their efforts have resulted in some significant cutbacks; the savings made are, I believe, consistent with the goals we seek to achieve. The major funding categories are as follows: Development grants and technical cooperation, \$217 million as compared with the executive's request of \$257 million; international organizations and programs, \$136,050,000, compared with the executive request for the same amount; supporting assistance, \$380 million compared with the request for \$435 million; the contingency fund, \$200 million compared with the request for \$300 million; and for military assistance, \$1,225 mil-

lion, a cut of \$180 million from the executive request. Total authorization request was \$4,525,325,000. The committee's reduction will limit the maximum appropriation for fiscal year 1964 to \$4,087,075,000.

As we enter this debate today, I believe we must make every effort to keep in mind the "why" of foreign aid, the objectives we seek to accomplish, and the nature of the weapon we have chosen to defeat our common enemy. Economic assistance has a twofold function: it helps free world governments meet the demands of their people for progress in raising living standards and it contributes directly to economic stability necessary for the survival of free governments and free institutions. In areas of the world where the people look to the future for a better life, a decline of living standards, a falling off of tangible economic progress, a decrease in the food supply, or shortages of crucial commodities, can justifiably create severe discontent with free governments, individual initiative, and liberal institutions. In times of crisis, leaders are often tempted by the totalitarian example of Russia. And in times of upheaval or discontent, the opportunities for subversion, stimulation of social unrest, and even revolution increase. Poverty, disease, and despair are potent allies of the Communists.

Military assistance also plays a key role in the fight to preserve freedom. Areas where overt external attack is a danger are few; but areas where guerrilla warfare, terrorism, and insurgency are ever-present dangers are increasing. For this reason, the nature of our defenses have been changing and particularly in Latin America and the Far East, internal security measures have been receiving emphasis under the military assistance program. At the same time, military assistance is continuing to support armies, well trained and adequately prepared, in free world countries situated on the periphery of the Soviet Union and Red China. As Secretary McNamara pointed out in his testimony, in the absence of these armies, the gap might well have to be filled by American troops.

Mr. Speaker, foreign assistance legislation has received consistent support on both sides of the aisle over the years. The legislation has, in spite of the burden on our own people, received the consistent support of a majority of Americans. We are a humanitarian people. We are dedicated to preserving the security of the free world. I know of no better way in which these two goals of the American people have been better served than in the foreign aid program. By helping to raise the living standards of the hundreds of millions in the underdeveloped regions of the world, and by helping them to maintain internal stability and political independence we defeat the common enemy. For as the hopes of peoples everywhere for a better life are fulfilled, we will see the eventual triumph of freedom.

Mr. Speaker, I urge the adoption of the rule and now yield to my colleague, the gentlewoman from New York [Mrs. ST. GEORGE].

Mrs. ST. GEORGE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this resolution, House Resolution 493, makes in order the consideration of H.R. 7885, the Foreign Assistance Act of 1961, as amended. It allows for 5 hours of general debate and waives all points of order.

Mr. Speaker, I do not know of any objection to the rule.

Now it is a fact and I think most Members of the House will recognize it as such, that this is an old trusty, hardy perennial. It comes back to us every year. We will hear very much the same arguments for it and against it. But we must admit one thing about the foreign assistance—or the foreign aid bill—as some like to call it—the giveaway program. It seems to have more sex appeal than any bill that is every brought to the floor of the House. In fact, I think the best description of it is the one written by Shakespeare when he spoke of Cleopatra and said: "Age cannot wither, nor custom stale, her infinite variety."

This year the committee is asking for an authorization of \$4,087,075,000, and to hear the chairman's testimony you would think this was a mere pittance. Well, there is no doubt they have cut this bill, and I am sure they have tried hard. They always cut a little but never much.

Now, lest we forget, this bill carries along with it unexpended balances of \$6.7 billion.

Of course, we are told that all but \$100 million are obligated, which seems rather amazing, to say the least.

The Clay report, recently published, has this to say of our foreign aid program: "We believe that we are indeed attempting too much for too many." And this is the understatement of the year.

The following extracts from the minority report express the thoughts of a good many. This minority has worked hard and diligently. They have been temperate in their criticism, and they have backed what they had to say with facts. I will now quote from this minority report:

During the period since World War II, the United States has provided aid to approximately 110 countries and territories. Not all of them have received assistance simultaneously, or for an equal period of time. Five years ago, for instance, while foreign aid appropriations were running at a level comparable to that in fiscal 1963, U.S. military and/or economic assistance went to some 80 countries. Today, an estimated 95 countries and territories are benefiting from our largesse. And in the proposed program for fiscal 1964, the number of prospective recipients of our aid remains about the same.

It is obviously impossible for any country, no matter how rich or strong it may be at the start, to continue assistance indefinitely to most of the countries of the world. The growing size of our national debt and our dwindling gold reserves attest to the drain of our resources resulting from our heavy foreign and domestic commitments.

And by the way, Mr. Speaker, we saw by the morning paper that another \$1 billion in gold had left these shores:

While we admonish the beneficiaries of our largesse and require them, as a condition of our aid, to balance their budgets, to reduce their national debts, and to stop the

outflow of gold, we do none of these things ourselves. It is time that America began to practice in her own economy what she preaches to those who receive her aid. * * *

There is perhaps no better measure of the excess in the flow of foreign aid, and of the loss of congressional control over this program, than the growing accumulation of unexpended balances from prior year appropriations. On June 30, 1960, this so-called pipeline, economic and military, amounted to \$4.8 billion. As of June 30, 1963, it rose to an estimated \$6.8 billion. When the \$4.1 billion recommended in this bill is added to this sum, the total which may be available for expenditure in fiscal 1964 reaches the astronomical figure of \$10.9 billion. * * *

Can the United States, with a combined public and private debt of \$1.7 billion, continue to try to police and wet-nurse the whole world? Should the United States continue to spend billions on foreign aid when the recipients of our assistance—the rich and the poor alike—appear so little concerned about helping themselves and helping each other? In our opinion the answer to both of these questions is "No."

To sum up, the aid program should be completely revised. Mr. Speaker, the last aid program that really accomplished its mission was, of course, the Marshall plan program. Since then this thing has been getting out of hand year by year. We have heard the same explanations of why this must be done. We have had the same old bogeyman raised—"If you do not give them the money, they will go Communist." Well, let us try and empty this pipeline and then let us see how much they will go Communist.

The aid program must be completely revised. The aid program must be brought, in all its financial aspects, under the unfettered control of the Congress.

The aid program must be limited to the actual amount which the recipient countries can absorb effectively and debilitated funds must immediately revert to the Treasury.

Here is one of the most important things that this House should take notice of: The aid program must be withheld from countries which use it for the purpose of territorial expansion.

The aid program must have stricter administrative supervision and all featherbedding practices must be terminated.

The aid program must require specific congressional authorization for each project exceeding \$50 million.

The aid program must be limited exclusively to non-Communist countries, which certainly is not being done today.

The aid program must contain stronger safeguards to prohibit the use of our aid to finance Government-owned productive facilities which compete with private enterprise in the recipient countries.

And finally, if this bill were not even considered at this session of Congress the foreign aid program could go merrily on for 1 or, more likely, 2 years without any additional help from the overburdened American taxpayer.

Mr. Speaker, the taxpayers of this country are beginning to ask, How long, how long?

There is no objection to the passage of this rule that I know of. The bill will come before us. We will cut a little

off, the other body will restore the little that we cut off and add a little to that and the foreign aid program will continue, and the pipeline will continue to bulge.

Mr. O'NEILL. Mr. Speaker, I have no further requests for time on this side.

Mrs. ST. GEORGE. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. AVERY].

Mr. AVERY. Mr. Speaker, I would like to be associated with all the remarks made by my colleague from New York who just preceded me in the well, except in one respect. The gentlewoman from New York [Mrs. ST. GEORGE], I believe, made the comment that we would hear the same old arguments today, the same persuasion would be offered today in the well of the House as to why we should vote for this bill.

I would like to take just one exception to that comment. I would like to note that there will be a voice missing today and that is the voice of our former colleague from Minnesota, Walter Judd. I think if there is one reason why this program drew a measure of voting strength on our side of the aisle it was because of the persuasion that we received from Walter Judd. In the event that this program should not be authorized this year, or perhaps next year, it may be the absence of the voice of Walter Judd that will be responsible for that loss.

Mr. Speaker, I am not going to address myself to the provisions per se of the bill. The gentleman from Massachusetts [Mr. O'NEILL] gave us a very complete and clear explanation of the bill, as did the gentlewoman from New York [Mrs. ST. GEORGE].

I would like to call the attention of the House to a precedent about which I as one member of the Rules Committee, am becoming concerned. That is the tendency of the Committee on Foreign Affairs to come before the Rules Committee and then the House with a bill title covering one subject matter, but then having tucked into the back pages somewhere matter that is entirely unrelated to the title of the bill. We had a previous introduction to this in the case of the foreign buildings operations program that was authorized by the House. This did not occur on our side. I want to make the record clear. The bill passed the House and in the wisdom of the other body, they added amendments to the Philippine War Damage Claims Act. As you know, this is a matter of considerable concern to the House of Representatives. The question was asked why this had to be done—why a clean bill could not come from the Committee on Foreign Affairs.

To that question, Mr. Speaker, we were never able to get a very good answer. Then, today I would like to particularly call attention to Members of the House that the title of this bill is a bill to amend further the Foreign Assistance Act of 1961. What do we find in it? I hope that the Members will examine part IV of this bill in some detail because I can notice in the House at this time that there is going to be considerable controversy under general debate when

we reach this portion of the bill. I might further suggest that in the event enough votes cannot be summoned for passage of this bill, it may be because of some objection that is raised to subject matter contained under part IV which is completely unrelated to the aid program. I mean it has nothing to do with Public Law 480. This is particularly controversial.

Then, Mr. Speaker, come a number of amendments to the Foreign Service Act of 1946. What they are doing in an aid bill, I do not know. The committee was not very articulate in advising the Rules Committee why these provisions were inserted here.

But most controversial of all, Mr. Speaker, are amendments to the Immigration and Nationality Act which are contained on page 24. I would like to again point out to the Foreign Affairs Committee that there is objection to this provision on our side of the aisle and that there will no doubt be an amendment offered at this juncture.

Mr. Speaker, the only other point I would like to make was mentioned briefly by the gentlewoman from New York [Mrs. ST. GEORGE], and that is the balance-of-payments problem. As you know, we are admonished every day as to how serious this balance-of-payments situation has become. We can never quite find out what brings it about. It seems that whenever we bring this up, the sponsor of the pending bill completely divests himself and his committee from responsibility for any adverse effect that bill may have on our very serious balance-of-payments problem. So, I would like to ask, where does this problem come from?

Mr. Speaker, I can remember that when we had the reciprocal trade bill here last year the committee assured us that an extension of the Reciprocal Trade Act would not have an adverse effect, but would improve the balance-of-payments situation. But it has gone from bad to worse, as you know, to some extent because of certain policies adopted by the Common Market countries. I asked the chairman of the Foreign Affairs Committee when the gentleman appeared before the Committee on Rules last week what would be the net adverse effect of this aid bill, if passed, on our balance-of-payments situation.

Here is a \$4 billion authorization. I would assume that this would be adverse. He assured us that the adverse effect would be, as I recall, only perhaps 10 or 15 percent of the net authorization. This conclusion I cannot understand. I can understand the position of the Wall Street Journal, which this morning carried a story saying that at the rate of the deterioration during the second quarter, our balance-of-payments position would deteriorate \$5 billion for calendar year 1964. This, Mr. Speaker, is an extremely serious situation and I think we have to look at this bill in relation to that situation.

Mrs. ST. GEORGE. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. BOW].

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Speaker, the gentleman from Kansas [Mr. AVERY] pretty well covered the matters which I had in mind on this rule. However, there is a question as to why we now have closed rules on these bills that come from the committee, particularly in the areas in which they invade the jurisdiction of other committees or reappropriate funds. I questioned that a few weeks ago and attempted to do something about it, but was not successful.

I again want to point out here we have in this bill so far as the revolving fund is concerned the reappropriation of funds into a purpose for which they were not originally appropriated. I hope that during the debate on this bill the distinguished members of the Committee on Foreign Affairs will give the House some light on the cost of certain of the other amendments which have nothing to do with foreign aid, the question of travel of dependents, the question of dependents' employees and foreign service officers, their wives, sons, and daughters traveling with them in a representation capacity throughout the world. We ought to have some idea of what this is going to cost the American taxpayers; what that fund is to be. This has nothing to do with foreign aid.

There is a further question of the use of Government vehicles for other employees and for dependents. And here again we find leases being entered into for vehicles. What is this going to cost? They did tell us in the report that the educational facilities, not a part of foreign aid but a revision of the Foreign Service Act, represent an anticipated appropriation of \$300,000. This is the only place there is any effort at telling us what these things are going to cost.

I mentioned the working capital of the Department of State and the reappropriation of \$750,000. But I have hope, Mr. Speaker, that inasmuch as very important parts so far as the foreign service amendment is concerned come close to the end of this bill that we do not find ourselves in the position tomorrow or next day when the Members become restless, where we put a limitation on the discussion of amendments and we cut Members down to where there is no time to fully and completely debate what is to me a very serious question. That is the reorganization of the Bureau of Security and Consular Affairs and the establishment of a new Assistant Secretary of State. Surely this is a matter that should come up in a foreign service bill not mutual assistance or foreign aid bill. In the past there has been some question as to what committee has jurisdiction. This will create a 12th Assistant Secretary. There are only 11 at the present time. It provides that the Assistant Secretary shall be Administrator of the Bureau and that he will take office without confirmation by the Senate.

I urge that we not get ourselves in the position of trying to rush the passage of a bill that will deny the membership an opportunity to have full and complete debate on this subject, which is at the end of the bill.

Mrs. ST. GEORGE. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks and to include letters in full from the Secretary of State and the Secretary of Defense, as well as title XVIII, sec. 1913, of the United State Code.)

Mr. GROSS. Mr. Speaker, I regret that this bill comes to us with points of order waived. I know of no reason why this bill should come to the House with points of order waived unless it is to protect certain provisions of the bill which ought not to be protected by this unusual procedure.

I further regret that the chairman of the full committee did not announce to all members of the committee when the bill was voted out of the committee that he was going to the Rules Committee and ask that points of order be waived. This is information that every member of the committee should have had so that if we so desired we could appear before the Rules Committee in opposition to the waiving of points of order.

Mr. Speaker, I should like to compliment the gentlewoman from New York [Mrs. ST. GEORGE] for her splendid remarks earlier in discussing the rule. I will say to her that she is dead right. Only token cuts have been made in this bill. It comes to the House calling for \$4,100 million, which is \$200 million more than was appropriated last year. How in all conscience this bill could come to the floor of the House authorizing \$200 million more than was appropriated last year is beyond me. Of course, you have to serve on the Foreign Affairs Committee to understand the reason why.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS. The gentleman understands that the section of the bill that was subject to the point that we were trying to protect was the Adair amendment, which guarantees full faith and credit on the investment guarantees, which did not have anything to do with any of the Foreign Service amendments.

Mr. GROSS. When the committee adopted a clean bill it cured that situation, but I know of no reason why this bill should ever come to the House floor with all points of order waived. That amendment or any other amendment should stand on its merits.

Mr. HAYS. The gentleman and I can disagree on that, but I think it is only fair to point out that it has always come in this way. It is nothing new.

Mr. GROSS. If it is, I do not recollect that fact. I will take the gentleman's word for it.

Now, I want to call attention to a letter I have received under date of August 17, 1963, on the stationery of the Secretary of State, signed by Dean Rusk and Robert S. McNamara. It reads as follows:

THE SECRETARY OF STATE,
Washington, August 17, 1963.

DEAR MR. CONGRESSMAN: The House of Representatives takes up this week a keystone of U.S. foreign policy: the Foreign Assistance

Act of 1963. The action taken on this important legislation will have a far-reaching effect upon the U.S. position, now and in the future, in the great struggle for freedom.

The President originally requested \$4,945 million for this program. He subsequently reduced this request by \$420 million. The Committee on Foreign Affairs has further reduced the request by \$438 million. Thus, the original request has been reduced by \$858 million since January. This reduction is so deep that the bill before you is already less than last year's final appropriation, taking into account the previous 2-year appropriation for the social progress trust fund.

We wish to emphasize that we know of no reason to assume that our total military and foreign policy requirements are less than those of fiscal year 1963. In fact, as we view our evolving relationship with the Soviet Union, the insistent expansionist aims of Communist China, the continuing crises in Laos and Vietnam, and the unfinished business in Latin America and in Africa, we believe we cannot now afford to retreat in our foreign assistance efforts.

Three authorizations directly involve U.S. security interests: Supporting assistance (primarily for several countries confronting the Sino-Soviet bloc), military assistance, and the President's contingency fund. The total authorization recommended for these purposes is already \$165 million less than was appropriated last year. Although we have made reductions in these programs as rapidly as possible (over \$1 billion in 3 years), we believe that any further reductions here would seriously restrict the President's ability to respond effectively to major challenges to free world security, including our own.

Any reduction in the existing yearly \$600 million Alliance for Progress authorization would give credence to those who claim that the United States lacks the will and staying power to make good on its promise of long-term assistance to Latin America. Further reductions in any of the other authorizations would seriously undercut the ability of the United States to carry out its foreign policy objective of assisting independent countries to attain self-supporting status.

But adequate funds alone will not support an effective foreign policy—we must have the necessary flexibility to carry out our common objectives. A number of restrictive amendments have been proposed to cut off or drastically reduce aid to some countries or organizations whose actions disturb us. We believe that these amendments stem from an inadequate appraisal of the long-term objective of U.S. foreign and military policy. Attempts to place the conduct of our foreign policy under rigid legislative restrictions will prevent us from acting in support of American interests in a rapidly changing international scene.

We strongly urge you to lend your unqualified support to this bill without further restriction or reduction.

Sincerely,

DEAN RUSK.

ROBERT S. McNAMARA.

Let me call your attention to the United States Code, title 18, section 1913:

No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; * * *

Whoever, being an officer or employee of the United States or of any department or agency thereof, violates or attempts to violate

this section, shall be fined not more than \$500 or imprisoned not more than one year, or both; and after notice and hearing by the superior officer vested with the power of removing him, shall be removed from office or employment.

I suggest to the Attorney General of the United States, Robert Kennedy, that he take just a little time from the campaign he is carrying on to promote so-called civil rights, perhaps take an evening off from one of those yacht trips on which I understand Members of Congress are being invited, to travel down the Potomac to be brainwashed, so they tell me, in the matter of so-called civil rights. I suggest that he devote a little of his time to bringing an action against the Secretary of State and the Secretary of Defense to remove them from office for this is a clear violation of the law.

Mrs. ST. GEORGE. Mr. Speaker, I yield the remaining time to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON of Pennsylvania. I want to make sure that the House knows, and the American people know, that the U.S. mutual security program is a bipartisan program and that there are Members on both sides of the aisle supporting this program. The House Foreign Affairs Committee is to be complimented for cutting the program originally proposed and making it more moderate in amount so than an intelligent person can see that the total authorization has been kept within reasonable bounds. We need especially to have a cut in the U.S. foreign aid program because of the U.S. adverse balance of gold payments that we are now faced with, a probable adverse result for the current year of almost \$5 billion and it looks bad.

I would like to comment on certain things that I like particularly in the bill. I am grateful for the inclusion of the United Nations Children's Emergency Fund. We are paying 40 percent of the total of that fund and there are children and mothers in 100 countries being helped. This is for children's assistance, for mothers' assistance, extra meals, vitamins and to clear up disease.

The local countries themselves must contribute, which is a good policy. In 1947 it was my amendment that added the United Nations Emergency Children's Fund, to the then mutual security program. The United States has been a contributing member ever since and the U.S. taxpayers have done well by the children of the world. I think it is one of the most important programs the United States implements abroad.

Another important aspect of their foreign policy that the Foreign Affairs Committee has given to us is that we are moving away from grants-in-aid and more and more toward loans. I am glad to see that the interest rates are adequate but are not penalizing the countries and peoples receiving these loans.

Likewise, we are enlarging authorization for investment guarantees abroad for U.S. businessmen. This program has worked out well so far and has permitted U.S. businessmen to participate in the program. Trade not aid is the better policy.

You will notice on page 15 of the report, there are many—several thousand—

applications pending by U.S. corporations and businessmen, amounting to several billion dollars worth of investment guarantees which insure that our U.S. business people remain in and help the economies of countries whose existence is critical, and whose governments might be unstable at the present time.

One other point that I would like to make is that we are moving on changing U.S. policy in regard to suspending U.S. aid when there is expropriation of U.S. property abroad not only if it is current expropriation but under this policy laid down by the House Foreign Affairs Committee, "creeping expropriation." I think this is a very valid extension of this whole U.S. policy and program regarding expropriation of U.S. citizens' property abroad.

Finally, I say to my colleagues in the House this. Do not forget the peoples and the governments of the free world who are standing up with us and who are our friends all throughout the world. Real friends should not be abandoned to disaster. Do not forget in South Korea the fine South Korean people are putting 18 fine divisions in the field to hold the 38th parallel while we only have to man only 2 divisions with American servicemen. These are real allies. If we deny them the aid, you will then have to send thousands—and many thousands of American young men to these far lands. Also, remember that among these allies we are getting these troops at an average of maybe \$3 to \$5 to \$800 annual maintenance apiece while if American troops were there, the cost would be \$6,000-a-year and up. Do not think we in Congress are just spreading and throwing away money abroad—we are not. We U.S. citizens are getting a very adequate return in the United States of America in defense and in assistance to our troops in addition to the troops that are standing with us for the defense of the free world against any "ism" whatever. I feel the free world must be defended, and I feel we must integrate the free world and look for new avenues of approach in the whole world where we can work together.

We have a joint volunteer Senate House Committee on World Peace through World Law, and we are working for a bright new world. Of course, there are jeers and few cheers, but it is possible, and we should work for this goal. This is a bipartisan committee, by the way, with Senator JAVITS and Senator CHURCH in the Senate, and Congressman FRASER of Minnesota, and I, in the House as co-chairmen. We have a luncheon about once a month on the development of world peace through rule of law.

I like the provision in the bill as well authorizing continuation of the NATO Parliamentary Union, implementing it with specific statutory authorization. I believe that it is fine and rewarding that our Members of the U.S. Congress go and meet with these other parliamentarians, and discuss our mutual problems and progress.

We should do more meeting of parliamentarians and Congressmen throughout the world so that we advance the rule of law in the world and settle our disputes by peaceful means rather than

force of arms. World problems must cease to be a corner fight and be settled by reason, not fear nor force.

I hope Congress will accept a recommendation from me on a bipartisan basis that we consider this U.S. foreign aid bill and we pass it.

I do not like the rule waiving points of order and I hope it will not become a practice on foreign aid bills. I would rather have the opportunity to have separate bills. The Foreign Affairs Committee should not be afraid of tiring the House with several bills—this is too important for our United States and free world security and progress. I believe we in Congress can put too much of the foreign policy implementation of this country into one basket. When I was on the House Committee on Foreign Affairs, under the leadership of John Vorys of Ohio, we instituted that approach, along with our then chairman, Congressman Jim Richards of South Carolina. It has been a good reasonable approach to show our U.S. foreign policy in perspective. However, I feel we may be going too far when we put in everything that concerns the State Department, operations, management, personnel and so forth.

I do like, as an individual item in this bill the policy of setting up a working capital fund for the State Department. We should have had this policy long since, I favor passage and approval of this progressive policy although certainly it is important enough to be under separate authorizing legislation rather than being handled as a minor item in this bill.

We should not in Congress forget that the President, John Kennedy, and the U.S. Secretary of State, Dean Rusk, act as the representatives of our bipartisan U.S. foreign policy which defends and protects all of us at home, and builds the progress and defense of the free world, and represents all of the United States and the free world, in working out agreements and policies that will benefit and help progress for all the world's peoples. Regardless of party, we in Congress should rise as representatives of thousands and millions of American people, above partisanship or sectional interest, to this high challenge and American policy. It is necessary and humbling. The world expects us to do our best and our fellow citizens of the world have every right to ask it of us.

We citizens of the United States are grateful to you peoples we have helped and aided for your fine progress and cooperation over the years, for our mutual trust and confidence. We thank you sincerely.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. I want to take a few seconds to reassure the gentleman from Ohio [Mr. Bow] that at the proper time we will have the figures on the estimated costs of some of the various amendments which affect State Department personnel. I would say it seems to me appropriate to put it in this bill that there are only five amendments. A great many of the AID people are Foreign Service reserve officers, and all of this legisla-

tion affects both AID and the State Department. I suppose if you put it in a separate bill for the State Department, they would say, why should it be in here; why should it not be in the AID bill? If you are against it, you are against it. You can make that argument either way.

I would like to ask the gentleman from Iowa a question about the letter he read. Was that letter addressed to the gentleman from Iowa?

Mr. GROSS. Yes. I will say to the gentleman that it was—"Dear Mr. Congressman."

Mr. HAYS. That shows how far afield some of these people in high places can get. I suppose they could cure their violation by sending 6 cents to the Treasury—1 cent for the stationery and a nickel for the stamp. However, if they knew the gentleman like I did, they would know they were wasting their time by writing to him. I say that with kindness. They would know he will not change his mind when he takes a position. He will not be swayed by letters. I received a good many myself from the administration previous to this one on foreign aid and they did not change my mind. It is a lot like the time when I was in the State senate back when I was in my twenties. An old Senator came up to me, a Republican, and a man I liked very much, and said, "Boy, I just want to give you some advice." He said, "You and Senator VANIK"—and that is now Congressman VANIK—"are by far the two youngest members in this senate." And he said, "You are going to see a lot of lobbyists around here." And may I say parenthetically that I saw more lobbyists in the State senate in 6 months than I have seen here in 15 years. And he said, "You are going to see a lot of lobbyists around here, and if you cannot learn to drink their liquor and eat their food and then vote against them, you do not deserve to stay here."

So I just say to the gentleman, if I get invited to go on a yacht trip, I will go, but what is said there will not influence me very much one way or the other.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. Certainly.

Mr. GROSS. Does not the gentleman think the United States Code is clear and plain? Would he agree it is clear and explicit?

Mr. HAYS. It sounds clear and plain.

Mr. GROSS. Does he not think it either should be enforced or repealed?

Mr. HAYS. I would say in answer to the gentleman if I were he, I would take the time and use my frank and send a letter to the Attorney General and suggest he enforce it and see what happens.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7885, with Mr. RAINS in the chair.

IN THE COMMITTEE OF THE WHOLE

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MORGAN. Mr. Chairman, I yield myself 20 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, H.R. 7885 authorizes appropriations of \$2,424,050,000 to finance the foreign aid program for fiscal 1964 and also includes a number of amendments to the Foreign Assistance Act and other acts in order to improve the effectiveness of the foreign aid program.

The Executive has requested a total appropriation for fiscal 1964 of \$4,525,325,000, but the authorizations contained in this bill, together with the authorizations previously made, will limit the maximum possible appropriation for fiscal 1964 to \$4,087,075,000—a reduction of \$438,250,000.

The Committee on Foreign Affairs recommends this very large authorization to the House only after long and careful consideration. The committee held 58 meetings on this bill and voted by a majority of 24 to 7 to report it to the House.

I recognize that every Member of the House has two questions in his mind: Is this too much money? and are we providing aid to the wrong countries?

There apparently are some people who believe that it is a waste of the taxpayers' money to spend a single dollar for foreign aid and that the entire program since its beginning has been a mistake. I deliberately used the word "apparently" because I am not sure that anyone really believes that the concept of foreign aid is wrong and that all of our money has been wasted.

I doubt that anyone really holds such a view, because it seems to me that such a person would have to believe also that the best policy for the United States to have followed since World War II would have been to disregard everything the Russians have done.

I am not sure that there is anyone who really believes that it would have been sound policy for us to limit our efforts to minding our own business and to building up our stock of nuclear weapons in the hope that some day everything would come out all right.

There are not many, I am sure, who think that the best way to win the cold war is to ignore it.

I am confident that the overwhelming majority of the Members of this House and of the American people regard winning the cold war as the most important problem confronting us today, and that the money we vote for foreign aid, both military and economic, finances our cold war strategy. I feel confident also that the majority of the Members of this House and of their constituents believe

that this is not the time to relax our cold war effort.

I want to direct my remarks primarily, therefore, to those who recognize the importance of foreign aid and the need for an additional authorization but who sincerely question whether or not we really need to vote as much money as the committee recommends and who are honestly in doubt as to whether a lot of our money is being spent to give aid to the wrong countries.

Both of these problems have received long and detailed consideration by the committee, and let me say also that they have received and are receiving the most careful and soul-searching consideration by the President and by our Department of State.

I would like to point out in passing that it is a mistake to regard the administrators of our foreign aid program as being interested only in spending money and as disregarding considerations of economy and efficiency. The House should not forget that the original budget request for foreign aid contained in the budget submitted last January was \$4,945,025,000. The President appointed the Clay committee which conducted a very careful and critical review of the foreign aid program; and after receiving the report of the Clay committee, in April, he reduced the foreign aid figure presented to the Congress in January by \$419,700,000. The authorization in this bill is \$857,950,000 below the budget request.

The President appointed Mr. David Bell to administer the foreign aid program, and most of us who have had an opportunity to see Mr. Bell in action have been favorably impressed with his detailed understanding of foreign aid operations and the realistic approach he has made to dollars-and-cents problems.

I want to come back, however, to the problem of giving assistance to the wrong countries. There has been a lot of discussion recently about giving aid to our enemies. In this connection there have been references to Brazil, India, and the United Arab Republic as enemies of the United States. Now our State Department does not regard the governments of these countries as enemies of the United States, and I see no possible advantage to us in having the Congress single out individual countries and designate them as enemies. It seems to me we have enough declared enemies now within the Communist bloc who are devoting their resources and efforts to our destruction without taking formal action to add to that number.

I want to make clear that we are giving aid to several countries which I do not regard as firm friends of the United States. I recognize that they are unreliable, and we do not and should not rely on them.

But why should we deliberately push such governments into the enemy camp? Are we better off to have them behave as they do now even though they are vacillating, trying to play off one side against the other, doing a few things we like and a great many things we do not like, than to have them definitely wind up with the enemy?

Some discussions of foreign aid seem to suggest that we should run the foreign aid program as an exclusive club and that only well-qualified applicants should be admitted to it.

The trouble with this approach is that the danger in the world today is not from the nice guys; the stable, honest, efficient, and far-seeing governments of the non-Communist world are not the problem. Our difficulties are primarily with nations that have behavior problems.

The committee has tried to deal with this situation. We recognize that we have spent more money on unreliable and unstable governments in the past than was justified. We are convinced that our friends and allies deserve priority over the vacillators and the bargainers; and we believe that whenever we give assistance to governments which we cannot depend on, we should regulate the flow of our aid in accordance with the discernible results which it produces.

Section 306, at the top of page 16 of the bill, requires the termination of aid to Indonesia unless the President determines that furnishing assistance is in our national interest. We have provided total economic aid to Indonesia of \$681,500,000, including \$206,300,000 of Public Law 480 sales. We do not want to continue spending money on a large scale for Indonesia unless we can see that we are getting more for our money. At the same time, we do not want to push Indonesia formally and permanently into the Communist bloc. It is better to have Sukarno where he is than push him in the wrong direction.

The amendment gives the Indonesians and our own State Department notice that we will not tolerate a continuation of what has gone on in the past. At the same time, we leave the door open so that the Government of Indonesia can look to us if they are ready to turn over a new leaf.

The committee has also included a provision to discourage nations which receive our aid from wasting their own resources on neighborhood quarrels. Section 306, on page 15 of the bill, prohibits U.S. aid or sales under Public Law 480 to any country which is engaging in or preparing for aggressive military efforts against the United States, or any country receiving assistance under this act or any country to which sales are made under Public Law 480. There have been too many instances where the United States has given aid to countries which have used their own resources to finance military threats against their neighbors. These include countries in the Near East, India and Pakistan, and Indonesia.

The committee has also tried to tighten up the requirements in existing law that U.S. aid be cut off to countries which expropriate U.S. property without compensation. Section 304(b) on page 14 of the bill provides that compensation must be "equivalent to the full value" of expropriated property in order to make clear that all elements or interests of value that make up the total worth of any property expropriated must be compensated for.

We have also taken action to prevent U.S. assistance from going to Cuba in the form of voluntary contributions to United Nations agencies. U.S. funds cannot be used for this purpose under the language of this bill—section 303(b) on page 13.

The bill, section 303(c) on page 13, also puts the present and any future Government of Cuba on notice that the United States will hold it responsible for compensating U.S. citizens for property expropriated by the Castro regime and that Cuba cannot count on U.S. aid or on a sugar quota until such compensation has been paid. The President is given authority, however, to waive this provision in order that aid may be given temporarily to a new Government of Cuba which might not be able immediately to make compensation.

Although we have done a number of things to cut down the flow of aid to the neutralists and the unrelies, I want to make clear that the program authorized by this bill includes substantial military and economic assistance to India. The committee has reservations about the construction of the Bokaro steel plant in India, however. We did not want to enact a specific provision prohibiting the furnishing of assistance to such a plant, but we did call Mr. Bell, the Administrator of the aid program, before us and received his assurance that there would be further consultation with the Committee on Foreign Affairs before AID financing of this project was approved.

The problem here is not whether we like the present Government of India, or whether we want to endorse Mr. Nehru or express disapproval of his words or his actions. The hard reality of the situation is that we have to decide whether we want India to resist Red China or fold up. Without our military and economic aid, there can be only one answer: India will fold up.

In this connection, let me point out that one lesson we have definitely learned during the history of our foreign aid operations is that the way to get foreign governments to do what we want them to do is not to say to them, "Do this, or else." Most of the newer and less developed nations have behavior problems, as I pointed out earlier. Their governments do not take a broad view and do not think ahead very far into the future. They are inclined to be highly emotional and to be responsible to a highly emotional electorate. They are perfectly willing to cut off their noses to spite their faces.

It undoubtedly would give Members of Congress a certain amount of satisfaction to include a number of "you don't get any aid unless you do what we want you to" provisions in the bill, but if our real objective is to get the governments to act in accordance with our wishes, this is not the way to do it.

Now, let me get to the dollars and cents provisions of the bill.

I should remind you that over half of the funds included in this authorization—\$1,225 million—are for military aid. This amount is \$180 million less than the President requested. We made

this cut with two basic conditions in mind.

First, the committee believes that our military aid to Europe has not been phased out fast enough. We made a rather detailed study of our military aid program to Europe, and a subcommittee report was issued on this subject. The countries of Western Europe should be able to finance their own defense if any countries of the free world other than the United States and Canada are able to do so. By cutting military aid, we want to force a more rapid curtailment of military aid to Europe.

We also had in mind, on the basis of our own observations as well as the findings of the Clay Committee, the fact that certain of the countries in Asia receiving our military assistance are maintaining forces which are, to quote the Clay Committee, "larger than required for their immediate mission of defense and not large enough to assume other missions" and that we have been giving military aid to certain other countries in Asia in quantities larger than can be justified by their contribution to our own or to free world security.

We do not believe, however, that any further reduction in military aid can be justified. I cannot improve on the words of our own Secretary of Defense:

Single or double pronged, the thrust of Communist aggression is still directed against the entire free world; and the expansionist pressure of international communism remains a constant threat to any weak spot where military vulnerability, political instability, or economic deprivation invites attack or subversion. The interest of the United States in strengthening such weak spots is based not only upon our traditional commitment to the principle of freedom and the right of self-determination for all mankind but also upon the very practical premise that the security of the United States is interdependent with that of the rest of the free world. Any attempt to return to a fortress America concept of national defense under present circumstances would be a denial, rather than an expression, of self-interest. It would lead, not to self-preservation, but to slow suicide.

Secretary McNamara added:

I would like to say this in open session: That if it was believed that our economy could not support the total national defense which we need as a foundation for our foreign policy—and I, for one, can't believe we are in that position—if it were believed, if such a proposition was to be advanced, I would strongly urge that to the extent our national economy will not finance our national security that we make the necessary reductions in portions of the defense program other than the military assistance program. Our total defense budget in terms of new obligational authority approximates \$53.5 billion. Were we to be requested to cut that budget \$300 to \$400 million, I would strongly urge that cut be taken from those portions of the defense program other than the military assistance program.

The bill contains an authorization of \$217 million for development grant and technical cooperation. This is a reduction of \$40 million below the Executive request. This money is used primarily for technical assistance, which includes what is commonly regarded as the point 4 program.

The committee has reduced the authorization requested by the Executive for the Alliance for Progress by only \$50 million.

Last year the Congress authorized \$600 million for the Alliance for Progress for fiscal year 1964. This authorization is still in effect. The committee refused to authorize a carryover of the unused authorization from last year, so that the Executive cannot have the \$650 million appropriation which it requested for fiscal 1964.

In addition, the bill authorizes \$200 million for the social progress trust fund, which is an essential part of the Alliance for Progress program.

The committee recognizes that the progress of the Alliance for Progress has been going slower than was anticipated. Nevertheless, the situation in which we find ourselves has been well expressed by General Clay in his testimony before the committee:

The United States has committed itself to this \$200 million development through the social trust fund. It has also committed itself to extending some \$600 million annually in loans. I don't mean that these were formal commitments, but assistance of this magnitude had been indicated in the meetings which led to the formation of the Alliance for Progress.

Already it has been charged in Latin America, due to the fact that we have not made all this money available, that the United States does not intend to meet its commitments.

This has been an important charge by anti-government and other forces, particularly in Brazil.

I am sure that if we did not appropriate this money it would simply add to these charges.

The bill authorizes the full amount requested by the Executive for voluntary contributions to international organizations and programs. Let me remind you that this money is for voluntary contributions only and does not include the regular, assessed costs for U.S. participation in the United Nations or its agencies.

This authorization includes only \$5 million for the Congo, all of which is for economic aid. The bill contains no money for the United Nations forces in the Congo. The matter of the financing of the United Nations forces in the Congo is still under consideration by the United Nations, and any U.S. contribution will have to be provided by a specific appropriation for that purpose.

The bill does prohibit, as I have already mentioned, the making of any voluntary contribution to any international organization or program which would provide economic or technical assistance to Cuba.

The committee authorized \$380 million for supporting assistance. This is a cut of \$55 million below the Executive request and is \$15 million less than was appropriated for this purpose last year. Supporting assistance is economic aid, 58 percent of which is programed for Vietnam, Korea, Turkey, and Thailand. These are all countries maintaining large military forces which are face to face with the Communists, and unless we support their economies, their military efforts will collapse. Also included in this program is money to finance aid to cer-

tain countries in order to attain U.S. political and military objectives, including countries where we have military bases.

The bill authorizes \$200 million for the contingency fund, a cut of \$100 million below the Executive request. I am glad to be able to report that during fiscal 1963 the Executive had \$265 million available to it in the contingency fund, of which it obligated only \$148 million and returned to the Treasury \$117 million. Congress has been putting pressure on the Executive to use the contingency fund only for unforeseen emergencies and not to offset cuts made by Congress in various aspects of the program. The record for fiscal 1963 indicates that this lesson may have been learned.

Let me repeat what I said at the beginning. The committee has gone over the program presented by the Executive with care. We believe that in order to carry on the cold war effectively on the many fronts where we are confronted by the Russian threat and with the variety of weapons available to us and to the Communists, we need the funds authorized in this bill.

I am not arguing that all is well with our foreign policy or with the foreign-aid program. Anyone who reviews the world situation inevitably finds many causes to be disappointed and dissatisfied.

On the other hand, I urge that no Member vote against foreign aid in order to show his dissatisfaction with the world situation in general or with any particular aspect of our foreign policy.

My fellow members of the Foreign Affairs Committee who signed the minority report say they would be in favor of a better foreign aid program.

So would I.

Where we are in basic disagreement is as to what you do to get a better program. The bill before us is the best the Executive and the committee can produce.

I occasionally hear uninformed talk to the effect that this is the same old program, and that it is being promoted and run by the same old crowd. The facts do not support this statement.

During the last 2 years, the top 20 officials administering the foreign-aid program have been changed and a majority of our foreign-aid mission chiefs have been replaced; a new basic law has been enacted and our foreign-aid operations have been substantially reorganized.

I am convinced that our foreign-aid operation has improved and that it will continue to improve.

I am confident that the overwhelming majority are in agreement that the continuation of foreign aid is vital to the security of our country. I urge the House to consider the bill carefully and to perfect it in accordance with its judgment, but I am sure that you will agree also that now is not the time to scrap the entire program, which would mean that our foreign policy would have to be completely redesigned and our military strategy completely reorganized.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. WYMAN. I would like to ask how much of the program that is in the bill now before us authorizes outright grants, gifts, to foreign countries.

Mr. MORGAN. Of course, we have a development grant section, which is in the amount of \$217 million, and most of the money in the supporting assistance section will be grants. Nearly all of the military assistance is on a grant basis.

Mr. WYMAN. I am trying to find out how much in the way of outright gifts, excluding military aid, is in this bill. Does the gentleman have any idea of what the total figure or the percentage of this \$4 billion which will be or is authorized in this bill in outright gifts to foreign governments?

Mr. MORGAN. No. I do not have a total figure. The money for development loans and for loans to the Alliance for Progress which can be used only for dollar loans was authorized previously and is not included in this bill. The Executive has requested appropriations of over \$1,600 million for these loans.

The Executive is free to lend any of the grant money whenever there is an opportunity.

I do not know the exact amount.

Mr. WYMAN. In the bill anywhere is there any requirement or criteria in respect to the internal fiscal policies of countries to which these grants might be paid, as to whether or not their budgets must be out of balance? Is it possible here to have gifts to countries whose budgets are in the black when we are in the red?

Mr. MORGAN. I am sure if the gentleman will take the time to go to the desk and examine the project books, he will have a complete breakdown of the budget of each individual country where grants have been made.

Mr. WYMAN. But it is not required by the terms of this bill that their budgets be in a deficit position before they are entitled to grants from our country?

Mr. MORGAN. Not necessarily. The President is required, however, to consider whether the recipient country is taking steps to straighten out its economic affairs before making development loans or development grants.

Mr. WYMAN. So we can get into a situation where we are giving gifts to foreign countries, from a deficit here at home when they are not operating at a deficit themselves. Is that right?

Mr. MORGAN. I do not have in mind any particular country where that happened, but we do give aid to some very shaky governments. If countries are in a sound economic condition they are not likely to need economic aid.

The CHAIRMAN. The time of the gentleman has expired.

The gentlewoman from Ohio [Mrs. BOLTON] is recognized for 15 minutes.

Mrs. FRANCES P. BOLTON. Mr. Chairman, the consideration of H.R. 7885, to amend the Foreign Assistance Act of 1961, has been a test of physical endurance and emotional stability. The hearings alone consumed 32 days. The expurgated version of those sessions—almost 1,800 printed pages—is here be-

fore you. The executive markup sessions covered 19 days. During that time we considered 83 amendments plus amendments to the amendments and substitutes to the amendments. The report that accompanies the bill added another several days to the time consumed. Here on the table are the six volumes submitted to us by the Executive—five are classified and one unclassified, about 14 inches high, weighing some 14 pounds. Examine them as you will. They are here for your examination, and I hope that you will turn to these volumes to get your questions answered if you feel it is important.

The ground rules under which the program may be conducted have been tightened and clarified. The overall financial reduction, not as great as some of us hoped for, has been reduced by \$438,250,000.

We bring it to you with the earnest hope that you will consider it all unemotionally, with a real understanding of the difficult and complex matters involved and with great good commonsense.

Mr. Chairman, may I, at this point, thank our chairman, the distinguished gentleman from Pennsylvania, Dr. MORGAN, for his never-failing courtesy, his restraint, his bits and pieces of humor that tided us over many tense moments? May I say also that Chairman MORGAN's capacity for doing his homework, and his pertinent memory has been of great value to the committee.

This year, Mr. Chairman, the committee minority found itself with six new members. I want to thank the House minority leadership and the committee on committees, for the splendid results of their appreciation of the need there was to give us men of capacity, of dedication, and of honest desire to help build strength into our foreign policy. Each has worked with a refreshing zeal good to see and we of longer service have found them good comrades along the way.

In these few minutes, I do not propose to go into many details—these will be covered by others—but I cannot refrain from at least a few general comments. These are based upon a background of long service on this great Committee on Foreign Affairs. I have lived through lend-lease, UNRRA, the Marshall plan, point 4, the Truman plan and a variety of other aid measures. I have watched an endless train of aid measures. I have watched an endless train of aid administrators and their alter egos step through the revolving doors of the countless agencies that have been devised, we have been told to improve and strengthen the program, to give it new vigor and direction.

Each new director brings us fresh hope that he has something real, something new. But unfortunately the lines spoken by the witnesses have an all-too-familiar ring and fervor of actors in the annual production of a passion play: The world situation is precarious—but it is improving. Foreign governments are unstable—but if we reduce our aid unwisely we jeopardize their stability. Recipients of our aid have initiated many reforms—but these have not yet taken hold. The Communist menace is threatening us.

But we are told Communist commitments are being lessened while we carry on with unabated zeal. Our allies are stronger economically—but we have commitments to them that have yet to be filled. We can be grateful for the modest efforts they are making to assume some of the burden that we have been carrying. It used to be a favorite sport of neutrals to twist the lion's tail. Now they tweak Uncle Sam's beard—but at heart they are really friendly. It takes an extraordinary combination of faith and just good commonsense to understand the "why," the "what" and the "how much" of this program.

In the report of the Clay Committee it is stated that we are attempting "too much for too many." I think many agree that the accuracy of that statement has been indirectly challenged by executive witnesses who have given us encouragement that the list of recipients is being reduced. But the fact is that almost 100 countries and territories plus a number of international organizations and programs are still helped under this program. Certainly the executive request reflects no sharp reduction in funds in recent years. There is a bit of arithmetical legerdemain in all this. We have replaced grant aid to some countries by the device of development loans made available through this program. Many of these loans are of 40 years duration at an interest rate of three-quarters of 1 percent. Our surplus agricultural products, although disposed of under the provisions of another law, sometimes supplement assistance advanced under this bill; in other cases they take the place of such assistance. Regardless of which form such aid takes, it is assistance from the United States.

As I look over each year the list of aid recipients, I can only conclude that for many countries we are the host to the man who came to dinner. And all too often we not only plan the menu—we also peel the potatoes.

It is of little help to us in our present situation to draw our inspiration for a worldwide development program from the success of the reconstruction program in Europe. The war disrupted but did not destroy the political fabric of European countries. Those countries possessed the indigenous talents and institutions that could give almost immediate effect to our aid. The very absence of these qualities in the less developed countries brings into question the success of our present program. We can talk about the growth of the gross national product, about the improved acreage, and the number of technicians we have trained. But none of these statistics gives us a clue to the internal stresses and strains our aid produces. The irony of our assistance is that the greater the change it makes in the economic life of a country, the more it contributes to the internal instability and thereby imperils any success we might achieve.

In simple terms the problem we face is to make our aid available at a pace no more rapid than the recipients can use. We must always remember that no matter what form the aid takes—training, construction or demonstration projects—it must take root in a culture

vastly different from our own. A civilization steeped in allegories will not easily master equations. If our aid is to be more than an interesting innovation in the life of a nation, it must be accompanied by internal adjustments that will invariably be painful.

In his remarks to Latin American diplomats in March 1961, President Kennedy said:

Let me stress that only the most determined efforts of the American nations themselves can bring success to the effort. They, and they alone, can mobilize their resources, enlist the energies of their people, and modify their social patterns so that all, and not just a privileged few, share in the fruits of growth. If this effort is made, then outside assistance will give a vital impetus; without it, no amount of help will advance the welfare of the people.

The Clay report expressed this thought even more sharply:

Our aid should help create economic units which utilize not only limited Government resources wisely but mobilize the great potential and range of private, individual efforts required for economic vitality and rapid growth.

I know of no valid reason why the President's precepts addressed to the Latin American nations should not be equally applicable wherever we extend aid. I am aware that the Foreign Assistance Act contains some noble prose that suggests this approach. But have those administering the law made these a criteria of our aid? Certainly not—or we would not have financed a jet airport in Afghanistan or built a bypass highway around Djakarta in Indonesia or indulged in a multitude of other foolish projects.

Our Government has to mobilize its resources and enlist the energies of its taxpayers to keep this program going. It is not too much to ask that recipients make any less a contribution. These prerequisites for aid may, in the long run, prove to be our greatest contribution toward their development. They will temper the zeal and encourage the responsibility of the leaders, reduce the lethargy and direct the energies of the populace, and give a sense of national purpose which is so often absent in the emerging nations.

I turn now to another administrative practice that has been bothering me. For want of a better term, I refer to it as the lack of priorities in the program. I tried to explore this point with the AID Administrator but with no success. Not everything in life is equally important. All of us must make choices within the limits of our resources and capabilities. But to the AID, in the minds of those who administer it, the program is apparently unique in this regard. There is a studied refusal to admit, let alone suggest, that some programs and projects are not quite as important as others. This makes no sense to me.

We had before us a request from the Executive for authorizations of a specific sum for each of the titles in the act such as supporting assistance and development grants. That sum is arrived at by adding up the individual projects in each country. We know as well as the administrators of the program know that the amount authorized and subsequently ap-

propriated will not be identical with that requested. In their more reflective moments the administrators must have given some thought to what particular program in a particular country will have to be reduced or eliminated. In short they must of necessity have set their own priorities. But we on the committee will not know until the next annual presentation what their judgment was—if indeed we ever find out. Without such cooperation how can we be expected to act wisely when it comes to a cut.

This is not an easy problem for us to resolve. But it must be done if Congress is to retain some control over the program. We should require from both the military and the economic administrators the submission of programs planned for each country for the next 2, 3, or even 4 years in a priority arrangement. We would be advised that for a particular country health and education are of the highest priority, public administration is next, and at the bottom is a program in transportation. We would know what resources the country is prepared to devote to each of these. Thus the Congress would have something of a balance sheet before it together with planned expenditures. These facts would be for the internal use of the committee and the Congress and not a commitment to the foreign government. Changing circumstances may make it necessary to alter these priorities but at least we would have an opportunity to think ahead and express our judgments before the Executive has acted. Had this device existed, much of our discussion about the Bokaro steel mill in India, for instance, would have been obviated. An inquiry into our projected programs for each country would also provide an opportunity to examine more closely our foreign policy objectives toward that country.

I have dwelt upon a few only of the administrative deficiencies that I have detected and have suggested some remedies. I could add to the list as I am sure anyone familiar with the program could do.

It would be easy to condemn the whole foreign aid program on the basis of its shortcomings.

But my concern is, and I hope yours also, to improve what I believe to be an important instrument of our foreign policy, not to destroy it so long as it has some use.

Many parts of the program are vital. Through development grant funds we are carrying on important, even dramatic work in education, health, and public administration. These are grass-roots activities that have their antecedents in the technical assistance program. If I had to choose between these programs and the costly construction programs, I would not hesitate to choose the former. They are laying the foundation upon which durable and stable societies can be built.

During our hearings we heard the testimony, not only of Government people, but of private citizens as well. Among these were spokesmen for groups and organizations who addressed themselves to particular parts of the foreign aid program. In their concern to pre-

sent their views on a segment of the program they often lost sight of the objectives of the entire program. One of the most thoughtful analyses of foreign aid was that made by Mr. John O. Teeter who appeared on behalf of the chamber of commerce. He was certainly not lacking in criticism but it was a reasoned criticism accompanied by constructive alternatives. More impressive to me was his succinct statement of what we are trying to accomplish.

I give you his succinct description of what it is that we are trying to accomplish.

Properly conceived and carried out, foreign aid should, can, and promote the American system; provide a counterforce to international communism; promote a responsible local foreign development, and protect our increasingly important overseas markets and sources of supply, as well as our military security.

To those who may wonder why we are in the foreign aid business at all, I comment this simple declaration of purpose.

Mr. Chairman, we have reached a point in the administration of foreign aid that gives us some solid experience upon which to draw. The time is long overdue to dispense with marginal activities and theoretical approaches to foreign aid. It is incumbent upon the executive branch to establish rigid standards and to demand quality performance. If the legislative frustration results in a meat axe approach to authorizations and appropriations, then it is the obligation of the executive to master the art of using a scalpel.

I fully expect to vote for a number of the cuts, some for one reason, some for another. But I trust that the membership will move with good commonsense in an unemotional effort to remedy the errors, reduce the amounts, and so permit us to carry on a program fundamentally based on our deep-seated urge to build a better world, not just for ourselves but for all mankind.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. Mr. Chairman, I take this time in general debate, and I do not believe I have ever spoken on this in general debate before, to put in the RECORD some information asked for by the gentleman from Ohio [Mr. Bow] earlier in the debate on the rule.

Speaking about the five amendments that we offered governing State Department employees and AID employees, the first one, which deals with the provisions relating to length of assignments in the United States, will not cost a single penny because they will be paid the same salary whether they stay on here for an extra year or two and are assigned overseas.

The second one, the Department asked for travel permission for the families of Ambassadors, dependents. We cut that down to one person, either the wife or one dependent, in the case of a daughter acting as hostess, or something of the kind. It is estimated that will cost \$15,000.

The third one, the use of Government-owned or leased vehicles, this is concerning use in case of emergency, riot, civil disturbance, and using these vehicles to

transport dependents of State Department personnel.

There is no way to estimate that. It is actually estimated at zero dollars because the only amount would be a small amount of gasoline which might be used in time of a civil disturbance in some foreign country, and it would be so negligible the cost would be considered zero.

Then there are two others. The one on education that he mentioned. We did have a figure in the report. I will repeat that this is for education of children of foreign service officers both in the State Department and AID where there is no American type school available. This is estimated to cost \$300,000 a year.

The fifth one deals with the working capital and actually would result in a savings, at least; or presumably it would. The working capital where it has been used by other bureaus has resulted in savings and that is the reason the Department of State wanted it to increase cost consciousness among their employees, and this would presumably save some money.

I might just say a word about one amendment that the gentleman from Ohio [Mr. Bow] objected to relative to the conflict between the Committee on the Judiciary and the Office of Security and Deputy Under Secretary of State for Administration and Security. Actually, this does fall somewhat within the jurisdiction of the Committee on the Judiciary and somewhat within the jurisdiction of the Committee on Foreign Affairs. I talked this over with the late Congressman Walter and they wrote the language and we put it in this bill. It is almost identically the language of section 406 of H.R. 7885. It passed the House on March 13, 1962, and was presented by the Committee on the Judiciary. That bill did not pass the Senate. Mr. Walter and members of the Judiciary Subcommittee thought it was important and we put it in this bill for that purpose. If I may, I would like to comment on just one portion of the statement of my colleague, the gentlewoman from Ohio, the ranking minority member of the committee. I, too, have been disturbed by the number of administrators that this program has had. As a matter of fact, I think she has used my designation of them as going through a revolving door. I do not even mind that she did not mention me in this connection, but maybe she did not know I originated it, but I did use it many years ago.

Mrs. FRANCES P. BOLTON. I am sorry I did not realize that. I apologize to the gentleman. I did not know that he had used the term before.

Mr. HAYS. I have no patent on it, but that is exactly what the situation has been. I would just like to point out that this is just about par for the course. This is nothing new with this administration. As a matter of fact, the previous administration in 8 years had five administrators and this administration in a little less than 3 years is on its second one. I have told everyone when they came up that they would be in a revolving door—some thought not—because this is a difficult program to administer. This is a diffi-

cult program in the sense that the good leads to be observed by the mistakes in it. I have been one of the severest critics of some of the mistakes in the program. I was one who brought out about the airport at Afghanistan which I thought was a serious mistake. But because mistakes are the things that get the publicity and the good things about the program do not—and there are some good things that do not get publicity—the attention of the public is concentrated on the mistakes. I, myself, when I found out about the details about the Afghanistan airport, I was not sure that I would have not gone ahead with it had I been the administrator. I emphasized that although it looked like a lot of money to spend for an airport that only has about 300 people a week using it, but the reason I was given, and I found this out by accident, was that the Afghans were going to let the Russians build it and in return would give the concession to the Russians to operate all the airlines in and out of Afghanistan and contiguous countries, and if we built it, they would give a concession to Pan American and airlines that would keep important military areas in hands operated by Americans. So this was a decision that was not made on the basis that I first criticized it of how many passengers were using the airport in a week, but on the basis of its military value to the United States. When you put it on that basis, I feel maybe I had been a little remiss in my criticism because it gives you an entirely different look at the picture.

So as the debate goes on and we discuss the amendments, I hope that we may develop some of these matters. As for myself, I have supported the program with some reservations for a long time and I will continue to support it, but I am one of those who believes that maybe it should be improved and I have supported amendments in committee and I will support amendments on the floor which I think will improve it.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, heretofore comment has been made upon the attitude of the chairman of our committee, and I want to underscore and second those remarks. He was patient, tolerant, and fair, and I think we could have asked for no more tolerant presiding officer. Even those of us who differed from him were afforded an opportunity to express our views, to present our amendments and have them voted upon. I am sure that the members of our committee are appreciative of that.

I should not fail to mention the ranking minority member, the gentlewoman from Ohio [Mrs. BOLTON], who led us on the minority. She contributed a very great deal to our understanding of and our participation in this program.

People knowing of my opposition to this program sometimes ask me, "Were any improvements made in the bill this year?" I would answer that question in the affirmative. There were several im-

provements made in the bill. Not enough, I think, but improvements were made. Among these improvements were some relating to a reduction in the dollar amounts, about which more later.

Secondly, we strengthened certain of the anti-Communist portions of the bill.

Thirdly, but not to my mind the least, we did improve those portions of the bill which encouraged the participation of private enterprise in these programs. It has been pointed out time after time that unless there is a very substantial participation by private enterprise, this program in the long run will fail.

I think Members of the House ought to keep certain figures in their minds as we consider this bill today and in the days to follow. In the first place, Members will recall that when the President sent his message last January—and I shall speak now only in round numbers—he requested \$4.9 billion for this program. Subsequent to the report of the Clay Committee, that was reduced, I think in part a solid reduction and in part an illusory reduction, to \$4.5 billion. As has been pointed out, the action of the committee has brought this authorization bill now down to about \$4.1 billion, a figure which I think is still too high. There are places where amendments can be offered reducing the dollar values of this bill. Some places are fairly obvious, and I think Members would want to know where amendments may be offered which will permit them to vote for reductions in the cost of this bill. One such place would be in the military assistance figures. There was originally requested \$1.4 billion, and it was brought by the committee down to \$1.225 billion. There is still room for a substantial reduction in the military assistance portion of the bill.

The second place where amendments may be anticipated would be with respect to the President's contingency fund. It was first suggested at \$400 million, then reduced to \$300 million and the committee brought it down to \$200 million. Having in mind past expenditures from this fund I think it is reasonable to assume that a \$50 million reduction in this amount would still leave an adequate amount for the carrying on of legitimate purposes of the contingency fund.

And thirdly, another area where substantial dollar reductions may be made would be in the Alliance for Progress program. This program admittedly has been slow in getting off the ground. There was previously authorized for this year \$600 million for the program. A further reauthorization of unexpended funds of last year in the amount of \$50 million was refused by the committee. In other words, the request was for a total for the Alliance for Progress of \$650 million—\$50 million refused and \$600 million remaining authorized. That is a point upon which we may anticipate the opportunity to vote for reductions in dollars authorized for this program.

Now, what are some of the objections of those of us who oppose the bill? In answering that I would invite your attention to the minority views which appear in the back of the committee report.

These views also appear in the CONGRESSIONAL RECORD which was on your desk this morning.

Those in opposition point out, as we have for many years and as General Clay and his committee did in their report, that we are seeking to do too much for too many nations by this program. While it is impossible to say accurately how many nations will be aided by the program for this fiscal year it is a fair assumption to say that 95 of the world's nations will be touched in one way or another by the 1964 fiscal foreign aid program if it goes through in essentially its present form. I repeat, we are trying to do too much for too many rather than sharpening our program to give particular emphasis to those countries which have demonstrated that they are our friends, to give aid to those countries if aid must be given, which have made it clear that if the free world needs assistance, they can be counted upon. To sharpen the program in that respect would make it a much more effective instrument of foreign policy.

Something ought to be said, Mr. Chairman, about this business of the pipeline. There is in the foreign aid pipeline as of this date approximately \$6.8 billion. The amount in the pipeline in recent years has tended to rise from a low point a few years ago. If you take the amount authorized by this bill, assuming it should stay at that level, \$4.1 billion, and add then the amount in the pipeline \$6.8 billion, you would have a total available for the foreign aid program this coming year of \$10.9 billion. A reference to the record of appropriations and expenditures in recent years will indicate that the rate of expenditure has been closer to the \$3.5 billion figure.

So it is my opinion and the opinion of others who signed the minority report that we do have far too much in the pipeline. We have far more than we need. There would be enough to carry this program for more than a year if not another dollar were authorized and appropriated.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. Yes, I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Would the gentleman apply the same formula to the funds of the Department of Defense?

Mr. ADAIR. Yes, I would apply the same formula. I would say to the chairman of the Committee on Foreign Affairs that the Department of Defense pipeline, according to the figures given in the report, is now at approximately \$30 billion.

Mr. MORGAN. If the gentleman will yield further, does the gentleman think we could get along this year with a \$22 billion defense budget?

Mr. ADAIR. If the chairman will permit me to finish my statement, on a Department of Defense budget of about \$50 billion there is a \$30 billion pipeline. On a proposed foreign aid budget of \$4.1 billion there is a \$6.8 billion pipeline.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ADAIR. I would say to the Chairman that obviously there is not enough in the Department of Defense pipeline to carry the program another year. But by the same token in the foreign aid pipeline there is one-and-a-half times enough to carry the program a year. Although the amount in the Department of Defense pipeline in much greater in terms of dollars, when measured relative to the annual requirement it is far less.

Mr. MORGAN. Would the gentleman apply the same formula to the Department of Agriculture?

Mr. ADAIR. As I recall, the pipeline of the Department of Agriculture is too high. I would apply the same standard with respect to the Department of Agriculture that I would apply to the foreign aid program. If it does not meet these criteria, I would have to say to the gentleman that the pipeline of the Department of Agriculture is too great. I would see it reduced and I have voted accordingly.

Mr. MORGAN. If the gentleman will yield further, does the gentleman think the pipeline for the Department of Defense is too high?

Mr. ADAIR. I do not, having in mind the total overall budget. And, incidentally, the Department of Defense pipeline has run at about this same level since 1956. It has fairly well stabilized at the \$30 billion level, plus or minus. So it appears that is a fixed figure in which we may have some confidence.

Mr. MORGAN. The pipeline for the Department of Defense in 1953 was \$62 billion.

Mr. ADAIR. Yes; before 1956, I will say to the chairman that the Department of Defense pipeline was much higher and I think too high. But since 1956 it has been at a fairly stable level and, in fact, has been decreased when compared to the size of the Department of Defense budget.

Mr. MORGAN. Of course, the gentleman knows that the unobligated, unreserved funds in the Department of Defense are a lot greater than those in the foreign aid program.

Mr. ADAIR. In that Department, as in the foreign aid program, this business of unobligated and unexpended funds I think is illusory, because there can be deobligation as well as reobligation. As long as the funds are there, they can be expended.

Mr. MORGAN. Let me say to the gentleman that the figure of \$8.8 billion unobligated and unreserved fund in the Department of Defense against a figure of \$100 million of unobligated funds in the foreign aid program is quite a difference. I just want to point out the difference.

Mr. ADAIR. I would repeat that taking the relative figures, year by year, I think the Department of Defense carry-over, the pipeline, is much more reasonable. It is three-fifths of the annual budget.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. This discussion of the foreign aid pipeline is of considerable interest to the Members. I wonder if it is not also true that the method by which the moneys are used is of interest. Is there not a difference between the foreign aid pipeline, so-called, and the Department of Defense pipeline in that a substantial amount of this money is in the form of loans? Is not roughly \$2.5 billion available for loans, in addition to loans of some three-quarters of a billion dollars under the Alliance for Progress? Would this not account in large part for the size of the pipeline to which the gentleman is referring? Those loans of course are not made available until the project is ready for the use of these funds. We are not giving a blank check to recipient countries and thereby in some way losing control over it.

Mr. ADAIR. Which I think is an argument in favor of the point that I sought to make earlier, that we do not need the full amount requested for the Alliance for Progress this year.

As the gentleman has pointed out, there is a substantial carryover available for loans and, in my opinion, if these funds are used we will not require the \$600 million program for this year.

Mr. FRELINGHUYSEN. General Clay indicated that in his opinion it may not be possible to utilize the full amount authorized for the Alliance for Progress program.

Mr. ADAIR. Yes.

Mr. FRELINGHUYSEN. My point is that if it is needed, and if a justification for these loans can be made, it should be available. The gentleman's suggestion, as I understand it, is to prevent funds from being available even though the countries that would receive the aid would be ready to use it.

Mr. ADAIR. My suggestion is that on the basis of past performance and past records we can very clearly say that there will not be a demand for the full additional \$600 million. The program has moved so slowly we can say almost with certainty, as certain as we can of any program reaching into the future, that this amount will not be required and consequently is unnecessary.

Mr. FRELINGHUYSEN. The gentleman is now criticizing the authorization for the Alliance for Progress program. The gentleman's broad criticism was against the overall foreign aid pipeline.

Mr. ADAIR. I criticize both.

Mr. FRELINGHUYSEN. It may be possible to advance that argument on the Alliance for Progress but it does not follow that that argument is applicable to other parts of the program. As I have pointed out, there are about \$2.5 billion in the pipeline for loans.

Mr. ADAIR. Even assuming the accuracy of the gentleman's statement, and I think it is accurate, there is still much more in the pipeline than is authorized for this year's program.

Mr. FRELINGHUYSEN. The gentleman is not drawing the conclusion that we should not authorize something for this year's program because there is more in the pipeline?

Mr. ADAIR. I am trying to draw just that conclusion, based not only upon last year but the record of our pipeline for the past several years.

Just one other thing: When this bill first came to us there was a proposal in it to amend the Trade Expansion Act. I am pleased that the proposed amendment was not included in the bill which is before us today. But I would warn the House this is a matter we should not overlook, as it may be presented to us in one way or the other before this bill becomes law. I am referring to that provision which related to the most-favored-nation treatment for Communist-controlled countries. I think our committee did the right thing in removing that proposal from this bill, and I hope if it passes the Congress, we will find there has been no attempt to amend the Trade Expansion Act through the medium of the foreign aid bill.

Mr. MORGAN. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, at the very outset, I wish to commend and congratulate the gentleman from Pennsylvania, the genial chairman of the Foreign Affairs Committee on his masterful stewardship of the legislation before us today. His ability, determination and judicious temperament were continuously demonstrated throughout the several months of hearings and committee considerations of the Foreign Assistance Act of 1963.

Mr. Chairman, since World War II, the United States has expended approximately \$104 billion in assistance to nations throughout the world. It is understandable, therefore, that repeatedly the questions asked are: Why foreign aid? When will it stop? Is foreign aid truly in our Nation's best interest?

These are natural questions because foreign aid, even 18 years after it was initiated, is still a controversial issue. We constantly hear it attacked as a giveaway and "money thrown down a rat-hole."

Much of the controversy over foreign aid results from widespread misunderstanding about our foreign aid program, its purposes and its goals. This misunderstanding is shared even by Members of Congress.

If I were to emphasize one outstanding fact about foreign aid, it would be that the program has been, on the whole, a heartening success.

The success of our aid program is particularly substantiated when we consider, Greece, France, and Italy. Following World War II these nations—and others in Europe—were on the verge of collapse. Their lands were devastated, their economies were in ruins and their people were frustrated.

At the same time communism was on the march. Already most of Eastern Europe had fallen under Soviet domination. There was grave danger that more nations would be subverted, leaving the entire Continent under Soviet control. In Greece the Communists were waging

guerrilla warfare. In Italy and France they wielded much influence as a political party. The loss of Europe seemed imminent.

It was at this time of crisis that President Truman made the historic decision to provide these beleaguered countries with large-scale economic and military aid. This was the United States' first foreign aid program, called the Marshall plan after Gen. George C. Marshall who was Secretary of State at that time.

France, with \$9.4 billion, and Britain, with \$8.7 billion, were the largest recipients of this postwar aid. Much of it was military assistance. It allowed these wartorn countries to raise and equip divisions to repel possible land attack by Soviet Russia.

Our economic help under the Marshall plan was largely in the form of grants or outright gifts as we attempted to effect an economic resurgence in this area of the world. Today few question the success of our Marshall plan aid.

There can be no doubt that the Marshall plan aid saved Western Europe as well as Greece and Turkey in the Near East.

The military help we provided proved a deterrent to Soviet aggression. The economic assistance was a potent weapon against Communist subversion.

Today Western Europe is enjoying a prosperity which is unique in its history. Democratic governments thrive there. Industry is booming. The free labor movement is strong. Imports from the United States are high.

The result of the Marshall plan alone demonstrates the falsity of statements which would have us believe that American taxpayers have spent huge sums of money for no good purpose.

What about the basic question, "Why foreign aid?" What are its goals? Simply stated the reason for and the goal of our foreign aid is to assist other countries in maintaining the independence they desire and to help develop them into self-supporting nations in order that they may become equal partners in the mutual efforts to stabilize the world.

Testimony received by the Foreign Affairs Committee has definitely confirmed that it is in the national interest of the United States to help countries help themselves achieve economic progress and political stability under increasingly free and democratic institutions.

Unfortunately, these objectives are jeopardized and deterred not only by the direct threats and pressures directed against underdeveloped nations on the periphery of the Communist bloc, but equally by intensive Communist efforts to exploit conditions of economic and social misery in Latin America, Africa, the Middle East, and Asia.

The greater part of foreign assistance has gone and goes today to countries directly menaced by Communist external or internal aggression. This type of assistance, where communism is a direct threat, is unquestionably an extension of the national defense program.

However, even where there is no immediate danger of Communist aggression or if communism were not a factor,

assistance, within our means, to countries that are seeking to achieve economic progress and political independence would be in the interest of the United States. The continued survival of our own free institutions depends upon the gradual development of a world community of stable, self-supporting, free nations.

During the past few years the focus of American aid has changed. Instead of being primarily concerned with strengthening Europe, we have concentrated our assistance on underdeveloped and poorer countries.

Since the end of the Marshall plan in 1952, the emphasis of our aid programs has been to nations such as Korea, India, South Vietnam, and Turkey. Western European countries now receive no economic aid.

For example, in 1962, India was the largest U.S. aid recipient, with \$838 million, bringing her overall total to nearly \$4 billion. Pakistan was next highest with \$439 million, making \$1.9 billion total. Turkey got \$356 million for a \$3.9 billion total and Korea received \$345 million, pushing its total to \$5.4 billion.

The bulk of the aid to Turkey, Korea, Pakistan was in the form of military assistance. This aid is aimed at keeping the recipient country strong against possible Communist attack. As such, it is directly related to our own national security.

Secretary of Defense McNamara has told us that dollars spent for this purpose go further toward insuring the future welfare of the free world than domestic defense dollars. To obtain the same military posture with U.S. forces alone, the cost would be staggering.

It is distinctly to our advantage that the countries which receive U.S. military aid, many of them linked to us by mutual defense treaties, are providing 2 million armed men ready, for the most part, for any emergency. These forces add materially to free world strength.

Also related to free world strength, although not so directly, is the foreign economic and technical assistance which we have given to developing nations in the form of grants and loans.

It is an inescapable fact that the rich nations need the poor nations as critically as the poor need the rich.

The poor nations require the technical and scientific know-how of the industrialized lands to help their own development; the rich nations need the poor ones as sources of raw materials and as markets for their manufactured goods. For their advancement—and perhaps for their very existence—both rich and poor nations need peace.

Viewed in this light, any assistance that can be given to hasten the peaceful evolution of the low-income countries can be counted as perhaps the best and most constructive step we can take toward insuring our own economic betterment and national security.

For this reason, the United States is providing assistance to 97 nations around the world. This gives rise to the question called to our attention by our colleague, my good friend, the gentleman from Indiana [Mr. ADAIR]. Are we at-

tempting to do too much for too many? Obviously, this is a legitimate question. The Committee To Strengthen the Security of the Free World—the Clay Committee—made the following observation of our foreign aid program: "We believe that we are indeed attempting too much for too many." The Foreign Affairs Committee gave careful and full consideration to this danger.

The views of the committee are reflected in the \$438 million reduction and the amendments enacted to improve the effectiveness of the program by revising certain of its procedures, imposing new limitations on the furnishing of assistance and by making a number of modifications in policy directives.

The continuing interest of the Foreign Affairs Committee to bring the program within reasonable scope is demonstrated throughout the committee report. I wish to call particular attention to the paragraphs dealing with the utilization of private enterprise on page 7 of the report, and I quote:

AID has advised the committee that it has in preparation a new and stronger charter for the Assistant Administrator, and other changes which will provide more effective assistance to U.S. private sector generally in underdeveloped countries. The committee will follow these changes closely and weigh the results in speeding economic development through private endeavors, thereby reducing the burden on American taxpayers.

Likewise, regarding the complexities of the Kashmir question. The committee carefully considered an amendment that would reduce our aid to both India and Pakistan until such time as the issue is resolved. It noted the small but encouraging measures that have been taken by both parties to remove this issue. Further, as stated in the report, the committee "will keep the matter under continuous review. Should there be no evidence of an improvement in the situation, the committee is prepared to recommend curtailment of aid to both parties."

It is also important to remember that the majority of this economic aid is in the form of "easy credit" loans, not outright grants. Further, contrary to popular opinion, these loans are being paid back as they come due.

Moreover, much of our aid today is in the form of surplus agriculture products. Instead of storing these products at huge Government expense and allowing these agricultural products to rot or be eaten by rats, we are sending them, under a program called food for peace, to lands where starvation is rampant.

In this way, the United States is helping to feed an estimated 90 million needy people around the world. In some cases this food is sold for the currency of the recipient country and the money used for U.S. aid projects there.

Here are a few dramatic examples of the effects of our foreign assistance programs:

In Nepal, some 35,000 people in 800 villages were taught to read and write, 810 new primary schools were started, 54 new health centers were established and 40 old-style dispensaries were modernized.

In El Salvador about 100,000 people in 168 villages were provided with safe drinking water supplies.

The number of students receiving technical educations in Sudan was increased from 1,000 to 2,500 in 1960.

About 85 percent of the population in Bolivia was vaccinated against smallpox. An agricultural credit program was organized which has extended thousands of loans to small farmers.

In Morocco, as a result of U.S. loans, about 5,000 single one-story housing units and about 8,000 small apartments have been completed. An additional 4,250 low-cost housing units were begun.

These are solid achievements of our aid accomplishments that we as Americans can well be proud of.

Our U.S. assistance programs have been an indispensable element in bringing some countries to the point where their economic development can be largely self-sustaining. In other countries the process has not gone that far, but great strides have been made.

It has been said recently that countries containing one-half of the total population of the underdeveloped world are now showing progress and promise of the capacity to grow regularly, remaining ahead of their population growth.

Perhaps the greatest single testimonial to the effectiveness of U.S. foreign aid is the degree and intensity with which the Soviet Union has imitated us.

Russia was late in entering the foreign aid field, doing little prior to 1955. From that time, however, until about 1962, the volume and scope of Soviet aid rapidly intensified.

For example, Sino-Soviet-bloc-aid commitments amounted to only \$11 million in 1954, totaled \$1.5 billion in 1960. Bloc aid was extended to only 8 countries in 1955; in 1960 to 26 countries. These amounts were for economic and technical assistance and did not include military aid or aid to other Communist countries.

In the past several years, however, Russia has reduced its outlays for aid. Its program has noticeably lacked success and it apparently is retreating in the face of superior performance by the United States.

Our example—and prodding—has stimulated other developed countries to join with us in programs of technical assistance to the emerging nations of Asia, Africa and Latin America. Foreign aid by these nations, principally France and Great Britain, totaled nearly \$2.5 billion last year.

Other nations, such as Japan and Germany, are being induced to aid less privileged countries. These efforts are in accord with the directive of the late, great Pope John XXIII, in his encyclical "Pacem in Terris" that the rich nations have an obligation to assist the poorer ones.

How much money is put into assistance efforts by other nations and how much of a load is it on their economies? How does this compare with the aid programs of the United States?

International agency programs, supported largely by contributions from the more advanced governments, are increas-

ing their assistance activities. Twelve industrialized countries—Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, United Kingdom, and the United States—accounting for about 98 percent of total bilateral public assistance from free world sources, have joined together

in the Development Assistance Committee—DAC—of the Organization for Economic Cooperation and Development—OECD—to promote a large, more effective and better coordinated flow of aid.

The following tables indicate the current situation:

Net official aid, United States versus other DAC countries

[Billions of dollars]

	1956	1957	1958	1959	1960	1961
United States.....	2.0	2.1	2.4	2.4	2.8	3.4
Other DAC countries.....	1.2	1.7	2.0	2.1	2.1	2.5
Total.....	3.2	3.8	4.4	4.5	4.9	5.9

The table shows that the U.S. annual aid level rose \$1.4 billion or 71 percent over the 6-year period while the combined aid level of other DAC members rose \$1.3 billion, or 112 percent. This clearly indicates that other industrialized countries are increasing their contributions.

The following table compares the United States and the other DAC countries combined and shows that their aid as a percentage of gross national product is actually slightly higher than our own.

AID as a percent of gross national product

	1956	1957	1958	1959	1960	1961
Other DAC.....	0.49	0.63	0.70	0.68	0.62	0.71
United States.....	.48	.47	.55	.50	.56	.66

The statistics do not tell the whole story. For example, the United States spends a much greater share of gross national product on defense than do the other members of DAC. On the other hand, all the DAC countries have lower total and per capita gross national product than the United States and some are much lower. However, the gross national product figures of other DAC countries are understated in terms of real purchasing power when compared to the U.S. gross national product. These and other factors make it difficult to find a fully satisfactory yardstick to measure each country's aid effort.

On balance, the evidence indicates that the programs of other DAC members have grown to significant proportions, but as the chairman of DAC stated in his 1961 report "there is scope for special emphasis on an increase in the aid effort of certain countries."

The stepped-up assistance on the part of industrialized countries to help the underdeveloped countries undoubtedly has a salutary effect on our Nation's willingness to continue and accept its own obligations.

Contrary to a widespread myth, the American public endorses foreign aid by a larger margin today than it did 5 years ago. This was confirmed in a recent Gallup poll. It showed that 58 percent of the public supports the program today as against 51 percent 5 years ago. The percentage of those who are recorded against the program has declined from 33 percent in 1958 to 30 percent in 1963.

I do not want to leave the impression that the foreign aid program has been near perfect. There have been instances of waste, poor planning, mismanagement, and corruption by officials of recipient governments. But efforts have been made, and are being made, to use

appropriated funds to the best, most efficient advantage.

It should be pointed out that our own history is strewn with examples of mistakes, miscalculations and projects undertaken which turned out to be useless: canals, railroads, road and other schemes. Many of these were, at least in part, financed publicly.

A careful comparison probably would show that our batting average on foreign aid projects was significantly better than the record on our domestic developments. That is, of course, as it should be since we now have superior know-how and technical resources over those days.

The question is, whether the sum total of our aid program has helped the countries of the underdeveloped world in their efforts toward the productivity, stability and independence. I believe the answer would have to be "Yes."

But how about the cost to the United States? Is it, as some critics charge, too great? Is it about to bankrupt us?

AFL-CIO President George Meany answered this objection well when in recent testimony before the House Foreign Affairs Committee he pointed out that foreign aid is less of a burden on our economy now than it was in the past. He emphasized that a large part of the foreign aid money is spent in the United States.

Mr. Meany cited these facts:

At the beginning of the Marshall plan, foreign aid accounted for 2 percent of our national product. Today it accounts for seven-tenths of 1 percent.

Nearly 80 percent of the foreign aid dollars spent to assist nations to buy products return to the United States. In the case of loans for development, the return is more than 90 percent.

Factories and workers in many cities and towns in the United States are bene-

fitting directly from oversea orders made possible by foreign aid.

The aid program affects 700,000 U.S. jobs directly and even more indirectly.

For the past several months the House Foreign Affairs Committee has been busy at work on the Foreign Assistance Act of 1963. It contains many proposals which President Kennedy, his foreign policy advisers and the Democratic leaders in Congress believe to be in our national interest.

The bill provides limited military aid to India to allow that country to arm itself against the threat of renewed Communist Chinese aggression.

It gives funds to continue the all-important Alliance for Progress, our aid program in Latin America, allowing the people of that area to achieve orderly economic growth and social reforms—thus thwarting the aims of communism against our neighbors to the South.

The legislation allows a small amount of aid to Indonesia, to help that resource-rich and populous nation achieve its potential.

These measures are controversial and will be attacked—as the entire foreign aid program has been attacked from the beginning. Yet our aid has paid off for the most part and deserves our support. Therefore, I urge, Mr. Chairman, that H.R. 7885 be passed without any further cuts or crippling amendments.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BARRY].

(Mr. BARRY asked and was given permission to revise and extend his remarks.)

Mr. BARRY. Mr. Chairman, first of all I, too, want to join with my other colleagues in commending our chairman for having been a most marvelous presider of our committee over the months and years I have known him and served on the committee. He has been a true inspiration. Also I should like to pay my respects to our ranking minority leader, the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] who, through her interest in calling us together, has welded us into an effective team.

A few moments ago we were discussing why the increase in the pipeline. I would like to clarify exactly why the pipeline today is much larger than it was several years ago. The reason for this is that we did not begin development loans until 1957 when the Development Loan Fund was formed. This was the first opportunity to get into the program of long-term financing, where we would get into large project loans. It takes several years for these to get engineered and during this period of time the money authorized for a particular project has not been largely spent because it has been mostly engineering rather than construction of the project. That is the reason, as has been stated, why over \$2 billion of this pipeline money is in the form of long-term development loans, which was not the case in 1960.

In general the question arises before the American people, Why shall we give this foreign aid? So many of us have asked the people, What would you do if you were the Congressman? And so did Mr. Gallup. And Mr. Gallup has

answered it. He finds that almost 60 percent of the American people favor foreign aid. I have the honor to represent Westchester County which is a suburb of New York City. We claim in Westchester that if we do not have the president of each organization that is in New York, we have the chairman; if we do not have the chairman we have the executive vice president, whether it is a corporation, an association, an organization, or whatever it is. So for anything New York-oriented I can assure the membership that foreign aid is favored by over 75 percent, because this is exactly what the polls reveal in this area. Therefore, I would say that since New York is often known to be the business center, the nerve hub of the Nation, this is a substantial indication of the general thinking of the leadership of the Nation.

What is the percent of our foreign aid today in relation to where it was when we started in 1948? In 1948 we gave 2 percent of our national income for foreign aid. Today we give one-quarter of that amount. We give one-half of 1 percent of our national income for foreign aid. So, we have cut down our percentages, even though the amounts may still be rather sizable.

Mr. Chairman, what happens to our dollars when they leave this country or, shall we say, when they are authorized and appropriated in the business of foreign aid? I have heard over and over again the gentleman from Iowa speak of a give-away program. This is not a give-away program at all. I can assure the membership that 80 percent of every dollar in the foreign aid bill comes back to the United States in the form of purchases in this country. There are over 1 million jobs—1 million jobs—which have been attributed to the purchases under our aid program.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I have only 10 minutes, but I shall be glad to yield to the gentleman from Iowa.

Mr. GROSS. What happens to that other 20 percent of that dollar?

Mr. BARRY. The great amount of that 20 percent also comes back to us in indirect ways but 80 percent is returned directly under the provisions which we place in our contracts to the effect that the purchases be made in this country. However, a great deal of the remaining 20 percent comes back indirectly in this program.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. BARRY. I am very glad for, and I appreciate the gentleman's, inquiry. I will not yield further on that point, since we must move on, but I will yield on something else if the gentleman wishes.

Now, Mr. Chairman, we have heard some talk about the Bokaro steel plant and the membership will hear this a little later when we go through the bill. But let me answer Mr. Drew Pearson, if I may, who made a rather scathing attack on the only other steel mill that the United States has ever caused to be built anywhere in the world. Now, this is surprisingly true. None of our large steel companies have ever been interested in

forming subsidiaries any place in the world. But we do have a steel plant in Turkey. This was one of the early development loan projects.

Mr. Pearson, day before yesterday in his editorial made innuendoes and his alleged facts which are erroneous. No. 1, the steel mill in Turkey was never considered to be a \$129 million project which he alleged it to be. When the contract was signed by AID, the cost was \$234 million. In his article he assumes that the project is costing double what it was planned to cost. This is not true. The development loan fund was originally to provide \$129.6 million of the \$234 million. The sum of \$98.6 million is repayable in Turkish lira at interest of 5¾ percent over a 20-year period. The sum of \$31 million was to be payable in dollars at the same rate and on the same terms. But Mr. Pearson is absolutely incorrect in saying that the steel mill will cost almost double the amount originally intended.

Now, we have done some work in the Foreign Affairs Committee this year. I brought to your attention an amendment which you beat down last year to change the zloty rate in Poland so that our American personnel over there could get 55 zlotys for every dollar of pay that they receive. This year the gentlemen from Delaware [Mr. McDOWELL] put this amendment into the hopper, and I am very happy to report to the membership that it successfully passed the committee and we hope that when it comes to the floor it will continue to have the support of the membership.

Mr. Chairman, there are many features about this bill on which the membership will have many questions.

I can say I have never worked with a group of more untiring, vigorous and dedicated people as we have on the Committee on Foreign Affairs, and while I am on the subject I have heard much criticisms of the Committee on Foreign Affairs which I do not think is warranted. I do not think a man has to be considered a liberal in order to vote for the foreign aid bill. It has nothing to do with a man's political philosophy whether he is a liberal, ultraliberal or whatnot. It is whether you believe that foreign aid is a major weapon in the hands of our country to keep this world free from Communist domination. That is what it means to me. It means more to me as a weapon for the security of this Nation, for my children and their children than any other one thing we put through the Congress of the United States. This is the time when we win friends not by buying their friendship nor, because it is a giveaway program. This is a "show-how" program where we take our technological and our industrial genius, and we go into a country and say on a 20-year basis you can do this if you will follow us. These are the countries that do not have the kind of technology we have and this is an area where Americans can contribute as much to the world as we have learned how to contribute to each other. I strongly urge adoption of the bill by every Member who sincerely wants to avoid the pitfalls of former generations

when the economic imbalance of world economic benefits have led to wars.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MONAGAN].

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. MONAGAN. Mr. Chairman, during the statement of the chairman of the Committee on Foreign Affairs [Mr. MORGAN], a question was asked by the gentleman from New Hampshire [Mr. WYMAN] as to the standards that might exist with relation to regulate grants under this program. I should like to begin by expanding on the reply that the gentleman from Pennsylvania [Mr. MORGAN] gave because it is important to the understanding of this legislation and of the program.

I would like to point out that in four places in the existing law there are standards set out that control the administration of funds under this act. The first one appears in section 102, which is the statement of policy. The one that is most nearly in point appears in section 211 and concerns the general authority of the President to make development grants. In that section it provides the factors that the President must take into account before grants are made. Briefly, they are: First, whether the activity gives reasonable promise of contributing to the development of programs directed toward social progress.

Second, consistency of the activity with other development activities.

Third, the economic and technical soundness of the activity to be financed.

Fourth—a very important one—the extent to which the recipient country is showing a responsiveness to the vital economic, political and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title.

Fifth, the possible adverse effects upon the U.S. economy, with special reference to areas of substantial labor surplus and this concerns depressed areas related problems.

Sixth, the effect on our balance-of-payments position.

Seventh, whether such activity could be financed through a development loan.

So all these things must be taken into consideration by the President before any development grant is made under this program. It is not unrestricted and not unconditional.

There are two other sections. One is section 251 and the other one is section 201.

In addition, there are the standards imposed by the judgment of the executive branch itself. We must remember that \$90 million remain unexpended from the Alliance for Progress appropriations of fiscal 1963 due to the unwillingness of the Executive to spend funds without adequate guarantees from recipient countries that the money would be constructively spent.

Mr. Chairman, I support H.R. 7885.

The foreign assistance program remains a vital tool in the armory of our

foreign policy weapons in spite of its many defects of operation.

In today's world, one shudders to think of the alternative if we were not flanked by an independent and prosperous Western Europe, and assisted by the armed strength of countries like free China, Greece, and Turkey, or if we were not holding out some hope of eventual progress to the underprivileged countries of Latin America.

The results which have been achieved in Western Europe, the military defenses which bound the Communist empire, and the encouragement and stimulation offered by the Alliance for Progress have all arisen from our oversea aid program.

It is not too much to say that Western Europe was saved from communism through the Marshall plan, and throughout the world, other countries, like Spain, and free China have been lifted to economic self-sufficiency through our help.

This does not mean that the program has not had its faults.

Many of the conceptions have been too grandiose and frequently there has been a broad gap between the concept of the program and its performance. Many times the administrators have been inadequate to meet the required standard of performance. Some of the programs have been dismal failures.

This does not mean, however, that there is no room for a properly administered program. I realize that some people feel that it is impossible to have such a program and I will admit that there is some evidence to justify this conclusion. On the other hand, I am not ready to terminate the program. I have great confidence in the new Administrator, David Bell, and I believe that he should have an adequate opportunity to exercise over the AID agency the firm control of which he is capable. I say this with full realization of the rising feeling of disenchantment that exists in the country about this program. I also emphasize my feeling that the opposition will continue unless firm administrative reforms are instituted.

The current bill is significant in that it does look with a constructively critical eye upon the foreign aid program. To begin with, the total amount of the bill represents a reduction by the committee of nearly a billion dollars under the initial Executive request and nearly a half billion dollars under the Executive request of April 1963. This total is only slightly above the 1963 appropriation of \$3.9 billion. Thus, the committee has exercised responsibility.

I do not refer to this program as "foreign aid" because in a monetary sense, for the most part, it does not represent a sending of currency out of the United States. A very material part of the funds of this program for military and economic assistance are spent right here in the United States. It is, therefore, erroneous to assume that the balance-of-payments problem is caused in a major degree by the foreign assistance program.

This does not mean, however, that there is not some impact upon our balance-of-payments deficit from the pro-

gram, and in this connection I suggested a provision that is now contained in the bill which requires that the President, before authorizing an investment guarantee against loss by an American investor, should consider the impact on our foreign payments deficit of any funds that might be expended under such guarantee. Our balance-of-payments situation is serious enough to require continuous vigilance.

I do want to emphasize the fact that the foreign aid program is an imperfect tool. Through it, we are necessarily dealing with areas of the world that have unstable governments or shaky economies. It is unrealistic, therefore, to expect perfection of performance, or complete and undeviating agreement with our policies any more than we expect it or find it in our defense programs. These countries usually constitute the battle areas between the forces of communism and the free world, and we must expect that some of our decisions will be mistaken and some of our best laid plans will go agley.

In this connection, I want to say a word in support of the people in the State Department. Some irresponsible people foster the belief that the State Department is composed of people who are secretly plotting to undermine the United States and weaken our position in the world. Nothing could be further from the truth. While I differ with some of the directions which our foreign policy has taken and I recognize that officials in the Department of State can make mistakes, like every one else, I am confident that differences of opinion exist within the Department itself and are fully expressed, and that the policies which are arrived at are decided upon because they are considered to be in the best interests of the United States.

There is one disturbing tendency which has made itself felt in connection with this bill. This is a growing attempt to operate details of policy from the Congress. While I do not maintain that a broad policy directive should not be laid down by the Congress, I believe it to be a mistake to become involved too deeply in minor details of policy or of performance. The Constitution places the conduct of foreign affairs in the authority of the President and we should not lightly trespass upon this authority. In many instances, we are acting upon imperfect knowledge and we certainly are assuming a great responsibility in any shotgun approach which opposes a policy carefully considered by the President and the Secretary of State.

I cannot conclude this discussion without pointing to a very significant section of this bill. This is the part which deals with improvements in the administration of the Department of State and the Foreign Service itself. Although many of these provisions are of a housekeeping nature and cover assignments, transportation, and similar matters, some of them, such as that of improving educational opportunities for Foreign Service children, go to the very basis of maintaining the morale of our Foreign Service officers and are of vital

importance to our foreign policy. These represent a great step forward.

There are many other important considerations in this bill, Mr. Chairman, but they will be covered by other speakers. This is an authorization bill and the details of appropriations still remain to be considered by the Appropriations Committee. I believe that in H.R. 7885 we have provided that committee with a solid basis on which to build.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, once again, with the seeming inevitability of death and taxes, we are engaged in the annual command performance of authorizing a raid upon U.S. citizens for the purpose of dishing out over the world another \$4 billion of their money.

It makes no difference that more than \$100 billion of our tax dollars have already been spewed out to every nook and corner of the earth; that this Nation has a Federal debt of more than \$306 billion, the Treasury is busted, our gold reserves are at the lowest point since 1939, and foreign currencies are being bought in an attempt to bolster the sagging dollar in the international money markets. The phony show must go on.

Personally, and up to this point, I have found this year's performance unusual in two respects.

In the first place, it is the first year I have been a member of the House Foreign Affairs Committee, and I hasten to say that the chairman, the gentleman from Pennsylvania [Mr. MORGAN], has been uniformly fair to me as I believe he has been to all members in the conduct of hearings. But I quickly became aware that the committee has an "open door" policy—open to the State Department, that is. This is not to say that the door is closed to others. It is to say that the latch and the hinges are kept well oiled for the emissaries of the State Department and executive branch.

Let me amplify. When the committee went into executive session for the purpose of amending the bill, it was amazing to discover that each of the first few amendments offered was accompanied by what was called a State Department "position paper." In other words, when an amendment was offered every member of the committee was immediately handed a printed copy of the views of the bureaucrats in the State Department; whether the amendment should or should not be approved.

CALL OF THE HOUSE

Mr. UTT. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Eighty-one Members are present, not a quorum. The Clerk will call the roll.

Eighty-one Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 128]

Abele	Gray	Pucinski
Ayres	Healey	Rich
Baring	Hoeven	Riehlman
Bolling	Hoffman	Roberts, Ala.
Bolton,	Hollifield	Senner
Oliver P.	Hull	Shelley
Broomfield	Karth	Sheppard
Buckley	Kilburn	Short
Celler	Long, La.	Smith, Va.
Corman	Madden	Steed
Davis, Tenn.	Miller, N.Y.	Trimble
Dawson	O'Brien, Ill.	Wickersham
Diggs	Osmer	Widnall
Edwards	Ostertag	Williams
Ellsworth	Pillion	Wilson, Ind.
Grabowski	Powell	Younger

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. RAINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill, H.R. 7885, and finding itself without a quorum, he had directed the roll to be called, when 386 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. At the time the point of order of no quorum was made, the gentleman from Iowa [Mr. GROSS] was addressing the Committee and had consumed 2 minutes of the 10 minutes that had been yielded to him.

The gentleman from Iowa is recognized.

Mr. GROSS. Mr. Chairman, when the quorum call was made, I was discussing the fact that I am a new member of the Committee on Foreign Affairs and as a result of service on the committee, I have become acquainted with some of its procedures.

When the committee went into executive session for the purpose of amending the pending bill, it was amazing to discover that each of the first few amendments offered was accompanied by what was called a State Department "position paper." In other words, when an amendment was offered, every member of the committee was immediately handed a printed copy of the views of the bureaucrats in the State Department, as to whether the amendment should or should not be approved. Having had only a few years experience in Congress, and never having been confronted with this procedure in any other committee, I gained the impression that position papers had long been a way of life in the House Foreign Affairs Committee, and might even be fashionable.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I gladly yield to the chairman.

Mr. MORGAN. I might advise the gentleman from Iowa that this was started in 1953 and has continued up until this year of 1963.

Mr. GROSS. I thank the gentleman for his contribution.

So, having several amendments to offer, and not wishing to be unfashionable, I asked our distinguished chairman if it would be necessary for me to go hat-in-hand to the State Department and ask that they please supply position papers to accompany submission of my

amendments. Mr. MORGAN informed me that would not be necessary in my case, and shortly thereafter the crank on the mimeograph machine in the State Department was apparently broken or lost for the supply of position papers vanished, never to return.

There remained, however, a room next to the Foreign Affairs Committee room in which was anchored four or five emissaries of the State Department and the Agency for International Development every day the committee was in executive session. They were separated from the committee only by a door which, incidentally, contained an air ventilating panel.

It is out of this atmosphere of unusual helpfulness on the part of Secretary of State Rusk and his hirelings that this bill comes to you today. And I have no hesitancy in saying that this helpfulness has contributed in no small part to the \$4.1 billion authorization with which you are confronted in this bill. I trust that at least some of you will want to express your sentiments with respect to this helpfulness when we get to the 5-minute rule and the amending process.

There is another aspect in the consideration of this legislation about which I would like to comment. This is one of the few times in the last 15 years in the consideration of the global giveaway program that unidentified planes have not been reported in the skies, or unidentified submarines lurking off our shores. In other years, when Congress showed even feeble signs of shaking off this monstrosity, it was fashionable to concoct a phony crisis or emergency.

Having spent more than \$100 billion to win friends and influence people against communism we now find the Communists with a warplane, submarine, and missile base a scant 90 miles off our shores. Do you remember how we were told a year ago of the great contribution the foreign giveaway program had made to the containment of communism? Today Cuba is the beachhead for the export of communism in the Western Hemisphere. It has brought Russian troops, warplanes, submarines, and missiles to our doorstep. Does anyone wish to deny it?

And then there are the pictures of the recent signing of the limited test ban agreement in Moscow. The pictures of American and Communist Russian officials, champagne and vodka glasses in hand, beaming at each other—friendly and jovial, according to the news reporters—should make it difficult if not impossible to engineer a synthetic crisis or emergency in behalf of this bill.

This legislation when it first received the blessing of the administration carried a price tag of \$4.9 billion. For some strange reason, never adequately explained, the New Frontier lopped \$400 million off its own inflated asking price. Then Secretary of State Rusk, in his first appearance before the committee on April 5, had the effrontery to say that if Congress cut off \$400 million it would be cooperating with Communist global strategy. With Rusk and his power hungry, free-spending associates in the State De-

partment it is the old, old story of do not do as we do but do as we say and you will not be smeared with having given aid and comfort to the Communists.

With more than \$6 billion in the foreign handout pipeline as of last July 1, this bill still contains far too much fat. The American people, staggering under a public and private debt of more than a trillion dollars, are sick and tired of the blandishments they get from Washington that it is their responsibility to police and wet-nurse the rest of the world. They are fast becoming aware that the more than \$100 billion already frittered away on global giveaways has served largely to tighten the yoke of debt and taxes around their necks, and even more importantly, the necks of their children.

They ask: "What is the image we are trying to create in other lands when we give evidence every day that we are incapable of properly managing our own affairs?" When year after year we plunge deeper into debt—a debt that is more than the total of the rest of the world.

The day and the hour is at hand to begin the process of ending this foolish notion that it is within the capability of the American people to solve all the problems of the world, avert bankruptcy, and preserve the Republic.

A number of amendments will be offered, not only to further reduce the spending under the bill, but to place restrictions and limitations on the administration.

I urge you to support such amendments and begin the process that will be necessary to properly embalm and eventually lay to rest this expensive product of a bad dream.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to my distinguished friend from Kentucky.

Mr. CHELF. In other words, we are spending money we have not got on people we do not know, to impress people who hate our guts; is that about right?

Mr. GROSS. That is about right; and I thank the gentleman.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. ICHORD. Mr. Chairman, I was completely astounded, to say the least, to read the language of the report on page 22, the last sentence of the next to the last paragraph. I read to the gentleman from the report:

Furthermore, the less developed countries tend more readily to accept assistance when it is channeled through multilateral organizations of which they are members.

I ask the gentleman, are we actually having difficulty in getting the recipients of this foreign aid to accept it?

Mr. GROSS. I will say to the gentleman that I was not consulted on the majority report. I assume the gentleman is reading from the majority report?

Mr. ICHORD. I am reading verbatim from the majority report.

Mr. GROSS. I would prefer that someone on the majority side, Democrat or Republican, attempt to answer

since that is their language. No, we are having not one bit of difficulty. There never has been the least difficulty since this program was initiated of giving our money away, whether it was done unilaterally or through a multilateral organization.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. MEADER. I was interested in the remarks the gentleman made about the minions of the State Department in the room adjacent to the committee room. Does the gentleman mean to imply that they did not have the assistance of State Department technicians in the markup of the bill in executive session?

Mr. GROSS. Of course, the majority on the committee had assistance clear up to the hilt.

Mr. MEADER. I am trying to find out whether in the committee's executive session there were persons present who were not even members of the committee or members of the committee staff.

Mr. GROSS. They did not have to be present in the room, they were but one door removed from the room.

Mr. MEADER. Some committees have them right in the room.

Mr. GROSS. I doubt whether I would serve on that committee, I will say to the gentleman.

Mr. MORGAN. Mr. Chairman, I yield as much time as he may require to the gentleman from Florida [Mr. HALEY].

(Mr. HALEY asked and was given permission to revise and extend his remarks.)

Mr. HALEY. Mr. Chairman, I have never voted for this bill and never will vote for it. I have voted against every authorization. I am going to continue to do so. I think it is the most wasteful program we have ever had.

Mr. Chairman, I rise in opposition to this bill—a position which will surprise no one in this distinguished body except, perhaps, some of those who have joined our councils only this year. I would say to those newcomers, however, that I am hopeful that because they come to us fresh from the people, large numbers of them will join me, and a slowly increasing number of my contemporary colleagues, in opposing willy-nilly continuation of this aid program.

It has been in the past, and is now, my opinion that the mind of man has never conceived a more useless, less fruitful, method of spending money than is embodied in what we have for years mislabeled a mutual aid or mutual security program. More important than my own opposition to this program is the fact that I know that an overwhelming majority of those whom I represent in these halls do not believe there is any merit, any value, in continued reckless spending of tax revenues in the inevitably useless effort to buy friendship.

I would like to devote the time which has been allowed me to what I regard as some particularly cogent reasons why the continuation of this extravagant program is harming, rather than helping, our Nation.

It is, for instance, no secret anywhere in the world that there is great concern

about the declining health of the U.S. dollar, once but no longer the standard by which all world currencies were measured. Only recently, our own administration has taken three steps which, it is hoped, will prevent further undermining of our dollar.

Perhaps these steps will help the situation—we all hope so. But it is my own belief that the administration could have taken a far more effective step to bolster the dollar by coming before us with a drastically reduced, cut to the quick, foreign-aid budget request aimed at speedy phasing out of the entire program.

I submit, Mr. Chairman, that it is our excessive pouring out of foreign aid money, coupled with the heavy costs we have assumed in taking on almost all of the burden of free world defense, which has offset our favorable trade balances and has resulted in the dwindling of our gold reserves which has, in turn, caused the steady weakening of the U.S. dollar.

Let me show you, in a rather precise comparison, how foreign aid spending—much of it for wasteful and useless purposes as even the President's own Clay Committee reported—has contributed to the destruction of a financially sound Federal Government.

In 1946, the Congress set the Federal debt ceiling at \$275 billion. Just the other day, the Congress voted to continue the present temporary ceiling at \$309 billion. That is an increase of \$34 billion in our national debt in the past 17 years.

Now why has this increase occurred? The answer seems quite simple, Mr. Chairman, as we pause to reflect that in those same 17 years, the U.S. taxpayer has poured into foreign aid for Europe alone a total of about \$38 billion—or \$4 billion more than the debt increase. I do not think that it is necessary for me to say anything more to demonstrate the exact cause of our increasing National Government insolvency. But I do wish to make certain comments about some of our specific foreign programs to show why I believe this is a useless and disastrously wasteful expenditure of our tax dollars.

Let us look at Brazil, for instance. By the end of 1962, we had given that country just under \$2 billion in aid. We have since agreed to another half a billion. And what have we accomplished with this largesse? Well, the record says that Brazil has an inflated currency, a debt-ridden economy, and unstable government which heaps insults on our heads while playing cozy with Russia and arranging with our enemy a \$600 million trade agreement which apparently our own officials did not even think about negotiating.

Back in 1952, the Bolivian Government took over the privately owned tin mines. Since then, it has lost money on every ton of tin mined. Who has paid the bill? The United States, of course. We have sent to Bolivia nearly a quarter of a billion dollars in aid funds, including money to subsidize the Government-owned oil industry.

Then there is Indonesia. We have earmarked for that country some \$2 billion

of our aid money over the years, and for what? Not for friendship—I doubt if there is any place in the world where the United States is more cordially detested, except perhaps in Moscow and Peking. In one of the most brazen pieces of effrontery this Congress has ever witnessed, President Sukarno of Indonesia a few years back came before us singing the praises of Thomas Jefferson and freedom, talked us out of a new bundle of foreign aid dollars—and then jumped into bed with Khrushchev and Red China's leaders.

We are told by the President's own nonpolitical commission, headed by General Clay, to review the foreign aid program that the United States—and this is a direct quote—"should not aid a foreign government in projects establishing Government-owned industrial and commercial enterprises which compete with existing private endeavors." But despite this admonition, we have before us the administration attitude toward India's plan for a government-owned steel mill costing \$1 billion. For this, we already have arranged a so-called loan of \$400 million to India and still pending is another \$512 million loan. This loan almost certainly will be granted—unless we somehow restrain the hands of the spenders. But does anyone here think India is our friend?

I could stand here all day, Mr. Chairman, reciting the long and woeful list of examples which shows how we have wasted our taxpayers' money and starved our own economy to the point of disaster—without harvesting a single real benefit for ourselves. But I have neither the strength nor the time.

But let me say this in conclusion: I am not so naive as to believe that we will—or can, for that matter—shut off this gigantic boodoggle all at once. I know that we are going to vote to continue the foreign aid program.

But I do believe that we can—indeed, I insist that we must—cut deeply into the spending which will authorize through this bill. I am aware that the President, in the light of the Clay Commission report, reduced his original request for funds by \$400 million. I am equally aware that our own Foreign Relations Committee has lopped off another \$400 million.

But I do not believe that this is a sufficient reduction. Neither do the people whom I represent in the Seventh District of Florida—and I am convinced from what I read and hear that the people of the United States do not believe so either.

I believe that we should devote our efforts, as we consider this bill, not to defeating it outright, but to amending it to reduce the authorized level by another \$1½ billion—or to a total of \$2.7 billion. The Agency for International Development has on hand, we are told, some \$6.7 billion in unspent funds from prior year appropriations. And I submit, Mr. Chairman, that a total bank account of \$9.4 billion is not niggardly—does not represent pennypinching by this Congress.

As a matter of fact, it amounts to almost as much as the interest payments on the national debt—and the good

Lord knows there is no pennypinching about that figure.

Thus I would hope that—at the minimum—we will amend this bill in at least three important, and moneysaving, ways. I think that, first, we should limit the spending of additional funds so long as the AID pipeline includes all these billions of previously appropriated dollars. I think we then should require specific congressional authorization for any AID project costing more than \$50 million, or at most, a hundred million. And, finally, we should make further reductions in the military aid program.

If we take these steps, my friends, we will have done a good week's work on this bill—and for once, we can go home and face our complaining constituents—and they have a right to complain—with something resembling a clear conscience. I hope all of you—including my able friends of the Foreign Relations Committee—will help in this effort that is of such vital importance to the welfare of our own Nation.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. PIKE].

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. PIKE. I yield to the gentleman.

Mr. GALLAGHER. I thank the gentleman. I think the State Department would like to submit a position paper on the gentleman from Iowa's last remarks.

I would like at this time, if the gentleman will allow me, to quote from a statement made by former President Eisenhower.

On May 13, 1963, he made the following remarks when he was asked to comment on the Clay Committee. Among other things he said:

Finally, a few words about the most misunderstood and controversial of all Federal expenditures—foreign aid. Never has there been any question in my mind as to the necessity of a program of economic and military aid to keep the free nations of the world from being overrun by the Communists. It is that simple. Such a program, if well run and kept within the limits we can afford, offers the United States one of its best bargains in national security.

Unfortunately, foreign aid has suffered through its history from political maneuvering and lack of stability. Congressmen seeking reelection have found it a handy issue to kick around. They go back home and stir up votes with speeches saying, "You can be sure I'm not going to vote to give your money to Timbuktu when you good people so badly need more schools and hospitals." Because of this and other political factors, foreign aid never has been planned or administered on a long-range basis, although we know the Communist threat is going to be with us for a long time to come.

That is why I agree with the recommendations of the Committee To Strengthen the Security of the Free World, headed by Gen. Lucius D. Clay.

The Clay report follows the guidelines of rule of reason that I have been talking about. I applaud the administration for accepting the terms of the report and hope that Congress will act favorably on it.

Mr. Chairman, this bill follows the guidelines of the Clay Committee report. I thank the gentleman.

Mr. PIKE. I thank the gentleman from New Jersey.

Mr. Chairman, among the Members of my own party in the State of New York my reputation as a flaming liberal is just a little bit tarnished. My colleagues have a nasty habit of keeping track of how I vote—and if they do not, the Congressional Quarterly does it for them. They remember how I was dubious on the debt limit, fearful on feed grains, and generally mutinous on money.

Furthermore, while I am just as fond of making speeches as the next man in this House, this will be the first time since I have been here that I have asked for time to speak on a bill which did not come out of the Armed Services Committee. For the benefit of that vast majority of Members who had not noticed, I have been here 3 years. No one asked me to speak on this bill—its supporters would probably prefer that I did not, but the gentleman from Pennsylvania is such a kindly man that he could not say no.

No one has told me what he wants me to say either, and if he had, I am sure that my remarks would be better organized and more meaningful. I have not requested this time for the benefit of the folks back home—the district which I have the honor to represent is a very conservative district and I expect that the sentiment against foreign aid runs just as deep out there as the sentiment in favor of it.

In the course of wandering around my district, however, I saw one day in the office of a high school principal a little plaque with these words on it:

There is a special place in hell reserved for those who, in times of great moral crisis, remain silent.

This is a time of moral crisis. It is a time of economic crisis. It is a time of change.

It is obvious to all of us that our foreign aid program is under fire this year in a manner in which it has not been under fire since World War II. It is very easy for me as a member of the Armed Services Committee to stand up and make patriotic speeches about the need to keep America strong, and it is very easy for all of the Members of this body to vote the funds necessary for national defense.

It is much more difficult, however, to support our foreign aid program, and I wish to pay tribute to the chairman and the members of the House Foreign Affairs Committee, who through 32 days of hearings and 22 days of executive session have engaged in a comprehensive review of this program, and have come up with a bill which represents their collective best judgment on the subject. I wish to pay particular tribute to those members of the committee on the other side of the aisle who support this bill, and who have labored so hard that our foreign aid program may continue to be a bipartisan program, and that regardless of our differences among ourselves, we present one united front to the rest of the world.

Why has this program become so unpopular? For one thing, the people who receive this aid do not vote in your district or in mine, and the people who pay

for it do vote in your district and in mine. While it is true that approximately 80 percent of the funds authorized to be appropriated by this bill exclusive of military aid, and an even higher percent of the military aid funds, will be spent in this country, they are not spent with the same splash which accompanies the awarding of a defense contract. It is very easy for its opponents to characterize the entire foreign aid operation as a giveaway program, and to make it sound as if those who supported it were indifferent to the size of the Federal budget, were indifferent to the nature of the balance-of-payments question, and were, in short, indifferent to the welfare of this country.

These, however, may be easy answers to the question of why this program is unpopular, but they are not the real answers. They are no substitute for thought. The real answer lies in the fact that we as a nation get tired—simply get tired—of paying the bills. We get tired of the financial burdens imposed upon us by our effort to remain the leaders of the free world. And because of the fact that it is so easy to characterize this whole program as a giveaway, and to pretend that it is not essential to America, this is the place where those who are looking about for an economy vote find it convenient to cast one.

We are united in our determination to keep America free and to keep America strong. To this end we will spend about \$50 billion this fiscal year for purely military functions—not including the military assistance involved in this bill.

That \$50 billion is up just 45 percent over the last 10 years, by the way, and the folks back home are just as tired of paying that \$50 billion as they are the \$2.4 billion authorized by this bill.

Yet how many Members of this body vote "no" on the bills reported out by the Armed Services Committee? You cannot vote "no" on them—that is for national defense, but this is a giveaway program.

Back in fiscal 1955 we spent \$35.5 billion for the military, \$4.5 billion for mutual security expenditures. In 1957 we had increased our military expenditures to \$38.4 billion, reduced our mutual security expenditures to \$3.7 billion. By 1959 our military was up to \$41.2 billion; our mutual security down to \$3.6 billion. In 1961 our military was up to \$43.2 billion; our mutual security expenditures down to \$3.1 billion.

Last year our military expenditures were up to \$48.3 billion, and I do not know what we spent on mutual security. We authorized \$2,515,400,000 under this bill last year.

This year, again, our military budget is up—45 percent over where it stood 10 years ago. This year, again, this authorization is down. We justify our tremendous military expenditures by saying they are necessary for the cold war we are involved in. Maybe they are, but how is a cold war fought? It is fought in the hearts and minds of people. Today, we have accumulated the greatest destructive force the world has ever seen. We can kill Communists all over

the world. But we can not kill communism with it. Communism is not a lot of people—communism is a disease. It thrives in dark, dank places. It feeds on hopelessness in mankind. Its greatest allies are hunger, and ignorance, and poverty—and disease.

This bill is not perfect. The administration of our foreign aid program is not perfect. But when you are dealing with a program aimed, not like a bullet at the heart of a man, but like an idea at the mind of a man, it is hard to tell whether you have hit him or not. It is even harder when others are aiming conflicting and opposing ideas at the same mind. So we should not expect to be able to measure this bill, or this program, in black and white terms. We should expect, and we do know, and we can be proud, that this bill is aimed at the roots of communism and not at its twigs.

This bill involves billions of dollars. But it involves billions of people, too. All over the world people who have lived in darkness are looking for light. People who have been hopeless are looking for hope. And they are looking, as they have looked since long before the days of the Marshall plan, toward America. America, to these people today, is this House of Representatives this afternoon.

What are we going to tell these people? Are we going to tell them we are tired? That they are going to have to look elsewhere for their hope? That we cannot lift the burden of leadership any more?

Of course we are not. We are going to tell them that today, when communism is tired, when communism is split as it has not been split since World War II, America remains strong enough to help them. We are going to tell them that today, as under a Roosevelt, and a Truman, and an Eisenhower, America remains the place to look to for light and for hope, and that while communism may split apart and fall by the wayside, America will carry on.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. BERRY].

Mr. BERRY. Mr. Chairman, I want to express my appreciation to the chairman of the full committee and the chairmen of the subcommittees for the very fair consideration given to even we, this minority of the minority. I want the House to know how very much we appreciate his fairness.

Actually there are in operation in this country today two foreign aid programs—one is a direct aid program which is broken down into two categories, industrial aid which comes under this program, and agricultural aid which embraces Public Law 480—the second aid program is what I term indirect or back-door foreign aid.

These direct foreign aid programs including industry and agriculture embraces nothing more nor less than the disposition of goods, wares, merchandise and agricultural production of which the Federal Government has become possessed by virtue of various support and subsidy programs.

The bill we have under consideration today is for the purpose of giving away industrial production of which the Government has become possessed as a result of subsidies to industries—the other half of the direct program is the food-for-peace program or Public Law 480 where we give away agricultural production of which the Government has become possessed as a result of subsidies to agriculture.

Actually, Mr. Chairman, the only function of either this program we are considering today, or the Public Law 480 program, is to provide a respectable looking method and means of disposing of these products, resulting from these Government make-market purchases. We call these direct aid programs, foreign aid, and food for peace; the truth is they are nothing but the sewage system that carries away the sludge—the real foreign aid program is the indirect back-door program, where we throw our markets open to the production of the world, shipped in here, practically duty free, taking over our markets, and requiring the Government to purchase the products of our industry and our agriculture to prevent the closing of our plants and to prevent all of our farmers from being thrown off the land.

The international planners knew that as our taxes for domestic spending and free world defense continued to climb that this tax cost would have to be added to the price of everything produced in this country. They were determined that domestic industry and agriculture should not be protected by an import tax or levy or tariff, they wanted all countries to have a free exchange of goods. They joined hands with those who wanted Federal control over both agriculture and industry and could gain it only through Government subsidies. So—we have tariff reduction on one hand with Government subsidies and purchases on the other which has made necessary these giveaway or foreign aid programs to dispose of the so-called surpluses.

Knowing that our goods could not be competitive when \$50 to \$100 billion per year taxes had to be added to the cost of all our products, they arranged for these subsidies and Government purchases to provide a make-market. The taxpayer would never permit these purchases to be dumped into the ocean, but he does feel that he is getting at least some value from this vast expenditure when these products go to feed, clothe, and provide ammunition and weapons to the underprivileged people of the world.

Let me expand on what has happened and what is happening. Under the system which made this country great, the economic foundation rested upon our natural resources. Our economy resulted from the production, the processing, the transportation, and the distribution of these resources. Natural resources come from the mines, the soil, and the sea. Their processing and distribution accounted for our industries, our transportation systems, and our wholesale and retail distribution systems which in turn provided the American labor market.

When this system was thrown out of balance by artificially stimulating, through tariff reduction, other countries to supplement our natural resources and our processing systems, our farms and industries—these farms and industries had to be saved from bankruptcy by the Government purchasing their production.

This Government market not only disrupts the economy but makes necessary the Government either stockpiling it or in some manner getting it out of the country. Foreign aid, this program and Public Law 480 are the methods of getting it out of the country.

Thus, we complete the full cycle. Today, we are in the process of giving away surpluses, purchased by the Government in order to provide a makemarket, to supplement that market—supplied by imports, through the indirect back-door foreign aid method.

We are being told over and over again today that no one dare vote against this bill since 80 percent of this authorization will be spent in the congressional districts of every Member of this House. These statements are nothing but left-handed admissions that 80 percent of this authorization and all of the \$6.8 billion now in the foreign aid pipeline, is a Government makework, makemarket program, where the production, which has been supplanted by noncompetitive imports, must either be dumped in the ocean or given away to get it out of the country.

Let me make it perfectly clear at the outset that no one would wish to stop, or even slow down honest and competitive imports. Certainly we must have trade, but certainly that trade must be on a reciprocal and competitive basis.

It must be remembered that America is spending \$52 billion annually for defense. For the defense of whom? Not merely the defense of America, but the defense of the entire free world. That \$52 billion must be raised by taxing the American people, and each individual's proportionate share must be added to the sale price of everything that is produced in this country.

Certainly we cannot levy a tax against the other nations of the free world to compel them to pay their proportionate share of their own defense—but we can collect it from them in the form of a tariff, or duty, or levy on the goods they export into this country. When we do that—their prices then become competitive with ours and our agriculture and industry can again grow and expand and again provide a normal and healthy labor market.

To the extent, however, that we permit their goods and products to come into this country duty free—or if you please—less than the domestic cost of production plus the defense tax—to that extent we are subsidizing foreign industry in what I choose to call back door foreign aid. The cost of that aid in dollars and cents cannot be determined because we can never tell how many farmers and industries will have to be subsidized to prevent their bankruptcy, and how much it will cost us to in turn give their produce away, after the Government has been forced to purchase it—

and—worse than all this, how many Government make-work programs will be required to provide leaf raking jobs for the labor thrown out of work by these American subsidized foreign imports.

Already Congress has been called upon to provide two new make-work programs this year. The Youth Conservation Corps and the Domestic Peace Corps are nothing but make-work programs to substitute Government checks for jobs and opportunity and self-respect that this back door foreign aid is robbing from our young people in this country.

Let us first of all take a quick look at what is happening to our natural resources. For all intents and purposes there is no mining industry in this country today. Almost any mineral can be taken from the ground anywhere in the free world and shipped in here for about half of what it can be mined for here. This is true because about half of the domestic cost is Federal tax and the difference in the standard of living.

Even in mining, the difference in the standard of living could be offset by our labor efficiency—the Federal tax, however, is the straw that breaks the camel's back.

The result is, that instead of levying an import tax equal to the Federal tax levied upon our own mining industry, we are forced to go the other route and Congress uses the tattered and torn defense excuse to subsidize what little mineral industry we have left today. We call it our defense strategic mineral stockpile—in truth and in fact, the strategic mineral stockpile is nothing but a Government “make market”—a coverup, if you please, to the taxpayer so he won't recognize the subsidy that must be paid to the miner to compensate for the Federal tax that must certainly be computed in the price of his product.

Congress has stopped most of this mineral makemarket program, and both the mine owners and the labor force are on some Federal social security program or employed under Area Redevelopment or some other leaf-raking Federal make-work program while their individual initiative and human dignity rots in the Siberian cellars of back-door foreign aid.

What about agriculture, the most important of all natural resources? We talk about the farm problem—as if it were something created by a surplus production of the American farmer. Let me point out to you, my friends, there is no farm problem—there is no surplus problem—at least no American produced farm surplus. It is nothing more nor less than an uncompetitive non-defense-tax import problem.

The American farmer cannot add the Federal defense tax to the price of his product and still compete with the non-defense taxed foreign produced product that comes in almost duty free and onto the American tables and onto the American backs in direct competition to our tax ridden domestic farm product.

Let us take a quick look at the farm picture—the 1963 import figures will be much higher—but in 1962 we imported either live or the carcass equivalent of 2¾ million head of 1,000-pound beef. The Department of Agriculture estimates that nationwide it requires an average

of 25 acres to produce a 1,000-pound beef and put it on the market. In other words, imported beef last year displaced the production of 54.5 million acres. We exported 95.1 thousand head of 1,000-pound beef, which required the production from 1.7 million acres—or a net loss of the production of 52.8 million acres.

These 52.8 million acres which should have produced the beef that went onto the American tables had to be taken out of production by the American farmer. Does anyone think this acreage is not important? The entire national wheat base has been 55 million acres. To put it another way—beef imports last year amounted to 10 percent of the domestic beef consumption. You think of the States of Wyoming, North, and South Dakota being among the great cattle States of the Nation—more beef was imported last year than was produced and marketed in the States of Wyoming, South Dakota, and six of the principal counties of North Dakota combined. Domestic agriculture was forced to take out of production this amount of land in order to make room for these nondefense taxpaying imports.

Another example that may be of interest—wool imports annually supplant the production of more than 50 million acres—we produce less than one-third of the wool that is actually used in this country, and yet we have to have a Government subsidized stockpile program to keep the wool producer from being completely put out of business; sugar imports displaced the production of 1.8 million domestic acres; pork, lamb, mutton, and dairy products displaced thousands more.

So what do we do? We squeeze the American farmer down and force him to give up producing on more and more of his productive acres as these acres are supplanted by these nondefense taxpaying imports.

Of course, we cannot permit this many farmers to be thrown off the land all at one time so Congress passes laws—known as farm legislation—in which the Government rents these displaced acres from him. But as we do this we also force him to take out of production an equal number of acres at his own expense. This, of course, comes out of his own pocket and so reduces his income that he is forced to do the work himself—further reducing the labor market in this country.

Worse than these mandatory programs of forcing the farmer into bankruptcy through idling his acres, is the fact that as these acres are taken out of the production of beef and lamb and pork and wool and sugar and so forth, the Government has encouraged the farmer to use his nonidled acres for the production of grain because grain is more susceptible to storage than are these perishable items. So, the Government through the Commodity Credit Corporation purchases these grains—which it now calls surpluses, but which actually is only a displaced product—and places them in storage. We hold between \$5 and \$7 billion worth of these grains. Then, in order to reduce storage costs and to prevent spoilage, we must give these grains

away, and have established this other direct foreign aid program known as Public Law 480. Last year we were able to give away almost \$1½ billion worth of it. This, of course, is not computed as part of this direct foreign aid program, but it is the direct result of non-defense-tax paying imports.

Because much of this Public Law 480 grain goes to countries exporting their produce into this country, this "back-door" foreign aid program actually disrupts both our and their agricultural economy because they produce what they can export to us, and they depend upon us to provide them with the necessary food for their tables through Public Law 480. Again, however, we see the full cycle of economic disruption resulting from back-door foreign aid.

Now, what about industry? The Trade Expansion Act of 1962, in which Congress gave to the President it is constitutional mandate to make and levy tariffs, was a most interesting bill. The bill was 63 pages long. Of that 63 pages, 31 pages dealt with authorizations to the President to cut tariffs, 32 pages, more than half, provided subsidies and grants and doles to industries forced out of business and to labor thrown out of jobs by non-defense-taxpaying, noncompetitive industrial imports. These billions, providing for "make market" outlets for these disrupted industries which will either go out of business completely or else manufacture something for the Government stockpile to be given away under this direct foreign aid program—and this labor which now must turn to some Government make-work project—is, if you please, part and parcel of the hidden cost of this back-door foreign aid system.

The time has come when we as a Nation must face up realistically to the actual cause of our industrial, agricultural, and labor difficulties. We stand at the crossroads. Certainly the other countries of the free world should be sufficiently interested in their own defense to pay part of the load—at least on that portion of their economy which they export to America for sale. When they do that our industry and agriculture becomes competitive, and we can operate on the basis of a free economy, under the law of supply and demand. We can then abandon our Government subsidy programs—our agriculture and industries can again thrive and build back our sagging labor market without the need for Government make-work projects. And, by the same token, we can then abandon these direct giveaway foreign aid programs.

(Mr. BERRY asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. FASCELL].

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I believe a comment is worthy of note with respect to the committee's action on this bill. I have been on the Foreign Affairs Committee 6½ years. It is my observa-

tion that the consideration this year by the committee has been more thorough than in any previous year.

I pay tribute to our distinguished chairman for his leadership, patience, tact, and skill in handling the bill and the committee throughout the many months of our effort. The committee in addition to its many weeks of hearings also considered 100 amendments of which 46 were adopted. I do not have any illusions that we will not have more amendments when the bill is open for amendments, but I think those of you who have exhibited the interest to stay here today to hear the general debate will be interested to know the extent to which your Committee on Foreign Affairs went into the entire issue of mutual security.

Mr. Chairman, I am amazed somewhat by the critics of the program; who use whatever crutch is available to support their outright opposition to this legislation. One that has been used over and over again has been the Clay report. But I remind you that it has been said here on this floor that the major recommendations of the Clay Committee report have been adopted. The critics who have used the Clay report as a reason to vote against this bill have done a real surgical job to rationalize their own position.

But just for the sake of the record, it would seem to me if some of the recommendations of that report are valid and are to be used as a predicate for opposition, then their conclusions ought to be equally valid and accepted by the opponents. Therefore, I think it worthwhile to emphasize certain statements of the Clay report. I quote from page 3 of the Clay report:

Certainly the Agency for International Development (AID) is now aware of the criticisms directed against our foreign aid programs. The Act for International Development of 1961 is a good one.

Then I would call attention of those opponents of foreign aid who would like to use the Clay report to support their position to the language on page 4; among other things, it says:

There is ample evidence of the need for aid and that it can be successful under proper circumstances.

And then I would call attention of those opponents who want to use the Clay report as a predicate, to other language on page 7 of that report:

In examining our national interest in foreign military and economic assistance, the direct relationship to free world security is most evident in the defensive strengths of those nations which, in their contiguity to the Communist bloc, occupy the frontier of freedom. Many of these countries are our allies, and some belong to alliances with which we are associated. Several of these nations are carrying defense burdens far beyond their internal economic capacities.

These countries are now receiving the major portion of U.S. foreign assistance but are also providing more than 2 million armed men ready, for the most part, for any emergency. While their armies are to some extent static unless general war develops, they add materially to free world strength so long as conventional military forces are required. Indeed, it might be better to reduce re-

sources of our own defense budget rather than to discontinue the support which makes their contribution possible.

It might be possible by some meek means of demagogic surgery and the improper use of the scalpel to do something about using certain parts of this report as a predicate for either voting against the bill or to criticize it. But I simply submit, in all fairness and reasonableness, that the overall support of the foreign-aid program by the Clay Committee must likewise be accepted.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I dislike interrupting the gentleman but I do think his comments on the Clay report are considerably interesting. However, I would like to call attention to page 4 of the Clay report which is carried in the beginning of the minority views. It seems to carry so much weight, I am just wondering if we should not point it out again. "We believe we are indeed attempting too much for too many."

I am sure the gentleman from Florida will agree with me that that is a far-fetched way of describing something about this program and there may be a suspicion in the minds of a number of Members that we are indeed attempting too much for too many. But is it not also true that in testimony before our committee General Clay was less than ample in providing any specific recommendations about where we could do much about cutting down and in what particular countries we could immediately drop the program? The fact of the matter seems to be, or at least General Clay seems to feel, that we are more or less committed to the present level of aid, and he is quoted in the papers as having said that "the authorization recommended by our committee is about right as he sees it and also as to the number of countries. I am not suggesting that changes cannot be made in the future."

If that is what the Clay Committee is saying, they surely are not saying much. But this indicates something radical to have him to transform this program overnight. Yet General Clay when he testified did not sound that way. Is that the recollection of the gentleman from Florida?

Mr. FASCELL. I thank the gentleman for his observation and the gentleman is correct. I concur with him. He simply pointed out that a distinguished Committee which has examined at the President's request the program which is under discussion. They have made some constructive recommendations. They have set forth certain guidelines. The committee has considered them and included them in the legislation.

Mr. Chairman, I simply say to the critics of the program or those who oppose it, if they want to use a part of the Clay report to support their position, they may do so only if they likewise accept the fundamental concept of the Clay Committee report that foreign aid is necessary in this Nation's vital interest. One

is just as logical and reasonable as the other.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Illinois.

Mr. DERWINSKI. I thank the gentleman for bringing up a necessary point, and that is that there is virtue on both sides of the argument in interpreting the Clay report. I am sure that the gentleman from Florida would give equal effect to those who draw other inferences from the report as we do to the position of the gentleman from Florida.

Mr. FASCELL. The gentleman is entitled to have his own inference on what I have said, and I will let him decide, by the time I conclude my remarks, as to whether he agrees with me with respect to the right to use that report as a predicate for anything.

Mr. Chairman, let me point out another matter here which I think will be of general interest. Our committee held extensive hearings, which is common knowledge to everyone. We heard a lot of people and numerous organizations. One of the groups which testified was of particular interest to me and to a great many members of our committee was the U.S. Chamber of Commerce. The U.S. Chamber of Commerce is a national organization having strong grassroots representation and for more than a decade has supported this program. It has supported it this year. I think their study of this program is well done. We know that no law is perfect and no law is any better than its administration. We must seek not only to improve the law but seek continually to improve the administration of it. In that constructive light I believe that the U.S. Chamber of Commerce along with other organizations and individuals performed a valuable service for themselves and the members of the committee in presenting their views and support.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Iowa.

Mr. GROSS. Would the gentleman also say the same thing as to the American Farm Bureau Federation? They always support this appropriation, but this year they came before the committee and asked that it be cut to \$2.9 billion.

Mr. FASCELL. Are they supporting the program or opposed to it?

Mr. GROSS. They are supporting it, I assume with a cut.

Mr. FASCELL. If the gentleman is using that as an argument or as a predicate to his position, I assume he is going to change his opposition this year and vote for the bill.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. The American Farm Bureau has always supported the program and has always recommended a reduction of 25 percent.

Mr. FASCELL. I want to point out, in case some of our colleagues have missed this chart, that by this chart the Na-

tional Chamber of Commerce demonstrated their analysis of the mutual security program, and showed against the recommendations of their own study, what they determined to be a legislative and administrative gap. As a result of their study, they made certain legislative and administrative recommendations, 33 in all. The legislative recommendations were presented to the Committee on Foreign Affairs. Many of them were adopted and are included in the bill that is now under consideration by this committee. Here is a responsible organization, one among many, which has supported this program, which has analyzed it constructively and which has made suggestions to the committee. The committee has considered those suggestions and acted upon them and presents them to you in the measure before you. That is a responsible way to act, and I only point it out to indicate that we are making strong efforts where we can reasonably and logically in the law to strengthen, to improve, to tighten the administration of this program.

While criticism of the program may be entirely justified because of its administration, it does not seem to me to be fair, reasonable, logical, or equitable to base a "no" vote on those grounds.

Finally, let me say it appears to me that the Communist challenge, which we are confronted with today in this world, operates on three major levels—militarily, economically, and ideologically. We have very little doubt about the emphasis on our military strength and superiority; and the need for our military strength offensively or as a deterrent. But I ask those who criticize or oppose this foreign aid program: Would you abolish the program and do away with 300 military bases on the Communist periphery? Would you abolish this program and do away with some 2 million men who are under arms, who are retained offshore across the world, at a cost seven times what it cost to keep an American boy in uniform overseas? Would you abolish this program and do away with the hope of economic improvement in the 50 countries of the world who have recently achieved independence and have a population of about 1.3 billion people; who are seeking and struggling to find continued political independence and economic independence? Do you turn your back on those governments and those people and say to the Communists: "All right, now that you have found we, the free people of the world led by the United States, can deal in the economic offensive arena we will turn our back on them, the struggling nations, and let you the Communists have a clear field "to take over." Is that what you mean by a "no" vote on this bill? How will you divorce the economic strength needed by the recipients and the ideological purpose of this kind of a program? Is an idea stronger than a full belly? I say it is. Who can deny the fact that a great majority of the people of this world tonight are hungry, sick, ill clothed, and not housed properly? But who will deny that we must lead and demonstrate, cajole and assist to get across our idea and opportunities of economic freedom?

We have not only an opportunity but a challenge to meet. The reason this program goes right on is because we recognize deep down in our hearts that we have no alternative except to meet the Communist challenge at every level and in every endeavor of human society. We know that this is a fight for our lives and, as much as we would like to take the load off our backs, we know that we have to meet this challenge day after day and confront it whether on the ideological front, with all-out nuclear war, limited war, or economic assistance. It means fighting for people who are striving to be free; to achieve economic security; and political independence. That is what this fight is all about.

Foreign aid restored Western Europe, Foreign aid kept Greece and Turkey from being taken over by the Communists. Of the 50 nations to achieve independence in Asia and Africa since World War II, not one has chosen communism as a way of life. After decades of neglect, the Alliance for Progress is bringing new hope to countries of Latin America. Foreign aid also helps us economically. Over 80 percent of foreign aid funds are spent right here in the United States, creating jobs for Americans and new markets for American industry.

Notwithstanding the tremendous accomplishments of the foreign aid program, the opponents still want to throw the foreign aid "baby" out with the dirty bath water. What do those who oppose foreign aid by the United States and other countries of the free world offer as an alternative offense? Nothing—except our retreat from forward positions and surrender to the Communists.

Of course, the program must be made more effective and efficient. I have great confidence in the ability of the American people to see beyond their noses—to realize that if we make mistakes we must go on, improving our programs at every opportunity—not pessimistically to downgrade everything that has been done, or "throw in the sponge" in a major area of the cold war.

The foreign aid program costs you only about 4 cents out of each tax dollar. For this we have not only helped ourselves militarily, economically and ideologically, but we have done far more for more people of the world than any nation of people in the history of mankind.

Mr. ADAIR. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I am most reluctant to take the floor, following the most inspired address of the gentleman from Florida [Mr. FASCELL], but in view of the fact that the House seems to tolerate opposition even to measures of a supernatural nature such as this, I am going to express my views, which are in opposition to the bill.

As one of the minority Members who voted against this bill in committee, I feel it necessary to point out that when those of us who are in opposition to the bill offer amendments we do not deserve.

to be accused of attempting to kill the measure. The minority on any issue has the right and obligation to offer constructive suggestions in the hope of improving what they consider to be an unsatisfactory measure.

When I label this bill unsatisfactory, I am truly guilty of an understatement, since this year, more than ever before, it represents by its size and scope and basic inconsistency, an insult to the intelligence of the American public.

The Clay report, issued earlier in the year, has become a sourcebook for both proponents and opponents of the aid program. You must remember the Clay Committee was expected to whitewash the program, since its members were hand picked by the White House. However, the report was more noteworthy for its criticism than for its approval of the program, and the bill before us does not reflect the cuts in funds and reduction in scope recommended by the Clay report.

It is inconceivable that the U.S. taxpayer must be burdened by supporting more than 95 other sovereign lands through this seemingly perpetual governmental program. If other countries of the world require capital, economic training and development, private enterprise in the United States and other western lands can provide the needed support whenever the Nation has a legitimate basis for development, and the Government is able to provide minimum stability. It certainly is not necessary for the U.S. taxpayer to be competing with private enterprise, or building and subsidizing socialistic projects.

The criticism is justly made that the foreign aid appropriation represents a limited blank check for the executive branch, since funds authorized and appropriated can be shifted without any regard for country or continental area. There isn't a single domestic program in the United States in which Government authorities have as much free rein as the bureaucratic machine that the AID agency possesses. Congressional control over the program is so lacking as to render our deliberations almost meaningless, except in setting a figure above which the spenders cannot legally move. Even this has little protection since funds of the Department of Defense have been raided to augment the AID program.

The American public is now being told that a policy of peaceful coexistence is the goal of the United States vis-a-vis the Soviet Union; that the arms race can be ended; underdeveloped countries moved overnight into the 20th century, and international good will will therefore reign supreme. If this is true, this bill represents a major contradiction, since it is based on the premise that Communist pressures are continuing in every country of the world, and that this program is needed to either match or suppress Communist actions.

Therefore, if peace in our time is to become a reality, the aid program would be the first to become obsolete. This, however, is obviously not the intent, since we find our administrators setting up programs in nonindependent areas even before they acquire their complete entity. The latest example of this is

British Guiana, where despite the leftist philosophy of Mr. Jagan, aid administrators are on the spot expanding their programs.

The American public should be given frank facts. Unfortunately, they are not, since even Members of Congress are not provided with legitimate details and information. The Committee was unable to receive from the AID administrator or any of his subordinates a flat answer as to whether or not a commitment has been made for the Bokaro Steel Mill in India. The Committee was not able to get a clear answer to AID's intentions to continue or even expand aid to Communist countries. The Committee was not able to get any clear information as to whether or not the public could expect it to be phased out.

One last point I direct to your attention is the minority views which commence on page 123 of the Committee report. The special attention of the Members of the House should be directed to the statistics of the AID pipelines which are most interesting reading. The minority views also contain necessarily strong language on the subject of aid and trade with Communist governments.

I especially wish to direct the attention of the Members to the recommendations made in the minority views which I consider practical, timely, and worthy of support and implementation.

Along with other Members of the minority, and I certainly hope majority party Members as well, amendments designed to implement these recommendations and to reduce the funds and scope of the program will be offered. These amendments are designed to correct the abuses in the program and eliminate tragic waste of the taxpayer's funds. It is my hope that we will receive support, that we can make substantial contributions on the floor of the House in cleaning up this wasteful, inconsistent, and misdirected program.

In conclusion, Mr. Chairman, may I remind the Members, since there will be numerous amendments offered, that they should receive the full consideration to which they are entitled, so that we will not be handicapped by arbitrary limitations on debate and discussion so the Members' deliberations could be based on the fullest possible information obtainable on each amendment.

I feel it necessary to repeat that as a minority member who opposed the bill in committee and who will oppose the bill on final passage, I think we are at least entitled to the good will of the majority members when we offer amendments. When we offer amendments to the bill we in the minority have a right, as I see it, to help make improvements in something which we feel is basically bad. We are not gutting the bill, we are trying to make something fairly good out of a proposal which at the moment is beyond description, I think, as anything but unsatisfactory.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Pennsylvania.

Mr. WEAVER. We have heard a great deal in this bill today about the

main features but very little about certain amendments. I refer to amendments to section 305, which relates to captive nations. I wonder if the gentleman would give us an explanation of section 305.

Mr. DERWINSKI. I will come to that in just a minute.

The point I wish to reemphasize is that those of us in the minority who offer amendments are offering them with a fair, constructive attitude. I hope that in the next day or two of debate when we do offer our amendments they will be greeted with reasonable respect and attention and not merely subjected to the charge of gutting the bill.

The next thing I feel necessary to reemphasize Mr. Chairman, is the matter of time that will apply to the offering of amendments. We understand members of the House Committee have amendments to offer, most of which were offered and rejected in Committee, and must be offered on the floor. Obviously on a bill of this nature other Members of the House will offer amendments. I hope all the amendments that are offered will receive enough time so that we can explain the points, so that Members when they vote will be familiar with the facts.

Another thing I feel it necessary to reemphasize is that in the minority views we have attempted to be helpful and constructive. I would suggest to all Members that they read the minority views, which are certainly detailed enough and merit the attention of all Members, regardless of their predetermined position on the bill.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Delaware.

Mr. McDOWELL. I do not question the gentleman's integrity in describing the various amendments that are to be offered as being amendments intended to improve the bill, but I would like to ask the gentleman why, if these amendments are so important and will contribute so much to the improvement of this legislation and to its success, they were not offered during the 8 years of the other administration.

Mr. DERWINSKI. I am sure if the gentleman would take the time to study the RECORD, he would find most of these amendments we discussed have been offered in the past. Furthermore, I would like to point out to the gentleman that those of us who happen to be of the minority were not in support of the bill under the previous administration. And, if anyone is to be blamed for the foreign aid record of the previous administration, it obviously is the majority in Congress rather than we who share the party label. But that point has been debated enough in political circles.

I wish to return to the question asked by the gentleman from Pennsylvania [Mr. WEAVER]. The section you refer to was placed in the bill to dramatize the existence of the captive republics of the Soviet Union. The Soviet Union in order to halt the nationalistic spirit of the captive peoples within its control often makes empty gestures to these people and pretends to give them some voice in their

own republic. Therefore, we have placed the term "captive constituent republics of the Soviet Union" in the bill to dramatize, as the report states, the lack of self-determination and freedom these people actually have. As a matter of fact, I offered the amendment which was accepted without opposition and received favorable comment by members in a bipartisan spirit.

Mr. WEAVER. I thank the gentleman and I would commend him for his continued efforts in the captive nations program.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. GROSS. The gentleman from Florida [Mr. FASCELL], spoke of turning our backs upon countries abroad. Now I seem to recall there was a country not too distant from the United States that after having been given \$2¼ billion of aid through direct aid and sugar subsidies turned its back upon us. I wonder if the gentleman would care to comment on that.

Mr. DERWINSKI. The only comment I think would be in order to make is that the gentleman from Iowa addresses himself to a point that will be slightly difficult for the gentleman from Florida to defend. But, if the gentleman will permit me to say so, this is not a new subject since I think we are all well aware of the conditions 90 miles from our shores.

Mr. GROSS. But it seems to be all wrong, if we cut down on aid to the various ingrates over the world, but that it is perfectly all right—or perhaps not all right but we condone them turning their backs upon us after we have extended a helping hand to the tune of \$2¼ billion. Now may I ask the gentleman if he would comment briefly on the so-called Farbstain amendment to be found on page 10 of the majority report.

Mr. DERWINSKI. If I am correct, the amendment to which the gentleman refers is on page 10, section 102(c) of the report. It is an amendment which states that it is the sense of the Congress that countries receiving U.S. aid should not divert their own economic resources to military or propaganda efforts supported by the Soviet Union or Communist China and directed against the United States or other aid recipients. As I recall the debate in the committee, the purpose of that amendment was to prevent our aid being used by a recipient nation directly or indirectly to engage in efforts against another friendly, or at least limitedly neutral nation. Some people do apply this amendment to specific countries, such as Egypt vis-a-vis Saudi Arabia, and Israel; India versus Pakistan, or it would apply to the territorial aspirations of Indonesia. I think it is fair to say, it is effective or should have an effective general effect not aimed at a specific country. But the principle is sound.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield.

Mr. DERWINSKI. I yield to the gentleman.

Mr. GALLAGHER. In reply to the gentleman from Iowa, and I believe our

colleague, the gentleman from Florida is not on the floor at the moment—concerning aid to that unnamed country 90 miles off our shore that was the recipient of our foreign aid, I might say that I, personally, and the gentleman from Ohio [Mr. HAYS] were the ones who introduced the amendment eliminating Cuba from the benefits of the technical assistance program under the bill that was offered in the last administration—in a bipartisan manner, I might say.

I might also ask the gentleman, since the amendment offered by the minority was accepted by the majority concerning captive nations, I am hopeful that this worthy amendment makes the bill worthy of the minority support.

Mr. DERWINSKI. I wish to advise the gentleman from New Jersey if the majority accepts half a dozen more major amendments which we propose, then the bill might be worthy of support, but our support would have to be contingent on the acceptance of our key amendments.

Mr. GALLAGHER. I was hopeful that the outstanding amendment already offered would make the bill worthy.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I am trying to allocate my time between the two gentlemen, so I now yield to the gentleman from Iowa.

Mr. GROSS. I will be glad to identify the country that is 90 miles off our shore. That is Cuba.

Mr. DERWINSKI. Mr. Chairman, I believe it is also necessary for us to weigh the present bill in the light of current international conditions. I am wondering if the maneuvers of late that would lead some people to believe we were entering an era of peaceful coexistence might not be the motivation for serious reconsideration of the dollar amounts and the scope of this bill. If we are entering into an era of international peace and liberty, perhaps the entire direction of this program should be changed. If Communist Russia is no longer an aggressor country, perhaps there are programs that we propose here that could be curtailed and phased out. I raise this as a thought to keep in mind.

The last point I wish to make is that starting sometime tomorrow afternoon there will be a number of very pertinent amendments. The gentleman from Michigan [Mr. BROOMFIELD] will be offering one amendment relative to setting a ceiling on programs which would require specific congressional authorizations for projects for which our total spending would exceed a certain point. We will also have amendments to reduce the bill in terms of its dollar authorization. There may be amendments, I understand, to reduce the long-term nature of the bill. All of these, I reemphasize, will be offered in a constructive manner, and I hope they will all receive, if not support, at least the tolerant attention of every Member; and, whenever they are of such overwhelming, logical, compelling nature as to deserve support, I hope that it is forthcoming.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes, I yield.

Mr. FASCELL. Is the gentleman addressing his remarks to amendments which he offered in the Committee on Foreign Affairs and which were considered by the Committee on Foreign Affairs, or is he talking about other amendments?

Mr. DERWINSKI. I will have two amendments which I offered in the committee, but certainly we as members of the committee realize other Members of the House are equally interested and perhaps even more knowledgeable with respect to this program.

Mr. FASCELL. Will the gentleman yield further?

Mr. DERWINSKI. Yes.

Mr. FASCELL. You are referring specifically to your amendments and not amendments which may be offered by somebody else?

Mr. DERWINSKI. No. I am referring to all amendments that may be offered.

(Mr. PELLY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PELLY. Mr. Chairman, I see by the report on the foreign aid bill that the committee has given consideration to the U.S. balance-of-payments problem and the continuing decline in the U.S. gold supply. The report says that although the U.S. gold supply continues to decline and the balance of payments remains unfavorable, it is clear that factors other than foreign aid are directly responsible and that the elimination of the foreign aid program would not balance U.S. payments or have a significant bearing on the underlying causes.

Mr. Chairman, according to this morning's newspapers, the deficit in the international balance of payments ran considerably more than \$1 billion in the second quarter of this year. The Department of Commerce figures indicate an annual deficit of \$4.2 billion for 1963. This deficit increased sharply despite a substantial excess of exports over imports.

The Foreign Aid Committee has shown the dollar drain and the adverse balance of payments, which are major causes of the flight of gold, to be: Imports, \$16 billion; tourists abroad, \$2 billion; defense expenditures abroad, \$2 billion; private investment abroad, \$2 to \$3 billion; foreign aid, \$1 billion.

I had always understood that the dollar drain on account of foreign aid was \$2 billion, but even if it is only \$1 billion, I cannot agree with the committee that this is not a major source of our deficit of payments.

Constantine Brown, the noted newspaper correspondent, has said that European bankers are greatly concerned about the instability of the value of the American dollar, in contrast with strong European currency backed by substantial quantities of gold. Mr. Brown said that privately these bankers do not mince words, and that the United States must take drastic fiscal action. He has said that such drastic action would consist of a substantial curtailment of America's expenditures at home and abroad, with the view of eventually achieving either

a balanced budget, or at least one that shows a definite tendency toward balance.

Mr. Chairman, when the appropriation bill for foreign aid comes to the floor of the House, I hope it will have a provision to limit the dollar expenditures to be spent abroad. In this connection, I would like to have a requirement that all such programs which entail expenditures of U.S. dollars overseas would be subject to a determination by our Secretary of the Treasury that such programs would not substantially contribute to the loss of gold by the United States.

The Foreign Aid Committee apparently thinks that the foreign assistance program is not a major cause of the loss of gold, but I disagree, and I would certainly like to have the judgment of the Secretary of the Treasury as a matter of record before we go on spending overseas this \$1 billion a year, thereby increasing the balance-of-payments deficit, which increases the causes of our loss of gold.

Also, Mr. Chairman, I have substantial misgivings as to the direction in which we are headed through regularly increasing our national debt through budget deficits. I think we should heed the international bankers, because if they lose confidence in the stability of our economy and the value of the American dollar, we are in for real trouble. To meet the foreign claims amounting to \$25 billion on our gold supply, we have only a free and unpledged stock, as I understand, amounting to \$2 billion. If the foreigners asked for their gold, we would have to default and as I see it, that would mean a devaluation of the dollar and a reduction in the buying power of every paycheck, every savings account, every life insurance policy, and every pension. Every citizen would be hurt.

This is a serious situation and the spending of \$100 billion over the years on foreign aid is certainly a major cause in today's economic plight.

I have supported the objectives of the foreign assistance program, but when we realize the size of the unexpended balances in previous years already in the pipeline—amounting to \$6.7 billion—I cannot in all conscience see increasing this by an amount in excess of \$4.1 billion. The time has come, it seems to me, for us to put our own domestic house in order and not try to continue in a vain effort to remake the world.

I am not so sure that the anti-Communist cause to which we have so substantially contributed by the foreign aid program throughout the years would not be better served now by America, the bulwark of freedom, remaining economically strong rather than continuing an overexpanded program that has dissipated our strength and is slowly delivering us into growing financial weakness. I think that above everything else, America must remain economically strong if it is to continue as the bastion of freedom and democracy.

(Mr. LANGEN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. LANGEN. Mr. Chairman, perhaps most of us noticed a recent quip in our newspapers that said simply:

We hear they've brought out a new drink called "foreignade." It's refreshment that never pauses.

It, of course, was meant as a bit of humor, and undoubtedly resulted in many a chuckle across the country. It would be even funnier if it did not touch on what I consider one of the most serious problems facing our Nation.

We have before us today the Foreign Assistance Act of 1963, which would authorize \$4.1 billion in what we have come to know as foreign aid. It is our annual ritual of trying to play Santa Claus to the world. It is another round of passing out money to the rich and poor alike, whether they need it or not, in an effort to win friends and influence nations.

Mr. Chairman, permit me to compliment the six members of the Committee on Foreign Affairs who signed the minority views on this legislation. Not once did they suggest that we eliminate foreign aid or that all foreign aid was bad. But they did put the present program in proper perspective and issued a warning that we must heed if we are to prevent Uncle Santa from giving himself to death.

I thought the President's Committee To Strengthen the Security of the Free World, commonly known as the Clay Committee, put it succinctly by saying:

We believe that we are indeed attempting too much for too many.

We have only to look at our growing national debt and our dwindling gold reserves to see that we are well on the way to overextending ourselves by putting a price tag on our friendships with the rest of the world.

The minority views wisely caution against spreading our effort thinly over the globe without producing the desired results. The point is well taken and it makes sense that we would do better by concentrating our efforts in the areas where assistance is really needed, countries where there is a genuine desire to utilize our aid to the advantage of the people. We can and must achieve this objective at a cost much less than we are currently spending.

Our foreign aid program is also a paradox. While we spread our aid too thin in too many countries, we also earmark too much in some areas. For example, some funds, obligated as long as 5 years ago, still remain to be disbursed, which indicates that some of the receiving countries are unable to utilize as much aid as we try to give them. Such obligated funds should promptly revert to the Treasury, as should funds for projects that do not materialize.

Mr. Chairman, I believe the time has come when we must completely reevaluate our assistance programs. Instead of facing the world with a handfull of American dollars, we should encourage our allies, many who are enjoying a high level of prosperity, to assume a larger share of the free world burdens.

Not only have we been overly generous with our allies, but we have permitted our aid to fall into Communist hands.

I am aware that one of the arguments put forth by our foreign policy people is that our aid tends to wean Communist nations away from Moscow control. That is nothing but wishful thinking. To halt the spread of communism, we can and must help free nations to remain free, but aid that directly or indirectly helps a Communist government does nothing but perpetuate that dictatorial control.

We hear the argument that most of our foreign aid money is being spent right here in the United States, thereby having no effect on the balance of payments or our declining gold holdings. This is an oversimplification of the situation, which completely disregards complex considerations such as the varying rates of monetary exchange and U.S. support payments for certain commodities. While the buy-American policy is to be commended, we cannot assume that the participating countries would not make purchases in this country without first being handed American dollars.

There are other areas that we have failed to consider properly in this legislation, such as the objectionable practice of the executive entering into long-term aid commitments without prior congressional authorization, and the misuse of the contingency fund. I have no quarrel with long-term commitments, but Congress should make the decision without being faced with the impossible task of being handcuffed to prior executive commitments.

More attention should be directed toward curbing aid that creates or expands competition by recipient governments with private enterprise.

And attention should be directed toward paring down the unexpended balances from prior appropriations. This "pipeline" continues to rise, having reached \$6.8 billion as of June 30, 1963. It is a mistake to add another \$4.1 billion to that amount.

Mr. Chairman, I agree with the minority view that the bill before us does not accomplish long-overdue reforms. Congress must take a firm grip on the reins or this galloping horse is going to drag us over the precipice. It is commendable that this great country has such a large heart, but it operates more effectively if controlled by a cool head.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. BLATNIK].

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. BLATNIK. Mr. Chairman, as has been stated earlier, perhaps no program is subjected to more attack or more vulnerable to attack than the foreign aid program. In view of the fact that some of the allegations have been repeatedly bandied about, circulated, and recirculated, I wish to make this statement. On last March, March 4, 1963, on pages 3237 to 3240 of the CONGRESSIONAL RECORD, a colleague of ours made allegations comprising approximately 45 in number. They have been put in writing without any substantiation, by the way, Mr. Chairman. I do have answers or facts, and in most cases com-

plete explanations and in some cases partial explanations of these. I will submit them at this point.

The information referred to follows:
ALLEGATIONS ABOUT THE FOREIGN ASSISTANCE PROGRAM

On March 4, 1963, on pages 3237-3240 of the CONGRESSIONAL RECORD, Congressman M. G. SNYDER, of Kentucky, listed a number of allegations about Federal programs. On those allegations involving the foreign assistance program, the facts are as follows:

Allegation: "An untold amount to construct a solar-powered ship to win friends and influence people along the rivers of Surinam."

Fact: The reference cited gives the cost as \$28,625, not an untold amount. The purpose cited was "to test performance of solar-powered battery-recharging centers for communications equipment and various other low-wattage power tools" and to "focus attention on peacetime terrestrial uses of solar power." As a result of investigation last summer (1962), performance under the contract was suspended. On March 1, 1963, however, AID requested the General Services Administration to rescind its suspension of the contract with the Hoffman Corp.

This action was taken after a finding by AID that the interests of the Government would be served by completing the contract. AID found that in a number of underdeveloped countries solar energy may prove to be an important and most economical source of power for communications and other electronic systems and that the U.S. Army has an interest in the solar-powered boat.

AID has canceled plans for tests in Surinam and engineering tests of the solar equipment will be conducted at no cost to AID by the U.S. Army Electronic Research and Development Laboratories, Fort Monmouth, N.J.

Allegation: "One thousand 23-inch television sets ordered for use in community education programs in underdeveloped overseas areas were ordered at a cost of \$400,000 for areas where there was no electric power supply."

Fact: This refers to a contract which a subcommittee of the House Government Operations Committee investigated at great length last year. Criticism by the committee was directed at weaknesses in AID contracting and evaluation techniques on this program, rather than the purpose for which the program was undertaken—i.e., to provide relatively inexpensive and far-reaching methods of communications and education in underdeveloped countries.

In its report, the committee said: "At this point the subcommittee wishes to make it abundantly clear that its findings and conclusions with respect to this contract are not intended, and should not be construed as an objection to, or criticism of, the proper use of television for educational purposes."

The contract was terminated early in 1963. Negotiations are now proceeding to determine whether there will be any cost to the United States. The Agency, with the guidance of the committee, has improved its contracting for research and development procedures to insure that the weaknesses which that committee found do not recur.

Allegations: "Funds spent for troughs for camels."

Fact: This is a new variation on an old theme. In 1958 a similar charge, answered for the House Foreign Affairs Committee, related to "bath houses for camel drivers." Both versions stemmed from demonstration health projects in Egypt which included public bathing facilities.

Allegation: "Foreign aid funds used in Kenya, Africa, for purchase of extra wives for government officials."

Fact: This charge is typical of many directed at the foreign aid program in that it

builds on a single situation only tangentially related to the foreign aid program. The facts are: A traders' loan program was undertaken by the Kenyan Government in 1953 and 1954 to provide a fund for loans to traders and small manufacturers in a program analogous to the U.S. Small Business Administration.

During this period, before any U.S.-owned funds were made available for the program, one trader did borrow approximately \$600 and then used the funds to buy a wife. As a result of this incident, extremely tight controls for supervision of the traders' loan program were set up. No such incident occurred after U.S.-owned funds were contributed to the program in 1953. It may be of interest to note that this traders' loan program has been quite successful. Actual experience with repayment has been extremely satisfactory.

Allegation: "Foreign aid funds spent to build superhighways in countries where there are few, if any, automobiles."

Fact: The United States has aided highway programs in a number of countries, notably Turkey, the Philippines, Vietnam, and elsewhere. Divided-lane highways are fairly few and these are in areas of congestion and heavy traffic. Highway improvement is, of course, an important stimulus to economic development. Statistics show that the rate of increase in passenger cars and commercial vehicles in newly developing countries is an impressive one.

Allegation: "A luxury yacht replete with air-conditioning and gold wallpaper furnished a millionaire Emperor at the cost of \$3.1 million."

Fact: This probably the most frequently cited example of misuse of the foreign aid program. The facts are: In 1960, the Department of Defense, under the Military Assistance Program, loaned to the Government of Ethiopia a World War II seaplane tender for use as the flagship of the Ethiopian Navy. As a flagship, it contains quarters for flag officers, or the Emperor as commander in chief. It is air-conditioned since air conditioning is considered necessary in that part of the world. One basic use of the ship is as a training vessel for the Ethiopian Navy. A significant part of the \$3.1 million cost of refitting the ship was to make possible its use as a training vessel. It should be noted that the Department of Defense maintains important military communications facilities in Ethiopia as part of its worldwide network.

Allegation: "Greek Government appealed to its wheatgrowers to curb the growing of wheat to spur U.S. aid, etc."

Fact: The Government of Greece, of course, bases its policies on Greek conditions and requirements; the United States Government acts in the interest of the United States. Any proposed aid to Greece, including agricultural commodity sales programs under Public Law 480, is scrutinized from that standpoint. The kind of wheat which the Greeks are most interested in, to be purchased under Public Law 480, is a type not grown in Greece and must be imported regardless of the size of the Greek wheat crop.

Allegation: "Of the 24 countries sending delegates to the so-called neutral Belgrade Conference in September 1961, 23 are receiving U.S. economic assistance and 13 military assistance in fiscal year 1962."

Fact: The 10 major recipients of U.S. aid in fiscal year 1962 were, in order, India, Pakistan, Turkey, Korea, Vietnam, Brazil, Chile, United Arab Republic, China, and Mexico. Of these, only India and the United Arab Republic were represented at the Belgrade Conference.

Allegation: "Chester Bowles, President Kennedy's roving Ambassador, spent \$600,000 on an 18-day jaunt around the world meeting ambassadors and their wives."

Fact: Secretary of State Dean Rusk pointed out during hearings on the foreign aid bill that this \$600,000 expense figure was for a series of six regional conferences of top U.S. diplomatic personnel, in which Ambassador Bowles was the leader, but by no means, the sole participant.

During the first 5 years of the new administration these regional conferences were held to acquaint American ambassadors overseas with the policies of the new administration and with the increased responsibilities being given U.S. representatives in the field.

Delegations from Washington, led by Mr. Bowles, also included senior officers of the Departments of Defense and Commerce and, on occasion, other top agency persons such as Edward R. Murrow, Director of the U.S. Information Agency, and George Weaver, Assistant Secretary of Labor for International Affairs.

The six conferences were held in Africa, the Middle East, south Asia, South America, Central America, and the Far East. The expense figure included the travel costs of teams of senior officials from Washington agencies, as well as the expenses of ambassadors, AID mission directors, USIA directors in the field, and key members of their staff.

Allegation: "An FHA aide, fired for gambling, is rehired by the Alliance for Progress and sent to Caracas, Venezuela, at a salary of \$17,030 a year."

Fact: The man in question was hired because of an outstanding record in the field of housing and in full knowledge of circumstances leading to his discharge from the FHA position. This followed November 1961 publicity concerning an alleged 1959 card game debt to a housing contractor. At the time, the aide denied any breach of public trust, or that either party considered a debt had existed.

AID reviewed the expert's file in full and was told by Neal J. Hardy, Commissioner of the FHA, that the man's performance as Deputy Commissioner had been superior in every respect. His performance as a housing adviser with AID since 1962 has been outstanding.

Allegation: "\$200,000 allocated for a translation center in the African region together with an additional \$139,000 for translation services to translate African technical publications into French."

Fact: This project, tried initially in Morocco, has been operating in Paris for the last 6 months or more. It translates technical publications—a high percentage of which are U.S. publications, many prepared by AID and its predecessors—into French for use throughout French Africa. Additional services are performed, such as dubbing-in film narration in French. Many of the new nations of Africa are familiar with French but not with English.

Allegation: "No control can be exercised over the \$9 million of aid funds for Libya."

Fact: The \$9 million referred to was a cash grant made to Libya in return for the use of Wheelus Air Force Base, and it was presented to the Congress as such. This was not development assistance, but a flat rental fee for a strategic base site which was not only a major link in our defense network outside American shores, but the largest U.S. Air Force training base overseas.

Allegation: "Vietnam, where our marines and other defense forces are fighting and dying, taxes U.S. goods received in that country as gifts. These are distributed in part to private businesses which sell them at a profit."

"Other nations with a system of taxing U.S. aid and selling it for a profit similar to Vietnam's are Cameroon, Guinea, Kenya, Morocco, Senegal, Spain, Tunisia, Uganda, Yugoslavia, Bolivia, Cambodia, Korea, Thailand, Greece, India, Israel, Pakistan, and Turkey."

Fact: The purpose of the commercial import program in Vietnam is to enable that country to meet requirements for the import of essential goods which it cannot purchase because its own foreign exchange earnings are too small. This program covers a wide range of items from consumer goods to raw materials and industrial machinery. This assistance is made available in the form of dollar credits which the Government of Vietnam subauthorizes (i.e., sells) through the National Bank to Vietnamese importers for eligible importations. The U.S. assistance covers only the direct dollar cost of the imported items plus insurance and freight.

The proceeds accruing to the Government of Vietnam from the sale of the foreign exchange and the various taxes and charges on the imports constitute an important element of the total revenues received by the Vietnamese Government. It is from these revenues that the Vietnamese Government must defray the very large defense and security expenditures needed to repel Communist aggression.

Allegation: "AID is spending \$120,000 for an orientation course for employees going overseas, together with their wives and adult dependents."

Fact: AID does have a 6 weeks' orientation course for employees going overseas. Three weeks of this is at the Foreign Service Institute and involves subject matter of the culture, geography and politics, as well as language of the countries to which they will be going. Wives and adult dependents are invited to attend. The value of having Americans know something in advance about the countries where they will be stationed is rarely questioned.

Allegation: "Cambodian highway paid for by the United States to cost (hearings, foreign operations appropriations for 1963 House committee) \$15 million, was so badly planned and built that it resulted in a cost of \$32 million and now must be further repaired at an additional cost of \$2.7 million."

Fact: The Khmer-American Friendship Highway extends 130 miles from the capital, Phnom Penh, to Cambodia's only seaport. In addition to providing a rapid freight route, it opened up previously inaccessible areas. It was completed in May 1959, at a total cost to the United States of \$32.1 million. It was built, under contract, by two American firms—one for engineering and one for construction. Sections began to deteriorate after very heavy rains in late 1959 and 1960. The U.S. Bureau of Public Roads was asked to make a complete investigation of causes and to supervise repairs. In September 1962 a contract was let to a third American company to carry out reconstruction. Total rehabilitation cost is now estimated at \$14 to \$15 million. The Bureau of Public Roads has reported the primary cause of failure was lack of stability in the base course.

The Agency for International Development is in communication with the Department of Justice to determine whether there is a basis for legal action against the two firms that originally built the road.

Allegation: "In Taiwan (Nationalist China) a sawmill was built in the mountains with U.S. aid; then it was learned it would not saw the type of logs produced there."

Fact: There has been no expenditure for a sawmill in this case although such a project was proposed. Agreement could not be reached with the Chinese Government on operational details and in 1960, the United States withdrew from the project. A logging operation which was part of the overall project is working well and other sawmills in Taiwan can handle its output.

Allegation: "Contingency funds transferred for aid to countries."

Fact: The President has the right, under the Foreign Assistance Act, to transfer within certain limits from one appropriation

to another—10 percent provided the funds increased are not more than 20 percent greater than appropriated.

Allegation: "Many foreign aid plans initiated by the United States, not by the recipient countries."

Fact: No U.S. assistance is provided to any country except on the formal request of the country involved. Once the United States has agreed to assist another country in its development or in strengthening its security, the host country must make formal request for each specific project to which the United States commits its assistance.

None of this occurs in a vacuum. Our assistance programs are the subject of continuing discussion and negotiation between United States and host country representatives. In these negotiations, U.S. representatives are expected to explore the most practical ways in which the United States can help. At the same time, technicians working from AID missions are there precisely because they have the skills to point out ways in which agricultural production can be improved, education expanded, or industry made more productive. These suggestions may well lead the host country to request help in importing fertilizer, buying U.S. paper to print textbooks, or importing needed American machinery. But in every case, no action is taken without an official, formal request by the host country.

Allegation: "Because of the commitments made for foreign aid projects, Congress is losing control of the aid program amounting to billions of dollars."

Fact: The foreign assistance programs must be authorized annually by the Congress, and the funds to continue this program must be appropriated annually by the Congress.

No money committed in prior years for specific projects can be recommitted by the Agency for International Development except to projects already justified to the Congress.

Each year, before the Congress authorizes and votes funds to continue the program, the program is debated on the floor and examined by four separate congressional committees, which conduct thorough and lengthy hearings on program plans for the coming year, and on detailed study of AID performance, country by country, and project by project, during the year preceding.

Allegation: "Countries buying jet planes with aid money without proper facilities or business. Ghana has its own airline, all standing dead at the airport."

Fact: No U.S. aid has gone into airlines in Ghana.

The United States has assisted in the development of civil aviation in other countries, however, where air transport is important to economic development. These include Argentina, Pakistan (whose two regions are separated by more than 1,000 miles) and Ethiopia, where AID financed a technical assistance program by TWA to Ethiopian Airlines, and the Export-Import Bank financed (on commercial terms) the purchase of two American jets by Ethiopian Airlines from the Boeing Aircraft Co.

Allegation: "Teachers, claimed to be in short supply in the United States, are all over the world in the Peace Corps and in AID, some of them in the same building."

Fact: It has been the policy of AID, as that of its predecessor agencies, to refrain from supplying classroom teachers at all levels of education in spite of often repeated requests from national governments. AID policy is to concentrate its resources on (a) the development of national institutions such as teacher training colleges, rural normal schools, and demonstration schools that will provide teachers for all levels of education, and (b) advisory services to ministries of education.

There are two exceptions. One is in Liberia, where a contract was made with International Voluntary Services to supply teachers; this project is being replaced by a Peace Corps project. Another case is in east Africa, where American teachers were supplied to fill an emergency shortage and to permit the training of native career teachers.

Allegation: "Southern Rhodesia has an agricultural school with 9 to 11 pupils as part of AID program and yet has 5 professors, more buildings than they can use and everything else for a large school."

Fact: Investigation of this point shows that no U.S. aid in the field of agriculture has been extended to Southern Rhodesia. In Northern Rhodesia, an agricultural education project is now underway. It consists of a training center providing a 2-year course in agriculture and agricultural extension and eventually will assist regional agricultural institutes. A contract was signed with the University of Connecticut in May 1963 to assist in building up this training facility. The student body has numbered about 80, with 30 to 40 graduates a year.

Allegation: "Splendid new sports stadium built in an African country with primitive roads to get to it."

"A strikingly modern air terminal building constructed for a few planes while fertile land is left without irrigation in an African country."

Fact: Both these statements are attributed to Eugene R. Black, President of the World Bank. Speaking to the board of governors annual meeting of the IBRD, IMF, IFC, and IDA on September 18, 1962, Mr. Black said: "I have seen cases where * * * a splendid new sports stadium has been built, while the highway system remains primitive; or where the national airport has acquired a strikingly modern terminal building while parched but fertile land is left without irrigation."

Mr. Black, at least in the reference cited, did not say "Africa" in either case, or that U.S. aid was involved. In his statement, he did not discuss the condition of the roads leading to the stadium nor did he say the air terminal building was constructed for "a few planes."

The Russians (bilateral aid) helped build a stadium in Indonesia for the Asian games. The United States (bilateral aid) has helped Indonesia's highway program, particularly in Djakarta, where a bypass from the port to the interior is being built around heavily congested areas. The United States was charged with building the roads to the stadium, which is not true since the bypass is on the other side of town.

For countries like Afghanistan and Ethiopia, rugged terrain and the absence of highways or railways make airlines a major means of transport and contact with the outside world. Whether or not all available lands have been irrigated does not reduce the need for internal transportation and communications systems; in many cases projects to improve transport and to raise agricultural output must go forward side by side.

Allegation: "\$458,000 granted by the United States to bring Japanese labor leaders to this country."

Fact: In Japan there is a tendency for the labor movement to be split with leftist elements constantly seeking domination. The U.S. Government has felt it important to encourage development of a Western oriented leadership, and has invited Japanese labor leaders here for the purpose of bringing this about.

Allegation: "In Lebanon, at the stock breeding farm furnished by U.S. funds, there were nine stalls to each bull. Lebanon is one of the wealthiest countries in that area."

Fact: This charge apparently refers to an animal husbandry demonstration project in

Lebanon during the years 1953 to 1957. A barn was built to house a herd of approximately 30 cows and 15 bulls. During a good part of the year, most of the bulls were transported from village to village to be used in a program to improve the caliber of native livestock. It is therefore possible that at any point in time there might not have been enough bulls in the central barn to fill all the stalls. This program successfully demonstrated the greatly increased productivity possible with better caliber livestock. As a result of this program and a subsequent program using artificial insemination, livestock in many villages was significantly improved. After observation of this program, Lebanese dairy farmers themselves began to import high quality livestock. A thriving dairy industry was developed to provide Lebanese cities with reasonably priced wholesome milk.

Allegation: "No feasibility or engineering studies completed on many projects running into millions of dollars."

Fact: The implication of this charge is totally false. Technical and economic feasibility studies are required on every project costing more than \$100,000.

The charge stems from a discussion, during hearings on the foreign aid bill, of the fact that feasibility or engineering studies are not undertaken until funds to carry out new proposed projects have been appropriated and are available. At the time, AID officials noted that it would be wasteful to spend funds for feasibility and engineering studies (which may cost \$100,000 to \$150,000 on a large project) without assurance that funds to finance the proposed project are available.

Allegation: "Air-conditioned Cadillacs eligible under aid program."

Fact: This charge is based on a hypothetical case. In the course of last year's hearings of the Subcommittee on Foreign Operations Appropriations, an AID representative was asked, hypothetically, whether purchases under the "Commodities" item of a proposed program would include the purchase of air-conditioned Cadillacs. He replied that it would not (the proposed program was for training aids) but that hypothetically, and under certain circumstances, purchase of a limousine might be eligible under the aid program.

Allegation: "\$185,000 for a project for airline training in Tanganyika."

Fact: No such project was ever proposed for Tanganyika. A regional West African project was proposed to assist a going international airline, Air Afrique, owned by 11 governments of the Brazzaville (West Africa) group, and two French airlines. A French firm agreed to finance the project, and the AID proposal was dropped.

Allegation: "\$330,000 spent for Libyan textbooks, refused by Libya because of its sensitiveness over American technicians editing them from French into Libyan texts."

Fact: The reference is to one of a number of discontinued projects in Africa, none involving translations from French. The textbooks were not printed because of a lack of necessary cooperation from the host government.

Allegation: "New project for a survey of a water supply system for the city of Libreville at a cost of \$150,000 made without congressional approval."

Fact: Individual projects do not require prior congressional approval, nor has the Congress ever required this. The Congress does require a thorough outline of aid strategy and emphasis, prior to authorization and appropriation of new funds, and a detailed justification of AID projects undertaken the year preceding, or at any time prior to the new legislation.

Allegation: "For helping tourism in Tunisia there is an estimated obligation of \$167,000 for fiscal 1963."

Fact: In the program adjustments of last fall (1963 program), this tourism project was

determined to be not of high priority, and the project was discontinued.

Allegation: "In Liberia, independent since 1847, where there is a great deal of poverty and misery, a \$10 million palace is being built for the President despite the fact that the present palace practically equals the U.S. White House. Through fiscal year 1962, Liberia has received over \$40 million in foreign aid and around \$250 million for development loans."

Fact: The Agency for International Development has made no grants or loans to the Government of Liberia for the building of the executive mansion.

Allegation: "Cambodia given enough rifles so that each man had two rifles apiece."

Fact: In the CONGRESSIONAL RECORD of September 20, 1962, is a statement by Congressman SILVIO O. CONTE, as follows:

"On page 25 of House Report 2410, September 18, 1962, there is noted what appears to be extravagant overprogramming in MAP. However, there is a perfectly logical explanation of '1½ rifles per man.'"

"The presentation book did show an active military force of 38,000 men in this country and that a total of 45,548 rifles and carbines had been programed under MAP. What the book did not show—and the detail can never be 100 percent complete—was that in 1961, in response to a special request from this friendly government, 11,000 carbines were furnished under MAP to partially arm 2 paramilitary groups—a rudimentary national guard and a village militia for combating Communist guerrillas in outlying areas. These latter forces number approximately 50,000. Because they are not part of the regular military establishment and not normally supported by MAP, they are not included in 'active military forces' as shown in the congressional document. Deducting these 11,000 weapons from the total number programed for this country (including those proposed in fiscal year 1963) still will not total 1 per man. The ratio of weapons to men in the paramilitary units is far less."

TWO RIFLES PER MAN

"This accusation is based on an error in the congressional presentation document for the country in question. It showed the total cumulative program included 1,947 rifles for a MAP-supported force of only 1,200 men. This latter figure should have been 2,200 men. This corrected information was provided for the record of March 29, 1962."

Allegation: "India, which has received a total of about \$4 billion in U.S. aid is now negotiating to buy a Russian Mig aircraft plant."

Fact: According to press reports, this is correct. During July 1963, Mr. S. M. Bhootalingam, Secretary of the Indian Defense Production Ministry, was in Moscow as leader of an Indian delegation which was negotiating for Soviet military assistance to India. The press stories indicate that discussions included assistance in ground-to-air missiles as well as assembly plants for Mig aircraft. Six Mig planes have been delivered to India.

Last November after the Chinese invasion of India, the United States responded to India's urgent request and provided military aid for the first time.

U.S. economic aid to India from 1946 through fiscal year 1961 totaled \$3.8 billion including \$1.8 billion in the form of surplus U.S. agricultural commodities provided under the food-for-peace program.

U.S. objectives in India are to: (1) assist India to remain independent; (2) maintain close associations with the free world; and (3) improve India's defense capabilities to enable it to resist current and future pressures from Communist China.

Allegation: "Request for \$226 million for Pakistan, for projects on which there are no commitments, has been programed for 1963."

Fact: During the annual authorization and appropriation hearings before commit-

tees of Congress, AID provides detailed information about country programs which are planned for the next fiscal year including the amounts which are programed for each country. It is not possible for the Agency to specify each and every project which may be financed within the final appropriation. Each development loan authorized by AID is subject to negotiation and must meet rigid criteria before being approved.

Allegation: "AID agency requested information from Library of Congress to compile and supply information to ascertain nations which have or have not received aid from the United States in order to answer questions by House Committee on Foreign Operations Appropriations."

Fact: In any Government research project a doublecheck with the Library of Congress is routine. In this instance, where a complete and up-to-date listing of countries, territories, and possessions was required, the Agency's Statistics and Reports Division (which maintains records of all assistance given to every country) called the Library of Congress to check the most recent listing of all existing countries, to verify its listing of countries that had not received any assistance.

Allegation: "Increased funds for Kenya, a British possession, home of Mau Mau, to \$3.2 million for fiscal year 1962."

Fact: Kenya, due shortly for independence, is one of the key nations in east Africa. The free nations of Western Europe have undertaken primary responsibility for assisting in its development. In 1962, the United Kingdom extended \$36 million in assistance and Western Germany granted \$8.8 in development credits.

U.S. assistance is confined to selected fields in which American technicians have wide experience: education, agricultural extension and training, and public administration.

Allegation: "\$2½ million in aid for Mali with a very large element in the Government taking an anti-Western stand."

Fact: On the world scene, the Malian Government has recently tended to temper its sympathies for the Communist bloc by adopting a more impartially neutral foreign policy. The United States hopes to maintain friendly relations with Mali and to provide, in concert with other Western Powers, an alternative large-scale economic and military cooperation furnished by the Communist countries."

Allegation: "Nigeria, gaining independence October 1, 1960, from Great Britain, received a grant aid of \$20.5 million for 1962 in addition to U.S. loan commitments of \$225 million. Among projects is a TV educational program at a cost of \$343,000 for 1963 although Nigeria has only two TV stations and very few TV sets."

Fact: Nigeria, so far as population is concerned, is by far the largest country in Africa. At this year's hearings before the House Foreign Relations Committee, Mr. Hutchinson (Assistant Administrator for Africa-Europe) said of Nigeria:

"It has a heritage from British rule of democratic values and political institutions. Its reservoir of trained manpower is not large but nonetheless above average in Africa. It has significant economic resources and an excellent potential for economic growth and development. It has an important leadership capacity in Africa, has proclaimed an independent foreign policy sympathetic to the West, and looks to the West for encouragement and support in the field of economic development."

"By building on this position of relative strength in Africa, it is the U.S. objective to see that Nigeria develops in an orderly fashion as a strong, united, and independent nation which provides leadership, sense of direction, and example to other countries of Africa."

Mr. Hutchinson noted \$50 million support for Nigeria from the United Kingdom, \$25 million from West Germany, other assistance from Canada and Israel.

The educational radio and television project is an attempt to overcome a shortage of teachers in schools. Through assistance from an AID adviser, all three regions and the Federal Government of Nigeria have educational radio and television. In the western region alone, 100 schools are using televised lessons and 200 radio lessons provided by the Ministry of Education.

Ford Foundation and UNESCO are both interested in this use of radio and television. U.S. funds are providing the services, under contract, of experts supplied by the school system in Washington County, Md., where one of the pioneering U.S. efforts in educational television has been carried out. Nigeria's contribution includes an annual \$140,000 for operating costs and equipment costs of \$500,000.

Allegation: "Fraudulent invoices from Laos for generators and sawmill equipment of \$207,500 were paid by the United States when actual cost was \$44,000. No recovery was made of the money expended."

Fact: On page 620 of the 1963 hearings before the House Foreign Affairs Committee is a statement by AID on these invoices. It says:

"These invoices were financed in fiscal years 1955 and 1956.

"1. Generators: Investigations in 1958-59 by the ICA-Washington, Procurement Analysis Branch and the Inspector General's Office, based on Haynes Miller's 1957 End-Use Report No. 10, disclosed serious irregularities on the part of both the Laotian importer and the Thai exporter in the purchase of 20 generators billed at \$160,000. ICA's investigation indicated the value of the generators was not more than \$12,450. The Royal Laotian Government has been asked to refund the full purchase price.

"2. Sawmill: Routine price examination conducted by the ICA-Washington, Price Analysis Branch in 1957 disclosed discrepancies in a shipment of sawmill equipment bought by a Laotian importer from a Thai firm. The mission was asked to investigate and the Haynes Miller End-Use Report No. 4 was sent to ICA-Washington in March 1957. The material delivered did not justify the charge of \$42,000. The Thai exporter was required to replace the equipment with other equipment equal in value to the payment made by ICA. This replacement equipment has been delivered.

"It should be noted that measures have been taken in connection with the current AID-financed import program in Laos to prevent recurrence of incidents of this nature. The value of imports under the program will be checked by U.S. Government customs inspectors employed by AID. U.S. funds are not released until AID customs inspectors certify that the imports in question have arrived in Laos."

Allegation: "U.S. Government is lending \$27 million to Ghana to build the Volta River Dam in addition to other projects."

Fact: The Volta River Dam project is a joint undertaking of the U.S. Government, American private industry (Kaiser and Reynolds aluminum companies), the World Bank, the United Kingdom and the Government of Ghana. The AID loan is for \$27 million, at 3½ percent interest, repayable in dollars. An Export-Import Bank loan is for \$10 million, at 5½ percent interest, repayable in dollars.

Allegation: "Many Latin American nations have taken their dollars and have bought U.S. gold. Argentina, for instance, insisted on gold for dollars and in 1961 bought over

\$150 million worth despite the fact that the United States was paying interest on the dollars."

"Cyprus, which received \$679,000 in aid in 1962 from the United States, bought up \$2 million of our gold at the end of 1961."

"Iran, in the last quarter of 1961, purchased \$16.1 million of U.S. gold, yet that country is under the mutual security program for \$54.4 million exclusive of military aid."

"Iraq, which has, through fiscal year 1962, received a total of \$67.5 million in U.S. aid, bought a total of \$29.8 million of U.S. gold in 1960."

"Cambodia, to whom we gave \$24 million in fiscal 1961, turned around and bought \$12 million worth of U.S. gold."

"Indonesia, to whom the United States gave \$44 million in aid in the last half of 1960, bought up \$24.9 million of U.S. gold in 1960."

"Laos also bought \$1.9 million of U.S. gold while taking \$24 million in aid since 1961."

Fact: Two basic charges are made or implied in these: (1) That the balance-of-payments problem results from foreign aid; (2) That aid recipients use aid to buy gold.

A statement by the Agency for International Development included in the record of the 1963 hearings of the House Foreign Affairs Committee, pages 1730-1731, says in part:

"There is no single cause of the adverse U.S. balance of payments over the recent past. It is quite clear that foreign aid has been only a minor element—one among many and larger burdens.

"Most of the expenditures in the foreign aid program are in the United States and do not cause any outflow of gold or dollars. The total amount of the U.S. foreign assistance effort (including economic assistance, Export-Import Bank, food for peace, and the Peace Corps) which is obligated for expenditure in the United States is between 85 and 90 percent. The funds are spent in the United States for capital goods, agricultural and industrial commodities, and technical, transportation and other services.

"There are many sources of dollar payments to foreigners, all of them 'drains on the U.S. foreign balance' and potential causes of gold loss:

Calendar year 1962:	Billions
Imports.....	\$16
Tourists abroad.....	2
Defense expenditures abroad.....	2
Private foreign investments.....	2-3
Foreign aid.....	1"

On the U.S. balance-of-payments problem and the continued decline in U.S. gold holdings, the Committee on Foreign Affairs reported: "Although the U.S. gold supply continues to decline and the U.S. balance of payments remains unfavorable, it is clear that factors other than foreign aid are primarily and directly responsible and that the elimination of the foreign aid program would neither balance U.S. payments nor have a significant bearing on the underlying causes."

The reasons that nations buy gold relates to what each considers necessary for its own reserves as well as requirements of participation in the International Monetary Fund. On page 456 of the 1962 hearings of the Subcommittee on Foreign Operations Appropriations is a policy statement from AID which says, in part:

"Most countries wish to keep some part of their reserves in gold as well as in foreign currencies. AID has no control over such decisions and makes no attempt to influence them. It should be noted that a gold purchase is sometimes associated with a deterioration of a country's reserve position, as in the case last year of Cambodia, Egypt, Nigeria, and Syria.

"Countries receiving economic assistance accounted for only a minor part of recent foreign purchases of U.S. gold. During the period April 1, 1961, to March 31, 1962, the latest year for which data are available, foreign nations and international institutions purchased net, \$745 million of monetary gold from the United States. Of this amount, \$543.1 million was in transactions with international financial institutions and countries for which no economic assistance from the United States was obligated in fiscal year 1962 (Austria, Belgium, France, Iceland, Netherlands, Saudi Arabia, Switzerland, and the United Kingdom); \$256.3 million of gold was purchased from the United States by countries receiving economic assistance and \$49.8 million was sold to the United States by such countries."

On pages 773 and 774 of the hearings of the subcommittee is a lengthy statement on the Iranian payment to the IMF in gold and IMF requirements.

Allegation: "Household furnishings and other items under highway projects in Cameroon with average contract to technicians at \$30,000 each, at an average salary of \$12,000."

Fact: The contract for the project in question was awarded to an experienced American engineering firm. The estimates were based on standard charges by American firms for salaries, travel, profit, and overhead for construction work in "hardship" areas overseas.

Allegation: "Agreement between Morocco and the United States gives Morocco the U.S. bases worth millions of dollars by the end of 1963. One base now occupied by Russian personnel and Russian mig planes."

Fact: For 7 years after achieving independence from France, Morocco permitted the United States to continue use of strategic air bases established there under an earlier United States-French agreement. The agreement to release the bases was reached by President Eisenhower and the King of Morocco in 1959, to be completed by the end of 1963.

One base, which the United States had never made operational, was turned over in 1960. The following year, Morocco accepted jet fighters for its own air force from the Soviet Union, and Soviet technicians were assigned temporarily to train Moroccan pilots.

Morocco continues to pursue a policy of friendship toward the United States, and France has resumed major responsibility for assistance to Morocco's economic development.

Allegation: "\$10 million loan to textile mill in Sudan; \$500,000 for textile mill in Ethiopia while our textile mills are suffering."

Fact: Textile loans are made under extremely rare circumstances—the two loans cited were made in 1959, and only after it was verified that the output of these mills would be used entirely for internal consumption in the two countries and would not interfere with U.S. exports.

It is AID policy to finance no expansion of textile industries unless it can be demonstrated that such expansion is necessary to meet domestic consumption needs in the host country and will not interfere with U.S. exports. The same policy was pursued by AID's predecessor agencies.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. JOELSON].

(Mr. JOELSON asked and was given permission to revise and extend his remarks.)

[Mr. JOELSON addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Massachusetts [Mr. MORSE].

(Mr. MORSE asked and was given permission to revise and extend his remarks.)

Mr. MORSE. First, Mr. Chairman, I would like to join those who have paid tribute to the distinguished and very fair and patient chairman of our committee, the gentleman from Pennsylvania [Mr. MORGAN], who has done such a superb job in bringing the bill before the House, and also to pay tribute to the distinguished gentlewoman from Ohio [Mrs. FRANCES P. BOLTON], whose patience and understanding and capability has meant so much to us on the minority side.

Mr. Chairman, I rise in general support of H.R. 7885, the Foreign Assistance Act of 1963. The bill would provide a total program of \$4,087,075,000 for fiscal year 1964—\$2,424,050,000 in new authority and \$1,663,025,000 against authorizations made in previous years. The total is \$438,025,000 below the President's request. I have supported in committee a number of cuts, and although I am in general agreement with the bill before us, I intend to support further reductions in some items.

I think this is a constructive legislation which every Member of the House can support. I want to address my remarks particularly to those Members who may be inclined to vote against the bill, for we have tried, successfully I think, to improve the bill so that it will merit your support. When I joined the House Foreign Affairs Committee in January, some of my Republican colleagues were afraid that I might support the grant or loan of the dome on this building under the foreign aid program. I think my colleagues on the committee can testify to the fact that this has not been the case. On the contrary, I have, with the other members of the committee, considered this program with the greatest care and objectivity. We have weighed every request against the compelling considerations of efficiency, economy, and effectiveness.

We have repeatedly asked basic questions about the allocation of our funds: Are they needed? Can they be used effectively?

I asked these questions on the assumption, also accepted by the Clay Committee, that the foreign-aid program, "properly conceived and implemented" is "essential to the security of our Nation and necessary to the exercise of its worldwide responsibilities."

As a new member of the Foreign Affairs Committee, I have been particularly impressed with the manner in which the committee has approached its growing responsibility in the field of foreign affairs. It is almost too obvious to mention that in recent years, we conduct our foreign relations increasingly by legislation rather than by treaty. Those who argue that the legislative branch has abdicated its role in the conduct of foreign policy to the executive by design or default had only to sit in on the thoughtful policy discussions con-

ducted by the Committee on Foreign Affairs to see that this is not the case. We met not merely to grant or withhold funds from our foreign assistance agencies, but to make serious judgments about the role of foreign assistance in the conduct of our foreign policy.

Let me outline a few of the policy determinations made by the committee, determinations which go a long way toward achieving the kind of improvements that the distinguished gentlemen who joined in the minority report have advocated.

For example, the committee took a long, hard look at the justifications for aid to Indonesia and expressed its concern with Mr. Sukarno by requiring that aid shall not be given unless the President of the United States personally determines that it is in the "national interest of the United States."

The committee also sought to guard against the use of American aid by nations engaged in or preparing for aggressive military efforts directed against the United States or other nations receiving our aid. This action reflects the determination of the committee to insure that our assistance would not be used to create arms races that can only nullify the economic and political stability our program is designed to establish in the developing nations of the world.

We also gave careful consideration to an amendment offered by the capable gentleman from Michigan [Mr. BROOMFIELD] requiring specific congressional approval for projects requiring especially large U.S. contributions. This amendment was defeated by a close margin in committee, but I understand that it will be presented here on the floor of the House, and I will support the amendment with a reasonable cutoff point.

The role of private enterprise in strengthening the economies of the developing nations received extensive committee study. We shared the view of the Clay Committee that—

AID has shown increasing awareness of the vital role played by local and foreign private investment in the development processes, but fuller cognizance is required in conceiving, conditioning, and implementing its programs in various countries.

Our distinguished colleague, the gentleman from New York [Mr. LINDSAY], proposed an important amendment which was adopted by the committee clarifying the criteria to be used by the President in authorizing loans from the Development Loan Fund. Section 201(b) of the 1961 act provided that the President should take into account "whether financing could be obtained in whole or in part from other free world sources on reasonable terms." This provision was intended to encourage greater participation in development assistance by the World Bank and other international lending agencies, but it was not clear whether private funds in the United States were to be used as well. Mr. LINDSAY proposed language to insure that private U.S. sources of loan funds would be surveyed before Government funds are used. Similar language was added to section 251(b)

relating to the Alliance for Progress. I feel sure that this amendment will bring about an increase of private U.S. participation in world development, and I compliment the gentleman from New York on the significant contribution he has made to the bill.

We also looked into the investment guarantee program. As you know, AID is authorized to provide, for a fee, guarantees against specified risks of currency convertibility, expropriation and loss due to war, revolution and insurrection. In addition, AID can issue extended risk guarantees covering up to 75 percent of an investment against political and commercial risks. An increase in the total guarantees outstanding is included in the present bill.

And the Committee has, wisely I think, required that the President "shall consider the possible adverse effect of the dollar investment under such guarantee upon the balance of payments of the United States" in issuing a guarantee under section 221(b) of the 1961 act. This provision represents another effort by the Committee to insure that American foreign assistance will not unnecessarily weaken our balance-of-payments position. Approximately 81 percent of our economic assistance funds obligated in fiscal 1963 will be spent in the United States and this percentage is expected to increase in fiscal 1964.

Mr. Chairman, the assistance program has frequently been criticized for waste, inefficiency, and ineffectiveness. I will not deny that in a shocking number of instances, this has been the case. This does not call for an end to the program, but rather for continuing efforts to make it more effective. An informed critic of the foreign-aid program, Dr. Edward C. Banfield, has written that "even if aid is only moderately effective in keeping the underdeveloped countries out of the hands of the Communists, it is a small price to pay for a large benefit."

We have already derived tremendous benefits from our foreign assistance efforts. We have seen the devastated nations of Western Europe rise from recipients of the Marshall plan aid to donors of economic, technical, and military assistance to all corners of the world. Most of these countries, as well as Canada, Australia, and New Zealand, today have their own foreign-aid programs. The responsibility now being assumed by these countries indicates the magnitude of the shift in our program. They provided about 40 percent of last year's total bilateral economic assistance through the Development Assistance Committee of the OECD. We can expect this trend to continue in the future.

We can already see the end of a need for certain types of assistance clearly in sight for nations like Greece, Israel, and free China.

A program that has made so much progress toward freedom and independence for the developing nations of the world should be preserved and strengthened. I think this is a bill that deserves the support of every Member of Congress. Independence requires more than the proper political framework. The vitality of a nation is equally de-

pendent upon its economic security and cultural development. It is the hope of those who have molded and scrutinized our foreign assistance program that this program will help recipient nations to achieve all three.

One way to avoid the euphoria that we have been warned can result from the test ban agreement is to let the people of the United States know that we know that the world struggle is going to continue for some time. Even if it is not fought on the battlefield or in space, it will be fought in the poverty-stricken areas around the world. If we are to win this struggle, we must continue to provide the developing nations of the world with the tools they need to withstand the seductive promises of the Communist world.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Delaware [Mr. McDOWELL].

(Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

Mr. McDOWELL. Mr. Chairman, those critics who look upon foreign aid as a giveaway program and who would like to compare it with some of their favorite expressions describing some of our domestic Federal programs as boondoggling, commit two basic errors—the undeniable fact that our foreign aid is part and parcel of the U.S. foreign policy, and that 81 percent of the funds involved are spent in the United States.

Military aid is as much a part of our national defense as our regular defense appropriations. If the approximately one-third of our annual foreign aid funds were appropriated under the defense acts, they would pass the Congress as easily as those measures are passed annually—often by a voice vote.

Economic development aid ranks at least equal to increased spending on arms in the struggle between East and West. Proof must be demonstrated of democracy's superiority in economic strength as well as military strength.

The civil war in Greece was a military operation to conquer that country for communism. Our resistance was a military decision and the success of this foreign aid venture is self-evident today as an independent Greece phases out of the foreign aid program. Sound in its internal security, firm in its allegiance to the West, economically viable.

Korea is another example of a military decision where billions of foreign aid funds were spent in the conduct of a war followed by an uneasy truce which required further billions to sustain its independent government and to rebuild its war-shattered economy.

These are two outstanding examples of military operations where foreign aid funds were expended. There are many other such examples which have occurred during the history of foreign aid.

In order to meet the economic competition of communism in the many newly born nations, it is necessary for foreign aid to start from scratch in the building and rebuilding of internal economies.

Beyond the ideological chasm is a gaping gulf dividing rich and poor, the extent and effects of which we must recog-

nize. The majority of human beings live in conditions of unimaginable poverty and privation. Every year about 40 million people die of undernourishment. More than half the world's population goes hungry. Countless millions have no roof over their head. Frequently, sanitary and hygienic conditions are indescribably bad. In many countries the average span of life is from 30 to 40 years. First and foremost for all these people is the banishment of penury and need.

Development aid is not given for humanitarian or charitable reasons alone. By labeling it "social politics on an international scale," the tag touches a part, but not what is essentially the core of the problem. There are, namely, significant political consequences of development aid. The emerging countries—which to some extent might still be regarded as the no man's land between democracy and dictatorship—will gradually become a makeweight, to tip the scales of the way of the world. It may rest with them, if not entirely, to a larger degree than many would have it, to decide whether the spirit of liberty and of human dignity will triumph. Development aid, as a logical development policy, may thus also promote the reunification of Germany, if we evince real appreciation of the matters vital to the peoples having a seat and say in the United Nations Organization.

The foreign aid program is strongly backed by economic considerations. Highly industrialized Europe needs raw material bases. Many of the emerging countries, some of them already associated with the European Economic Community, are—as suppliers of raw materials—essentially linked with European industrial potential. The state of their economy and currency affects the European market and the balance of payments of the trading partners. It is our duty to pursue a balanced policy toward the underdeveloped countries, and not just to give mercantile development assistance. Otherwise we shall fail to persuade these countries to adopt sound economic and fiscal policies. And only on the basis of such policies will it be possible to achieve constructive cooperation, to the benefit of each and every partner. A lucid analysis of the economic situation of all countries concerned, of the economically strong and of the indigent or developable weak, will furnish useful standards for working out an objective policy for promoting the economic development of preindustrial countries.

It is for these reasons that U.S. foreign aid programs have encouraged other nations of Western Europe and Japan to increasingly participate in giving foreign aid. Every effort is, and will continue to be, exerted to have these countries share the burden.

My good friend and distinguished colleague on the committee [Mr. ADAIR], although an opponent of foreign aid, in a statement to the House today, has admitted that the committee this year adopted amendments to improve the administration of the program. This is not a new situation. The Foreign Affairs

Committee over the years has adopted many amendments which have had the result of improving and perfecting foreign aid. I am certain the gentleman would agree with me, as I am equally certain all members of the Foreign Affairs Committee would agree, that under the able leadership of our great chairman, the gentleman from Pennsylvania, Dr. MORGAN, the committee has not only worked diligently but conscientiously over the years to contribute to the success of our foreign aid programs.

Unfortunately, there are those who, perhaps for good reason, have in the past, and will now, offer amendments designed not to contribute to the successful administration of the program, but amendments which are designed to insure its failure, thus paving the way for their bitter criticism and opposition to bring about the end of all foreign aid. Those who say foreign aid should be discontinued would be horrified if it were even suggested that they were advocates of contributing to the success of communism to win the cold war.

It is interesting to note that of the 41 major aid-receiving countries we have helped since 1945, these are the results:

Fourteen—Western Europe, Japan, Spain, and Lebanon—have not only reached a satisfactory growth rate of at least 1.5 percent for 5 successive years, but are no longer dependent on aid.

Ten more have reached this record of growth, have made progress in limiting dependence on aid, and several, such as Israel, Greece, and Taiwan, will soon be independent of external aid.

Nine more countries have attained a satisfactory growth rate but will continue to depend on substantial aid.

Only eight cannot be said to have reached a satisfactory rate of growth. Seven of these are in Latin America where aid in substantial amounts has only just begun.

What about social and political progress in these countries? Does aid help or hinder? In virtually all of the 24 countries in the first two groups, democratic institutions have been strengthened or less democratic regimes have been liberalized.

We should not claim too much. The development of nations with free institutions, with the capacity to manage effectively, is a long and arduous process, with many unpredictable turns in the road. But it is clear that U.S. aid has already built a record of significant achievement. There is, to date, no clear case of political backsliding in the countries to which we have extended substantial economic assistance.

Can we afford aid? The question is, more accurately, what costs should the United States bear? There are costs in any course we take. We are aware of those connected with a substantial aid program but have we calculated the costs of abandonment or drastic withdrawal? The costs of the latter course, particularly if we are mindful of the constitutional obligation to our posterity, could well be intolerable.

The facts are that 15 years ago we were spending over 2 percent of our gross

national product and 11.5 percent of our budget on aid; today aid accounts for less than seven-tenths of 1 percent of gross national product, less than 4 percent of our total budget, and less than one-twelfth of our budget for defense and security. By this I do not mean to minimize the investment—but I do suggest that we can afford the money.

But can we afford the drain on our gold reserves? Here again we face exaggeration, for many believe the entire dollar drain can be chalked up to aid programs. The fact is that, with increasing efforts to tie our aid to U.S. procurement, we have already moved from a 50-percent figure for expenditures in the United States in 1962 to 70 percent estimated in 1964, with 85 percent of all new obligations being tied to our own goods and services. In 1956 it was estimated that 600,000 American jobs were due, directly or indirectly, to economic aid programs. With increased emphasis on tied procurement, it is fair to assume that the number of jobs has substantially increased.

Those who would slash our aid programs to ease our balance of payments position would do well to ponder the equation recently developed by AID Administrator Bell. Were we to slash economic aid by a billion dollars, he points out, we would reduce our exports by over \$800 million a year, while reducing our balance-of-payments deficit only by an amount under \$200 million.

The final answer to this problem will depend on a host of measures now being taken by various agencies of government and, ultimately, our ability to compete effectively in world markets.

I should add that our balance-of-payments position today is being aided by the payment, and in some cases the prepayment of Marshall plan loans. In the years to come, we shall increasingly be receiving payment on loans we are making today.

Aid as an instrument of national policy dates at least from 1942 with the launching of a technical assistance program in Latin America. Four Presidents and 11 Congresses have not only ratified but broadened the use of this instrument. There will always be controversy in any program so complex and varied, exercised in areas overseas where our ability to control events is sharply limited. But its necessity, its past achievements, its objectives and operating principles should no longer be the focus of perennial controversy which weakens our will at home and our prestige abroad.

Debate should concentrate on specific issues of policy and practice. The surgeon's scalpel should replace the meat axe. The margin of difference between the Executive and legislative branches should be no different than that in the other accepted functions of government. We are within reach of this objective. The time is long overdue.

In sum, aid programs have been part of the fabric of American policy for 21 years. They are now of age. Let us now act with the maturity which experience has given us and which the times demand from us.

THE LAUGHING BUDDHA

Mr. Chairman, having had the distinct pleasure of meeting the Honorable W. S. Kent Hughes, I was delighted to see in the Washington Post of Sunday, August 11, 1963, his article entitled "The Laughing Buddha."

Kent Hughes is a former member of the Australian Parliament and was chairman of that body's foreign affairs committee for many years.

Such factual information as expressed in Mr. Hughes' article is most valuable to the American people who sometimes misjudge the issues through lack of intelligent information.

The article referred to is as follows:

THE LAUGHING BUDDHA

The rape of Tibet and the persistent persecution of the churches in the U.S.S.R. and mainland China provide plenty of evidence that the atheist ideology of communism regards religion as a capitalistic drug, which must eventually be entirely eliminated from the body politic. It is therefore not surprising that the Western World has not as yet woken up to the latest Machiavellian machinations of Mao Tse-tung as "the Laughing Buddha."

Since the religious disturbances of May 8 in Hue, South Vietnam, Western newspapers have been headlining the struggle between the Buddhists and the "Catholic" regime. True as it may be that the Government has its faults (all governments are human and therefore not perfect), yet the realization that the Chinese Communists are using Buddhism as a counter to Western Christianity and as a weapon of conquest seems to have escaped notice.

Madame Nhu, President Diem's sister-in-law, is at times a great embarrassment to her brother-in-law. Being a recent convert to Catholicism, she seems to pursue her faith with the zeal of a modern Joan of Arc. It is unfortunate that her passionate nationalism and religious fervor have led to occasional excesses, which have been used by her enemies to overshadow the excellent work she has done for her country.

Mao, the modern masochistic version of the Laughing Buddha, ordering extra gold leaf for the pagoda temples in China, while contemplating, not his navel, but the greatest religious doublecross of all time, is the villain of the piece.

Without conducting a long and intricate dissertation on the basic tenets of Buddhism, such as "noninvolvement" in political and other allied matters, the following facts are sufficient to prove the dangers inherent in the situation in Asia.

In Ceylon many leading Buddhists have openly avowed their support for a Communist government. Holmes Welch, a recognized British authority on Buddhism, recently wrote:

"One young monk in Ceylon told me that he and 80 percent of his contemporaries hoped that their country would soon have a Communist government. If it did, he said, the Sangha would be much better off than it is now. It would have financial support and public respect, and it would become stricter in following the Buddhist rules. Other Sinhalese to whom I repeated his estimate felt that it was not very much too high."

In Burma many Buddhists have swung far to the left, and Thailand, strongly anti-Communist, is now being attacked in the vulnerable northwest and northeast frontiers. As Richard Hughes wrote: "A king-god from the Shan States of Burma has proclaimed a new kingdom among hill tribesmen in frontier jungles of north Laos, northeast Thailand and Burma. * * * The

movement is being directed and exploited by Chinese Communist agents."

Mr. Matsumura, a former Minister of Agriculture and Education in Japan, visited Peiping in 1959 and again last year. On his return in 1962, the London Economist reported that "In his opinion, China, unlike the Soviet Union, has fostered religious observances. In support of this view, Mr. Matsumura points out that in China he saw Buddhist temples which had been repaired and had their statues newly plated with gold."

The Chinese Communists have been working among both the Zen Buddhists and the Nichiren sects in Japan, and also with Buddhist monks in Nepal. Again quoting from Mr. Welch: "The Japanese hope to reestablish trade with China which causes many Japanese to cooperate in the Buddhist 'friendship' act staged by Peiping."

Peiping also publishes a monthly, Modern Buddhism, consistently advocating that by wiping out the American imperialists, who are disturbers of the world peace, the followers of Shakyamuni will gain credit.

The Peiping radio naturally plays its part in the fictitious religious revival. For example, on July 18: "Religious believers in Peiping have strongly protested against the U.S.-Ngo Dinh Diem gang's persecution of the Buddhists in Vietnam. At a meeting Wednesday, they expressed firm support for the patriotic and just struggle of South Vietnam's Buddhists against American imperialism."

The Diem regime has enough troubles to contend with in the war, not only for its own survival but as the frontline for southeast Asia and Australia, without a lack of understanding by the West that the Buddhist disturbances are symptomatic of the much more deep-rooted designs of the Chinese Communists.

The original casualties in Hue on May 8, judging by photographs of the victims, were caused not by police weapons but by plastic bombs. Two weeks or so later similar bombs caused many casualties outside MAAG headquarters in Saigon. Neither the Vietnamese Army nor the police have been issued plastic bombs, but the Vietcong possess them.

Finally, in Bangkok, the home of SEATO and the capital of Thailand, which with Malaya is the most fearless anti-Communist nation in southeast Asia, the authorities arrested two Buddhist priests on July 18 for subversive Communist activities.

No wonder "the Laughing Buddha" of Peiping continues to contemplate the naivete of the West with a calm, inscrutable Oriental smile of self-satisfaction, as he gazes on the success of his subversive subtleties.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 12 minutes to the distinguished gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, I want to discuss a little bit the balance-of-payments aspect of this Foreign Assistance Act as well as our problems involving our own domestic financing. I certainly have listened to a great deal of unproven assertions that this foreign aid program does not amount to much when it comes to our balance of payments. I have also, for several weeks, been reading some of the statements by this administration on the subject to the same effect. This afternoon I had the opportunity of interrogating Secretary of the Treasury Dillon who is testifying before the Committee on Ways and Means in behalf of his proposed excise tax on foreign investment, that is, Americans investing in foreign invest-

ments. I asked him about some of this data and these figures. It was very interesting that Secretary Dillon said he had done no research in the Treasury on it. I asked where does this figure that I just heard quoted by the gentleman from Delaware of 81 percent come from. Incidentally, the committee put it in their report, on page 5 I believe, in talking about the gold loss. They refer back after this table to page 1731 of the hearings. One refers back to that page and finds that that is in the appendix. No one on the committee apparently thought it was important enough to interrogate the Director of AID to ask him where he got these figures, because all that is on page 1731 is really a repetition of what is put in the committee report. There are no working papers there; there are no estimates. It goes on to say:

Even a substantial reduction in appropriations for all foreign assistance programs would not significantly affect our gold flow. Since only 10 to 15 percent of the program is presently being spent abroad, each dollar the program is reduced will have two effects: There will be 80 to 85 cents less to pay for American goods and services and 10 to 15 cents less for expenditure elsewhere.

So AID in the committee hearing comes up with some different figures from the gentleman from Delaware, and yet I suspect it is from the same source. These figures quoted by the gentleman from Delaware were 60 percent and then going on to 71 percent, if I recall. I am just going by memory from having listened to him. This is for 1964. Then at some time in the future it is 80 percent. When you are dealing with statistics you do not talk about between 10 and 15. You know what you are talking about. I have been trying to find out where these working papers are that ever gave rise to such a cockeyed idea.

Mr. THOMSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman if you can help on this.

Mr. THOMSON of Wisconsin. The Citizens Foreign Aid Committee challenges the figures used in the debate this afternoon and they cite a statement made by AID which says:

Of all the current commitments, over 80 percent will be spent in the United States contributing to the growth of our economy and employment opportunities.

They continue further and state:

AID's operation report, April 25, 1963, page 44, appears to support the contention that current aid commitments are being spent mostly in the United States. This claim is spurious as shown in the table and comment which follows.

Mr. CURTIS. I thank the gentleman, because I want to say here and now unless the majority on the Foreign Affairs Committee can back up these figures—and evidently all they did was just take something somebody downtown handed them—unless they can back them up, let us quit using them.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield.

Mr. McDOWELL. I think the testimony of responsible witnesses before the

Foreign Affairs Committee is a reliable source of information.

Mr. CURTIS. I want to say that there is no testimony. All you have here on page 1731 is a statement not even signed by anybody; no one on the committee even interrogated a witness on it. So there is not any testimony.

Mr. McDOWELL. I will say to the gentleman whether the testimony is contained in this report, there has been testimony before the Foreign Affairs Committee supporting the figures which I have used in my remarks today.

Mr. CURTIS. Where is it?

Mr. McDOWELL. In support of these figures by responsible administrators in the AID program, and I think they have just as much bearing and should be used as being authentic in the same manner as the gentleman's source of figures.

Mr. CURTIS. You refer in your committee report to page 1731. The Joint Economic Committee has been engaged for several months now in this entire problem of balance of payments. I fact, we were involved in it before this year in another subcommittee. This, in my judgment, is one of the most serious problems that faces our country. This is nothing for us to be sweeping under the rug. What bothers me about this is this idea that foreign aid has no or very little bearing on balance of payments. I happen to be one who favors the theory of foreign aid, and I have said so on the floor of the House time and again, and I have voted for authorization bills. I have not voted for them in the past 2 years and shall not vote for this, because this has gotten so out of context with reality because of this kind of sloppy homework—and the minority views here are well stated—that actually the amounts of money you are voting are damaging the very fine objectives that we seek to attain. At least I feel they are fine objectives, in the foreign-aid program. But to say that this has no direct and very important bearing on balance of payments is frankly nonsense. And to have it stated here as an argument to try to persuade people who are against foreign aid or reluctant to go along with it that this has something to do to benefit our own domestic economy is just unreal.

Mr. Chairman, let me add one other thing. If indeed we really were spending 80 percent here in the United States then I can tell you that we are going against the whole theory of foreign aid, because we are trying to help the economies of these countries abroad, not the domestic economy. And let me say that the bulk of this money should be going into payrolls and undoubtedly is going into payrolls in these countries that are involved in which we are trying to bring about assistance. When you build a road over there that is what some of it is used for, or a schoolhouse, or public facilities, that kind of material is not shipped from the United States, and the labor used on those payrolls are the people of the country involved.

If you have gotten to the point where 20 percent only goes to the country involved and 80 percent is spent in this

country, then I can tell you you have gone against the whole theory of foreign aid.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield.

Mr. McDOWELL. All I want to say is that the gentleman has contradicted himself so many times in discussing this problem that I am not sure which side he is on.

Mr. CURTIS. Mr. Chairman, I decline to yield further; I will not yield further until the gentleman documents just one instance where, as he says, I have contradicted myself.

So, let us reveal those contradictions to which the gentleman has referred. I will yield for the purpose of that and will take them up each time where the gentleman says I have contradicted myself, because I want to get it straightened out. I yield to the gentleman for that purpose.

Mr. McDOWELL. My understanding is that the gentleman's argument is that we were not quoting the figures which he had used as 80 percent or 85 percent or the 60 percent.

Mr. CURTIS. I do not know what it is. Which is it?

Mr. McDOWELL. I have reference to the amount of money spent in this country.

Mr. CURTIS. Will the gentleman tell me which figure the gentleman is using?

Mr. McDOWELL. It was 60 percent in 1962, 71 percent in 1963, and 85 percent of the program or of the amount in the bill now would be allocated for domestic purposes.

Mr. CURTIS. At page 1731 of the hearings in the AID Director's statement he says that only 10 to 15 percent of the program is being spent abroad. According to the figures which he uses it should be 85 percent to 90 percent instead of the figures which the gentleman from Delaware is using. That is what I want to get straightened out. Which figure is the gentleman using?

Mr. McDOWELL. I was not referring to that portion of the hearings.

Mr. CURTIS. Point out to me where I contradict myself. The gentleman said because I said if this is the percentage figure that we should not be spending this much abroad.

Mr. McDOWELL. That is correct. On the other hand you say we should be spending more than 10 percent or 15 percent or 20 percent in foreign countries.

Mr. CURTIS. I thank the gentleman. I thought he misunderstood the point.

Mr. McDOWELL. The gentleman seems to think we should have spent more of this money abroad to procure the necessary materials to go into the foreign countries.

Mr. CURTIS. Indeed, I do.

Mr. McDOWELL. The gentleman is not in favor of providing jobs in the United States?

Mr. CURTIS. I am not from the foreign aid program; indeed, I am not.

Mr. McDOWELL. I am surprised to know that the gentleman feels that way.

Mr. CURTIS. I certainly do. I think it is a specious argument because the

theory of foreign aid is that you are supposed to be spending over there. I happen to have some theories as to how we move forward in our own domestic economy. But this idea of coming in here and arguing in behalf of foreign aid and claiming you are helping the domestic economy is contradictory of the theory of foreign aid. No. 1, I do not believe, fortunately, that the figures are accurate. They cannot be substantiated. I simply feel if they are accurate then, indeed, you are in violation of the principles of the program.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I would like to point out to the gentleman that all of the figures as they apply to the balance-of-payments question come from the Department of Commerce. These are the figures that are in question.

Mr. CURTIS. They are not the figures that are quoted here.

Mr. GALLAGHER. I would like to quote the figures from page 128 of the hearings. In response to a question by the gentleman from Connecticut [Mr. MONAGAN], Mr. Bell stated as follows:

The statement I made was that, of the funds now being committed in fiscal 1962, we expect that 81 percent of those funds will be spent in the United States. Some of them won't be spent for some time because they are on other projects.

In addition to that, we have another source of information from the vice president of the chamber of commerce wherein he states there is an estimated 84 percent of our current foreign aid disbursements that are now tied to purchases in the United States of goods and services.

Mr. CURTIS. Where is that in the hearings?

Mr. GALLAGHER. At page 1603 of the hearings.

Mr. CURTIS. This is the kind of data I want. Incidentally, this is the kind of data when we get to the working papers behind it which I want available. I have been into this to some degree. I do not think these data will stand up, if they are Department of Commerce figures. This business of working with statistics is an exact science. The statistics themselves, I grant, will always have limitations to them. This is not a question of impugning the motives involved as much as it is looking over working papers so we can come up with intelligent answers. We are really in a position here in the House of not knowing what the figures are. This use of the word or term "81 percent," or whatever it is, does not have the kind of statistical backing that this House needs in order to rely on those figures as a basis for deciding policy or the sums of money involved in this bill.

Mr. Chairman, I again point out that this serious problem of balance of payments and our own deficit financing is wrapped up in this bill, and if it were cut back to about \$2 billion instead of \$4.1 billion we might be somewhere within reason where we could debate it and come out with a program which had some reasonable chance of attaining its

stated objectives. As it is we will continue to drown our good intentions in a flood of excess expenditures.

Mr. BROYHILL of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman.

(Mr. BROYHILL of North Carolina asked and was given permission to revise and extend his remarks.)

Mr. BROYHILL of North Carolina. Mr. Chairman, the foreign aid legislation which we are considering today is, in my opinion, one of the most important bills we will consider this year. Some months ago, it was my hope that for the first time in many years, the Congress would thoroughly reassess this sprawling program and make major and necessary changes in policy. This bill, fortunately, does make some needed reforms, but it does not, in my opinion, reflect the kind of searching analysis which the situation requires. Unfortunately, we have again an expression of almost boundless faith in the necessity for a program that has become a "sacred cow."

By the simple process of spending vast amounts of money, Americans are being led to believe that we are accomplishing vast amounts of good. All of us would hope that accomplishment matches spending. However, we all know that is certainly not true. Congress has not faced its responsibilities in this program, and I fear it is attempting to evade them again in this debate.

If any domestic program were so marked by administrative weaknesses, questionable aims, pure waste, and even stupidity, the demands for reform in this Chamber would be unanimous. Why do we apply a double standard of evaluation on the foreign aid program?

Since the advent of this program, we have added dollar considerations to foreign policy on a huge scale. It often appears that the dollar sign is a substitute for clear and sound policies. To the extent that this is true, the foreign aid program is a crutch which, despite its constant use, does not disguise the affliction. The President of the United States has a constitutional responsibility for foreign policy. The Congress has an equally heavy responsibility for authorizing and appropriating funds. It seems to me the continuing conflict has been resolved with respect to this program only to the extent of Congress subordinating its role to take comfortable refuge in periodic flurries of criticism. Instead, the congressional focus has placed a heavy load upon the Appropriations Committees as major battles have been fought out on the actual money bills. However, it is upon the authorization legislation—this bill that we are now considering—that the merits, aims, and administration of the foreign aid program should be fought out. Certainly, the amount of money being poured into this program year after year is a primary consideration. However, it is not the only valid consideration. A reduction in appropriations will not correct the deep administrative problems that have beset this program for many years.

Some of the apparent problems involve the hasty obligation of funds, the

unexplained diversion of funds from one project to another, the soundness of the projects themselves, and a lack of supervision over the use of funds in government-to-government contacts where AID money lines the pockets of ruling cliques rather than serving the purpose intended. There appears to be no legal authority within the Agency to assure reasonable review and inspection of projects financed out of the Social Progress Trust Fund through which more than \$384 million has been obligated in less than 2 years.

No less a problem is the secrecy and efforts to frustrate attempts by Congress to review what vast sums are spent for and how it has been handled. The Government Operations Committees have encountered obstructions time and time again as they have tried to carry out the investigative responsibilities for which they are specifically charged. The remarkably privileged position of the Agency for International Development is certainly, in my opinion, unjustified and unsupportable. The American taxpayer has a right for a better accounting than he has been provided.

I wish to commend the minority members of the Foreign Affairs Committee for the contributions they have made to this debate. They point out the practice of presenting Congress with a blank check to sign each year and cite the publicizing of agreements which commit the Congress to providing funds before specific projects can be studied by the legislative branch. The amendment being offered this year to require congressional review of all projects costing more than \$50 million is a reasonable safeguard against the runaway lack of accountability that is so common in this program.

As in the domestic economy, this administration seems to have little regard for spending. It seems to believe we can go on doling out billions to everyone. Foolish generosity is not something we can continue to tolerate. Despite the elaborate arguments the administration makes to the contrary, the outpouring of foreign aid and military assistance abroad is contributing largely to the serious balance-of-payments problem. To the extent that the security of the United States is shored up in the cold war by this assistance, it may be justified. But I do not believe that the people of the United States think we are getting our money's worth either in world friendship or in added security against communism.

Certainly, the people of the world must question a program that spreads largesse to areas of the Communist world on the pretext of protecting the free world from communism. How can we justify assistance to Communist Poland or Yugoslavia when these nations, in turn, carry on a thriving trade with Cuba in an effort to strengthen the spread of Communist infection in our own hemisphere?

The Clay Committee report's conclusion that we are "attempting to do too much for too many" seems to have had no deterring effect on the contents of the present bill. There is every evidence that the same line of fuzzy thinking and lack of priorities that have

spread our effort to 95 countries and territories continues unabated.

There are repeated charges that we attach "strings" to the aid we give abroad. It is incredible to me that we do not attach more conditions. I wish to commend to the Congress the following editorial which appeared in the *Daily Independent of Kannapolis, N.C.*, for August 15, about the Alliance for Progress:

TWO YEARS OF THE ALLIANCE

Doubt, disappointment, and disdain color the second birthday of the Alliance for Progress. Those Latin Americans who were to have benefited most from the aid program have perhaps benefited least. Most certainly the disillusionment is deeper in the recipient nations than it is in the United States.

The complaint of the Latinos is of U.S. redtape and bureaucracy, and there is no question of its justification. But the real trouble is default. Of the 19 Latin nations which signed the Charter of Punta del Este—Cuba was barred—only 6, Bolivia, Chile, Colombia, Mexico, Peru, and Venezuela, have presented workable 10-year development plans. Self-help and land and tax reform have been given at best a show treatment by most recipient nations.

A powerful oligarchy traditionally and successfully fights equitable taxation and forward-looking land reform. In Chile the land reform bill admittedly was written by landlords; it will work only if they let it. Land reform may work in Bolivia, but this is a long time off. Mexico, with a burgeoning middle class, is probably as far along as any Latin country. President Lopez Mateos continues to hand out land to peasants, but without Cuban-style confiscation.

Latinos look for short term emergency aid and the development of a skilled labor force because these would advantage rather than disadvantage the rich. Much of the money so far advanced by the United States has been used to bail out wobbling economies rather than for long-term development. Of a \$398.5 million loan and aid package arranged for Brazil in March, about \$84 million was "walking-a-round" money, used to rescue the *cruzeiro*.

Last year Argentina suffered more bankruptcies than at any other time in her modern history. And yet out of \$150 million credits pledged by the United States, the Government has yet to complete plans for public works and other projects estimated to cost \$81 million.

The Agency for International Development has allotted \$20 million for Mexico's small farmers. But Mexican banks through which the money must flow are not organized so as to make the individual loans.

These specifics are typical rather than atypical.

The disillusion creeps north. Congress last autumn showed its lack of enthusiasm when it cut \$75 million from a \$600 million appropriation the administration had requested as part of economic aid to be extended to Latin America in the 1963 fiscal year. Latin American aid is in trouble in this year's foreign aid authorization bill.

President Kennedy in his most recent statement on the *Alianza* admitted being "depressed." But he urged a long-term view: "I say, on this second anniversary, we have a long, long way to go, and in some ways the road seems longer than it was when the journey started. But I think we ought to keep at it." As the President intimated, it would be a considerable help if the Latinos themselves put a little more sweat into clearing the path.

This is symptomatic of many of the problems we encounter in this big business of giving away money. Perhaps our help will not be as popular with entrenched regimes abroad if we demand

accomplishment of the purposes of our help. Nor will loan programs be popular, even at low or no interest rates over long terms. I would rather take a handout, too, with no conditions. But, in these instances, we are being utterly ridiculous if we try to find ways to escape responsibility for accomplishing definable objectives that we see clearly are important to our own survival as a nation. I think we have gone to such lengths in the past, and there is too much evidence that we intend to go on doing it.

I feel strongly that our own economy cannot continue a policy of profligacy. In few Federal programs are the excesses so obvious. Foreign aid has been called a "whipping boy" which has few friends in this country. I honestly believe it has more friends than it deserves. I do not doubt the good faith of its supporters. I simply find it impossible to support this massive program in view of its vast closet of skeletons.

Until there are reforms that are responsive to the volume of justifiable criticisms against the AID program, I cannot support authorizing legislation. The Congress must resume its rightful share of control that it lost long ago. When this is done, the price tag will, I am confident, be vastly reduced. We will also be able to see clearly what we are doing and lighten the load of foreign aid that the American people have carried on their backs for too long.

Mr. HALL. Mr. Chairman, during this week's consideration of the Foreign Assistance Act of 1963, I plan to submit an amendment to carry out the following recommendation of the Clay Committee in respect to United Nations Assistance Agencies:

U.S. contributions to the budget of these organizations should not exceed our proportionate share of our regular U.N. budget. (P. 16, Clay Committee Report to the President.)

It will also implement herein H.R. 5666 which I introduced on April 11, 1963, and concerning which I testified before the Committee on Foreign Affairs on June 5, 1963, pages 1503 of hearings.

At the present time, our maximum share of the regular—assessed—U.N. budget, as established by Public Law 82-495, is 33⅓ percent. The Clay Committee recommends, and I propose, that this same limit be applied to all U.N. Assistance Agencies to whom we contribute through AID. As the Members of this House well know I researched this problem the first 3 months of this year and 15 times reported on the various funds and abuses.

We now contribute in excess of 33⅓ percent to 10 of the 28 U.N. budgets. The following table indicates the savings that would accrue if this amendment had been in effect in 1962:

U.N. Fund:	Savings
Emergency Forces.....	\$1,233,000
Congo.....	10,193,000
Special Fund.....	4,223,000
Expanded Tech. Assistance Program.....	3,083,000
UNESCO (Special).....	1,364,000
Refugee Relief in Near East....	12,941,000
WHO Projects (Special-3)....	2,156,000
UNICEF.....	2,643,000
Total.....	37,836,000

Since virtually all U.N. budgets are increasing except for the Congo operation, it is apparent that greater savings would occur in 1964.

American taxpayers now finance the U.N.'s myriad budget and funds in widely varying amounts, often at the discretion of the State Department. Though our basic contribution to the U.N. general budget is presently 32.02 percent, we pay 40 percent of the Special Fund and ETAP, 70 percent to the U.N. Relief and Works Agency in the Near East, and 100 percent to the WHO community water development and research programs.

When many of these "voluntary" programs were initiated, the Department of State offered to pay more than 33⅓ percent in order to motivate participation.

Yet, we have been paying the same disproportionate share of the U.N. Special Fund and ETAP since 1959. We have paid 100 percent of two WHO projects since 1959 without encouraging any participation by anyone—except in the benefits. Our share of the U.N. Palestine refugee relief program has, in fact, increased from 67.48 percent in 1949 to its present alltime high of 70 percent.

Aside from the relative merit of these multilateral programs, they are not nearly so international in cost as they are in benefits. Nor has our increasing contribution to them resulted in any reduction of our own foreign aid program.

So long as we are willing to pay more than our fair share, other nations will be satisfied with paying less than theirs.

In the case of the Special Fund and ETAP, I have previously documented in the CONGRESSIONAL RECORD, April 11, 1963, examples of substantial aid to Communist bloc countries. Total U.N. aid to, or programed for the Red bloc in 1963-64 includes 16 projects for Cuba, 30 projects for Poland, 32 projects for Yugoslavia, 3 projects for Albania, and 12 inter-regional projects with Red nations involved—a total of 93 projects costing \$9,791,373.

The Soviet Union contributes no more to the Special Fund now than she did in 1959. Her pledge each year is for \$1 million—less than the contribution of tiny Switzerland. Yet, the United States contribution to the Special Fund has grown from \$10 million in 1959 to \$29 million in 1963, an increase of almost 300 percent.

Furthermore, Red bloc contributions are in nonconvertible currencies.

If benefit nations do not criticize Russia for paying less than its fair share, surely no nation can criticize the United States for not paying more than its fair share.

Under leave to include extraneous matter and revise and extend my remarks, so that all Members may be advised in advance, I include herewith (a) a copy of the proposed amendment, (b) a copy of my radio report for this week, and a hope that all will review my remarks of April 11 when H.R. 5666 was introduced.

Other U.N. members must learn to accept responsibilities as well as benefits. Paying one's way is part of the growing-up process for nations as well as men, and our own budget deficit cannot be ignored. I hope you will support the

amendment to carry out my considered recommendations, and establish 33⅓ percent as our limit on all U.N. assistance budgets, and the committee will accept it.

AMENDMENTS TO H.R. 7885, AS REPORTED,
OFFERED BY MR. HALL

On page 10, immediately after line 12, insert the following:

"SEC. 107. Section 301 of the Foreign Assistance Act of 1961, as amended, which relates to general authority to make contributions to international organizations, is amended by striking out subsection (b) and inserting in lieu thereof:

"(b) Contributions, whether in cash or in goods and services, and other payments made by the United States for the calendar year 1964 or any subsequent calendar year to the United Nations or to any program or activity thereof (whether or not financed in whole or in part by assessments against member nations) may not exceed 33.33 per centum of the total amount contributed and paid by all nations for the calendar year involved to the United Nations, or the program or activity thereof, as the case may be."

And renumber the following sections accordingly.

HON. HALL'S REPORT FROM WASHINGTON

This is Congressman DURWARD HALL with your "Report From Washington."

In Washington this time of year one can depend on two things, hot weather, and "the foreign aid bill."

Just as the earth revolves around the sun once a year, so the Congress can look forward once a year to a sizzling controversy on the subject of foreign aid. Actually, there are two controversies: one dealing with the authorization of funds—up for debate this week—and the other dealing with the actual appropriation of funds. The bill now before the House calls for the expenditure of \$4.1 billion in fiscal 1964.

We have now had a foreign aid program in existence since the end of World War II. But there is no comparison between the "type of aid," we were giving then; and the type we are now being asked to approve and finance.

Funds under the Marshall plan were designated to European countries, where there was a high degree of civilization and understanding of industrial technology. Also the countries of Western Europe were all friendly to America, with no question of their attitude toward the Communist Iron Curtain.

Today the vast brunt of our aid is not directed toward highly civilized nations but rather toward what are called the newly-emerging and underdeveloped nations, most of them located in Africa, Asia and the Near East, and Latin America. Some have failed to evidence responsibility.

Again, there are vast differences between our aid after World War II and the type now being recommended by the present administration.

Few of the countries who are now recipients of foreign aid have the ability to cope with the large amounts of money which we seem bent on bestowing upon them. They have no industrial base, their educational level is pitifully low so that their major challenge is the bare provision of adequate food clothing and shelter rather than the more advanced consumer items of our own economy. Their governments are for the most part unstable and virtually every one seeks to use our aid to enhance and solidify its position of power. In most of these countries there is virtually no middle class, only the very rich and the very poor.

Whereas our own tax rates, which are used to finance our foreign aid, now range up to 91 percent for individuals and 52 percent for corporations, countries receiving our foreign aid seldom tax in excess of 8 or 9 percent.

Far too many of our aid projects are designed to add to the grandeur of the local "government," without aiding the local people. Thus, for example, we constructed a \$15 million jet airport in Afghanistan, a country which has no jet air transportation whatsoever. The present use of the airport is limited to two prop flights a day. This kind of aid has not raised the standard of living of the Afghans by a single grain of rice, but it has certainly provided a nice play-toy, at our expense. Incidentally, this is one country where they are quite happy to accept both U.S. and Soviet aid, thus playing one side of the cold war against the other.

It is quite easy to assume that because we are pouring millions of dollars into an underdeveloped country we are making them more resistant to communism. But more often than not we are weakening them by providing a permanent crutch and prolonging the day when they must stand on their own two feet.

Again, as an example, in Ethiopia we have subsidized a huge university in a country where over 95 percent of the populace has not learned to read and write. This may improve our image with the emperor, but I doubt that it wins us many friends among the people.

It does little to build industrial plants and jet airports in countries where the most pressing needs are for honest and trained public officials, tax reform, and the most fundamental knowledge of agriculture technology and primary education.

I well know the people of southwest Missouri recognize this fact to a far greater degree than do the tenants of our own State Department. Of the hundreds of letters I have received from the district on the subject of foreign aid, all but a handful urge that the Congress reduce the size and scope of our foreign aid program. I expect to reflect this sentiment when I suggest an amendment, and when I vote this week on the foreign aid bill.

This is Dr. Durward Hall with your "Report From Washington."

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. RAINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

NORTHEAST AIRLINES DECISION

(Mr. CLEVELAND (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CLEVELAND. Mr. Speaker, one of the laughing "heirlines" inheriting Northeast's share of the New York-Florida routes, Eastern Airlines, has generously indicated that it would help give New England continued air service now that Northeast is forced out of business by decree of the CAB. Because of this, I have looked into Eastern's record on short haul local service and find it unimpressive. A while ago, Eastern absorbed Colonial Airlines, serving the upper New York State area. Gradually, under Eastern, service began to decline, and only 4 years later, Eastern turned

over the entire New York State operation to Mohawk, who took over with the help of a generous—and to the taxpayer, costly—subsidy.

Last week I shared with my colleagues two fine editorials from New Hampshire newspapers—the Keene Sentinel and the Valley News—discussing the effect of the CAB's unwarranted decision upon air transportation in New England—transportation upon which our industrial, educational, recreational, and economic well-being depends. Both editorials pointed out that a tremendous cut in service would result if Northeast Airlines were forced out of business and another airline took over the New England route. Their concern was based on the reduced schedules which National, another of the laughing "heirlines" generously offered to assuage the grief of those attending the Northeast wake.

But, Mr. Speaker, this sorry affair transcends even the importance of good local service in New England. There are principles at stake—principles of an agency's power to regulate and curtail free enterprise. The aroma of this incredible CAB decree to decapitate Northeast Airlines has reached Washington and has been the subject of editorial comment in the Washington Post. I would like to call their recent editorial to the attention of my colleagues:

AIRLINE AMPUTATION

The Civil Aeronautics Board's final decision in the Northeast Airlines case once again underscores the need for a coherent set of policy guidelines if the airline industry is ever to be regulated in a rational manner. Last year the CAB rejected the American-Eastern Airlines merger on the ground that it would have significantly reduced competition. But now the Board argues that there is excessive competition on the heavily traveled east coast-Florida route. And by denying Northeast certification to service points south of New York City, it is making the east coast route the exclusive province of two carriers, National and Eastern.

There can be little doubt that the airline industry has in recent years been afflicted by excessive competition on a number of routes, largely as a result of unwise decisions by the CAB. But the majority of the Board has not made a strong case for the existence of excessive competition on the east coast-Florida route. Much of its fire was centered on the financial weakness of Northeast, which is incurring large deficits.

A convincing argument can be made, however, that many of Northeast's woes stem from the uncertainties engendered by its temporary Florida certification. So long as there was doubt about its right to continue on the lucrative Florida run, cash was hard to come by. The CAB majority asserts that granting Northeast permission to fly the Florida route has failed in its purpose of strengthening the airline. If this charge is valid, it must be said that the Board bears much of the responsibility for that failure.

Having deprived Northeast of the only route over which it can hope to make any profits, the Board assumes that the amputated airline can operate successfully as an intraregional carrier, based almost solely upon New England routes. This is a highly dubious assumption in view of the fact that both the Mohawk and Allegheny Airlines have been certified to service a number of New England cities. Moreover, it begs the question of what is to become of the large organization created by Northeast in discharging its responsibilities as an inter-regional carrier.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued August 22, 1963
For actions of August 21, 1963
88th-1st, No. 130

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HIGHLIGHTS: Senate committee voted to report dairy bill, bill to increase number of new counties in which crop insurance may be offered, and Mehren nomination. House subcommittee voted to report Mexican farm labor extension bill. House debated foreign aid authorization bill.

HOUSE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill. pp. 14675-707, 14713-6

Agreed to the following amendments:

By Rep. Adair, 142 to 126, to provide that not less than 50 percent of development loan funds shall be available only for loans made for purposes of economic development through private enterprise. pp. 14699-700

By Rep. Derwinski, 167 to 143, to provide that interest rates on development loans shall not be less than two percent. pp. 14700-03

Rejected the following amendments:

By Rep. Findley, 66 to 92, to express the sense of Congress that aid should be limited to countries which share the view of the U. S. on the world crisis. pp. 14697-8

By Rep. Pelly, 155 to 169, to strike out a provision providing that receipts from development loans may be reloaned without first being authorized in an appropriation bill. pp. 14703-7

This bill includes provisions as follows: Authorizes \$2,424,050,000 to finance the foreign assistance program for fiscal year 1964, in addition to unused authorizations of \$1,663,025,000 carried over from previous years.

(over)

Authorizes \$136,050,000 for international organizations and programs, including the U.N.-F.A.O. world food program, \$217 million for development grants and technical cooperation, and continues the authorization of \$600 million for the Alliance for Progress. Prohibits assistance to the present Government of Cuba or the authorization of any quota for the import of Cuban sugar until appropriate steps are taken to compensate U. S. citizens for properties taken by the Cuban Government after January 1, 1959. Prohibits assistance under this act or any other act, including Public Law 480, to any country engaging in or preparing for aggressive military efforts directed against the U. S., any country receiving U. S. aid, or any country to which sales are made under Public Law 480. Provides that in negotiating sales of surplus agricultural commodities for foreign currencies under Public Law 480, the President shall obtain rates of exchange applicable to the sale of the commodities which are not less favorable than the highest of exchange rates legally obtainable from the government or agencies thereof in the respective countries. Removes the limitation on the rates of exchange at which U. S.-owned foreign currencies acquired by sales of surplus commodities under title I of Public Law 480 may be sold by the Treasury Department to Federal agencies having programs in foreign countries by authorizing sales of currencies to the agencies at rates of exchange more favorable than the rates of exchange embodied in title I sales agreements. Requires the President to utilize foreign currencies received under Public Law 480 in a manner and to the maximum extent possible to reduce any deficit in the balance of payments of the U. S. Provides that surplus agricultural commodities may be supplied to friendly governments under title II of Public Law 480 for purposes of community development, in addition to the present authorization for economic development. Authorizes the establishment of a working capital fund in the Department of State to finance central administrative service operations in State, AID, USIA, and related activities.

2. FARM LABOR. The Subcommittee on Equipment, Supplies and Manpower of the Agriculture Committee voted to report to the full committee "H. R. 6719 (with technical amendment to the title), to amend the Agricultural Adjustment Act of 1949 in regard to extension of the Mexican farm labor program for 1 year." p. D656
3. CIVIL DEFENSE. The Armed Services Committee "ordered a clean bill introduced in lieu of H. R. 8042, the civil defense fallout shelter bill. The Committee will convene to consider the clean bill on Tuesday, August 27." p. D656
4. FORESTRY. Received from Treasury a proposed bill "to further amend section 24 of the Federal Reserve Act, as amended (12 U. S. C. 371), to liberalize the conditions of loans by national banks on forest tracts"; to Banking and Currency Committee. p. 14717
The Interstate and Foreign Commerce Committee submitted a report "on pulp, paper and board supply-demand" (H. Rept. 693). p. 14717
Rep. Harding spoke in support of the establishment of a national park of the Sawtooth Mountains in Idaho in preference to a Forest Service proposal to change the status of the area from a primitive area to a wilderness area, and he stated his intention to introduce legislation authorizing the creation of the Sawtooth National Park. pp. 14710-1
5. PUBLIC LAW 480. Received from the president the 18th semiannual report on activities carried on under Public Law 480, 83rd Congress (H. Doc. 149). p. 14674
6. PERSONNEL. The Subcommittee on Manpower Utilization of the Post Office and Civil Service Committee "met in executive session to lay plans to investigate complaints received by the committee alleging that certain Federal departments and

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1963

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7885, with Mr. RAINS in the chair.

IN COMMITTEE OF THE WHOLE

The Clerk read the title of the bill.

The CHAIRMAN. When the committee rose on yesterday, the gentleman from Pennsylvania [Mr. MORGAN] had 44 minutes remaining, and the gentleman from Ohio [Mrs. FRANCES P. BOLTON] had 45 minutes remaining.

The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

(Mr. GALLAGHER asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, there was much said in the past few days and in the past months preceding this debate about foreign aid. Indeed, much has been said on the subject before. The debate each year has assumed the tendency to take on a certain ritual. Most have predetermined positions on the whole question of foreign aid. Those who support the bill and those who oppose the bill do so from a conviction that their position is in the best interest of our Nation. A significant point in the history of the foreign aid debate, however, is that down through the years even the most able of the opponents of foreign aid have never offered an alternative to accomplish the purpose that the foreign aid program seeks.

Another method of opposition is to hit it with a meat axe until it finally dies or is abandoned. I have heard the case against foreign aid eloquently stated by men of eloquent words who also eloquently describe their hatred of communism. The fact of the matter is that short of a military effort foreign aid is the best offensive weapon we have against communism. It is an exercise of our responsibility as a leader of the free world and an assumption of the obligation that this leadership requires for a mighty have nation with regard to the less fortunate have-nots.

As my colleague, the gentleman from Florida [Mr. FASCELL], has pointed out, this committee entertained over 100 amendments during the marking up of the bill, so that this bill is the product of the thinking of many people. Regrettably some people consider this program as a reward for partisanship, or for the withholding of aid as a penalty for the

lack of display of partisanship. However, since this is a mutual security program we must consider that different nations cannot always adapt their positions to ours at every point of the compass.

Mr. Chairman, each year as the Congress begins debate on the foreign aid bill, the amount of information—and misinformation—circulated about the nature of our foreign assistance program reaches a peak. This year the peak seems to be higher than usual. There is one area in particular that is receiving special attention this year—the number and condition of our aid recipients and the amounts of assistance they receive. The charge usually runs something like this: "The United States is draining its own economy to spread dollars to every country in the world—friendly and unfriendly, developed and underdeveloped." I think it is important for the Members of this House to analyze this charge, since I believe close examination will reveal that the charge is untrue in every detail.

Mr. Chairman, there are four points which I would like to bring before the House:

First. The thrust of the foreign aid program is highly concentrated in a relatively small number of key countries.

Second. The burden of foreign assistance to the United States has declined steadily over the past 15 years. It is not a "drain" on the U.S. economy.

Third. Military assistance has been reduced and economic assistance eliminated to the developed countries of the world—many of which, incidentally, are now economically developed as a result of previous U.S. assistance.

Fourth. Our small foreign assistance programs in many of the small, newly independent countries of the world constitute in many ways the best bargain of our foreign assistance program.

Let us look at each of these points a little more carefully.

First. Our aid program is now highly concentrated. In fiscal year 1964, it is estimated that 20 countries will receive 80 percent of total economic assistance and 10 countries will receive 80 percent of total military assistance. If we examine the appropriations categories, assistance is even more concentrated. Six countries will receive 80 percent of Development Loan Funds, six countries of Latin America will receive 80 percent of Alliance for Progress loans, and seven key countries will receive 80 percent of supporting assistance.

This concentration of assistance enables the United States to have a significant impact on the development and security of key and strategic countries throughout the world. Even in these countries where assistance is concentrated, the United States is not attempting to do the whole job of generating economic development or providing security. This job can only be done by the recipient countries themselves. One condition upon which our substantial country programs are based is that the country be willing and able to undertake as much of the job as possible, and to insure that through self-help and

reform they do an increasing part of the job. What the aid program is attempting in these countries where assistance is concentrated is to provide the critical difference in external resources between progress toward self-sustaining growth, economic stagnation and between successful establishment of internal and external security, and vulnerability to Communist aggression and subversion.

Second. The foreign aid program is less of a burden to the United States today than 15 years ago. One important trend is the shift from grants to loans. Under the Marshall plan almost 90 percent of aid to Europe was in the form of grants. The fiscal year 1964 economic assistance program proposed by AID calls for 60 percent of assistance to be in the form of dollar repayable loans. Another important trend is the increasing amount of aid dollars that never leave the United States and are spent right here at home. Over 80 percent of the proposed fiscal year 1964 AID program will be spent in the United States.

The Agency for International Development is taking every practical step to insure that the foreign assistance dollars that leave our shores will be reduced to an absolute minimum. At the time of the Marshall plan, direct economic and military assistance accounted for 2 percent of the U.S. gross national product. It now accounts for only six-tenths of 1 percent of our gross national product. Foreign aid accounted for over 11 percent of the Federal budget in 1949—in 1963 it accounted for only 4.1 percent.

Third, military assistance to developed countries has been sharply reduced and economic assistance eliminated. Twenty-three countries of the free world other than the United States are considered to be economically developed nations. Six of these countries have never received U.S. economic or military grant assistance under the foreign assistance act or predecessors. Seventeen more countries are no longer receiving economic assistance under this act. These countries include France, Germany, Italy, the Netherlands, Portugal, and the United Kingdom, among others. In fiscal year 1964, no developed countries are scheduled to receive economic assistance. A successful major effort has also been made to end military assistance to countries which are becoming sufficiently prosperous and developed. In 1953 over 75 percent of the military assistance program went to the advanced countries of Europe and Japan. In fiscal year 1964, it is estimated that only about 25 percent of our aid will go to these countries. Despite this substantial reduction, further programs will be carried out in eight developed countries in fiscal year 1964.

These programs encompass completion of deliveries under previous commitments to six countries, and military training programs in these countries and two others. Successful sales programs in Europe of U.S. military equipment, some generated by incentive cost-sharing arrangements, are now making a substantial contribution toward our balance of payments.

Fourth, the many small programs of assistance which we mount in small and newly independent countries provide

substantial returns to the long-term success of U.S. foreign policy. When we talk about the large number of countries receiving foreign assistance, we are really talking about the 45 countries which will receive only 10 percent of our economic assistance and 7 percent of our military assistance during fiscal year 1964. Our limited aid programs in these countries are strongly in our national interest and are effective. In seven of these countries our assistance helps to secure important base rights or access to other strategic facilities. In about 19 countries, U.S. foreign assistance provides an effective counter to Soviet bloc influence. In seven other countries, our assistance is primarily designed as a holding action to provide a minimal U.S. presence and influence pending changes more favorable to free world interests.

In about 21 countries, our program is almost solely technical assistance or limited capital loans. Almost all of these are in Africa. These limited technical assistance programs provide assistance in key problem areas, demonstrate U.S. interest in the progress of these countries, and assert a U.S. presence. Most of these countries are newly independent and are just beginning to grapple with the basic problems of economic and social development. The choices that these countries make now about how they will develop, the decisions they make about whether they will face east or west, will determine in large part the makeup of the world community in 25 or 30 years. If these countries squarely face the problems of development and take sound steps to meet them, there can be progress and peace. If, instead, they turn to the quick solutions offered by the Communists or engage in ultranationalistic adventurism, there will be constant strife and crisis. We have learned in the last 10 years that strife in any part of the world can generate crisis between the free world and the Communist bloc. Our limited assistance programs in these countries attempt to help these nations choose the path of sound growth and development. To cut off these programs now would remove the most effective influence the United States has on the paths that these countries will take.

Mr. Chairman, let me add one final point. There are many examples of failures in our foreign aid program. Many old, some new. Some true, and some false. But there is no doubt that the successes far outweigh the failures. The successes do not make headlines. They do not provide funny stories. But they are quietly helping to build a better and more prosperous world. The dividends on the large investment we have made abroad in our foreign aid program are only slowly beginning to come in. But they will increase steadily as the years go by, as more and more nations become self-supporting and our assistance efforts become even more effective.

Mr. MAILLIARD. Mr. Chairman, I yield 10 minutes to the gentleman from Montana [Mr. BATTIN].

(Mr. BATTIN asked and was given permission to revise and extend his remarks.)

[Mr. BATTIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. BROOMFIELD asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. BROOMFIELD. Mr. Chairman, in our consideration today of H.R. 7885, the Foreign Assistance Act of 1963, there are a few points which should be kept in mind.

The first is that none of us on the House Foreign Affairs Committee pretends to have all the answers to the many programs and policies encompassed in this bill.

The issues are too global in scope, too interrelated with implications in every corner of the world to be solved by glib phrases or pat answers. We well realize the complexities of the world in which we live, and we are more than a little awed by them.

The second point to remember is that the bill before us today is not a perfect bill. There are flaws in it, and I intend to speak about these flaws later in the debate.

But while this bill is not perfect, it is not a bad bill at all.

To understand what this bill is, I think we should first see what it is not.

It is not a rubberstamp for the administration to do as it pleases with American funds anywhere in the world. There are a number of safeguards, checks and balances written into this bill with which the Agency for International Development and the State Department do not concur.

This bill is not a solution to our worldwide problems. It does not automatically guarantee a firm and effective foreign policy in every part of the world.

It does not guarantee that aid dollars will never again be wasted, or that our balance-of-payments problem will improve. It gives us no assurance that we will walk in a world of friends, that our Nation will be held in the highest esteem, or that another international crisis will not spring on the scene in a moment's notice.

We have not yet come that close to heaven.

What is this bill, then?

It is a framework, a skeleton upon which we can hang a foreign policy and a program—rigid enough to provide the backbone and the strength to make hard decisions in the face of sometimes fanatic opposition abroad—yet flexible enough to turn quickly to meet the inevitable emergencies which will occur in the months and years to come.

To a great degree, I think the House Foreign Affairs Committee has been successful in giving this bag of bones a strong, flexible structure, one into which life can be breathed to further the objectives of our Nation abroad.

I will not say that the birth was an easy one. It took hours, weeks, and months of hearings, deliberations, and controversy to give this bill its present shape and form.

I would like to pay my highest compliments to the chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN] for putting up with

us through these deliberations, and the committee staff for sticking with us through some trying moments.

The total dollar amount to be authorized—\$2,424,050,000—is only a small part of the story. What can or should be done with our dollars should be our main concern.

I think many of the steps taken in the committee are significant. Some of them are "sleepers," in that they have not made the headlines nor received much attention outside of the committee and the affected Federal agencies.

But in every instance, they have cleared up, cleaned up and made more efficient the authorization under which the respective agencies of our Federal Government responsible for our overseas programs can work more effectively and more efficiently.

In a number of instances, the committee is recommending that decisions be reached by these agencies. In a few instances, the committee is recommending that decisions be forced upon the executive branch.

One of these amendments offered in committee would cut off all further economic and military assistance to Indonesia unless there is a Presidential declaration that such assistance is in the national interest.

Another would ban military grants to any African country except where such aid is needed to maintain internal security and for civic action programs carried out by the military. In essence, this amendment would attempt to keep Africa out of the arms race.

Still another amendment agreed upon in the committee would prohibit U.S. voluntary funds from being used to assist Cuba, either directly or indirectly through international organizations.

Another amendment would require, wherever possible, that our overseas aid not be diverted to short-term emergency purposes in lieu of long-term developmental use. This amendment is an attempt to keep aid funds from being used as a substitute for foreign policy; an unfortunate practice in the past and one which has rightly caused a great deal of criticism of our overseas assistance programs.

In all, the committee considered 83 amendments and adopted 43 of them. Since almost every one of these amendments was aimed at tightening up the program, in making it more efficient and of greater benefit to our Nation, I think you will agree that this is a remarkable record.

Members of the committee, including myself, will go into the details of these amendments and the reasons for the action we have taken as the debate develops.

There are many of us who agree with the fact that there is need for a foreign aid program.

Few will argue with the necessity of a continuance of our military assistance in South Korea, for instance, and the need for keeping South Korea out of the hands of the Red Chinese.

Few would quarrel with the fact that our economic assistance to Western Europe following World War II was a success and was largely responsible for

keeping that important part of the world on the side of freedom.

There will be some who may argue that our Alliance for Progress program in Latin America is not doing all it can, that it can be better administered and funds put to better use.

But there are many who realize that the Alliance has kept Latin America out of the hands of Castro-type communism.

So it seems that what we are arguing is not whether we should have an aid program, but how much of an aid program—and what kind.

The time to argue "how much" is when the foreign aid appropriation bill is before us. The time to argue "what kind" is now.

To say that all our aid programs have been models of efficiency would, of course, be false.

It would be equally false to say that all of our aid programs have been total failures.

We have had more good programs than bad programs.

We have all heard of roads leading to nowhere, of air-conditioned yachts for monarchs, of television sets in areas where there was no electricity.

I will not excuse these mistakes in judgment.

In almost every instance these errors were undertaken because somebody wanted to please somebody in some particular country for political purposes.

In other words, somebody was using aid funds as a substitute for diplomacy so that a short-term objective could be accomplished, often with no regard for long-term goals.

I believe in the necessity for foreign aid. I believe in the need for our Nation to help raise living standards in areas we have a chance of holding to our side of the Bamboo or Iron Curtain.

I believe we should do what we can to help people defend themselves from oppression and from becoming nameless, faceless machines under communism.

One of the witnesses before the House Foreign Affairs Committee, Mr. John O. Teeter, vice president of Pfizer International, stated the need very ably. Mr. Teeter, who was speaking on behalf of the U.S. Chamber of Commerce, said:

The most important reason [for aid] is because an effective U.S. foreign-aid program is essential to our national security and our foreign-policy objectives. Properly conceived and carried out, foreign aid should, can, and does promote the American system; provide a counterforce to international communism; promote responsible local foreign development, and protect our increasingly important overseas markets and sources of supply, as well as our military security.

Foreign aid aims at fostering the national interest in several ways. It is designed to provide military protection at less cost than the United States could undertake alone.

Longer range, in addition to furthering political freedom and democracy abroad, it is intended to help develop strong free world markets in the less developed areas—markets whose strength and growth can expand and strengthen our domestic economy as well.

Certainly Mr. Teeter's words make sense. We realize the need for our goods abroad, because it is easy to see that we can realize full employment only through greater overseas trade.

Training people in other lands to fight for their own countries rather than sending more American boys abroad is in our national interest and a desirable economy.

Raising living standards in Latin America is necessary because we must not permit Communists, either the Russian or Chinese variety, to capture an essential source of the raw materials necessary to keep our businesses and industries going.

We do not stand alone in the world. A look at the raw materials we buy from abroad, the markets we have for our products overseas, gives us an inkling of the extent to which we depend upon a strong free world.

As the Clay report pointed out:

There should be no doubt—of the great value of properly conceived and administered foreign aid programs to the national interests of the United States and of the contribution of the foreign assistance dollar in such programs to the service of our Nation's security.

The Clay report recommended a number of steps to tighten up our program of overseas assistance. The House Foreign Affairs Committee has acted favorably upon a number of these changes, two of which I sponsored.

The Clay report recommended that arms to Africa be limited. My committee amendment to this effect was adopted.

The Clay report recommended that aid to Indonesia be curtailed until that Nation stops its international adventures and starts solving its internal economic problems. The committee approved an amendment I sponsored to this effect.

The Clay report deplored the practice of using our foreign aid funds for gifts to appease foreign heads of state. The Committee opposes this practice and has included language in the bill to end these excesses.

In each of the instances mentioned, the Committee has written in sound, workable guidelines which give us a better chance of having an improved program; not with more money, but with greater efficiency and a sharper focus on overall goals.

I intend to offer an amendment to this bill which will further strengthen it. In essence, this amendment will give Congress the power to act on authorizations of projects on an individual basis whenever more than \$100 million in U.S. funds are involved.

In my estimation, the bill we have before us today—with this amendment which I plan to offer—should accomplish a great deal.

It makes some tough decisions in regard to the way our overseas assistance should be administered.

It provides realistic guidelines to follow in the expenditure of U.S. funds, whether for military assistance or economic assistance, loans or grants, or, in the case of many items, through sales abroad.

It places the burden of initiative upon the country we are attempting to assist.

This bill, by itself, cannot assure a foreign aid program of maximum efficiency. The reason is quite obvious.

The efficiency of the aid program is going to have to depend upon the decisions reached in the State Department, the Defense Department, and the Agency for International Development.

Particular responsibility for a sound aid program is—and should be—borne by the Agency for International Development.

I do think that AID's new Administrator, Mr. David Bell, is moving in the right direction.

Anyone who takes on the task of attempting to administer the foreign aid program lays his head on the chopping block.

But I do think we will see tighter administration, greater efficiency and better liaison with this Agency than we have enjoyed in the past. I admire Mr. Bell's courage in attacking the internal problems of his agency as thoroughly as he has.

All of us wish fervently, I am sure, that the ingredients which make this authorization bill necessary and essential were not present in the world. But they are here, and the Congress would not be doing its duty if it did not face up to them.

The committee has deliberated long and diligently on this bill. It has provided a lean bill, long on muscle and short on fat, to accomplish a variety of difficult tasks in many parts of the world.

I urge my colleagues to act favorably on this bill. It is a strong, to-the-point directive for a more efficient foreign aid program.

(Mr. HORTON asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HORTON. Mr. Chairman, we are called upon to judge a program that is a fundamental part of this Nation's relationship with other free world countries. The bill now before the House is to authorize foreign assistance appropriations for fiscal year 1964 amounting to more than \$4 billion.

I am in favor of the United States providing help to other nations. Our security is reinforced by the strength of our international allies. The health of their economies and strength of their defenses, therefore, are essential to our welfare.

Notwithstanding my support of the principle of foreign assistance, I feel the entire program should be established on a more realistic footing. Waste and inefficiency must be removed and point-by-point justification substituted in their place.

The immediate need is to sharpen our objectives and make our foreign aid reflect the national interest of the United States. There has been too great a tendency to make loans and grants simply on the basis of our esteem for foreign heads of state or as gambles to maintain existing governments in power.

If the United States is to be an example for others seeking to emulate our achievements, then our foreign aid should be administered on that basis. All too plainly, economic assistance from this country has become an engine of socialism, designed to stimulate public rather than private development. State planning and Government-owned proj-

ects are hardly the way the United States found its well-being. Why encourage such practices elsewhere?

A case in point is India, the nation which now receives the most aid from America. The emphasis there unquestionably has been on central planning and bureaucratic control. The result: retarded economic progress. India's answer to poverty, I submit, is an incentive approach which rests in the hands of the people themselves.

Aid officials of our Government presently are proposing to help India build an extremely expensive steel mill at Bokaro. It is a state project that would operate in direct competition with private enterprise. Mr. Chairman, it is inconceivable to me that this Nation, a bastion of free enterprise, should be indulging in such a social experiment.

Would not a far better determination of foreign aid allocation be one that recognized a country's determination to help itself? American support of foreign economies should be predicated on its ability to be diminished in the years ahead. We cannot forever shoulder the burden of assisting underdeveloped nations. Our assistance programs should be designed only to put themselves out of business.

I also am concerned that in the field of foreign assistance we take sufficient precautions against awarding this help to nations which cannot live in peace with other nations we are helping. The prohibition against assistance to any country which engages in or is preparing for aggressive military efforts against the United States or against any country receiving our aid, which has been written into this measure, is sound. I endorse it without reservation.

The committee report states this restriction well:

Any government which devotes its energies and its resources to the harassment of neighboring countries and to a military buildup directed against them reduces the effectiveness of its efforts to develop its resources and to improve the condition of its people.

I believe this represents a favorable departure from the once prevalent attitude that foreign aid was necessary as a counterproductive bludgeon. The argument that various foreign nations would have gone Communist without our assistance is at best a negative justification. As many editorial writers have stated: Money as the sole criterion of national policy and interest is pretty cynical.

One editorial writer, in particular, has impressed me with his presentation on the need for reform and rethinking of U.S. foreign aid programs. I refer to Andrew D. Wolfe, editor and publisher of the four Genesee Valley newspapers which serve a large area of my congressional district. In March of this year, following the publication of the Clay Committee report on foreign aid, Mr. Wolfe addressed himself to the report in an editorial which appeared in the following newspapers: The Brighton-Pittsford Post, the East Rochester Herald, the Penfield Republican, and the Henrietta Post. I take pleasure in sharing that editorial with my colleagues:

END OF AN ERA?

For the generation that grew up in the 1930's and fought World War II, an article of faith has been the conviction that America's "go it alone" diplomacy from 1918 to 1940 led to disaster.

This generation has felt that isolationism, economic as well as diplomatic, was criminally stupid in a world grown progressively smaller.

We have regarded as major sins the failure to join the League of Nations, the high tariff protectionism, and the refusal to effectively back disarmament programs. People thought of these amid the trials of Normandy and the Ardennes, in the Middle East and in the Pacific islands.

All of us rode the pendulum swing which took America into the United Nations, fostered the Marshall plan, and gave birth to the other foreign aid programs.

From time to time most of us have had misgivings about details of some of the programs, but we have clung stubbornly to the theory that no nation, any more than any man, in John Donne's phrase, "is an island unto itself." We have recognized that stupidities were bound to creep into the huge aid program, but we have believed that even with its mistakes the program was infinitely better than no program at all.

Here in Monroe County, the Rochester Association for the United Nations and scores of other organizations have worked unceasingly for international good will. They have not hesitated to go to the mat when foreign aid programs were being attacked.

Last weekend, the Nation and many of us of the between wars generation came to the crossing of a height of land—or perhaps the end of an era.

A committee headed by Gen. Lucius D. Clay recommended a major slash in foreign aid funds. More important than the cut in funds, however, was the fact that the recommendation came not from diehard isolationists, but from such internationally minded men as General Clay and former Defense Secretary Robert A. Lovett. That such men feel a policy pullback desirable is significant.

Although the report recommends the continuance of foreign aid in major amounts, the philosophy behind the aid is changing—and is, in fact, a reflection of the changes being worked out in the Nation's basic foreign policy.

The success of the Common Market, De Gaulle, the changes in Russia, the Russian-Chinese friction, the rise of the newly independent nonwhite nations, and many other things tell us that 1945 no longer is with us.

Thus we must not think of the foreign aid change primarily as so many hundreds of millions of dollars cut out of the budget. Rather it must be seen in terms of fluid and sometimes chaotic world politics.

A generation ago the Owen D. Young reparations plan and the Smoot-Hawley tariff were among the events which catapulted the world into the economic paroxysms of the 1930's and ultimately helped set the stage for war. These bits of history are food for thought.

Obviously it is high time for a review of the foreign aid program, and obviously the march of world events now forces America to rethink its foreign policy.

But let us hope that our leaders are fully alert to the explosive effects that can result from far-reaching changes in the aid program. The program is so large that for the rest of the world it's been like sleeping in the same bed with a giant; a change of position can seem ever so slight, yet have disastrous effects on the bedmates.

Mr. Chairman, one notes the reference in the above editorial to the Rochester, N.Y., Association for the United

Nations. I share Mr. Wolfe's high regard for this organization and its many accomplishments. I am personally acquainted with many of its members and can attest to their dedication.

The policy committee of this association has conducted a searching study of U.S. foreign aid in recent months. Further, they have thoughtfully kept me abreast of their findings. I believe a report issued by this committee in May of this year dealing with the question of how best to channel foreign assistance funds from this country is worthy of consideration by every Member of the House. The report follows:

REPORT OF POLICY COMMITTEE, ROCHESTER ASSOCIATION FOR THE UNITED NATIONS, RELATING TO FOREIGN AID

The policy committee of the Rochester Association for the United Nations is appreciative of the many diverse opinions which were expressed at the recent hearing on the subject of foreign aid and specifically on the question: "Should U.S. foreign aid through the United Nations be increased?" During the last 2 months of exploration of this subject the committee has become increasingly aware of its complexities. The following findings and conclusions are presented to stimulate thought and discussion.

TYPES OF AID

In considering any question relating to U.S. foreign aid policy, it is essential to carefully distinguish aid which is of a military or short-term nature and aid which is long term and for the purpose of basic development of the recipient nations. In other words, there is a sharp distinction between strategic aid and developmental aid. We recommend that these two basic types of aid, in the interest of a more informed public opinion, be more clearly segregated in the proposals made to Congress and in the enactments of Congress. Strategic aid comprises approximately one-half of the U.S. aid program, and the conclusions of this committee do not relate in any way to this type of aid which, for obvious reasons, could not be successfully administered by an international organization.

Recommendation: In the interest of an informed public opinion, long-term developmental aid should be clearly separated from short-term strategic and military aid in all appropriations.

THE ROLE OF INTERNATIONAL AID ADMINISTRATION

The problem of the underdeveloped nation is basically a world problem which is shared by all advanced nations and is most logically solved by international cooperative efforts. This concept has been fully recognized from time to time in the proposals to Congress, in the wording of the acts of Congress, and in the writing of many scholars who have examined this subject. The departure from this ideal is caused by practical considerations of a political or administrative nature. The extent of the departure is indicated by the fact that, while giving lip service to the ideal of international administration, the expenditure of only a tiny fraction of U.S. aid funds is made through this channel. The President's request for aid in the 1963-64 fiscal year calls for less than 5 percent of the total U.S. foreign aid to be expended through international organizations.

It is well to keep in mind the basic advantages of international administration. These advantages include a wider sharing of the burden of developmental aid, a larger available pool of technical assistance talent, the possibility of improved clearance and fixing of priorities in the administration of aid and an increased separation of aid from na-

tionalistic political considerations. The bilateral administration of aid, as we already are learning from some of the U.S. experience in South America, often offends national sensitivities and may create bad will when conditions are attached to the granting of aid or when aid has to be terminated even though the conditions or the reasons for termination are reasonable. It is generally believed that conditions are more acceptable when imposed by an international organization.

We should continually strive toward the development of international organizations which can fulfill this logical role. Substantial progress in this direction has been made by the creation of the United Nations Special Fund, the International Development Association and the International Bank for Reconstruction and Development.

For these reasons the policy committee of the Rochester Association for the United Nations concludes that the proportion of U.S. aid for developmental purposes expended through the United Nations and affiliated international organizations should be gradually increased from the present low level to a substantially higher proportion of the total U.S. aid program. The committee does not have research facilities available to permit a recommendation in terms of exact amounts.

Recommendation: The proportion of U.S. foreign aid expended through international organizations should be gradually increased.

THE ROLE OF PRIVATE ENTERPRISE

Those who participated in the policy committee hearing strongly urged a larger role for free private enterprise as a basic part of the foreign aid program. The policy committee agrees with this position but wishes to emphasize that any guarantees or other assistance to private enterprise should be reflected in higher profits, higher wages, and lower consumer costs for the benefit of the citizens of the underdeveloped nations, and should give them an equitable share in the management of the enterprise. Aid funds should not be used as a means of fostering international competition for new markets.

We recommend the encouragement of international subsidies for private enterprise within the underdeveloped countries and especially the expansion of the International Bank for Reconstruction and Development (IBRD). We believe that this form of administration is least likely to create dangers of exploitation. We note with approval that the Clay report to Congress urges an increased use of the International Development Association (IDA), an affiliate of the International Bank for Reconstruction and Development.

Recommendation: Private enterprise can play an important part in the foreign aid program, but there must be safeguards against exploitation.

TECHNICAL ASSISTANCE

Technical assistance is increasingly recognized as a very important part of the foreign aid program. It is essential in preparing a country for the wise expenditure of aid funds. This is sometimes referred to as "predevelopment" aid. It is also a very important part of any program to foster long-range development and independence for aid-receiving nations. The United Nations and its related agencies, embracing a worldwide variety of experience and background, offer a rich source of technical assistance. We should like to add a thought to the Clay committee recommendations on technical assistance. The Clay committee indicates its doubts as to the ability of the Agency for International Development (the U.S. Agency for Aid Administration) to mobilize highly qualified manpower necessary to implement the current technical assistance programs and urges a review of the facts. We suggest that, if the review confirms the fears of the

Clay committee, there may well be international agencies which can meet the needs. We urge that a study be made of the technical assistance capacity of existing international organizations, such as the U.N. special fund and the expanded program for technical assistance, and that these international resources be more fully utilized in the area of technical assistance.

Recommendation: The technical assistance resources of the United Nations should be more fully utilized.

Respectfully submitted.

Policy Committee, Rochester Association for the United Nations: John W. Branch, Chairman; Mrs. David M. Allyn, Mrs. Morton Baum, Jr., C. Wendell Beck, Dr. William Bluhm, Mrs. Caroline Branch, Mrs. Albert Craig, Jr., Edward P. Curtis, Jr., Horace A. Dutton, John A. Emery, Dr. Alf M. Glasoe, David S. Greenlaw, John W. Handy, Mark C. Hargrave, Jr., Dr. Otakar Kutvirt, Mrs. Irwin Karron, Stephen May, Miss Mary Sheehan, Frank Steinhilper, Mrs. Clarence Wynd, Leonard Zartman, Dr. Carl Zuehlke.

Mr. Chairman, there are many recommendations for improved administration of our foreign assistance programs. Certainly, among them there can be found conflicting points of view and differences of opinion. However, I feel rather than to dwell on what separates the various proposals we should recognize the existence of widespread and allied interest in bringing about improvements. Obviously, there is more that unites these suggestions for higher quality in foreign aid than divides them.

For the future of the world and the stake America has in it, let us resolve that foreign assistance provided by this Nation bear living testimony to the strength and vitality of our free society. Let us transfuse into the developing nations some of the lifeblood of free enterprise.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I rise in support of the bill before us for the following reasons:

Mr. Chairman, there is one aspect of the debate on foreign aid this year which I find to be of unusual interest. This year the decision as to whether we continue, cut back, or halt foreign aid will be reached at the very time that the Senate is engaged in debate on ratification of the first test ban treaty ever to be signed between nations of the international community.

I find it interesting, Mr. Chairman, that those who attack the test ban treaty on the basis that it lacks adequate safeguards to protect our national security are the very people who are willing to scrap foreign aid without giving a moment's consideration to possible alternatives which most certainly would be needed in the short- and long-range interests of national security.

At best this is inconsistent, at worst it is as phony as a \$3 bill.

It is not hard to distinguish inconsistency from phoniness. Surely everyone agrees that the economic aid and military assistance that this country has made available throughout the world has been an important, an indispensable

weapon in the cold war against communism. To deny this is to deny the very basis of European recovery following World War II, a recovery which has been fundamental to the defense of the West. No one can dispute the dramatic economic and political consequences of our aid programs elsewhere: In Greece, Turkey, Iran, Thailand, Japan, and scores of other countries which have received U.S. aid. This has not been a dole, Mr. Chairman, it has been an investment and no country has ever made a better one. This farsighted program has been responsible for the salvation of free nations, a better life for hundreds of millions of people, and a global defense posture which has effectively checked Communist armed aggression.

We get to the question, then, of whether the expenditure of taxpayers' dollars can be justified for a continuation of this type of assistance. Those who say that it cannot be justified must do so either on the basis that a need no longer remains or, if it does, that it has been so reduced that the amount of the foreign aid authorization can be substantially cut back.

Do the facts bear out any such picture of the world today? It has been noted before that those who berate this program are the first to march up the aisle in favor of \$50 billion a year defense appropriations—a small admission that dangers continue to confront us. These critics give many righteous reasons for gutting foreign aid but no one has yet heard them offer a single alternative. Perhaps some day they will see that the strength and security of a free world require positive action rather than pious protestations.

We have heard a great deal said about the cost of foreign aid, Mr. Chairman, but seldom with any regard for logic or perspective. Certainly the program costs money. Yes, it is expensive—a hundred billion dollars since World War II. But does anyone mean to say that the tangible benefits have not been worth the price, and does anyone mean to say that what we want for South America and other developing areas of the world will not be worth the investment we are talking about today?

Mr. Chairman, I am sick of speakers who get up and with righteous indignation denounce foreign aid as fiscal irresponsibility because it authorizes foreign assistance funds at a time when our national budget is in the red. Do they want to take the position that it was immoral for our country to go more than \$200 billion into debt to win World War II?

Was lend-lease immoral because we did not have cash on the barrelhead?

If there is any question of morality to be raised, Mr. Chairman, it is in connection with the attitude of those who think that it is a sin to vote funds to assist other countries or who take the position that if this must be done, it should only be after a rigid political blood test and insistence upon conditions which certainly have no precedent in our own history.

Mr. Chairman, surely we must recognize by this time that the political and

economic aspects of our national security are as important as the military. It does not make any sense to jeopardize a \$50 billion expenditure for defense by refusing a \$4 billion authorization to support military and economic activity abroad. Those who vote against this program, Mr. Chairman, will do so without offering a positive alternative; by so doing they are saying that our national security must rest wholly on our military capability and whatever efforts other free nations are able to make for themselves. This is a collision course with catastrophe pursued by those who have neither hindsight nor foresight.

In my view, Mr. Chairman, wisdom, logic, commonsense, and morality are all on the side of enactment of the bill before us.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. TOLL].

Mr. TOLL. Mr. Chairman, I would like to join the distinguished gentleman from Pennsylvania, the Honorable THOMAS E. MORGAN, the chairman of the House Foreign Affairs Committee, in supporting the committee bill authorizing \$4.1 billion in new funds. This bill is already \$800 million below the \$4.9 billion originally proposed by President Kennedy and \$400 million below the President's modified \$4.5 billion request. Furthermore, it is \$200 million below the \$4.3 billion recommended by the Clay Committee.

These funds will provide for an effective program to preserve and extend freedom in other nations and for a reasonable contribution toward winning the cold war. This legislation is in the national interest and strengthens the security of our country.

The bill has a special impact on domestic employment because 80 percent of the commodity procurement funds under the foreign aid program are spent in the United States.

The bill contains a provision offered by our distinguished colleague, Representative LEONARD FARBSTEIN, of New York, which would ban assistance to any country which engages in or is preparing for aggressive military efforts against the United States or against any country receiving our aid. Any government which devotes its resources to the harassment of neighboring countries reduces the effectiveness of its efforts to help its own people. Nations which are subjected to military threats may come to believe that the United States is willing to tolerate if not endorse such action. This provision may be effective in maintaining peace in the Middle East. I urge the Members to support this bill.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. BOLAND].

[Mr. BOLAND addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentlewoman from New York [Mrs. KELLY].

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Chairman, last night we had an example of what a monsoon season can be. For that reason I think we all ought to be very thankful that we do not live in a country where we have that. Therefore, I think it is very pertinent at this moment that we are considering a bill whereby some of those countries will be helped through our aid to them.

Mr. Chairman, I want to compliment our chairman, the distinguished gentleman from Pennsylvania [Mr. MORGAN] for the work he has done on this bill and to thank him for his kindness to us during the hearings. Also, I want to compliment the gentleman on his appearance on the radio this morning together with our colleague, the gentleman from New Jersey [Mr. FRELINGHUYSEN] in an endeavor to explain this program and in the effort to have us continue and maintain the authorization for the program as requested.

Mr. Chairman, I have always believed in the foreign assistance act. I have always supported foreign aid and I will continue to do so. But I have also been very selective with reference to where that aid should go. I have voted for foreign aid for \$10 billion, for \$9 billion, for \$7 billion and so on. I want at this point to agree with the previous speaker that I, too, have been selective as to our foreign aid program and I, too, do not believe that our aid should go to any nation behind the Iron Curtain. I have fought for amendments along that line in committee and I have also voted against aid going to Indonesia and certain other countries as well which I believe are able to carry on economically and, perhaps, also able to give mutual assistance to other nations as well.

But, Mr. Chairman, I want to correct the remark of the previous speaker to say that European countries alone in 1961 gave \$2.4 billion in foreign aid to underdeveloped areas. I just want to bring out the fact that under Public Law 480 which has nothing to do with this foreign assistance act, most of the accrued local currencies are accrued in nations abroad. So if one wants to cut out much of the outflow of gold and the accrual of local currencies, let them stand up and vote against Public Law 480. But I always note that those who come from areas supporting Public Law 480 legislation are opposed to foreign aid. So it is not understandable that those who have so much of the bounty and abundance of their land should refuse to share it with other nations of the world.

Maybe I support foreign aid, Mr. Chairman, because I am selfish and I believe it is a part, a great part of our national security. It is now, and should be and must be a pattern of U.S. policy.

I believe that our great Nation, endowed as it is and has been, and will continue to be, dedicated to the inherent rights of a person, must share the re-

sponsibility to expand and extend these principles to the less fortunate, and must share the bounty of our Republic with the less fortunate.

I will continue, Mr. Chairman, to support foreign aid but I will also continue in my right, as the minority has fought for it on so many occasions, to be selective. Maybe I remember, Mr. Chairman, the first vote I ever cast as a Member of this body. I remember, Mr. Chairman, on January 19, 1950, on the passage of aid to Korea, H.R. 5330, which was defeated by one vote, that shortly after that the aggression occurred in Korea. I saw and I am thankful to have partaken of the revival of Europe to the present day when they are economically and militarily strong. I am encouraged by this and believe that these countries must share in the mutual responsibility of carrying on assistance to underdeveloped areas. I saw, too, Mr. Chairman, the boys come home from Korea and as a result, the military buildup of new and advance weapons of Red China by the Soviet in that area of the world. I saw, too, the buildup of North Korea by the Soviet and I saw the division of Vietnam.

At the same time I remember well the other side of the globe when the U.S.S.R. bypassed Europe because of its buildup and went into the Middle East where it secured a foothold. At the same time I remember Hungary and I remember we sat by on that occasion and did nothing. Now I remember Cuba. All of these make me believe in foreign assistance, and I much prefer to call it mutual cooperation because I feel the United States can no longer go it alone, but I feel that these nations of the free world must play their part, and secure a greater share in mutual security of the free world.

Mr. Chairman, today peoples in all parts of the world anxiously await the outcome of our annual foreign aid debate. They wonder what we will do. Will the Congress of the United States recognize their continuing problems and help to furnish them with their needs or will the representatives of the people of the most prosperous and powerful nation in the world ignore their role of free world leadership and forget the urgent needs of their less fortunate fellow men.

Will the peasant in Chile finally be able to own his own land as a result of land reform?

Will the soldier in Turkey, guarding his country's border against Russia, be issued a new rifle to replace his single shot weapon which dates back to 1915?

Indian soldiers guarding high mountain passes against Communist Chinese incursions wonder whether they will receive proper clothing to protect them against the bitter cold of the approaching winter.

Will farmers in many countries be assisted in irrigating their crops?

These are but a few examples of how the average man in so many nations of the world will be affected by what we do.

All admit the need and success of the Truman doctrine and the Marshall plan in halting Communist aggression. Over

the years the foreign aid program has been reasonably successful in the huge task it undertakes to perform.

Today, however, the program is something more. The foreign assistance program is a recognition of the moral responsibility of the strong and fortunate to help protect the less fortunate. This is based on the Christian-Judeo concept which is part of our national heritage. The development and expansion of international communism compelled us to extend the bounty of our Republic to those in need, until today—we find this legislation again before us for action.

Due to Communist expansionist activities in Europe following World War II, the granting of military and economic assistance became a pattern for U.S. security. The European nations recovered and today spend 2.5 to 3 billion on their foreign aid programs.

This legislation, the Foreign Assistance Act of 1963, is composed of a series of amendments to the basic law. These include many perfecting amendments and some technical amendments. They were adopted after long hearings and most careful consideration by the Committee on Foreign Affairs. Many amendments considered by the committee were rejected by narrow margins. Many of these will be introduced during the reading of the legislation, and I hope, after careful consideration, the final action will be the just action for our country.

Basically, this legislation will continue the support which Congress has provided for many years to carry out foreign policy objectives. Most of us agree with these objectives, but many of us disagree with the operation. However, I feel, Mr. Chairman, that all the amendments have strengthened the foreign assistance program, have placed additional safeguards on the operation, and generally constitute steps in the right direction by placing aid on a more selective basis. This, I think, is a very important point. I have repeatedly criticized our aid program for being too diffuse, and too indiscriminate. We corrected some of those abuses last year when the Congress placed new restrictions in the law on aid to certain countries. Some of the amendments adopted this year by the Committee on Foreign Affairs continue this process and deserve the full support of the House.

Mr. Chairman, these are days of challenge. These are days of crises—between allies—between parties. These are days when we must decide certain basic policies. Should the United States continue to help all nations and peoples regardless of the principles they pursue? Should the United States assist only those who are aligned to the West? Should the United States cut the aid to those nations which do not carry their mutual share of the free world responsibilities? Should the United States insist that those peoples who seek independence share the responsibility for this independence? Should not the United States insist that there is a correlative responsibility with freedom?

The Committee on Foreign Affairs reviewed all these issues and questions in

the light of present day needs and critical situations. For that reason, I believe this legislation is more constructive in dealing with the crises of the day—crises which must be met daily; crises instigated and augmented by the leaders of the Kremlin; crises brought to our very shores by the saber rattling of Khrushchev in Cuba. Khrushchev's olive branch offering of recent date must be accepted with reservations. The United States must keep up its guard. This bill represents U.S. efforts to maintain this guard—not only for the United States but for the free world. Khrushchev's plan to establish his military base in Cuba was defeated by the courageous decision of President Kennedy to risk a major war in this nuclear age. The result was a temporary Russian-Soviet retreat. What next—only Khrushchev can answer.

PIPELINE

For the past several years, we have heard much talk about the foreign aid pipeline. During yesterday's debate, much was said about this subject. What is the pipeline, what are the reasons for it, and how much money is in it?

The easiest definition of pipeline is funds that have been previously appropriated but have not as yet been spent. Those who seek to undermine the foreign aid program always utilize this figure. It is estimated that on June 30, 1963, this amount was \$6.43 billion. This figure, however, does not take into consideration funds which have been committed and obligated to specific projects and uses and are being held in reserve for disbursement as the projects progress. If these commitments are taken into consideration, only \$160 million, including the fiscal 1963 appropriation, remains available for commitment to new programs and projects.

The foreign aid program, as almost all other program activities of Government obligates funds but expends funds only upon delivery or completion of work. Thus, if the United States obligates itself to furnish a loan for highway construction, it does not disburse the funds in a lump sum. As each portion of the highway is completed and accepted, it is paid for. If a project requires 5 years to complete, as many do, all of the moneys reserved for this project will not be disbursed until the end of 5 years.

The pipeline concept is not unique to the foreign aid program. I never hear mention made of it when other programs are involved and am beginning to suspect that it has been set up as a proverbial strawman which will fall from the slightest blow. On June 30, 1963, it is estimated that all U.S. Government agencies had unexpended balances or a pipeline of \$76.6 billion. The foreign aid program represented some 10 percent of the total, which the Department of Defense accounted for \$39.6 billion, or more than 50 percent, and the Department of Agriculture \$4.4 billion or some 5.7 percent of the total.

In recent years, there has been an increase in the pipeline. This has been caused by several factors:

First. Loans—60 percent of economic program for fiscal 1964—rather than grants of economic aid are being utilized to a greater extent. Since loans require more negotiation than grants, a longer period of time elapses before the first expenditures are made.

Second. The Alliance for Progress, which was instituted 2 years ago, required extensive planning and the undertaking of self-help measures by Latin American countries before funds were disbursed.

Third. Modern military equipment requirements need longer leadtimes than in the past. More than 70 percent of military pipeline is in long leadtime items such as aircraft—18 to 24 months—ships—3 to 4 years—and complicated electronic equipment.

Thus, there is only \$160 million left unobligated. This is all that is available for commitment to new projects and programs for fiscal 1964. It should be made clear that there are practically no military aid funds presently available to order equipment which will require a long time to produce to be available next year and the year after. If we deplete the pipeline, the entire program will come to a standstill in a very short time.

The major outflow of gold from the United States is critical—but do not blame it on foreign aid. While the program does spend dollars abroad, it constitutes but a very small factor in the overall problem.

In 1962 U.S. tourists spent some \$2.5 billion abroad.

In 1963, private raising of new capital in the United States by foreign business firms and governments will probably reach \$2.5 billion.

These are the major problems—not foreign aid. In fiscal 1964, 80 percent of all economic assistance funds and almost 100 percent of the military assistance funds will be spent in the United States. In addition, we must consider that the U.S. sales of military equipment to our allies in fiscal 1962, for example, amounted to about \$1 billion. As one who has long been aware of this problem, I sponsored—and with your committee, enacted an amendment which has, through mutual defense procurement, brought more than \$1 billion in business to U.S. firms. More than 40 percent of this money was spent in areas of substantial labor surplus in procurement for the F-104G fighter aircraft.

It is indeed strange that, among those who most vigorously oppose foreign aid are Members who support and vote for continued operations under Public Law 480—Agricultural Trade and Development Act of 1954, as amended.

Let us take a moment to compare Public Law 480 and the foreign aid program. Under title I of Public Law 480, sales of agricultural commodities are made by the United States for foreign currency. Does the U.S. Treasury receive these foreign currencies? No. They remain in the purchasing nation and to the greatest extent can only be used in a manner acceptable to the for-

eign government. This usually takes the form of a loan to that government, repayable in foreign currency. In less than 10 years, agreements for more than \$9 billion have been made under title I. These are moneys, most of which will never be seen again, and are sometimes referred to as "funny money" by the U.S. Government personnel, because they are next to meaningless and repayment can and has been waived by the executive in several instances. Does anyone raise a great protest about this program? Are detailed battle plans formulated before this legislation reaches the floor? No—hardly a voice is raised in protest because agriculture, the "sacred cow," is involved.

I have attempted to explain to you why I ask you to support this legislation. I believe the bill has some shortcomings and it contains some provisions I do not like. There is no question that the Foreign Assistance Act is bulky and in many ways difficult to understand. I hope that next year this legislation will be rewritten and put in simpler form—but I do feel that the overall effect is positive and I ask your support for this legislation.

Mr. MAILLIARD. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. THOMSON].

(Mr. THOMSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. THOMSON of Wisconsin. Mr. Chairman, in the last 2 days we have listened to some brilliant outbursts of oratory in praise of this particular program. I hope that the brilliance of those statements has not dimmed the vision of this body to the point where it cannot look closely at those areas of this program and its administration which are in need of critical attention.

Yesterday I received a Multilith letter which I presume all Members of the House received from the Secretary of State and the Secretary of Defense. Among the things that they urged us to keep our fingers off of, not to touch, were the areas of military assistance, supporting assistance and the President's contingency fund.

I would like to direct your attention briefly to the President's contingency fund. There is no criticism of the benefits that flow from this program. There is no criticism of the good that it does and can do. But I think in the administration of this program the critics are correct when they tell us that this program needs to be tightened up, that we need better administration, that we need more thought and planning in the use of this money. And in that area I think the contingency fund is one that this body can well cut some of the fat out, in considering this bill.

The bill, as it comes from the committee, carries for the President's contingency fund an amount of \$200 million. They tell us, "Oh, we have cut down \$100 million already from this fund; do not touch it." But hand in hand with the contingency fund goes supporting assistance in the amount of \$380 million that is subject to the will and the discretion of the President himself and no one else.

So, in fact, we are talking about a sum of \$580 million. If you add the section on "Development Grants and Technical Cooperation" you add \$217 million, for a total of \$797 million that is practically all available at the discretion of the President.

Now, take a look briefly at that contingency fund. In the committee I offered an amendment to reduce the contingency fund to \$150 million which I think is adequate under all the facts and the circumstances. At the appropriate time later today I expect to reoffer the amendment to reduce the contingency fund to \$150 million.

Mr. Chairman, to take a look at the last 3 years of the contingency fund or beginning in 1960, the contingency fund used \$123.5 million; in 1961, they used \$272.6 million; in 1962, they used \$293.4 million; and in fiscal year 1963, they used \$160 million. But of the \$160 million they used last year, \$17 million of it was given to Indonesia. This Congress had reduced the amount of money available for Indonesia, the President had signed the bill, but his signature was hardly dry on that legislation before he turned around and made available to Indonesia \$17 million, in complete disregard to the wishes of Congress and solely under the authority of his discretion.

But, Mr. Chairman, when you look at the history of the use of the money in that fiscal year, you see that as the fiscal year draws closer to its conclusion the emergencies throughout the world increased in direct proportion to the time remaining in which to spend the money before the fiscal year ended.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Illinois [Mr. ARENDS].

(Mr. ARENDS asked and was given permission to revise and extend his remarks.)

Mr. ARENDS. Mr. Chairman, as we begin to take up the various amendments proposed to be offered to this bill, I wish here and now to state the position I intend to take.

What I have to say is in effect my response to the letter we received from the Secretary of State and the Secretary of Defense. They complain that the bill as reported by the Committee on Foreign Affairs is insufficient in the allowable dollars to be spent and too restrictive as to where and how they can be spent.

My answer to them is that unless amendments are adopted to make the bill even more limited and even more restrictive I shall vote against the measure. And this will be the first time in the long series of so-called foreign aid bills, beginning with the Marshall plan effectuated by the 80th Congress, that I will have voted in the negative. Heretofore I have sought to have restrictive provisions written into measures and reductions made in the funds; but, failing that, I have voted for the bill nonetheless.

The time has long since arrived when there should be both a retrenchment and a revision of this foreign aid program.

The change in the official title of the program from "mutual security" to "foreign assistance" is quite appropriate. The program has become less and less a "security" program and more and more a "gratuity" program.

There is a limitation as to what the United States should do in providing foreign assistance. And there is a limitation to what the United States can do. The time has long since arrived when we give recognition to these limitations.

Our national budget is dangerously out of balance. Six times in 3 years we have been called upon to enact statutory debt limit legislation. And we will shortly have before us a request for another increase in the debt ceiling.

And our international balance of payments is also dangerously out of balance. For the second quarter of this year the gold outflow is over \$1 billion—the highest it has even been.

I am not advocating that our foreign aid program be summarily terminated. As a matter of fact, even if this authorization bill is not enacted, there is available an accumulation of unexpended balances from prior years of between \$6 and \$7 billion.

Nor do I say that the military and economic aid we have extended has been entirely wasted. Had I not recognized its value in our own self-interest—to restrain the spread of communism and to further our security—I would not have supported the program to the degree I have.

It was, as I said, the Republican 80th Congress, in which I was privileged to serve as majority whip, that inaugurated the Marshall plan and authorized the Greek-Turkish loan. This was a program for the rehabilitation of war-devastated Europe. At that time we never envisaged anything like the size and kind of foreign assistance program we have today. The Marshall plan had a realistic objective. Allies once prostrate are now prosperous. Yet we are continuing to give financial assistance to some regardless of their economic strength. We are not only giving assistance to prosperous allies, we are even giving aid to Communist-controlled countries and to so-called neutrals.

We need to make a determination as to our objective. We need to set up a realistic criteria in the determination of what countries and for what purpose they should be extended aid. There needs to be more of a quid pro quo in the aid arrangements.

With respect to these so-called neutrals, I am obliged to ask: Neutral for whom? Have we learned nothing from the Belgrade Conference. Have we learned nothing from the Punta del Este Conference in Uruguay? Have we not yet learned that we cannot buy prestige? We must earn it. And only by firmness in any and all respects can it be earned.

There is nothing partisan about the position I am taking on this pending bill. The program has long had bipartisan support.

One must ask just how nonpartisan can a program be when President Kennedy went out of his way to insure the political defeat of the leading Republi-

can advocate of the program—Dr. Walter Judd? And when President Truman condemned the Republican 80th Congress that put the Marshall plan into effect as a “do-nothing” Congress?

I repeat what I said at the outset: I intend to support amendments that will bring this program under control and make it more realistic. If we are unsuccessful in this effort during the reading of the bill I shall then, for the first time, in something like 15 years, vote against the entire bill.

Mr. MORGAN. Mr. Chairman, I yield 7 minutes to the distinguished majority leader.

Mr. ALBERT. Mr. Chairman, first of all I want to pay a word of tribute to the distinguished Republican whip for the great record he has made in the area of foreign policy ever since he helped write and put on the statute books the Greek-Turk loan and the Marshall plan back in 1947 and 1948. I sincerely hope that the record he has made over the years will not be marred this week because he may or may not agree with every item in this bill.

Mr. Chairman, I rise in support of this bill as it has been reported by the committee. I feel the committee consideration of this bill has been as ample, as thorough, as extensive as any committee has ever given to this subject since its inception. I commend the committee for the long weeks of hard work that it put into this matter. I commend the amendments it has written into the legislation. The committee has done a fine piece of work in a difficult and complex legislative field.

Although the test ban treaty is now making the headlines in foreign affairs, I believe the bill we are debating here today is of no less significance to the future security of the free world.

This bill, as I understand it, seeks to widen the roadbed to freedom over which all the peoples of the world may travel, although their commitment to freedom is in many cases yet uncertain.

It is a certainty, however, that there will be no letup in the battle against Communist control of the underdeveloped areas of the world. It seems to me this is the point my distinguished friend from Illinois may have missed. This job of keeping the newly emerging nations on the side of freedom is as important as the job of giving military assistance to those friends of the free world who happen to live on the edge of the Iron Curtain.

General Clay stated accurately, I think, both the prescription and the prognosis of foreign aid when he said:

I do not think foreign aid has of itself won us any friends. I think it has created already, though, a number of strong, independent nations who want to preserve their freedom and who are willing to fight for it, not because of friendship for us but because they have their own pride and strength restored to them.

There is broad area of agreement, and I am sure the gentleman from Illinois is among those who hold this opinion, that our national policy must seek to extend the borders and shores of the free world. Can this goal be reached by a route other

than the foreign assistance route? Is there a workable alternative to be had at less than our present cost of 1 percent of our gross national product per year? Does not the fact that the Soviet Union is spending at the rate of \$1 million per day in Communist Cuba challenge us to continue spending just about twice that much in the whole of South America?

The foreign aid authorization bill has been cut and cut drastically. It was cut in the White House. It has been cut by the committee \$200 million more than recommended by General Clay when he appeared before the committee. It is my understanding that there will be a move to vote additional cuts and additions restrictions. I hope that the House will reject these efforts.

The Congress provided substantial safeguards in the use of funds in the original Foreign Assistance Act of 1961, amended last year, and again this year in committee.

The President must have the ability to react quickly in matters involving national security. Further attempts to limit the President's discretion would deprive him of the ability to exercise the full authority of his office in the conduct of our foreign policy and, in crisis, to act promptly in the best interests of the Nation.

The philosophy and approach of both great political parties in this country under both President Truman and President Eisenhower recognized that only the President can act in the area of foreign affairs. This is a realistic and proper approach. It is, of course, the constitutional approach. Surely we will give no less discretionary authority to President Kennedy than we have given to other Presidents since the inception of the Marshall plan. Surely in this phase of the cold war, when this country must be alert to every possible opportunity to strengthen the relative position of our own country, this Congress, dedicated as it is to the preservation of freedom, would not willingly tie the hands of the President of the United States.

Mr. Chairman, we have been engaged by the enemy, whether we like it or not. He has engaged us with arms, with his own foreign-aid programs, and with his conflicting ideology. If we do not help the underdeveloped nations to create prosperous societies which they are willing and able to defend they may well fall into caretaker status of the Soviets. We are winning this struggle, but unless our efforts are sustained we cannot be sure of the outcome.

The issue is not partisan. It is American. It is vital. It is an exercise in long-range constructive national policy and leadership.

Mr. Chairman, I urge the adoption of the bill, as reported by the committee.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Missouri [Mr. HALL].

(Mr. HALL asked and was given permission to revise and extend his remarks.)

Mr. HALL. Mr. Chairman, it was my pleasure to appear before the Committee

on Foreign Affairs to discuss H.R. 5666 on June 5, 1963, now encompassed in the amendment I will offer later dealing with a limitation on our contribution to all U.N. assistance agencies. I want the members of the committee to know of my appreciation for their consideration and tolerant understanding for one who is not a member of the committee, and certainly makes no pretense of sharing their background in the field of foreign affairs. Yesterday, just prior to close of debate on H.R. 7885, I inserted the amendment, and some background data for all to see, page 14653.

I also compliment the committee for taking a first step toward insuring that U.S. contributions to U.N. assistance agencies are not used to strengthen the Castro regime in Cuba.

I have some doubts whether this will accomplish the objective, or will merely result in American dollars going in one pocket and coming out the other bearing a different currency. But at least, through this amendment, the committee has demonstrated its concern to our own U.N. delegation over American dollars being used to strengthen Communist bloc governments.

However, Mr. Chairman, the basic problem remains, and it involves both money and principle. In a previous letter I have tried to document the background leading to the amendment which I first offered as H.R. 5666 on April 11, 1963. Many will recall the research early this year leading to 15 consecutive reports to this House, and in the RECORD.

While United Nations aid to Communist-bloc countries is, in part, responsible for the submission of my amendment, I want to stress that there is a principle involved here which would be just as true if there were no U.N. aid going to Communist-bloc nations. The principle of paying one's fair share is just as true in international organizations as it is in the operation of a local chamber of commerce; that is, which must rely on voluntary rather than compulsory subscriptions. In my hometown of Springfield, Mo., we have a progressive chamber of commerce with just under a thousand members, more members, it is true, than belong to the United Nations, though if they carve up a few more countries in Africa they will soon catch up.

In my hometown chamber of commerce—and I suspect in yours also—each member pays according to his ability as determined by many things, his gross income, number of employees, and other factors. Large members pay more than smaller members, but no one is exempt and each is expected to bear his fair share of the load of working for the betterment of the community.

It is the same in the United Nations, which is also a voluntary organization, to which members may or may not join. Each member is assessed a fair share of the cost, and none, however poor they allege to be, are exempt from paying their assessed dues.

Back in the 82d Congress, a law was passed establishing a statutory limit upon our contribution. It was determined that the United States would not pay more than 33⅓ percent of the assessed

budget of the United Nations. It was our rightful expectation, that even this figure would be reduced, as all of our aid programs began to take their effect and other nations began to stand on their own two feet. Even though the 33⅓-percent figure is still in effect, we are in fact paying only 32.02 percent of the assessed U.N. budget. One might draw from this, the conclusion that, however slowly, other nations are beginning to pay their fair share. But, other factors have taken place which belies this assumption. Since the 82d Congress, a number of so-called voluntary U.N. budgets have been established—and the State Department has determined that it is not bound by the previous 33⅓-percent limitation in its subscription to those budgets. Today, in fact we pay more than this 33⅓-percent limitation, to 10 of the 28 U.N. budgets. In some cases, as I have pointed out, we pay as much as 100 percent, and have been doing so since 1959, without encouraging participation by others.

The only limitation applied to any of these voluntary budgets is a 40-percent limitation adopted in 1961 by the Congress in respect to the U.N. Special Fund and the U.N. expanded technical assistance program.

Now, what was our purpose in picking up an excess share of the price for these U.N. assistance programs, or perhaps I should say, what was the purpose of those who man the "ivory towers" at the Department of State?

When I first involved myself in this problem, I invited representatives from the State Department to visit my office for a discussion of the issue. They explained that it was necessary for us to contribute more than our fair share in order to show other countries, how worthwhile they were and to motivate their participation.

Overlooked somehow, was the possibility that so long as we were willing to pay more than our fair share, other countries would be satisfied with paying less than theirs.

Also bear in mind that this country does not share directly in any benefits from any of these programs except as we contribute from something hazily described as a "better world." For us in a sense, it might better be compared to a "United Fund drive" than a chamber of commerce. We put in and others take out.

The so-called voluntary programs for which we give a State Department a free hand in determining our contribution are now as great or greater than the assessed U.N. regular budget. We still control through the Congress, the dog, but the tail has outgrown it, and is in fact, wagging it.

Have we motivated increased participation by other U.N. members? Is this truly an international program? Has our participation in even a so-called multilateral program eased the demands on our own foreign aid program? Let us look at the record:

Since 1959, we have been paying—and are still paying—40 percent of both the U.N. Special Fund and the expanded technical assistance program. We have

paid 100 percent of the two WHO projects—community water development and research—since 1959 without encouraging any participation, let alone increased participation. Our share of the U.N. Palestine relief program has, in fact, increased from 67.48 percent in 1949 to its present alltime high of 70 percent. Apparently we are almost three times as concerned about this problem as the rest of the world combined. They were squabbling again with the United Arab Republic as late as yesterday. I wish we could be as concerned about another problem only 90 miles off our shore.

Now you may well ask, what will all the other countries of the world say when we suddenly announce to the world that we no longer intend to pay more than one-third of the budget for these U.N. programs? Will they throw up their hands in terror? Will they insist that we go on being not one, but two Santa Clauses—ours and the U.N.'s?

I must regretfully confess, the Kremlin has a better insight than does our own State Department. The Soviet Union contributes no more to the Special Fund now than she did in 1959. Her pledge each year, then and now, is a nice round figure—\$1 million. That incidentally, is less than is paid by the tiny country of Switzerland. She puts out propaganda about her economic growth and overtaking the United States but her contribution to this international aid program is less than 1 percent of its cost compared to our 40 percent. Yet she shares in the credit.

The U.S. contribution to the Special Fund alone has grown from \$10 million in 1959 to \$29 million in 1963, an increase of 300 percent while the Soviet Union—and many other countries as well—have not budged an inch, or a ruble—which incidentally they also require.

Furthermore, Red bloc currencies are mostly in nonconvertible currencies, so do not be misled by figures that purport to show that they contribute more than they receive. Yugoslavia, for instance, receives almost 10 times as much as she contributes. And yesterday's paper shows Tito and Khrushchev embracing as though they were Siamese twins.

Total U.N. aid to or programed for the Red bloc in 1963-64 totals 93 projects, 16 for Cuba, 30 for Poland, 32 for Yugoslavia, 3 for Albania and 23 inter-regional projects with Red nations involved. I have documented each of these in the CONGRESSIONAL RECORD—See page 1514, hearings.

Mr. Chairman this aid, these so-called voluntary programs, are being channeled out of our aid funds. We are really debating on this floor, not one, but two aid programs to which we contribute all in the case of ours, and almost all in the case of the U.N.'s.

We examine carefully the dirty linen in our own aid closets, the jet airports in Afghanistan, the University in Ethiopia, and so forth. We barely have access to the dirty linen in the U.N. aid program. The press does not bother with them. Yet I have here hundreds of pages listing these U.N. assistance programs in detail and I suggest that

the inefficiency and waste in many of them is at least no less, and probably far more than our own. They are privileged sanctuary's as far as our own GAO and Comptroller General are concerned. Worse, they admit to no auditing proven of their own.

Mr. Chairman, the point is sure to be made, but is not the Children's Fund one of these voluntary agencies and how can you be against children? I submit that when one pays a third of the total budget of any international organization, it is grossly unfair to say that one opposes, or does not believe in, being kind to children. If we have to pay more than that, then we may as well assume the responsibility of the whole program.

Mr. Chairman, this is not an argument involving whether we should get the "U.N. out of the U.S." or vice versa. I leave that to others to debate and consider.

In fact I believe that adoption of my amendment will strengthen the U.N. It will serve to make it fiscally responsible. It may even serve to diminish some of the outcries against the organization itself. It will give our own State Department a stronger bargaining position, by substituting law for the option of a bureaucrat who is subject to pressure. As stated on this floor the day I submitted H.R. 5666, I believe in and want to enhance the basic principle of the U.N.

But if we do not adopt this type of amendment, it will surely increase the pressures within this country against the U.N. itself. I have not mentioned our own budget deficit. How can we continue to pay more than our fair share of U.N. foreign aid, when we cannot raise enough money to pay for our own domestic programs?

Based on our 1962 expenditures, for this purpose, I estimate the savings to be in excess of \$38 million, and possibly as high as \$50 million. If other countries fill the partial vacuum, our expenditures will not be reduced at all, but at least we will have established the principle of paying our fair share, and not a penny more. I urge the adoption of this amendment.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from New Hampshire [Mr. WYMAN].

(Mr. WYMAN asked and was given permission to revise and extend his remarks.)

Mr. WYMAN. Mr. Chairman, 15 years ago it was my privilege to serve as the first counsel to the first joint congressional committee established by this House and the Senate to watch over our first foreign aid programs. In the course of this work I traveled in Europe and the Mideast submitting reports to the Congress consistently critical of the levels of our foreign spending. The situation has not changed to this day.

In the beginning—in the days of what might be described as the reconstruction of a war-ravaged Europe after World War II—there was a genuine need for a reasonably sound foreign aid program to get disaster-stricken countries back on their economic feet and to help them

establish a viable economy. As the years went by, however, as is the way with all Government programs, the foreign aid appropriations came to be an annual built-in fixture with a hard core of Government employee protagonists and a coterie of financially interested private industrial supporters. Like a cyst, this group has grown harder and harder and the programs wilder and wilder until an aroused public opinion a few years back toned the situation down a little but not enough.

Today, 15 years later, we find ourselves on the short end of the fiscal stick. A hundred billion dollars has been spent when twenty would have done the job and done it better in terms of the tidal waves of competing products that now inundate the American market from cheap labor sources abroad.

European creditors hold \$26 billion of demands on our dollars, supposedly backed by only \$16 billion worth of gold at Fort Knox. The European Common Market, vitalized and literally created in large measure by our foreign aid assistance, now combines against us in world competitive markets when it is in its interest to do so.

Mr. Chairman, it has been well said that the dollar is not patriotic. In the same vein, it should perhaps be observed in retrospect that Americans are generous to the point of profligacy and naive to the point of recklessness. There are 100 nations of the world to be aided in this bill. At the very beginning of the debate on this bill I asked the chairman of the House Foreign Affairs Committee whether there was anything in the bill that required a nation as a condition of receiving a gift to have an imbalanced budget. There was not. There is not. Under this bill it is possible to take money from the American people by taxes, adding to the national debt and further aggravating an already unbalanced budget, and give the money away to a foreign nation that has no debt and has a balanced budget. This is ridiculous. It is wrong. It is another illustration of fiscal irresponsibility. And it is no answer to say that the President or those in the executive branch in charge of this program would not give this money to a country that doesn't need it for this has been done again and again and again. The question seems to be what constitutes need and there are always so many ways of devising so many needs if the right person is persuaded by the right pressures that a need should be found. We have a real need, an acute need, for these dollars right here in the United States.

For a long time I have been convinced that this country should end foreign aid on a grant basis. This conviction has ripened to a certainty in direct proportion to our mounting national debt. We have no valid reason to give deficit dollars charged to the next generation to foreign countries in the guise of foreign aid. It is morally wrong and fiscally irresponsible to do in foreign affairs what is prohibited by our Constitution in domestic affairs. We cannot raise money by taxes and give it to private institutions. We should not be able to collect

money by taxes and give it to foreign governments. This is something that Congress should have imposed as a requirement upon an unwilling Executive many long years and many tens of billions of dollars ago. We need a profound change in foreign policy. No more money giveaway programs from a country facing bankruptcy.

At the proper time I shall offer an amendment to eliminate from this bill all gifts and grants of purely economic assistance without military significance. I shall do this with full confidence that I am keeping faith with the American people who are fed to the teeth with paying with borrowed dollars for largely useless foreign gifts. And this is not to say that we dislike our foreign friends or that in any sense we are less friendly toward them nor less inclined to look out for their best interests. It is just that the hour has come that we need to conserve our resources here at home. We need to tighten our outflow and to bring into balance the expenditures of Government with its revenues. Let us face it. Let us have the courage to say, "No more of this foolishness." Instead of yielding to the pressures of the foreign lobbyists, the AID propaganda and the international do-gooders, let us do something for Americans first for a change.

In this day of vastly expensive Government programs such as the moonshot, a nation in debt over \$308 billion and spending at a rate of a billion a month more than it receives in Government revenues must call a halt to giveaway programs.

To the extent that this legislation authorizes loans upon reasonable collateral and over a reasonable term of years and with a reasonable rate of interest, I do not object. Likewise, with military assistance that in the opinion of the military and the Department of Defense is essential and not procurable elsewhere during this fiscal year. Even here, however, to the extent that such military assistance is by grant—which means gift—I believe it important that our friends should realize that those that can afford it and that want such military protection should be required to pay for it rather than have it given to them. There is no reason why they should not pay for it. If hard currencies are not available, the payment may be by barter or other forms of exchange.

Mr. Chairman, this House has no reasonable alternative to this course of action. Program after program costing hundreds of millions of dollars is proposed to the Congress without any funding whatsoever. Many of these programs are being authorized by the House at levels considered by the House to be prudent only to have the Senate increase them by more hundreds of millions. This leaves the spadework to the Appropriations Committees and unfortunately even within these committees there is an indisposition among the majority to protect the economy and to achieve balance in the budget necessary to preserve the fiscal strength of America. Lacking the will in the executive branch and facing strong pressures that too often put political considerations

above the public interest, there is only one course today for this House to take in the matter of the foreign aid program on behalf of the American people. This is to reduce it substantially and this I am confident the House will vote to do. It is not as though there was nothing left. It is not as though there was a radical cutoff. There are billions of dollars in the pipeline authorized, appropriated, but unspent.

For the sake of ourselves, our children, our savings, our insurance and for similar vital concerns of every American man, woman, and child, I plead with the House to stand firm for America, cut out this foolishness and act decisively to weed out the waste and the giveaway in these foreign programs.

Mr. Chairman, it is in the people's interest that this bill should be amended to eliminate authority for any more giveaway foreign aid.

Mr. FOREMAN. Mr. Chairman, will the gentleman yield?

Mr. WYMAN. I yield to the gentleman.

Mr. FOREMAN. Mr. Chairman, I commend the gentleman from New Hampshire [Mr. WYMAN], for his very fine presentation. His remarks and his reasoning regarding the foreign aid program are sound and responsible indeed. I support his position and am pleased to associate myself with his remarks, and also those appropriate and excellent remarks made earlier by the gentleman from Montana [Mr. BATTIN].

I thank the gentleman.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. WYMAN. I yield to the gentleman.

Mr. DON H. CLAUSEN. Mr. Chairman, I, too, would like to associate myself with the remarks of the gentleman from New Hampshire.

(Mr. DON H. CLAUSEN asked and was given permission to revise and extend his remarks.)

Mr. DON H. CLAUSEN. Mr. Chairman, the subject of assistance to foreign countries has indeed become a subject of great controversy. Some criticism is warranted and some is not. This, of course, is to be expected during a debate such as is now being conducted and I believe a better understanding of the problem will be the end result. Thank God we have the privilege of exchanging views under this great system of ours.

After listening to many of the remarks, I have concluded that there is a very definite trend taking place today—a trend that reflects a basic change of direction—in our philosophy relating to foreign aid—a trend toward greater emphasis in the private sector and a lesser emphasis in the public sector, in funding recommended programs. I believe the credit for this trend must be shared three ways. First, a disturbed electorate has advised the Members of their dissatisfaction with the general philosophy and administration of past programs. Second, the Foreign Affairs Committee has worked diligently in a very difficult area to adopt amendments directing more recognition to the private sector. Third, a majority of the Members of this House have introduced and are adopting amendments carrying out this trend.

Some people have been criticized for accepting this attitude—some even suggest that people who vote for these amendments are against helping the people of foreign lands to a better way of life. Nothing could be further from the truth. I believe the trend that is taking place this session will set the stage for future foreign assistance programs. In the field of foreign affairs, I believe we must remember one thing—a government-to-government program will always have limitations if you believe in a private enterprise system. A people-to-people program with greater emphasis in the private sector has no limitations. For those who ask for a constructive alternative, I suggest they recognize this basic trend. Herein lies the foreign aid program of the future.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. FARBSTEIN].

(Mr. FARBSTEIN asked and was given permission to revise and extend his remarks.)

Mr. FARBSTEIN. Mr. Chairman, first, I want to compliment the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], on his wonderful job in guiding this foreign aid bill to what I hope will be a successful conclusion. But, Mr. Chairman, so long as there is a cold war, just so long will it be necessary to extend foreign aid. Even after the end of the cold war it still will be necessary to aid those still impoverished and underdeveloped countries throughout the world.

Mr. Chairman, indulging in generalities is very simple, but that is no answer. So, Mr. Chairman, I want to state here that I unequivocally favor this foreign aid bill.

Mr. Chairman, aid given by the United States is not going to effect an immediate and dramatic change in the world situation. The problems are too big and the resources available too small. Nonetheless our efforts must be continued, for, over time, they will have an enormous effect upon the world's economic structure. It has often been said that a man fights better when he is hungry than when he is satisfied. A starving man will always be fair game for any militaristic activity. Only when people are adequately fed, housed, and clothed will lasting peace be assured. Lasting peace is a goal that has been pursued throughout the ages. Our aid program is one of the means used in this pursuit.

To date, I believe that we can be pleased with the results of our efforts. In the past 15 years only one country has been seized by the delusion that is communism. Only Cuba has chosen to embrace the fallacious Marxist ideology. No other country has chosen the Communist road.

I will not say that our foreign aid program is solely responsible for this occurrence. But it has played a major role. A reduction in our aid allotments would not spell catastrophe, nor would doubling the expenditures cause an immediate millenium. The problem is not susceptible to quick solutions and facile schemes. Rather it must be met in

many ways. Our aid programs make provision for many of the necessary components, such as grants, loans, incentives to private investment, and food shipments. These programs must be continued. This country which has been blessed with vast natural resources, with a geographic position that has spared it the devastation of many wars, and with a diverse and highly skilled population has a moral obligation to help those who have been less fortunate. Moreover, this aid is certainly required by the national interest of this country.

We cannot stand alone against the Communist menace. Only if the nations of the world are strong and independent can we be assured of survival. The aid program is not in itself a solution, but it is a vital component of any long range effort to ameliorate the present situation. Morally, aid is right; politically, it is sound; strategically, it is mandatory.

I will not make dire predictions of what will happen if we discontinue our aid programs, nor will I suggest that these programs are a panacea for our international problems. They are neither—but they are a significant implementation of our foreign policy.

Foreign policy is what results from a careful weighing of facts, goals, and assumptions relating to the international scene. Foreign aid, like military preparations and diplomacy, is one of the tools by which foreign policy is implemented. It is in no way isolated from the objectives of a country's foreign policy. Rather it is a means of achieving these objectives.

There is no precise figure that can be given as that of good foreign aid program. Relative to other countries we can consider ourselves generous. Yet we have given more primarily because we have more to give. Though our current aid program involves billions of dollars, we are currently giving, as a percentage of gross national product, far less than France.

Now we must face the question: "What is the long-range goal of the U.S. foreign policy?" As generally stated, our international efforts are directed toward creating the conditions under which the people of the world's nations will be free to govern themselves and to seek to improve their living standard. This is a goal. It does not contain a statement of the steps to be taken to further its achievement. These steps must be outlined in a well-defined policy. Now foreign aid is not usually deplored as a means of achieving this goal. However, aid is combated on the grounds that expenditures in other areas are more important for our national interest. Thus the need for a balanced budget and a not unfavorable balance of payments is often considered as preempting the need for a foreign aid program.

Since these are the two arguments most often used to oppose foreign aid, I shall consider them separately.

It cannot be denied that by terminating all our aid program, we would alleviate our current budget deficit. However, it seems apparent that the international repercussions of such a move would be far greater than its salutary effects on the domestic economy.

With respect to military aid, I would like to point out that it is probably the least costly means available to us of assuring our national security. What other means are at our disposition? We could give no military assistance and, instead, use only our own troops and material to defend the nations we are now aiding. This would obviously be far more costly than our present programs. Another possibility is that of relying on the United Nations to defend the free world countries. This also would prove more costly because the United States has always provided the lion's share of U.N. funds. Thus it seems certain that our present programs, which concentrate 80 percent of our military aid in 10 countries, are, on a cost-performance basis, the optimum solution for our defense problems.

Concerning our development aid, I can only say that it has proved reasonably successful in maintaining stability in certain countries by raising their standard of living and thereby reducing the unrest that is bred by poverty. If by this aid, we have changed conditions which otherwise would have called for military intervention by the United States, then it is highly likely that we have actually saved money by the aid program. It is certain that we have saved prestige.

Regarding the balance-of-payments deficit, I can only remind you that 80 percent of U.S. aid is tied to purchases in the United States. Thus of every billion dollars given in aid, only \$200 million is used for purchasing goods outside the United States. The other \$800 million is used to buy U.S. products. Thus the deficit caused by foreign aid payments is far smaller than is generally known and is not responsible for a large percentage of the total deficit.

Moreover, it can be argued that the budget deficit increase caused by our aid expenditures actually has a salutary effect on the economy in that it provides for the utilization of plant, men, and equipment that would otherwise lie idle. Thus, since our aid program is so extensively tied to purchases in the United States, it serves as a stimulant to the economy and results in a definite alleviation of our unemployment problems.

Another aspect of the U.S. aid program is the encouragement of investments by individuals. Only a combination of government and the individual will be able to surmount the enormous economic difficulties of many countries. The role played by private investors will increase as countries succeed in completing the economic infrastructure needed by any business venture. Once these countries have an adequate network of roads, electricity, and available sources of water, private investors will begin to build plants to provide for the ever increasing demand for goods. The employment they provide will raise incomes, thereby making possible the purchase of these new commodities.

Our economic aid program plays an important role in providing for the long-term security of the United States. The short-term aspects of our security problems are under the purview of the military assistance programs. However, the United States constitutes an increasingly smaller percentage of the world's peo-

ple. Thus military might will not suffice. Only if the peoples of the world achieve a reasonable living standard coupled with individual freedom will stability ever be achieved. The U.S. aid program plays a large role in the quest for this stability.

This quest is rarely an easy one. Too often the potential gains in a country's standard of living are overshadowed by the rising expectations of its people and by a population that expands faster than the economy. Yet the difficulty of the task does not mean that it should not be undertaken. The problems will only increase in the future. Thus, it is imperative that our efforts be continued.

In conclusion, I want to make one point clear. I am in no way advocating that the United States blithely offer its largess to all the countries of the world, or that it support any project that is suggested. The Clay report made clear the dangers of our attempting to do too much for too many. In distributing our aid we must be extremely careful to support only those projects that will benefit the affected communities as a whole. Moreover, we must ascertain that the recipient country will be able to fulfill its share of the task. Too many times have we built superhighways for countries that have few cars, or provided electric equipment to countries that have inadequate electricity. Any project we support should be thoroughly investigated concerning its feasibility and necessity before an aid commitment is made. I sincerely believe that the bill now considered assures that these investigations will be made.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida [Mr. BENNETT].

(Mr. BENNETT of Florida asked and was given permission to revise and extend his remarks.)

Mr. BENNETT of Florida. Mr. Chairman, some years ago when the Armed Services Committee placed a 3-year limitation on authorizations, killing them automatically when they had not been used for that time, many cries of alarm went up. But practice has shown this to be not only a money saving device but a method of concentrating primary efforts on places of primary need. No one would want to return to the old system. I hope we can apply this principle to foreign aid. There are many other places where the legislation before us should be tightened up.

Although I have much more often than not, voted for foreign aid, I am seriously considering voting against this bill as a protest against the extravagance of this legislation when measured against today's circumstances.

Two facts of life in 1963 require the foreign aid program to be tightly limited. The first is the alarming outflow of gold from America, the balance-of-payments deficit. Even France's President de Gaulle has suggested curtailment of American aid as the logical way to meet this crisis. The stability of the American dollar is of international concern, not just a domestic problem here.

The other fact is that most economists and practically every sector of American society, including the leadership of both

management and labor, have demanded a substantial tax cut in 1963. This, in the presence of a tremendous national deficit, both accumulated and current, is a phenomenal thing. Personally, I feel that most of my constituents want the tax cut but that they want it with substantial reductions in Federal expenditures. Foreign aid is admittedly a loosely managed program when compared with domestic programs like defense and public works. The charitable parts of it are of doubtful constitutionality.

For these reasons our country should have only a limited foreign aid program in 1963. The presence of over \$7 billion in the pipeline, already committed by our country, allows a flexibility that could include an actual 2-year moratorium; and in the present circumstances that would seem wiser to me than a liberal, relatively unchecked program of the type we have had in the past.

A negative vote on this bill cannot be sustained on the theory that the bill is all bad. Far from it. There is much good in the bill; but in 1963 with the serious financial problems facing our country we must do whatever we can to preserve our national fiscal strength.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. RYAN].

(Mr. RYAN of New York asked and was given permission to revise and extend his remarks.)

Mr. RYAN of New York. Mr. Chairman, while I have always been one of the strongest advocates of foreign aid to assist other nations to achieve independence, freedom and self-sustaining economic growth, I have also made it clear that we should be vigilant in protecting the interest of U.S. citizens and in requiring the program be administered in the interest of world peace and stability.

In this regard I have been concerned particularly with the granting of foreign aid to Egypt. Ever since I entered the Congress, the situation in the Middle East and the continuance of aid to Nasser's Egypt have been a constant concern. When the foreign aid bill was before us in 1961 and again in 1962, I spoke in favor of the inclusion of strong language in the foreign aid bill to make clear the Congress' deep concern over the discriminatory practices of Arab States against American citizens. I have introduced resolutions in the 87th and 88th Congresses which clearly articulated this concern.

I have also voiced great anxiety over the increasing arms race in the Middle East. I have introduced House Concurrent Resolution 152 urging the President to use his good offices to negotiate with the states in the Middle East an agreement banning the production of nuclear weapons or the introduction of nuclear weapons in that area. The resolution also urges that the United States takes all necessary and appropriate action to prevent any violation of the existing frontiers or armistice lines in the Near East.

As we consider H.R. 7885, we are faced again with the question of foreign aid to Egypt. Nasser has not halted his aggressive designs in the Middle East.

Nasser's determination to destroy the democracy of Israel is adamant. His attack on the Government of Jordan continues. A large Egyptian force remains in Yemen. Nasser's action in Yemen is of particular concern since he has not yet lived up to the agreement negotiated on April 8, 1963, by U.S. Ambassador Ellsworth Bunker. According to the agreement between the United Arab Republic, Saudi Arabia and the Secretary General of the United Nations, Nasser agreed to withdraw his troops. Nasser has also been a disrupting force in Africa. In recent years in the Congo, Liberia, and Sierra Leone, United Arab Republic diplomats have been asked to leave.

Nasser's various activities have created great unrest and increased tensions in a critical area of the world. The arms buildup in Egypt, however, is perhaps the most menacing.

Mr. Chairman, since 1955 the Egyptians have been receiving arms from the Soviet Union in increasing quantities and sophistication. It has been reported that the Soviet Union agreed to provide approximately \$450 million worth of arms to Egypt during the 3-year period 1961-64. In June 1963, a 15-man United Arab Republic military delegation headed by Field Marshal Amer went to Moscow to negotiate a new weapons agreement. The Soviet Union has provided Egypt with modern up-to-date weapons. Nasser has received the long-range Soviet "Badger" bomber, the Mig-21 fighter plane—there are rumors that Egypt will be receiving the Mig-23—the only really heavy tank available in the Middle East—the JS-3, air-to-air missiles, ground-to-air missiles, sea-to-shore missiles, and about 10 submarines. In addition, Egypt has received from the Soviet Union a very large number of recoilless guns, other items of artillery, transport planes, helicopters, a number of TU-54 medium tanks, armored personnel carriers, as well as small arms. Egyptian officers have been trained in Soviet bloc countries.

In addition to the massive Egyptian arms buildup, German scientists have been working in Egypt on missile and nuclear warhead development. Recent evidence was introduced in a trial in Switzerland, and reported in the New York Times on June 10, 1963, that Egypt has bought \$1 million worth of fissionable materials, including deadly cobalt, from Great Britain and Canada.

It is not in the interest of the United States and the preservation of world peace to facilitate the arms race in the Middle East by giving aid to Egypt. Foreign assistance to Egypt has been substantial. From fiscal year 1956 through fiscal year 1963 U.S. economic aid to Egypt totaled about \$700 million. Economic aid under this act for fiscal year 1963 totaled \$48.6 million. Also in fiscal year 1963 Egypt received the equivalent of \$140 million under the Public Law 480 program.

The committee report on H.R. 7885 at page 5 states:

The committee believes that an arms race cancels out the salutary effects of U.S. economic assistance and accentuates the threat of a new outbreak of hostilities.

The committee urges:

Our aid to Israel and the Arab States should be administered so as to discourage conflict and to promote stability in the area.

Section 306 of H.R. 7885, the bill before us, states:

No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

- (1) the United States,
- (2) any country receiving assistance under this or any other Act, or
- (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this act.

I strongly support section 306. I now put the President, the Department of State, and the Agency for International Development on notice that I will do everything I can to insure that the future administration of our foreign aid program conforms to this unambiguous policy directive of the Congress.

I also wish to point out that the Committee in its report on H.R. 7885 further states at page 5:

Consideration should be given to the withholding of economic assistance from those countries which persist in policies of belligerence and in preparations for their execution and to entering into security guarantees with those nations that would be willing to make appropriate commitments for promoting peace and stability in the area.

The Committee on Foreign Affairs deserves commendation for its wisdom. It is time for the United States to reappraise its policy in the Middle East with a view to promoting peace and stability in that area. The committee has laid down guidelines for such a reappraisal, and I hope that its initiative will not be disregarded.

Although today I have emphasized the arms race in the Middle East and Nasser's determination to destroy Israel, we should not overlook the fact that Egypt and other Arab States receiving U.S. aid still persist in discriminating against American citizens. The Committee points out at page 10 of the report that:

Some Near Eastern countries have eased travel restrictions affecting American citizens of the Jewish faith. However, forward movement has been slow and further effort is required.

Section 102 of the Foreign Assistance Act of 1961, as amended, includes a non-discrimination declaration. This section must be fully implemented. This firm policy declaration by the Congress against discrimination against American citizens has no doubt played a substantial role in whatever progress has been made. However, the administration must vigorously pursue this policy. Arab nations must be told in no uncertain terms that they cannot on the one hand expect to receive money from all

American taxpayers and on the other hand discriminate against Americans.

Mr. Chairman, the language of H.R. 7885 and the accompanying report spell out the sense of Congress that foreign aid must be administered in the interest of world peace.

No assistance is to be provided to any country which the President finds is engaging in, or preparing for, aggressive military efforts directed against any country receiving assistance under this or any other act. I interpret this language to mean that Egypt shall not receive assistance as long as she continues to prepare for aggression against the democracy of Israel, our steadfast friend in the Middle East.

Those who advocate a policy of aggression and take actions calculated to destroy their neighbors and disrupt the security of the world can no longer look forward to aid from the United States if the policy expressed in this bill is adopted and carried out.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky [Mr. CHELF].

(Mr. CHELF asked and was given permission to revise and extend his remarks.)

Mr. CHELF. Mr. Chairman, soon after World War II, when many of our allies were broke, desperate, frustrated, disillusioned and even hungry, we in the United States came up with the so-called Marshall plan to give aid and succor to them. This was not only a charitable act but it kept many free nations of the world from sinking financially and it prevented many others from being taken over by communism. Upon this premise, I have supported foreign aid for the past 15 years.

I can recall an expression which I used in a House speech over a decade ago in which I urged the passage of such legislation. I said:

It is most difficult to teach a man democracy on an empty stomach.

However, the original 1948 idea, intent, purpose and mission of the Marshall plan has been accomplished.

A decade and a half later, we are still taking care of the needs of not just our former allies, but out of the approximately 110 duly recognized nations of the world today, we are aiding directly or indirectly 100 of them. Is it any wonder that our U.S. gold is melting away? We simply cannot take the whole world on to support. It is like the head of a household running off his own family in order to take in all of the neighbors on the block.

Through the intervening years this saddle of giving away our heritage has grown most heavy and the bellyband that holds it on is strapped so tightly that it is rubbing sores into the already raw backs of the American taxpayers. To feed, clothe, house and give succor to our friends after World War II in order to prevent the spread of communism is one thing but trying to solve all of the problems of 100 nations and to support their governments, is quite another thing.

Oh yes, the proponents of this legislation argue loud and long—as they have

for years—that 90 percent of all of these billions—sent abroad—is spent here in the United States. Unfortunately, we have given away over \$100 billion since this endless program was originated. The proponents also lose sight of the fact that all of this money appropriated and spent comes out of our store of goods and that we are absolutely depleting our own resources and permanently “gutting” our economy.

I ask you, What good is the 90 percent of the funds spent with our industry and economy when we wind up giving it all away to those overseas and at the expense of our taxpayers? For instance, look at our gold situation: \$15,800 million is our estimated balance at Fort Knox today, \$12,300 million is needed to back our dollar. According to simple arithmetic, this leaves \$3,500 million “in the green.” However, I have bad news for you. There are foreign claims against the U.S. Treasury to the tune of \$20,500 million. Deducting the \$3,500 million balance from their foreign claims leaves us with a face-reddening deficit of \$17 billion. Add to this sad picture the \$8 billion in foreign commitments and other obligations, and we find ourselves deeper in the red, to the high note of \$25 billion. And this does not include our present \$285 billion Federal debt which, as you know, the other day was increased to \$309 billion. As Representative RICH used to say: “Where are we going to get the money?” I say to you: We do not have it because we are overdrawn at the bank.

My colleagues, I represent the Fourth District of Kentucky which includes Fort Knox where our gold was buried. I must inform you that my civilian friends in my native county of Hardin tell me that this gold is constantly and surreptitiously on the move out of its depository there. It is done as quietly as a church mouse.

On my trip to an immigration conference in Geneva last fall I questioned many bankers, businessmen, Government officials and other leaders about the strength of the American dollar overseas. A leading European banker told me that he sees devaluation of the dollar as an absolute necessity. He suggested that if the U.S. payments deficit could be eliminated, or reduced, the dollar has a chance to regain its former popularity among the world currencies. A major worry, this gentleman said, for the United States is the steady and persistent loss of our gold reserve. For instance, since 1950 we have been forced to ship \$7 billion in gold out of the country. Businessmen in Europe advise me that they are in agreement that our dollar is being expected to carry too heavy a load. They said to me that the only long-term solution for the United States is to cut down on its foreign aid and its military spending abroad, particularly in the Far East.

What is needed, said European financiers, is to get the prosperous countries of Europe to help pay the cost of preventing the spread of communism. They said that in order to do this, we ought to give some worldwide political recognition to these nations holding our I O U's

payable in our gold. They added that if we did this, the United States could then expect some agreement from other free nations who are now hoarding the gold which we ship to them and who then would be more inclined to share the U.S. financial load abroad.

My honest belief is, as a result of my trip last fall, that Europeans of all walks of life think the leaders of the United States are either nuts or irresponsible to continue a heavy program of assistance to countries who could do more to help themselves or who could borrow money on long-term development loans.

An economist pointed out to me that German bankers are particularly unhappy with the United States and our aid program. I was informed that German banks have a policy of making so-called hard loans to countries who want to develop their resources. It was said by one European banker:

The world has substituted the American taxpayer for the former European colonial system.

A recent study by me reveals that all debts in the United States add up to more than \$1 trillion. The Federal debt is \$303.5 billion while State and local governments are in the red \$73.7 billion. These two debts total \$377.2 billion. However, the grand total of all of our indebtedness, Federal, State, local and private, adds up to the sum of \$1 trillion \$17 billion \$300 million.

Recently the Washington Post said:

U.S. gold outgo tops \$1 billion—deficit in balance of payments rises in second quarter. This country's deficit in the international balance of payments ran considerably more than \$1 billion in the second quarter of this year, the Department of Commerce announced. The Department figures could add up to an annual deficit of \$4.2 billion for 1963 if the large second quarter deficit continues for the rest of 1963. Such a deficit could result in a loss of more dollars than the record \$3.9 billion outflow in 1960.

Unfortunately, we are far too busy spending money that we do not have, on people that we do not know, to impress people who hate our insides.

Due to these and many other factors, as a former supporter of this program, I am casting a vote for what I consider to be in the best interest of America and which I believe will help to get us out of "hock" to the very foreign governments that we have helped to survive over the past 15 years.

The boys in State, Defense, and aid that are jointly running this show somehow remind me of the egotistical fellow who was imbued with the belief that if he had never been born, people would have wondered why.

Since we are flat broke, owe over \$285 billion without even counting the many billions that the Government has insured, this authorization bill today for additional foreign aid funds is about as necessary as earmuffs for a sick bumblebee lost in a nursery hothouse. Why? Because we now have billions of dollars in the so-called pipeline that are unspent funds. Enough, I am told, to run this "freeloading" mess for several years without the additional appropriation of

5 cents. This is true because aid absolutely could not, even with all of their pipedreams, come up with an idea as to just where they could give these funds away, such as that unneeded, unnecessary steel mill in India that would cost \$1½ billion and on which over \$30 million have been spent for preliminary studies.

The letter that all of us received, signed by Secretaries Rusk and McNamara, stated, among other things:

As we view our * * * relationship with the Soviet Union * * * the continuing crises in Laos and Vietnam * * * we believe we cannot now afford to retreat in our foreign assistance efforts.

My colleagues, I hate to say this, but ever since we undertook to save our friends and allies back in 1948, this business of foreign aid has been one crisis after another. Frankly, I am getting a bit "punchy" at the constant playing of this old, broken record. Our inability as Members of Congress to shut off the water, cool the boiler, put out the fire and thereby stop the flow of aid which we are now financially incapable of giving, has practically ruined our country. I repeat—the primary object, intent and original purpose of the Marshall plan was to save free nations from communism. However, today these very same nations have not only been saved but they hold our IOU's for the gold that we do not now have in my Fourth Congressional District of Kentucky at Fort Knox.

In summation, I am reminded of that old statement: "Don't give that fellow on the floor of the car another drink—because he's driving." Paraphrasing this, I would say: "Do not give that guy in 'AID' another dollar while he's lying on the floor because he is actually attempting to drive this 'handout vehicle'—and without any steering wheel or brakes."

Shortly after World War II most all of Europe was broke—knew it—admitted it—and begged us for help. Today, the situation is in reverse. We are broke—do not know it—will not admit it—and are throwing our dollars away like a Bowery bum playing mumble peg with the D.T.'s.

For the reasons herein stated, I shall vote for any amendment or motion to recommit if it provides for a reduction in the amount. If H.R. 7885 is not substantially cut, I shall have to vote against this project.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield the balance of the time on this side to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, as the debate nears its end I should like to join in paying tribute to the chairman of the Committee on Foreign Affairs, the distinguished gentleman from Pennsylvania [Mr. MORGAN]. His level-headedness, his fairmindedness, and his leadership have provided a reasonable degree of calmness in a committee where there are many different points of view on a subject which has some elements

of controversy. It is a tribute to him that we have come up with a bill which so many members of the committee are supporting without qualification.

I should like also to pay tribute to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] for her leadership on the minority side.

President Kennedy yesterday seemed to express surprise that more than half the Republican membership of the House Foreign Affairs Committee were in support of his bill. I am not sure he was surprised, but at least he expressed his opinion that it is fortunate that the bill now has bipartisan political support. Of course it does, because there are those of us on both sides of the aisle who feel that this bill is important to our own security, that the amounts which we propose to expend are reasonable, and that we should not falter at this time.

Mr. Chairman, as we approach the time for offering amendments to this bill, it may be timely to make a few observations. I have hesitated about speaking at all during the debate. In the first place, I doubt if many individuals will change their minds on how they will vote on the bill because of what has been said—thus far at least. Secondly, I have had some doubts about what to say and how to say it in this vast, complex and sometimes controversial field of foreign aid.

Though most Members have decided how they will vote on the bill itself, the amendments are another matter. I have decided to speak, primarily to urge that each Member remember the value of certain qualities as he considers the various amendments soon to be offered: Let each of us have patience with another's point of view. Let us remember the value of an open mind as we consider the merits of these proposals. Let each of us take time to think twice; let us weigh carefully both the pros and cons as each suggestion is offered. Let us not act hastily in adopting proposals, the significance of which we have not examined closely. Let us seek the path of true wisdom, and seek diligently to identify and protect the interests of our country.

By these suggestions, Mr. Chairman, which I offer with hesitation, I mean to cast no aspersions on anyone. Honest differences of opinion are inevitable, and they can be healthy as we seek to develop reasonable positions for maintaining and strengthening our foreign aid program. What we should avoid, in my opinion, are the needless—even dangerous—efforts to invade executive responsibility. Furthermore, as the Clay Committee points out, "we should be mindful of the risks inherent in using an ax to achieve quickly" the changes which may be needed.

The Clay Committee report, let me say, is a mixed blessing. To a considerable extent it invites the very trouble which it professes that we should avoid. If it is true that "we are indeed attempting too much for too many," why not use the ax now? We have only to read the minority views to see how those opposing foreign aid use this assertion to

argue for complete revision—or as it was more candidly put yesterday, that we should “embalm” foreign aid. They question whether this country can afford to “police and wet nurse” the whole world. Of course foreign aid has never been designed to police anything. It aims at helping the free world help itself and thus help us. Calling this pursuit of the national interest “wet nursing” should not distract us from the importance of what is being attempted.

Mr. Chairman I believe strongly that the foreign aid program needs no drastic retrenchment, as some contend such retrenchment is likely to lead to a far less effective program than we have today. So too, the contention that a drastic revision of foreign aid is essential appears to me highly arguable. After nearly 20 years of foreign aid, the shake-down part of the cruise should be over. As President Eisenhower has said, one of the problems with the development of sound programs has been a continuing lack of stability. This prescription is one which does not depend on being shaken well before each use.

Nor do I find particularly helpful the Clay Committee's assertion that a reduction in the quantity of our diffuse aid effort in certain countries could accomplish more. This gives the impression, though it may be unintentional, that we spread our aid too thinly for it to be effective, but that if it were even thinner, we could do more. Or does it mean that if the effort were less diffuse, and some countries now receiving aid should receive less—or none—that more could be accomplished? But then it should be remembered, as I pointed out yesterday, that General Clay had no specific recommendations of reductions, or eliminations, this year of any consequence whatever. Like so much in the Clay report, many recommendations can be read in so many ways as to be virtually meaningless. An army receiving such commands could be expected to march off in quite opposite directions at the same moment.

Before closing, Mr. Chairman, I must comment briefly on two amendments which I personally believe to be unwise. One unfortunately was adopted in committee, and the other was only narrowly rejected. Adoption of either of these proposals, in my opinion, would needlessly complicate the problems faced by those who administer the foreign aid program, and achieve nothing in the way of developing a more realistic program.

We are soon to consider whether or not to require prior and specific approval by Congress of every project over a certain size. The figure in committee was \$100 million; the figure to be suggested is reportedly \$50 million. Whatever the figure, I doubt whether such a restriction will help Congress discharge its responsibilities more effectively, and it will surely complicate the administration of the program.

The reason this amendment was first offered was because of the Bokaro steel mill in India. I would not object so much if language were being offered which sought to prohibit aid to this particular project. As yet, however, I

should point out, the facts are not yet known on which we could objectively judge the feasibility, and advisability, of this steel mill. What I do object to is the principle that prior approval must be formally given to certain projects.

This principle assumes, quite erroneously I believe, that the cost of the project should be the test of congressional interest. It seems to assume that the executive branch is incapable of exercising good judgment on big projects. By implication at least, it suggests that Congress is not interested in how the taxpayers' money is spent on the many projects estimated to cost less than the magic figure.

Adoption of this requirement would require congressional committees to acquire the experts which would be needed to study the many technical, political, and economic factors which underlie the decision to proceed on a major project. Adoption of this limitation makes it appear that Congress is shirking its present responsibility of overseeing and “watch-dogging” what the executive is doing. It is an attempt to transfer to the legislative branch responsibilities which more naturally, and rightfully, belong to the executive.

Furthermore, if this principle is valid, and the Foreign Affairs Committee should become a Foreign Public Works Committee, the cutoff point could be lowered at will. As one member of the other body has already suggested, why not require prior, specific approval by Congress of every foreign aid project estimated to cost over \$1 million? Why not indeed, if only to keep us busy during the slack periods of our present 12-month sessions?

Another amendment which to me appears inadvisable involves new language in section 620 of the Foreign Assistance Act. It appears on page 15, starting at line 8 and continuing to the bottom of the page. In brief, this provision would forbid aid under this act or under Public Law 480 to any country which the President determines is “engaging in or preparing for aggressive military efforts” directed against this country or any country to which we are giving aid. The committee's explanation of this language, I might point out, appears on page 32 of the report.

A sweeping prohibition against aid to any country “preparing for aggressive military efforts” against any country to which we are giving aid should constitute a real nightmare for the executive branch. How could they analyze any country's intentions? How much reliance could the administration place on the reassurances of any country that it was not going to renew its preparations for military action?

Is there any country in Central or South America which has no contingency plans, involving aggressive military efforts, for possible use against its neighbors? Would this language prohibit any aid to Israel, or other countries in the Near East? Is there any country in Africa which has had no evil thoughts about its neighbors? In the Far East, could no aid be given to Cambodia, Laos, or Vietnam? Can neither Pakistan nor India henceforth get anything? The

possibilities for paralyzing the aid program are infinite. In every case, it would seem, our aid must cease forthwith. Barring aid to countries actually engaged in aggression would be far-reaching, but on its face this language would be a sure method of killing the foreign aid program.

The committee report indicates that this new language is intended to reduce harassment and military threats by one country against another. Perhaps so, but the language is far more sweeping than that. Even the Clay Committee reports recognizes the value of military assistance programs though only “in extraordinary circumstances,” in their opinion, should military assistance programs be established “where the principal quarrel of the recipient country is with a non-Communist neighbor with which the United States also maintains friendly relations”—page 18. This is quite a different point from a contention that the mere threat that the United States will withhold aid will bring peace to the world.

In conclusion, Mr. Chairman, let me say what by now must be obvious. I believe in the importance of foreign aid. It is important to our own security. It is of decisive importance also to the countries which receive our help. We should not now lose faith in the value of what we are doing. I cannot conceive that Congress will suddenly abandon what has been so nobly begun.

This is not to say, and I am not so contending, that this program cannot be improved. Perhaps more can be accomplished for less money. Perhaps more selectivity would produce more dramatic results. All this is only another way of saying that Congress, together with the executive branch, has a continuing responsibility to improve and strengthen the program. Each year we must face up to the problem of how much is needed and to whom it should be given. The goal is a worthy one, and well within our means to support.

(Mr. CLANCY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CLANCY. Mr. Chairman, each year when this bill comes before the House we are promised a complete re-examination, agonizing reappraisal, or thorough overhaul of our foreign aid program. But despite the appalling revelations of useless expenditures, despite the fact that there is very little tangible evidence that our huge outlays have achieved any good, and despite the apparent weakness of the basic doctrines on which the aid program is predicated, we are still operating the world's longest gravy train.

I believe it is unrealistic to assert that failure to extend economic assistance to underdeveloped countries will lead to their eventual subjugation by the Communists. At the same time, I think unrealistic the theory that you can reform societies, create politically mature and sound governments, and raise living standards in these countries merely by giving them money.

One of the great weaknesses of our aid program is that so little of the money goes to stimulate private enterprise. The

money just does not filter down to benefit the individual citizens in the countries we are attempting to assist.

I believe that technical assistance programs are preferable to direct financial grants. And I do not believe in rendering any assistance whatsoever to those nations who have alined themselves with the Communist bloc. In this category I would include Poland and Yugoslavia where we have poured millions of dollars while witnessing the strengthening of ties with the Soviet Union. I am glad the committee did not approve the proposal to reverse the withdrawal of "most favored nation" tariff treatment for these countries.

Mr. Chairman, I am unequivocally opposed to enactment of H.R. 7885. Criticism of this program has been long and loud, yet efforts to curtail its excesses and redefine its objectives have been weak and dispirited.

So here we are again borrowing money so that we can give it away, while our gold reserves are running out. Meanwhile, we have yet to see concrete proof of the value of this aid to recipient countries and proof of its value to the United States.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DENT].

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Chairman, although I take the floor during the discussions on the foreign aid bill I want it clearly understood that I recognize the seriousness of the situation both worldwide as well as in our national economy because of direct and indirect effects of a shutoff of this aid at this time.

It is regrettable that what started out as a most humanitarian effort to help our allies recover their lost economies has been degenerated in some instances into a wasteful, profiteering grab bag by the exploiters who are always around when hunger and need are on the scene.

Today I intend to cover one facet of this aid program. This deals with U.S. sponsored and supported competitive industrial facilities and the effect upon our job economy.

I am aware of the fact that the proposed Indian steelmill is not authorized by this legislation but I am also aware of the fact that the first \$50 million toward the project has already been committed.

Whether the steelmill is built or not is not the issue before us. The issue is whether the Nation can face up to the realities of life and admit that the more we help Nations to become self-dependent the more we face a cut in our export trade.

I do not object to helping nations to help themselves. I do object, however, to helping nations under the fake impression and propaganda that we are helping our economy when we build competitive plants overseas.

It has been said that this mill will only produce for the needs of the Indian economy. That is what has been said in the past about mills in Europe, Greece, Japan, Turkey, and elsewhere.

The truth of the situation can be found in today's story on page 1 of every major newspaper. This story reports an appeal by both steel labor and the steel industry for protection against steel imports. I know it is only a thinly guised appeal for higher tariffs, by calling for relief from so-called dumping practices.

Every businessman knows that dumping or selling off your surplus at a price lower than your regular price is a time-honored business practice. This Nation does it with wheat, cotton, peanuts, and every other item over which the Government has control of production and distribution. It is natural for foreign producers to do the same and especially so when they are paid in U.S. dollars.

I would refer you to the hearing of the Select Committee on Imports and Exports and direct your attention to the testimony of both steel labor and management. Their positions were the same in that they testified against protective covenants in our trade pacts. However, both claimed immunity from import injury for very different reasons.

Steel management said it feared no import injury if labor would reduce its wage demands.

Steel labor said they feared no import damage if management cut their profit to reduce prices competitively. Of course, if both profits and wages are to be set aside to compete in world trade, then we can start reducing our standard of living to the level of our competitors.

However, neither side will agree to the other's stipulations and the results are exactly what I predicted—serious job displacement, serious import impact upon the steel economy.

The proof, if any is needed, can be found in the Presidential appeal for help against imports by the steel producers and steel labor.

When we voted an amendment to the foreign bill restricting exports from facilities in foreign countries aided by this program I started being a supporter of this legislation. I had always believed in the principle of helping your neighbor but never believed we should help him to cut our economic throats.

I asked for a report from AID on the results of this amendment. I got what I expected—an answer that tells all and proves nothing. Here is the answer I received:

The routine practice on each loan for a productive endeavor is to determine by means of a checklist whether or not the production will compete with the United States. No more than 20 percent of their annual production may be exported to the United States. If there are any dangers in this regard the Capital Development Agency investigates and negotiates. A list of commodities is not used.

The information was received from Mr. Britt of AID.

You will note that the word "if" is used. So far no danger has been found since no report of any action is on record.

The admission that a list of commodities is not used in determining the danger or damage under this section of the law makes it a laughing stock amendment.

I was told when the amendment was passed that it was a sop to me and others of the same mind. Now I believe it. In order that the departments have one commodity at least to investigate I suggest that the steel imports be investigated as to place of manufacture.

If steel does not suit their fancy since it is rather obvious that steel could be one of the violators, I would suggest AID study the fertilizer imports, the cement imports, the shoe imports, the glass imports, and the truck farm products; study their place of origin and then find out where the money came from for the facilities that produced the products.

FOREIGN TRADE IN STEEL: PRODUCTION, IMPORTS, EXPORTS

World steel production in 1962 rose to a new record level of 394 million tons. This was an increase of 4 million tons, or 1 percent, over 1961 production.

Most of the increase was accounted for by the U.S.S.R., India, and Canada.

The United States share of world steel production in 1962 was 25 percent. Western Europe accounted for 29 percent, U.S.S.R. and Eastern Europe, 28 percent; and Japan, 8 percent.

For the fourth consecutive year, the United States was a net importer of steel mill products. Imports increased from 3.2 million net tons in 1962 as steel export also rose slightly.

The major sources of imported steel were Belgium-Luxembourg, Japan, West Germany, Canada, France, and the United Kingdom. About a third of the imports entered this country through the Atlantic Coast Customs District. Wire and wire products, pipe and tubing, wire rods, reinforcing bars, and sheets and strip led the list of steel imports.

The import trend has been ever upward, climbing from what was considered a very large volume of imports in 1958 of 1,700,000 tons to 4,100,000 tons in 1962. The type of imports has changed considerably in that we are now importing all types of steel mill products as against a limited variety of products prior to 1958.

In fact, we are now importing wire and wire products, piping and tubing, wire rods and reinforcing bars, at a rate of about 650,000 tons—of each type—per year, and sheets and strip, structural shapes, and bars at the rate of about 300,000 tons of each type per year.

The main sources of imports has changed, with Japan coming from the bottom of the list to the top—with the total of 1,072,000 tons—the highest tonnage coming from any single country. In fact, Japan's tonnage now exceeds that of West Germany, France, and the United Kingdom combined.

This holds true to the oldest economic trade fact in that buyers will seek the cheapest market from which to buy, and since Japan's wages are only 63 cents an hour, compared to an average of \$1.25 an hour in the European market, you can easily understand why the American importers have shifted their orders to Japan.

The latest figures on wages paid from exporting countries are as follows:

Comparisons of average hourly employment costs of steelworkers in United States and abroad in 1961 converted into dollars at the official rate of exchange

United States ¹ -----	\$3.99
Luxembourg-----	1.47
Netherlands-----	1.40
West Germany-----	1.37
Belgium-----	1.26
United Kingdom ² -----	1.11
France-----	1.11
Italy-----	1.04
Japan-----	.63

¹ For 1962, the average hourly employment cost for U.S. steelworkers was \$4.16. The 1961 figure was used here to provide a fair comparison, since foreign employment costs for 1962 were not yet available.

² Partly estimated.

Sources: European Coal and Steel Community; British Iron and Steel Federation; Japan Iron and Steel Federation (in addition to American Iron and Steel Institute).

Indirectly India is now having labor trouble because of its wage levels being far below the Japanese standard.

In 1958 this Nation exported 2,800,000 net tons, and in spite of the increased population of the whole world, and the fantastic increase in the use of steel in the foreign countries, our exports dropped to 2 million tons a year—a net loss of 2,100,000 tons in our foreign trade.

Our markets have also shifted in that now our main markets, accounting for 65 percent of all our exports, are Asia and Latin America. If this Nation continues in this policy of building competitive steel mills all over the world, it can hope for nothing less than a complete elimination of our foreign markets and a devastating increase in imports, thereby demoralizing our domestic market.

In fact, steel production in India, after the completion of the proposed mill, will put India in a position of not only supplying all of its own needs, but will practically wipe out our Asian market, which accounts for 50 percent of our total exports at the present time.

There are those amongst us whose answer is always the same. I would like to quote from Charlie Taft's Committee for a National Trade Policy:

The high percent of unused capacity in the United States stems from factors such as chronic overcapacity, ease of entry into the industry, and chronic business failures.

The same organization opposes all antidumping bills by coming up again with the worn, outtimed fallacious arguments—unsound in principle, and the largest single contributor to our economic dilemma.

In a recent issue of Trade Talks, by this organization, they covered this situation by saying:

Legislative proposals aimed at eliminating loopholes in the antidumping legislation will, in fact, open up new and serious loopholes to the awakened national policy of freer international trade, and in practice, they would complicate the trade restrictive tendencies of the law.

This statement was made in spite of the fact that 27 Senators and 37 Representatives, including some leading congressional spokesmen for the liberal trade view, have introduced antidumping legislation. It is interesting to note

that this organization has bitterly fought congressional petitions signed by 33 Senators and 235 Representatives, calling for a restrictive trade covenant to help save the dying shoe industry, an industry that has witnessed an increase in imports that, in any other nation, would be the cause of a major crisis in government, since we now import 9 percent of the total domestic shoe output.

Although shoes may be a long way from steel, the policy involved is the same. I refuse to believe that it is the national policy of this country to destroy its domestic enterprise, to weaken its industrial complex, to create chronic unemployment on the false altar of international free trade based upon foreign governments' desires for U.S. dollars and foreign and domestic traders for increased exorbitant profits.

No nation can survive in an industrial economy that disregards its cost of production and instead of following the sound economics of production employment as the base for its economic well-being would pursue the will-o'-the-wisp of foreign trade.

Outside of a few dedicated individuals and many of them sincerely believing that open trade will create a world of peace and good will, it is my estimate that—in the main—the majority of those who promote free trade in this day and age have a financial and personal interest.

Two years ago this Congress passed an amendment to the foreign aid bill in which it was stated by this Congress that no facility of production anywhere in the world, aided by funds for the foreign aid legislation, could export products from these facilities to the United States.

The conference committee, although realizing that it was an economic handicap for the U.S. industries, amended it to allow 20 percent of the products to be returned to the United States. What has happened to this legislation? To date, not one single report, or one single instance of activity to implement this legislative act—with proper administration—has been reported.

I need not, at this time, take the time of the Congress to review that which has been said many times before; that many of the foreign aid dollars are spent at the insistence and persuasion of American go-betweens, acting for foreign governments—for a profit, or a fee.

I want to vote for this legislation, but it becomes increasingly difficult, and if it were not for the fact that I have a close and warm regard for the chairman, Dr. TOM MORGAN, my friend and neighbor in Pennsylvania, and his statement to me that this is the last piece of legislation of this nature, that he will sponsor and support unless it carries with it a definite program for phasing out.

I say now that commitments made, even if they were made in error, or in bad judgment, must be honored by these United States. I would vote in a minute to delete the funds for the steel mill in India, but failing in this, I find myself in the throes of a dilemma in that I want to share the responsibility—that of this Nation's at this time, in keeping its commitments.

Although a full 1962 report has not been made public, some information can be found in the April 1963 Steel Facts.

In a special report on imports-exports this magazine bluntly states:

EMPLOYMENT ADVERSELY AFFECTED BY IMPORT-EXPORT IMBALANCE IN STEEL

"It has been estimated that if the American steel industry had maintained its 1953-57 average participation in world export trade, and had prevented further import erosion, the industry in 1962 would have provided employment for at least 50,000 additional steel workers and paid out \$300 million more in wages." This is the statement of a leading steel company executive.

IMPORTS ON UPTREND

In 1953 imported steel mill products totaled 1.7 million tons and exports were 3 million net tons—almost double the imports. In 1954 imports dropped to 770,822 net tons, compared to exports of 2.8 million net tons. However, since 1954, imports have risen while exports have declined after reaching a peak of 5.3 million net tons in 1957. During 1962 imports exceeded exports by 2.1 million net tons. The totals were: imports, 4.1 million tons; exports, 2 million tons.

If any Member of Congress is interested in the reasons for our chronic unemployment he might find an answer if he takes industry by industry import-export balances and then strikes an average of all industries. He will find that the main cause of the failure of our job economics can be traced to our persistent adherence to a trade policy which is a mixture of the Adam Smith theory of free trade, international mercantilism, and just plain propaganda for profit.

The direct unemployment caused by our trade deals runs into the millions but the indirect unemployment and underemployment amounts to a fantastic figure when we equate the price structure of U.S. produced goods against foreign products.

You will note that Steel Facts shows a loss of 50,000 jobs in steel alone by our loss of a "mere"—this is the term the freeloaders on the trade wagon use—2 million tons—export-import differential as for the 1953-57 period.

These were direct steel making jobs. Wages lost would average about \$300 million a year.

Even the sophomoric economists who appear to have the center stage today have to admit that the mean average of jobs dependent upon industrial output runs about 3 for 1. If you bring 50,000 new jobs to a community you will have 200,000 income earners within a few months. The doctor, the lawyer, the butcher, and the baker will follow the production jobs. Then come the schoolteachers, the hairdressers, barbers, streetcleaners, and the tax collectors.

In a 200,000 income earners community you will have a population of at least 500,000.

The U.S. Department of Labor claims 71 million wage and income earners in the United States out of a population of 184 million. Of this total of 71 million earners, 16 million are industrial workers.

Even a sophomoric economist can see where the burden of our economy rests; squarely on the shoulders of the workman and the investor.

Somewhere in our grandiose schemes of one happy contented people all over the world, we upset this combination of worker and investor.

This Member of Congress believes it stems from unsound foreign trade policies as much or more, than from domestic blunders in our unplanned but deliberate growth of diversified monopolies with their only interest profit through elimination of jobs by automation, consolidation, and exploitation.

First in our trade policies, we deliberately and unwisely lost control of the selling price structure necessary to carry on in a high-priced economy by allowing foreign made products to infiltrate our marketplaces, not only with the blessing of our leaders but a hidden threat of a charge of treason against humanity if any American Congressman dared oppose free trade as it is known among those whom Lincoln so well described as the "Know Nothings." Today many of them edit some of our hearing reports and Department statistics and become economists.

By following the advice of these experts who in the main have belonged to the "parasitic" earner group all their lives, we curtailed growth of productive labor by displacement of goods for the consumer market.

This is particularly true in textiles where we sell cotton and buy back cotton products. It is true in leather where we sell hides and buy leather products; it is true in feed grains where we sell grains and import beef and beef products.

It is true in many field of productive enterprise. We seem to forget that the real forward thrust of an industrial economy comes from the added value put on raw materials by the processing and manufacturing step between producer and consumer.

Having stagnated our job growth per population growth ratio, we then went one step further and invited, yes even coaxed with speeches of patriotism and tax concessions, our investors to build plants overseas, to invest in foreign based corporations, and to license foreign countries to produce U.S. patented products, to give them know-how, and, to top it off, we even gave our future competitors easy or free money.

When this tax concession was first proposed, some of us opposed both the suggestion for tax concessions as well as the theory advanced that this would help the U.S. economy.

Again we were right, for not long ago the President of the United States asked for a reversal of this policy and even today the Secretary of the Treasury, one of the chief proponents of the outmoded free trade theory, is asking for a special tax on foreign investments.

It is never too late, but time is getting short.

If we are to survive in this industrial economic rat race, kicked off by our tariff policies, we must reevaluate our position.

Nothing short of a return to Congress of the powers inherent in the Constitution can resolve this issue of free versus survival trade policies.

Mr. MORGAN. Mr. Chairman, I yield the balance of the time to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, "Cast thy bread upon the waters and thou shalt find it after many days."

France did that when we were a young country. To some people in France at that time that was a giveaway. But the bread that France threw upon the waters was returned to her in two great wars—when America, grown strong and big and powerful, saved France, the country that had thrown her bread upon the waters.

Mr. Chairman, some of these small nations that we are now helping to fight poverty, to fight disease, to fight ignorance and helping to find their place in the world will be strong and powerful when we will need them; and then our bread will be returned to us.

If war should come, our loss in lives and in money would be so great that we cannot contemplate the depth of the tragedy. We in the Congress have a responsibility greater than that faced by the members of any legislative body in the history of the world. The lives of the men and women and the children of the present are the stake of our decisions. The challenge of this generation is to build a world of peace. Other generations have failed. With faith and with courage, this generation can succeed.

There can be no peace in a world of poverty. There can be no peace in a world of ignorance. There can be no peace if in any part of this great universe of ours hunger and disease and ignorance go unheeded. There can be no peace and dignity to human life in a world in which God has been dethroned. When we have lost our faith in prayer, we will have lost everything that gives us strength and enriches our lives with a sense of purpose.

Communism is godless. That is an ideology so repugnant to our every sense of purpose that we risk in its containment and ultimate elimination an atomic war that would destroy civilization.

I think that at long last we are seeing in the heavens a star of hope. Because of the long, hard effort of the American people up to this time, the sweat and the sacrifices, Republicans and Democrats working and sacrificing and praying together, and at the ocean front forgetting politics, the blackness of the night has started to break and in the heavens is a star of hope.

Shall we now become faint of heart? Shall we now retreat, beaten when victory is in sight, because we are tired under the load of our sacrifices?

Pray tell me what alternative have we for the foreign aid program? America cannot retreat into its own shell. We cannot live in a world in which men and women and children in many other countries go to bed hungry and awaken to a new day of hopelessness, prey to devastating diseases and victims of ignorance.

Mr. Chairman, I speak with great emotion and the conviction of a long life. Every year we vote some \$50 billion for arms. This is money spent with the hope

that by its expenditure we will build a deterrent to prevent a war that nobody wants. But it is \$50 billion for arms and weapons that if used will mangle and kill, bring death to men and women and even babies in their cribs, and will rob the soil of its fertility. You all vote for these appropriations and you all accept the judgment of the members of the committee that has the responsibility. It is insurance against the possibility of a war that nobody wants. It consumes 10 percent of the gross national product—10 percent for arms and ammunition and the things by which men are not brought into a fuller existence but are mangled and destroyed.

The foreign aid program is also insurance against the possibility of war or the possibility of the triumph of a godless ideology. It is aimed at poverty, disease, ignorance. It is aimed at a better world, a world with prosperous economies, a world in which we, our own United States, can find markets for the products of our skill and of our industry.

The foreign aid program consumes seven-tenths of 1 percent of our gross national product. Ten percent you vote for arms and weapons, the instruments of death, and you do not question your committee; you do not argue; you do not do anything but accept the sacrifices we must make for our security and to stop the spread of godless ideology.

Seven-tenths of 1 percent for the instruments of peace, for winning the hearts and the minds of people, for building markets for our own products, for building a world in which there can be peace—and you hesitate and question.

Mr. Chairman, from the bottom of my heart and with a great sense of love of my country and of faith in its future and, Mr. Chairman, with unwavering reliance upon that which is above our heads, engraved in the wall of this historic Chamber, "In God We Trust," I hope and I pray that this committee will accept the bill in toto as it has come from the committee and that you will give to the great Committee on Foreign Affairs the same credence that you give to the great Committee on Armed Services when it comes in with an authorization for billion of dollars for arms and you vote your approval unanimously.

There is a star of hope in the heavens. Ahead for us, our children and our grandchildren, for all future generations, may be a world of peace, a world stripped of unnecessary poverty and disease and ignorance—a world of law and order and human dignity. Let us take no backward steps. To falter and retreat, when the light is breaking and the dream of centuries may be on the threshold of realization, would constitute one of the great tragedies of history.

With courage and with faith, we cannot fail. It is a time of decision.

Mr. ALGER. Mr. Chairman, during the last 2 days of debate on H.R. 7885, the Foreign Assistant Act of 1963, the Ways and Means Committee has held daylong hearings on H.R. 8000, the Interest Equalization Act. It is difficult to be both places simultaneously. Since we cannot, it has been necessary to do

both part time. My partial absence does not indicate a lack of interest, nor desire to participate.

I have read the bill and the report and listened to part of the debate. To me the message is loud and clear. Foreign aid must be substantially changed and drastically cut.

Since World War II we have given away over \$100 billion to approximately 110 countries. There is \$6.8 billion in the economic and military assistance pipeline, that is unexpended money, earmarked for foreign aid, now we are being asked to authorize \$4.1 billion more to 95 countries. Are American taxpayers considered to be a bottomless barrel of money? How easy it is to give away someone else's money, is the way it seems.

Indeed, we are not even giving our money away. We are borrowing money we do not have, borrowing from future generations of children and grandchildren to give it away. How fiscally foolish, how reckless, how careless, how immoral we are.

Our national debt is \$305 billion and skyrocketing up. Our gold reserves are dwindling. And here we are, being asked to give away some more. Our debt, our taxes are the highest in the world. Yet, we must borrow more and either tax or inflate our currency more.

All evidence and information garnered from our past giveaways now tells us that we have failed to accomplish our objectives. The Communists, of the international conspiracy, are firmly entrenched 90 miles from our land. The Monroe Doctrine is discarded. We have not only failed to prevent the spread of communism, we have been subsidizing it. Our foreign aid to Communist satellites has been transhipped to help the Communists in Cuba, in Laos, in Vietnam, and elsewhere.

The United Nations has aided in this effort. We have footed the bill. Now it is British Guiana the Communists are preparing for takeover. There are other areas, too.

Our foreign aid has not only failed to stop the spread of communism, it has accelerated it. The shotgun techniques of scattering money promiscuously in grants, soft loans, Public Law 480, and gifts of every sort have helped the Communist enemy spread the teachings of socialism, educationally aided the unfriendly neutrals, and alienated our friends. We bewilder everyone.

You cannot buy friendship but we give the appearance of trying. We pledge no strings attached, and as a result, unfriendly neutrals and enemies benefit. We talk moral and spiritual virtue, and practice nationalism. We declare our belief in do-it-yourself and self-determination and then expect foreign nations to act, to develop, to want to be, like us. Then we waste goods, we duplicate orders, we plan the wrong projects, and generally discredit careful planning and sensible goals, until it is no wonder foreign nations think we are fiscally irresponsible.

Couple with this free and easy careless giveaway the liberals belief in easy money and you can readily understand what has brought us to a crisis in our balance of payments.

We are told by Secretary Dillon and foreign aid exponents that giving our dollars away does not affect the balance of payments. What nonsense. Even the material bought in the United States with some of this money does not obscure this fact.

The 42,500 employees in Federal aid are too many. We should cut back the personnel. We should streamline the administration. All money expended must be carefully scrutinized yearly by Congress, no back-door spending. No money should go to Yugoslavia, Poland, or any other Communist country nor to the U.N. for transshipment to a Communist country.

In this connection we should not even trade with Communists and build up their economies. Otherwise, "Trade not aid," while a forgotten slogan should be remembered and practiced. Section 231 of the 1963 Trade Expansion Act must be observed not violated, by this administration.

Even the Clay Committee report stresses too much has been spent on too many. Strong as we may be, we cannot throw our money around. Nor should we invest without our own interests at heart.

I suspect that members of this administration in the White House would devalue our money before cutting foreign aid or big Federal deficit spending. This fact must be faced and the American people must choose either fiscal responsibility, the balanced budget, or the "spend ourselves into bankruptcy" so confidently expected by Khrushchev and the Communists.

The rest of the world must help bear the financial burden of foreign aid. United States great contribution can and must be, the demonstration of capitalism; of free enterprise at work. We should export our business know-how in American business moneymaking activities—not loans and grants, unless the cause of capitalism can be advanced. Free enterprise, a free money market, new American factories at home and abroad, that hire employees and help the local economies, standards of living and governments, through taxes on profits—these are our legitimate forms of foreign aid. By precept and example we demonstrate capitalism at work. Others can follow our examples and we help them as we benefit simultaneously from profits on our industry.

Competition is the key, "Trade, Not Aid" the slogan, inventiveness and initiative the origin, and capital the fuel. Our foreign aid should be self-interested and designed to serve capitalism and us capitalists. United States must lead. We must lay down our goals, our policy, and then show others how through sound business endeavor which we earn. We do not ask gifts, nor do we give away. We respect our endeavor and profit, we do not want to do anything to take away of discredit someone else's self-respect or desire to earn what they get. Common-sense, constitutionalism, and taxpayers demand no less.

I want to commend those members of the Foreign Affairs Committee who prepared the minority report. I share their views.

ACTION URGED ON LEGISLATION TO REIMBURSE OWNERS OF FISHING VESSELS SUBJECTED TO HARASSMENT BY OFFICIALS OF COUNTRIES OF SOUTH AND CENTRAL AMERICA

Mr. BOB WILSON. Mr. Chairman, while the House is considering the foreign aid bill, I would like to call attention to H.R. 7602, which I introduced on July 16. It provides for a set-aside of \$200,000 in aid funds destined for any country which harassed American fishing boats during the past year.

It is regrettable that the State Department has not sent a report on this bill to the committee so that it could be included in the measure before us. I am hopeful that action will be forthcoming from the Department of State so that Congress can move ahead to provide monetary protection for our fishing boats. The committee cannot justifiably act on my bill until the agency report has been received.

The measure was introduced as the result of an unfortunate incident earlier this year which demonstrated that our Government is unwilling, or unable, to afford protection to our fishing boats on the high seas. A South American country committed petty piracy against U.S. tuna fishing boats. The vessels were held in port. Fines were levied. The owners have since been promised reimbursement by our State Department; thus, the precedent of paying for the transgressions of international delinquents has been established.

My bill would simply withhold \$200,000 of foreign aid money to cover any costs such as fines, inspection fees, port fees, licenses, and loss of revenue should our vessels be accosted and detained. It is in no measure discriminatory. A country could avoid the set-aside by pledging to observe the 3-mile maritime regulation accepted by an overwhelming majority of the world's countries, and by promising not to interfere with free and lawful use of nonterritorial waters by fishing craft.

If our Government does not choose to provide naval protection, I feel it is only fair that we in the Congress provide financial shelter for fishing fleets which brave the rigors of the sea to provide an important segment of the Nation's food supply.

In today's New York Times it is reported that Theodoro Moscoso, coordinator for the Alliance for Progress, is en route to Peru today to discuss details of Peru's request for \$80 million of Alliance funds. Peru is one of the countries that is currently harassing our American-flag vessels in international waters, over 30 miles from the Peruvian coast. On Monday of this week, units of the Peruvian Navy shot at the vessel *Intrepid*, boarded the *Ruthie B* from San Diego. These are acts of piracy on the high seas, and I resent the payment of tribute in the form of foreign aid payments authorized in the Foreign Assistance Act of 1963 which we are considering today.

For 10 years I have supported the foreign aid program of this country. I intend to cast my first vote against this program in protest to the discriminatory treatment of American citizens by recipients of this aid.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1963".

PART I

Chapter 1—Policy

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "Policy" and section 101, which relates to short title, is hereby deleted.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

(Mr. CELLER asked and was given permission to revise and extend his remarks and to proceed for 5 additional minutes.)

FOREIGN AID TO THE NEAR EAST

Mr. CELLER. Mr. Chairman, I call particular attention to the provisions of the bill, page 15, section 306, which in part reads as follows:

(1) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

- (1) the United States,
- (2) any country receiving assistance under this or any other Act, or
- (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.

This is not a recommendation we can afford to dismiss. The testimony is clear that a dangerous condition exists in that area which is the bridge of three continents. Egypt presently is violating the substance of the provision referred to.

A billion dollars of foreign aid has gone to Nasser. While our dollars have been poured into the United Arab Republic, the Nasser regime has been receiving arms from the Soviet Union. President Nasser has weapons including supersonic Mig-21's, antiaircraft missiles, and an arsenal of Egyptian-made weapons.

Egypt is making jet aircraft and rockets with the help of foreign experts. Its regular army numbers from 60,000 to 100,000. To say that the world has nothing to fear from Egypt's military buildup plus Nasser's insatiable ambition to rule over all Arab governments is to turn our backs upon reality. Every dollar we send Egypt releases Nasser from the obligation of developing the economy of that country. He would have you believe that the main Arab enemy is Israel. Yes, Egypt has enemies; and these enemies are poverty, disease, illiteracy, and ambitious politicians. Were our dollars used to the productive end of wiping out disease and poverty and illiteracy of Egypt I would be the very last to suggest that any conditions be set upon aid to Egypt.

Tension in the Middle East, whether it springs from Nasser's desire for an Arab empire or from his hostility to Israel, brooks ill for the Western World. It is a completely reasonable request that American dollars be used to promote peace. Offer after offer by the Israeli

Government to sit down at the peace table with Nasser has been spurned. When Nasser's ambition to overcome other Arab governments fails, he turns his wrath toward Israel. Only recently, when Egyptian troops returned from Yemen, unable to admit to his discomfort, Nasser spoke to these troops, saying:

Our armed forces are getting ready to wash out the shame of Palestine and face Israel and those who support her * * *. You must prepare to restore to the Palestinian Arabs their usurped rights. We must put a right the humiliation which the Arabs suffered in 1948 * * *. For us in Egypt, disarmament is impossible unless the rights of the Palestinian Arabs are restored.

Mark his language. I quote specifically the words, "and those who support her."

Our billion-dollar aid has not persuaded Egypt to refrain from getting military hardware from the Soviet Union. Our billion dollars have not persuaded Egypt to turn aside from her practice of vilification and hate aimed directly against Israel. Our billion dollars have not persuaded Nasser to turn his attention to the development of Egypt's economy and leave other Arab governments to work out their own destinies. In the words of the committee report:

Any government which devotes its energies and its resources to the harassment of neighboring countries and to a military buildup directed against them reduces the effectiveness of its efforts to develop its resources and to improve the condition of its people. Funds provided by the U.S. taxpayer should not be used to make up for the money and effort diverted by the beneficiaries of our aid to such military activities. Furthermore, U.S. financial support to a government engaged in such activities must inevitably be regarded by those nations which are subjected to such harassment and military threats as evidence the United States is willing to tolerate, if not endorse, such action.

In the name of peace, these words merit the endorsement of every Member of the House. Peace in the world and the security of the United States are indivisible. The foreign assistance program recognizes this fact, but at no time shall it be said that the United States is for peace at any price. Thus, I am in wholehearted accord with the statement of the policy of the United States committed in the Foreign Assistance Act of 1963:

To support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles.

I have voted, and shall continue to vote, for foreign aid, because I believe that the reduction of world tension and insecurity is our greatest insurance for peace, but wherever there is the possibility that the purposes of our foreign aid may be perverted, we must demand that reasonable conditions be met.

Mr. CEDERBERG. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. CEDERBERG asked and was given permission to proceed for 5 additional minutes.)

Mr. CEDERBERG. Mr. Chairman, it is not my intention to take this additional 5 minutes unless it is necessary. However, I would like to refer to the minority report, on page 123 thereof, where it states as follows:

Five years ago, for instance, while foreign aid appropriations were running at a level comparable to that in fiscal 1963, U.S. military aid/or economic assistance went to some 80 countries. Today, an estimated 95 countries and territories are benefiting from our largess. And in the proposed program for fiscal 1964, the number of prospective recipients of our aid remains about the same.

At the top of page 14 appears the following:

We have been troubled by continuing evidence of lack of reasonable criteria in the selection of the recipients of our aid.

Mr. Chairman, this has concerned many of us, I am sure. I recognize that we have had a number of administrators in this program and we can understand the difficulties there must be to administer as complex a program as this.

However, on August 14, 1962, our former colleague, Chester Bowles, who has been serving in the State Department and is also an adviser of the President on foreign affairs, made a speech, the title of which is "The Need for More Specific Criteria in Programing Economic Assistance."

This was in August of last year, and I want to quote a few statements from this speech because I think there are some things in this area that need attention that I do not believe have received sufficient attention in the administering of this program. I assume Mr. Bowles made this speech because he had some authority from the State Department or the President to do so, and it ought to be put into effect. He states:

Although bipartisan recognition of the importance of the program is widespread, even its most loyal supporters suggest the need for a more coherent pattern in the programing of loans, grants and technical assistance.

Then he goes on to say:

The lack of such a pattern may be explained in large measure by the crazy quilt of political commitments which we inherited from the previous administration.

I would like to know if anyone on either side of the aisle knows anything about these political commitments that were inherited by a previous administration in this program. No one appears to know.

Continuing, Mr. Bowles states:

Together with continuing pressures from within our own Government and from recipient nations to use economic aid for a number of shifting political purposes.

If the aid program is to remain creative and with instrument of foreign policy some means must be found to create a greater sense of programing integrity and consistency.

We can all agree with that last paragraph.

Turning to page 12 of the speech, he says:

Our first task is to develop a practical basis for classifying the nations which desire our assistance on the basis of economic need, capacity and will. In placing each nation in its proper category the following questions, each of which reflects the spirit of the act for international development, suggest themselves:

I will not have time to read them all. The first is:

Is the present per capita income of the country adequate to provide a reasonable minimum living standard and a satisfactory rate of capital savings and investment if it were distributed and used more equitably?

Does the country have a competent government, sensitive to the needs of our revolutionary times, with the ability to maintain order and to carry out a comprehensive economic and social program?

Has it prepared a well conceived, long-range national economic development plan for the effective and realistic allocation of national resources and foreign assistance?

Then he goes on and says further:

Yet I believe that they may serve as a basis for placing each nation seeking U.S. assistance into one of the following four categories:

1. Nations whose current problems are sufficiently acute to require aid from the United States but whose difficulties result primarily from the misuse and maldistribution of existing gross national product.

Then he goes on to say:

As a rough rule of thumb, I would characterize the nations in category 1 as those with a per capita gross national product substantially in excess of \$350. On this basis, Greece, Venezuela, Lebanon, Cyprus, Singapore, Chile, Panama, Uruguay, Jamaica, Trinidad, and Argentina might be included.

In order to qualify for U.S. assistance these governments should be determined and able to put their financial houses in order. The corrective measures on which we should insist would include tax reform, land reform, and more effective control and use of existing foreign exchange.

He says that if they do not do this and their aid should be on a temporary basis, the Government and the people should be tactfully told that U.S. assistance is being offered solely on a stopgap basis. In most cases 3 to 5 years is the maximum time they should receive it.

This was 1962. I would like to ask the chairman of the committee, in view of this, are there any nations that he knows of that are going to be denied assistance in the future or that will not be receiving assistance, and I name these particular countries, because they have put their financial house in order, and we plan to stop their aid in 3 to 5 years as a maximum.

Mr. MORGAN. Will the gentleman repeat the names of the countries?

Mr. CEDERBERG. Greece, Venezuela, Lebanon, Cyprus, Singapore, Chile, Panama, Uruguay, Jamaica, Trinidad, and Argentina. Do we intend to stop aid to any of these countries in the next few years?

Mr. MORGAN. Yes. I understand that they are making substantial economic progress and that we should be able to cut them off before too long. Formosa and Venezuela are making rapid progress and are getting on their

feet. Several of the other countries are not doing so well.

Mr. CEDERBERG. Can the gentleman tell me whether these countries specifically mentioned in this category by Mr. Bowles have taken the necessary steps in tax reform, land reform, and so forth? If they have not, and I quote this one other question before the gentleman answers that:

Why should American taxpayers continue to underwrite governments of nations with relatively high per capita incomes which are unwilling to collect the necessary taxes from their own privileged people?

This has been a matter of concern to many of us. I wonder if there has been any tax reform in these areas.

Mr. MORGAN. Venezuela has accomplished substantial reforms. The committee was told that 11 countries in South America have reformed their tax systems. I do not think they have accomplished all the reforms the gentleman listed, but there is progress in Colombia, Peru, Chile, Argentina, and Venezuela.

Mr. CEDERBERG. Is it the intention of the committee that unless these countries do conform to the formula set forth and do something about their own problems, the U.S. Government should no longer participate in giving them aid as suggested in this speech?

Mr. MORGAN. I think we should conform to the conditions laid down in the Act of Bogotá and to the conditions laid down in the Punta del Este Agreement, which included most of the conditions the gentleman just elaborated.

Mr. CEDERBERG. But the gentleman will admit there are many countries in this particular area, inasmuch as we are discussing the Latin American-South American area, who have not instituted any reforms or practically no reforms under the Punta del Este Agreement, but are still receiving aid? How can we justify that?

Mr. MORGAN. Most of them have made an attempt to meet the conditions. As the gentleman knows, the agreement signed with Brazil set forth certain conditions. We are withholding aid temporarily because the conditions agreed upon were not met.

Mr. CEDERBERG. The reason I bring this up is I think this was a major statement by Mr. Bowles, who at that time was an adviser of the President. Looking at this, there are many substantial things I can agree with in this speech for needed reforms if we are going to have a program, but looking over the number of nations receiving aid, we still are in the same place we always were.

There is another category in which he says:

Nations whose gross national product is wholly inadequate and which at present lack the competence, organization, or will to use our project or budget assistance effectively.

Such nations should be tactfully denied direct project assistance until they can absorb it effectively.

Can the gentleman give me any statement of a nation that is in that category?

Mr. MORGAN. No, I am sure that

there are certain countries which are not able to use any large amount of aid effectively and we try to restrict what we give them.

Mr. CEDERBERG. I close in suggesting that it is not enough to make speeches. We need corrective action in this program.

The Clerk read as follows:

SEC. 102. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to statement of policy, is amended as follows:

(a) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert in lieu thereof "shall emphasize long-range development assistance".

(b) Immediately after the seventh paragraph, insert the following:

"The Congress further declares that, in order to assure that each program of assistance under this part is administered in such a manner as will most effectively carry out the policies stated in this section, each request for authorization of funds for such program shall be accompanied by a detailed statement setting forth—

"(1) the purposes of such program,

"(2) the specific objectives of such program, and

"(3) the priorities assigned to such purposes and objectives, which will be adhered to in the administration of such program."

(c) The eighth paragraph is amended to read as follows:

"It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against other countries receiving aid under this Act, whether or not such efforts are supported by the Soviet Union or Communist China."

(d) Immediately after the tenth paragraph insert the following:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries. It is further the sense of the Congress that short-term emergency purposes such as those referred to in the preceding sentence should be met, to the extent possible, through international institutions (such as the International Monetary Fund) which are equipped to condition assistance on immediate economic and monetary reform."

(e) The first sentence of the last paragraph is amended by inserting "(including private enterprise within such countries)" immediately after "countries".

(f) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."

Mr. FASCELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the section that has just been read contains four amendments which were considered and adopted.

ed by the committee. They are 4 of the 46 amendments that were adopted by the committee of the 100 amendments that were presented to the committee.

These four amendments deal specifically with the analysis of this program by the U.S. Chamber of Commerce. The amendments had the purpose of expressing their recommendations on general guidelines.

Specifically, the guidelines which were proposed were to accomplish better administration of the program, which, Mr. Chairman, has been the subject matter of a great deal of the discussion on this legislation both in general debate and during the reading of the bill for amendment.

The purposes of the amendments are as follows:

First. A clear delineation of program objectives as these relate to U.S. foreign policy, and a tighter commitment to them.

Second. Specific identification of the various purposes of foreign aid, in order to set priorities and budget expenditures accordingly, and tighter controls to assure that funds are not used for purposes other than those for which they are intended.

Third. New authority to encourage positive planning for private investment, trade and initiative—local and foreign—in the developing countries, as well as to improve existing incentives for private participation in the program.

Fourth. New emphasis on long-range economic development, assuring a full role for private enterprise, and corresponding reduction in short-run emergency aid for financial "bailouts," military purposes and politically inspired projects.

Mr. Chairman, these generally are the objectives in filling the gaps in the program as the chamber of commerce saw them in its analysis. I believe that a good job has been done by your committee in achieving the objectives which a constructive analysis of the program has brought to you.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

I would like to take only a minute, Mr. Chairman, to address myself to the remarks just made by the gentleman from Florida [Mr. FASCELL]. If I may add a bit more legislative history, the gentleman from Florida, [Mr. FASCELL], and the gentleman from Indiana, [Mr. ADAIR], were especially interested in what we have broadly called the free enterprise amendments to the bill. They worked hard in committee to obtain approval in this section or chapter that we just covered. We also have an amendment that expresses the sense of Congress that any nation receiving aid should not divert its economic resources to military or propaganda efforts against another country. The purpose of this, of course, is to see that our aid is not used for cross purposes and to see that there is some intelligent application of aid not only on the part of the dispensers, but also by the recipients. This amendment received serious considera-

tion and support in the committee, and I wish to indicate it is one of the most practical and far-reaching amendments accepted and one of the good items in this bill.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 2, line 24, after funds, strike out the word "great"; and on line 25 strike out the word "given", and insert the word "limited."

Mr. FINDLEY. Mr. Chairman, the purpose of my amendment is to strengthen the language which presently reads as follows:

It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of U.S. assistance, divert their own economic resources to military or propaganda efforts directed against the United States, or against other countries receiving aid under this act, whether or not such efforts are supported by the Soviet Union or Communist China.

My question is: Why should any attention and consideration be given to any country which does not share the view of the United States on the world crisis; any country which would as a result of U.S. aid divert their own resources to military or propaganda efforts directed against the United States.

The effect of my amendment would be to make the language of the bill read as follows:

It is the sense of the Congress that in the administration of these funds attention and consideration should be limited to those countries which share the view of the United States on the world crisis and so on.

It seems to me this strikes right at the heart of our foreign aid problem. Are we to continue foolishly to try to buy the friendship of countries that oppose and thwart U.S. objectives? We surely should limit attention and consideration under foreign aid to countries which are with us in this great world crisis. The distinguished majority leader earlier today said, and I quote:

We have been engaged by the enemy whether we like it or not.

The effect of my amendment would be to recognize this vital engagement in the legislative language before us.

Mr. ROOSEVELT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask some member of the committee in relation to this last amendment, and particularly to this section, how you can justify not having some kind of stronger language than is now in the bill, and particularly what is referred to when you say at line 5 on page 3, "whether or not such efforts are supported by the Soviet Union or Communist China."

I want to be specific about it. I think we know in the Middle East, for instance, that Egypt at the moment is receiving arms from Communist Russia or from other Communist sources. How do we then justify turning around and building up an arms situation in the Middle East,

which at any moment might flame into war—and all you have to do is read the morning paper to know the situation in the Middle East at this very moment—how do you turn around in this language and justify any aid to Egypt under these conditions?

If some member of the committee would reply, I would be interested to know.

Mr. DERWINSKI. Mr. Chairman, if the gentleman will yield, I cannot speak for the majority of the committee; but I wish to point out to the gentleman that he has answered his own question. If the House, and eventually the other body, accepts the amendment that the committee has added to this bill, we could not provide Egypt with assistance under this act if they continue on their present course of accepting arms from the Soviet Union or engaging in any direct or indirect transgressions against the State of Israel, Saudi Arabia, or any other country.

Mr. ROOSEVELT. Mr. Chairman, does the gentleman really mean that the State Department will take as a direction from the Congress the words "great attention and consideration should be given"? It seems to me that if you do not want the aid to be given, you might as well say that you do not want it to be given. The gentleman tells me that this is going to happen. I want to be sure that it is going to happen.

Mr. DERWINSKI. I would prefer that other members of the committee join in providing the answer. But may I point out to the gentleman that he personally would have more influence with the State Department than some of the members of the committee.

Mr. ROOSEVELT. Mr. Chairman, I will say to the gentleman that my influence in the State Department is not very great, I am afraid. So, if any member of the committee would give me an answer to this question, I should be happy to know what it is. I do not want to oppose the committee, but I will say that I want to vote for an amendment that would stop building up more war in the Middle East, when I can see it facing me this very moment. So I would like an answer to my question.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield.

Mr. FINDLEY. Mr. Chairman, I presume that this is in part at least in reply to the amendment that I have offered which would clearly strengthen the language of this section. I would like to know if the gentleman does support the amendment that I have just offered.

Mr. ROOSEVELT. I will have to say to the gentleman that I am uncertain. I would want more information before I could support it. I am trying to get the information. I am not getting very far in getting the information. One of the things that bothers me is the question of aid that might be furnished to some countries like Poland, who I do not think are with us on many things, but who I think in the long run will help our aims; and I am afraid the gentleman's amendment might stop some of that aid. On

the other hand, where there is direct military aid by Soviet Russia, I want to know that other kinds of aid are not going to go to that country.

Mr. FINDLEY. Mr. Chairman, I am sure that the effect of my amendment would be to declare the intent of Congress that Communist Poland or Communist anyone else would not be eligible for consideration or help under this act.

Mr. ROOSEVELT. That is what I am afraid of.

Mr. RYAN of New York. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from New York.

Mr. RYAN of New York. Mr. Chairman, earlier this afternoon I addressed the Committee and pointed out that section 306 of the proposed act, which is on page 15 of the bill, is, in my opinion, directed against the situation to which the gentleman from California has referred. Under this it is clearly stated that:

No assistance shall be provided under this or any other act * * * to any country which the President determines is engaging in or preparing for aggressive military efforts directed against * * * any country receiving assistance under this or any other act.

It is my interpretation that under this provision, if the President finds that Egypt is preparing aggression against Israel, then aid to that country shall be terminated.

Mr. ROOSEVELT. It seems to me that we should try to get a direct answer to the question. In fact Nasser just a week ago said:

We are just waiting for our armed might to move into Israel.

Would not that be sufficient to cut off all aid to a country the leader of which made that kind of statement?

Mr. RYAN of New York. I agree with the gentleman, and I hope that all Members of Congress who feel the same way, after this bill is enacted, will join in urging the President to use this authority to cut off aid to Egypt. I also urge the conferees to insist that this language be retained in the conference bill.

Mr. HAYS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I take this time to ask the author of the amendment a couple of questions about what he anticipates will be the effect of his amendment. For example, a country which was neutral, which did not share our views, at least which did not side with us, as many of our small African nations do not, would the gentleman's amendment preclude any aid to them?

Mr. FINDLEY. If the gentleman will yield, I am afraid that words such as would still remain in this section would be open to wide interpretation. I do not presume to judge what the interpretation of the State Department would be. But my own interpretation would be that it would be clearly limited to countries which share the U.S. view on the world crisis. I would certainly hope there are some such countries in Africa, but if there are none, then it would certainly exclude Africa.

Mr. HAYS. I am not so much interested in the gentleman's interpretation

of what the State Department would do as I am the gentleman's interpretation of his own amendment. Would it be the intent of the gentleman—and I am not trying to harass the gentleman, I am just trying to get some clarification here—would it be the gentleman's intent if the gentleman's amendment were adopted, shall we say, to prohibit India from getting any aid at all under this bill?

Mr. FINDLEY. My own opinion is that my amendment would make India's qualification very dubious. I tried to express it clearly when I said this amendment would have the effect of expressing the intention of Congress for withholding aid from countries which are not with us in spirit in this great world crisis.

Mr. HAYS. I thank the gentleman. I think, if this is the intent of the amendment, then it is pretty clear that if we want to have a foreign aid bill with any flexibility whatever in it, this amendment should be defeated.

Mr. Chairman, I will say very frankly that I was going to reserve this little speech until perhaps an amendment came up on India. It is my opinion that the Indians have exhausted their reservoir of good will in this country. When I was a small boy I remember that when we took contributions to church on Sunday we took one for the church and we took one for India. India was a nation that everybody in the United States wanted to help. But after 10 years of the evil visage of Krishna Menon on television and in the U.N. in New York, I think it is fair to serve notice on the Indian nation that that reservoir of good will has been drained off.

On the other hand, Mr. Chairman, I do not want to be a part and parcel of any amendment or any legislation which, if the Chinese Communists attack India, would prohibit us from giving them any aid. I might not like some of the things the Government of India has done. In fact, I will say, frankly, I do not. But if the chips are down and if it came to a choice between Mr. Nehru's government and the government in Peiping, I think could beyond any doubt turn my sentiments to India.

Mr. Chairman, I would like to see an amendment riveted into this bill in the very beginning which would not prohibit us from coming to the assistance of India if it were in our self-interest, and I think it would be in that case.

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield further, in that instance certainly the world crisis would center on the military action against India and we would then, I hope, share the policy of India in resisting aggression on the part of the Chinese Communists. So, I am sure my amendment would not preclude such assistance.

Mr. HAYS. Then, we are transposing language. As I understood the gentleman in the beginning they had to share our views. Now the gentleman is talking about us sharing their views.

Mr. Chairman, I think this provision further illustrates how confusing it can be to try to write the intent of Congress

as to language on the floor of the House. Frankly, I thought it was rather confusing to try to write it in the committee. A good many of these amendments which were offered have undertaken to express on the part of somebody their intent for doing something or other.

Mr. Chairman, I have brought this up not necessarily because I was in basic disagreement with what the gentleman is trying to do, but I am in disagreement with the language which has confused the issue.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I think this discussion has indicated the difficulty of discussing in a brief period language such as we are now considering. One of the problems, for example, is: What is the meaning of the expression regarding the view of the United States on the world crisis? Is it that the crisis is serious? Is that enough to make a country eligible to qualify for assistance? It is my opinion that the fuzziness of that expression as presently contained in the bill is not going to be corrected by the language offered by the gentleman from Illinois. That language, I might add, I think is objectionable.

(Mr. HAYS asked and was given permission to proceed for 1 additional minute.)

Mr. HAYS. Mr. Chairman, I agree with the gentleman from New Jersey. As a matter of fact the language in the bill now is fairly fuzzy but when you say consideration shall be given to fuzzy language, that is one thing.

But when you say "consideration shall be limited to fuzzy language," then I think you are really compounding the error.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Would not the gentleman agree if this amendment is adopted, however good its motives may be, it would make it impossible to move into an area where you have an undecided nation to give help to them and try to bring them over to our side?

Mr. HAYS. That would be the effect of it, and for that reason I find myself in opposition to the amendment.

[Mr. GALLAGHER addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The question was taken; and on a division (demanded by Mr. FINDLEY) there were; ayes 66, noes 92.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

Sec. 103. The second sentence of section 201(b) of the Foreign Assistance Act of 1961, as amended, which relates to considerations to be taken into account in making loans from the development loan fund, is amended as follows:

(a) Strike out clauses (1) and (2) and insert in lieu thereof the following: "(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(b) Strike out "and" at the end of clause (5).

(c) Insert immediately before the period at the end of such second sentence the following: ", and (7) the economic development plans of the requesting country, which plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources, together with a projection of the ultimate objectives of the plans with respect to the overall economic development of such country".

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: Page 5, immediately after line 4, insert the following:

"SEC. 104. Section 202(a) of the Foreign Assistance Act of 1961, as amended, which relates to authorizations for the Development Loan Fund, is amended by inserting immediately before the period at the end thereof the following: "Provided further, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise."

And renumber the following sections accordingly.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, reference was made earlier this afternoon to the fact that those of us who are in favor of increased private enterprise participation in this program have made efforts to write amendments to further that aim in this bill. A number of such amendments, and some of these have been referred to earlier, have been written into the bill and I think have strengthened and improved it.

The amendment which I present to you at this time provides, quite simply stated, that 50 percent of the development loan funds should be used for the purposes of private enterprise. This is an effort to increase the participation of private enterprise in this program.

Witness after witness before the committee testified that if the program is to be successful it must have a large and increasing amount of participation by the private sector in it. It was pointed out particularly with reference to the Alliance for Progress that if our programs in Latin America are to do the things which it is hoped they may do, then they must rely to a great extent upon the participation of private enterprise.

Members of the committee will notice that this amendment is somewhat different from the form in which it was when I offered a similar one to the committee. It now applies to the fiscal years

ending June 30, 1965, and June 30, 1966. In other words, I have made it applicable a year later than the proposal made in the committee.

If this amendment is adopted it simply says to the AID Administrator and those who work with him that 50 percent of the development loan funds, wherever used in the world, must be channeled to private enterprise. It does not say U.S. private enterprise. So it could be private enterprise from this country, to our own businessmen going here and there throughout the world to develop businesses and to bring prosperity and increased employment with them. But it could also be local private enterprise in the countries in which the loans are made, or it could be a combination of both.

Some will say, "Well, you are not giving flexibility enough to the Administrator, if you say you must put 50 percent of these loan funds in private enterprise." It is not even necessary that 50 percent of the loans to each country be on the basis of private enterprise. It can be on the broadest possible basis. It could be as to the program as a whole.

So I do feel that we are giving a completely adequate amount of flexibility to the AID organization in this amendment. We do say that we believe in the private enterprise system, that we know as a result of the testimony of virtually every witness who spoke upon this point that if the AID program is to succeed it must have this large ingredient of private enterprise. We are saying, "Upon the broadest possible basis, Mr. Administrator, see to it that half the funds find themselves used on the basis of private enterprise."

This amendment does not affect the World Bank or the Exim Bank or Cooley loans or anything of that sort. It applies simply to development loans under this act.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman.

Mr. FASCELL. Is it not true that when the gentleman offered this amendment in committee and it was up for discussion that the gentleman admitted, as he probably will now, I am sure, that a great part of our funds now go through private enterprise? In other words, the gentleman's amendment in no way should be interpreted as a statement that we do not now sufficiently put our aid funds through private enterprise.

Mr. ADAIR. What the gentleman says is correct. There is a substantial portion of our development loan money channeled through private enterprise. The exact amount we are unable to find out. Inquiry was made.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. ADAIR asked and was given permission to proceed for 3 additional minutes.)

Mr. ADAIR. In further answer to the question the gentleman raised, the AID Administrator, Mr. Bell, himself, said that it was his philosophy that increasingly this type of loan should be made.

Mr. FASCELL. If I may ask the gentleman one further question very briefly. Is it not true, the only point at difference

was the question of flexibility? In other words, whether or not this criteria should actually be written into the law, notwithstanding the fact that the main thrust of the program seems to be toward increasing our efforts through private enterprises.

Mr. ADAIR. The gentleman is correct. As I pointed out, I have revised my proposal, trying to meet that objection, and I am trying to make it clear here today that it now offers great flexibility.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. MAILLIARD. I am curious to know—it was difficult to hear the reading of the amendment in detail—does this mean 50 percent of the development loan funds must be made directly to private enterprise?

Mr. ADAIR. Not necessarily. They may be made through existing organizations. For example, if a lending institution in a Latin American country had AID funds which it then wanted to place in the hands of a private organization to build housing that, in my opinion, would be a private enterprise use.

Mr. MAILLIARD. Suppose, just for example, some country was required to build a highway; would your amendment be satisfied if we lend the government the money and the government put it out to private enterprise to bid?

Mr. ADAIR. In my opinion, it would—if, however, the government itself builds the highway, and it would have to use a percentage of the loan funds available for that purpose, then it would not meet the requirement of my amendment. I am glad the gentleman is making these points because I am trying to point out it has the broadest and most flexible application.

Mr. MAILLIARD. I wish I could share the gentleman's certainty that the wording of his amendment has that effect. I am not at all sure it does.

Mr. ADAIR. If the gentleman will read carefully the amendment, he will find a lack of restrictiveness in it.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman.

Mr. FRELINGHUYSEN. The language worries me. The expression, as I understand it, is that loans must be made through private enterprise?

Mr. ADAIR. No, not through private enterprise.

Mr. FRELINGHUYSEN. Again, I do not know what the language means. The amendment offered in committee was with reference to loans made through private enterprise.

Mr. ADAIR. No—the language is, "shall be available only for loans made for purposes of economic development through private enterprise."

Mr. FRELINGHUYSEN. I am not sure what the language means. The gentleman uses the expressions "channel through private enterprise" and "for purposes of private enterprise." Of course, I assume we are all very much in favor of private enterprise, but many of these expenditures might benefit pri-

vate enterprise if they went for a public purpose such as building a highway.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment is subject to different interpretations. If it means that 50 percent of the loans must be made directly to private enterprise, there are many situations where private enterprise would get more benefit if such loans were made to provide roads, power, and other basic requirements of private industry.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. Yes, I yield.

Mr. ADAIR. Did I understand the gentleman to say that he read the amendment to say that the loans had to be made directly?

Mr. MORGAN. I raised a question as to what the amendment did mean.

Mr. ADAIR. I will assure the gentleman it does not mean that. The end use is the important thing.

Mr. MORGAN. In undeveloped countries we have frequently financed highway construction and railroad improvements, waterworks and sanitation projects, which were beneficial to private enterprise.

Mr. ADAIR. Will the gentleman yield at that point?

Mr. MORGAN. Yes.

Mr. ADAIR. I am aware of the fact that there is need for these facilities that the gentleman refers to. The AID people, I believe, use the term "infrastructure" with respect to it. However, I point out again if my amendment is adopted, there is still 50 percent available for these purposes.

Mr. MORGAN. As the gentleman is well aware, the Subcommittee on Mutual Security conducted a staff survey in Korea several years ago where we found a number of private enterprises which have received U.S. aid, that were bogged down because power transmission lines were inadequate. We had provided the means to finance the construction and operation of their plants, but they still could not get going. There are many cases where an undeveloped country does not have any private capital. I am not sure how the gentleman's amendment would operate. The gentleman will remember his colloquy with Mr. Teeter from the U.S. Chamber of Commerce during the hearings. The gentleman from Indiana [Mr. ADAIR] asked Mr. Teeter about the chamber's position on the 50-50 free enterprise amendment. Mr. ADAIR said:

There is a provision for channeling 50 percent of loan funds and Alliance for Progress funds to private enterprise.

Would you give us your comments and reaction?

Mr. TEETER. Yes, sir, I would.

I am afraid that I cannot fully agree with you in stating the chamber's position on this. We feel that it is too rigid to have such a stipulated requirement as 50-50. I think it is admirable that we work toward a goal. Certainly the goal would be even greater than the 50-percent figure for the private sector, that you are now proposing.

I think perhaps it would be somewhat premature or inflexible to insist on the 50-50.

Mr. ADAIR. You think the figure may be too great?

Mr. TEETER. Yes.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. Yes.

Mr. ADAIR. In an effort to meet this charge of inflexibility I would point out that we did move the effective date forward a year to give additional time for preparation. So I think we are meeting the objection of Mr. Teeter. I believe we ought to move in this direction and we are giving an additional year for us to prepare so to move.

Mr. MORGAN. I do not think that this premature baby is going to grow up in 1 year.

Mr. ADAIR. I will agree with the gentleman, if he will yield, this is certainly not a cure-all to all of the problems involved in this portion of the bill, but it is a proper and necessary step, I think, in the direction of achieving the things which I take it most of us in this Chamber desire to achieve.

Mr. MORGAN. I yield to the gentleman from Connecticut [Mr. MONAGAN].

Mr. MONAGAN. I want to ask whether or not, in addition to the investment guarantee program that is certainly in support of private enterprise, if that is not presently in the law in section 601, where the specific section is dedicated to the encouragement of free enterprise and private participation, which includes certain standards that the President had to take into consideration in administering this program. All of us are in support of extending private enterprise under this act.

Mr. MORGAN. Besides that, the AID administration has been reorganized to give greater emphasis to private enterprise.

Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 89, noes 100.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ADAIR and Mr. MORGAN.

The Committee again divided, and the tellers reported that there were—ayes 142, noes 126.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: Page 5, after line 4, insert the following:

"SEC. 104. Section 201(d) of the Foreign Assistance Act of 1961, as amended, which relates to interest rates on development loans, is amended by inserting immediately after 'in no event' the following: 'less than 2 per centum per annum nor'."

And renumber the following sections accordingly.

Mr. DERWINSKI. Mr. Chairman, this amendment raises the interest rate on development loans to a minimum of 2 percent per annum.

Since gradual emphasis on the aid

program has been from grants to loans, the interest rate of three-fourths of 1 percent on development loans is becoming increasingly common. My amendment would raise this ridiculously low rate to 2 percent. In view of the rising short-term interest rate in the United States, the naturally increasing national debt, and concern in the Congress over the stability of the dollar, my amendment would produce substantial savings to the United States, and merits the support of the House.

Last week, when we had under consideration H.R. 6143—the Higher Education Facilities Act—I deliberately offered an amendment lowering the interest rate called for in that bill from one-fourth of 1 percent above the cost of money to the Treasury, to 2 percent. As I expected, the amendment was defeated by a vote of 97 to 9, Members raising objections to the 2-percent rate is "impractical, too low, additional burden to the taxpayer," and so forth. We all consider consistency one of our great virtues. Therefore, to be consistent with this legislative record, my amendment deserves support.

Certainly, if we are practical enough to charge American educational institutions a rate that is not less than a per annum rate that is one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States, consistency would dictate that foreign nations—friend, neutral or foe, democracy or dictatorship—pay at least 2 percent on loans provided through the courtesy of the American taxpayer.

Just yesterday all Members should have received a press release from the Agency for International Development, indicating that loans for \$3 million have been supplied Chile at a rate of three-fourths of 1 percent; \$6.5 million to Tunisia at the same rate, and \$7.2 million to Bolivia.

In the fourth quarter of fiscal 1963, loans totaling \$587 million at rates below 2 percent were authorized. Using the figures for that quarter alone, my amendment would save the American taxpayers \$7½ million a year.

However, I am also concerned with the fact that loans at such readily low rates really could not qualify for a description as a loan. They are, in effect, disguised grants and as such, the entire program is an insult to the intelligence of the American public and to fiscal commonsense.

If the program is to be a legitimate loan program, a reasonably responsible rate of return is called for. Certainly, 2 percent is not an abnormal sum.

As I have indicated to you, the House last week set a rate of one-fourth of 1 percent above the cost of money to the Treasury in the Higher Education Facilities Act; REA co-ops have been qualified at a 2-percent rate; U.S. veterans drawing direct loans from the Federal Government must pay a rate of 5¼ percent. In the housing bill of 1961, cooperatives and other not-for-profit groups qualify under a special program at a rate of 3½ percent. FHA loans guaranteed by the Federal Government cost the American homeowner 5¼ percent.

The very least the Congress deserves is to have the program presented honestly. If it is to be a grant program, honestly call it that. If it is to be a loan program, an interest rate of 2 percent should be an acceptable figure.

Mr. Chairman, to repeat, my amendment would set a minimum interest rate of 2 percent per annum on the Development Loan Fund. The motivation for the amendment is the fact that at the present time approximately 70 percent of the loans from the Development Fund have been granted at the rate of three-fourths of 1 percent and most in addition bear a 10-year grace period.

Yesterday all of us received from the Agency for International Development three of their standard press releases, informing you of the loans that were recently made. One, for example, was to the Government of Bolivia for a grand total of \$7.2 million, bearing a credit fee of three-fourths of 1 percent with a 10-year grace period. Also a loan for the purchase of tractors in Tunisia with an annual credit fee of three-fourths of 1 percent totaling some \$6.5 million. Then there was a new loan recently granted to Chile for a total of \$3.5 million with a 10-year grace period and a credit fee of three-fourths of 1 percent.

In the last 3 months of fiscal year 1963 approximately \$585 million were processed in loans at the rate of three-quarters of 1 percent, most also with the 10-year grace period. I do not quarrel with the 10-year grace period, but I do feel an interest rate of 2 percent might be applicable.

If it is the intention that this be a loan program, I submit that 2 percent is a most reasonable and practical rate. If this is to be a grant program, let us call it a grant program. Let us not disguise the fact by talking about fees or credit fees or interest of three-fourths of 1 percent. Let us say it is a grant. But if it is a loan program, I think the very least we could do is to set this rate at 2 percent.

I can well imagine some people objecting on the ground that the rate should be the going cost to our Treasury.

Some people urge a 3- or 4-percent rate. I do not feel my 2-percent rate as such has any magic to it except the principle should be set forth that we should have at least a rate of interest that would qualify these loans for a legitimate description as loans. If not, call it a grant program.

Let me say in anticipation of objections that this amendment is offered with the intention of helping the bill, helping the program. I do not think it qualifies, and I say this in advance, for a charge of an attempt to gut the bill.

Mr. McLOSKEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

Mr. McLOSKEY. I am intrigued by this credit fee. Actually, are we not just kidding ourselves when we call this a loan? In my opinion, this is just a subterfuge. It is not a loan.

Mr. DERWINSKI. If the gentleman will permit a comment I did not wish to make, I would not be surprised if the

party responsible at the Agency for International Development who wrote this release to which I refer is either in violation of the law or in ignorance of the law. The present law requires that the rate of interest charged be not excessive or unreasonable. But it is presumed that it will be an interest rate. Yet the press releases which I referred to distinctly say "an annual credit fee," which I am not so sure is a play on words, but at least might indicate to me that a 2-percent interest rate would be far more reasonable, practical, and worthy of acceptance and support by the House at this time.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think this amendment goes right to the crux of the whole foreign aid bill. The disposition of this amendment may well determine the future course of foreign aid.

I have been one, and there have been many voices raised in this Congress, who has said, "Let us try to put this on a repayable basis." I said that in the previous administration, and they made the attempt. But you cannot charge more than a country can pay. The effect of the gentleman's amendment, if it were agreed to, would be to drive this back to a straight grant program.

How are you going to charge a going rate of interest to a Bolivian peasant who has never had any land before, to sell him a tractor? If we are trying to bring these people into an area where they can have a standard of living where communism will not appeal to them, then we have to use some extraordinary methods. You cannot charge the same rate of interest that you can charge to a fellow who finances 50 percent of the cost of a new Cadillac. I admit it is an appealing argument to say we are letting them have this at far below the cost of money, but this is a program designed to help these nations carry on their fight to resist communism.

And if it is not that, then we ought to scuttle the whole program. We ought not try to do it by halfway measures. I think the acid test of some of these loans is that some of them are being repaid. Therefore, they are loans. I have been critical in the past of loans that were really grants, and I think all of us on the committee are realistic enough to know that some of these may turn out to be grants. But if you are going to make them with a realistic idea, and hopefully, that they can be repaid, and if you are doing this to help a country fight communism, then you cannot do it on the same basis on which you make loans for going enterprises and industrial businesses. I think this is a very fundamental amendment. I think if it passes, the net result, as I said before, simply will be to put this back on a straight grant basis. It will be a step backward. I hope the amendment will be defeated.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to back up what the gentleman from Ohio said. Of course the gentleman from Illinois un-

questionably does not intend to gut the bill. But if we should adopt this proposal, this loan program would certainly be ineffective in a great many countries that lack the capacity to repay at any significant rate of interest. I might say that the difference to this country would be very small.

The reason why we are lending this money at low rates of interest is because projects which are being built with the money provided produce small revenues, and the recipient countries are not in a position to support anything more. This may be a reasonable proposition from our point of view, but it would not be practicable from the point of view of the recipient countries. We have to recognize that this would be a very damaging direction in which to move.

In that connection, I would like to quote from the Clay report on this problem. They point out on page 14 of the report, the necessity of other countries 'which' lend money to liberalize their rates. They point out that Italy should liberalize her terms of lending, that the United Kingdom should lower her interest rates, that Germany should soften its terms, and that France should soften its aid terms.

The importance of improving loan terms—

And I quote—

including maturities, interest rates, and grace periods is particularly apparent in the case of those nations undertaking comprehensive development programs. Unless the lending terms to other countries improve greatly.

That means unless the terms are made more liberal, not made higher.

and approach U.S. terms, international consortia and coordinating groups for such countries as India, Pakistan, Turkey, and Nigeria will saddle those countries with impossible debt service requirements, and U.S. funds would pay for these short term and shortsighted debts.

It is for this reason, Mr. Chairman, that in 1961 we deliberately set the rates at low interest. We did not desire to saddle these new countries, these countries in need of development assistance, but not having the financial resources within themselves, with heavy debt service burdens. They should qualify for this assistance.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I am glad to yield to the gentleman.

Mr. DERWINSKI. I know the gentleman from New Jersey attempts to be fair in the presentation of all arguments. I would like to point out to the gentleman, first of all, these loans are loans made directly to a government that then relends them at a higher rate. Furthermore, the Clay Committee section that the gentleman just read substantiates my argument because it does not say that these other countries shall lower their rates to the low level that we provide, but merely that they liberalize their terms, which in the case of West Germany especially, the rates run as high as 5½ percent on some of their loans and in the case of the United Kingdom it is a consistently high rate. We would be rising to meet the recommendations

of the Clay Committee. May I take 1 more second of the gentleman's time to correct some misinformation which the gentleman from Ohio did not mean to leave.

This rate of three-quarters of 1 percent is not available to any poor Bolivian peasant. This rate is available to the Government of Bolivia or any other country. They relend it to the people. A Bolivian peasant drawing a loan from his Government will be paying in the neighborhood of 10 percent.

Mr. FRELINGHUYSEN. I might say regarding the interest rate on loans we make to foreign governments, that the relending institutions which receive this money from those governments will in turn have to demand increased amounts from local borrowers, such as a small business in Bolivia or housing projects or whatever. The cost that would be demanded by us will be reflected all the way down to the small businessman or farmer or whoever else might benefit. So in effect we would be very effectively gutting this development loan program if we should increase the rate.

The gentleman's amendment recognizes the necessity for a subsidy. He is not getting away from the fact that in these cases at least a subsidy is a desirable thing. In my opinion liberal interest rates are absolutely essential if we are to provide aid to developing countries. This applies both to this country and to Allied countries capable of making loans.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

I want to emphasize what the gentleman from Ohio said. During the period 1948 to 1952 I would estimate that approximately 80 percent of the Marshall plan funds were grants. From 1952 on until 1957 until the Development Loan Fund came into being, again as I remember it approximately 75 percent of the economic aid was in grants. The past administration under then Secretary of State John Foster Dulles began to transform from a grant program to a loan program. They came up here with a development loan program with loans repayable in both dollars and soft currency and the President had the same discretion as to interest rate that he has in the present act. When we rewrote the Mutual Security Act of 1961, we stated that all development loans should be repayable in dollars and gave the President flexibility as to setting the interest rate.

Somebody a moment ago questioned whether all of these loans are really loans or whether they are grants. I want to say that in the fiscal year 1962-63 over \$397 million has been repaid in principal and interest on development loans. This is a good loan program. It is a sound loan program. Let us not lose sight of the basic reason, why we make loans at a low interest rate. We are trying to help some of these undeveloped countries move along the road to economic stability. We are trying to keep international communism out of their countries. That is the purpose of this loan program. These undeveloped countries with no capital at all are at-

tempting to build schools, roads, and such installations. It will take them a long time to do this unless we do have a low interest rate. If we adopt the amendment of the gentleman from Illinois, it would not bring in a great amount of return in money compared to the magnitude of the expenditures which we make under this program.

I think we have to look at the basic reason why we have a development loan program. A basic purpose of the foreign aid program is to help the undeveloped world.

I ask that the amendment be defeated.

Mr. COLLIER. Mr. Chairman, I move to strike the requisite number of words.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to my colleague from Illinois.

Mr. DERWINSKI. Permit me to make one comment before the gentleman from Illinois [Mr. COLLIER] directs himself to this amendment. I would like to indicate to the chairman of the committee that from all of the figures which I have available—I am not sure I have all of the figures available on which to base the calculation—the annual saving itself from this increase in interest rates from three-quarters of 1 percent to 2 percent a year would be approximately \$13 million a year. This is not taking into account any future loans we make in coming years at a more realistic rate.

Mr. COLLIER. Mr. Chairman, I am not convinced that the amendment should embrace a set interest figure, but for the purpose of gathering light out of darkness in this discussion perhaps someone on the committee would tell me if they would support an amendment which would restrict the interest rate, which is charged by the Government to the poor peasant to buy a tractor, to the same interest rate which we are charging them on the loan.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I am happy to yield.

Mr. GALLAGHER. The problem there is that our loans are repayable by the participating government in our dollars, whereas the loan that they may be making to the poor peasant would be in the currency of that country. Therefore, the risk to them is a lot less than it would be to us. Our return is in hard dollars; theirs is not in hard dollars.

Mr. COLLIER. In the light of that explanation, will the gentleman tell me this—

Mr. HAYS. Mr. Chairman, will the gentleman yield to me?

Mr. COLLIER. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I think the gentleman from New Jersey meant to say that the risk to them would be greater; he said it would be less.

Mr. GALLAGHER. That is correct. The risk to them is far greater on those private loans by the country to the peasant than the risk to us on the hard-dollar loans.

Mr. COLLIER. In the light of that explanation, am I to assume that these nations at no time charge interest to

gauge the borrower in those countries? Or does he feel that the interest rate established by these countries is a fair rate designed to provide the economic stimulus that it is hoped to provide?

Mr. GALLAGHER. It is far lower than the normal bank loan, because these countries are not trying to gouge their own people as some bankers would do on the same type of loans.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from New York.

Mr. BARRY. Mr. Chairman, I think the gentleman is going in the right direction though his concern over interest rates charged by foreign Governments on relending our funds. Much has been done by recipient country Development Banks set up by the AID in getting interest rates reduced as a matter of banking policy. We do not want to set up a government bank in a country to go in competition with loans of private enterprise banks. Accordingly, the gentleman is suggesting we should put a limitation on the interest rate that could be charged by a Development Bank which our AID sets up which would undercut the money rates within a recipient country.

Mr. COLLIER. Did the gentleman say that we have some reservation about competing with private banks and private enterprise? If so, that is a new twist.

Mr. BARRY. If you set an interest rate for lending money in a country under the Foreign Assistance Act, you might then undercut private enterprise in the recipient country.

Mr. COLLIER. Are we being concerned now with undercutting private enterprise?

Mr. BARRY. It has been the policy of the AID, through the Development Banks to try to get interest rates low in recipient countries. We try in many ways to bring this about.

Policy is one thing, but to write it into law would create a conflict with private enterprise. If you set up a greatly lower money rate than currently prevails, you would drive out private bankers all over South America. That is what the amendment would do.

Mr. COLLIER. I am not convinced that that would in fact be a result of the amendment. But there was concern expressed that a high interest rate would make it difficult for these countries to repay. The fact of the matter is they do not and will not make repayment.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. COLLIER] has expired.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I rise in support of this amendment, although I certainly think the interest rate on these so-called loans to foreigners ought to be 3½ or 4 percent instead of 2 percent.

Now, it has been said that foreign countries cannot pay a higher rate. Well, the British are loaning some of

them money at a much higher rate. The British rate, although I do not have the figures here, they are available in the committee—

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. No, not at this time. Just let me have a minute or two, if you will.

The British are loaning at what rate? Four or five percent, and if there is any appreciable risk involved they add a half to 1 percent premium on the interest rate. They are loaning to some of the countries to which we are putting out these 40- and 50-year loans bearing no interest.

Mr. Chairman, what are the Japanese charging? Those of the majority of the committee who oppose this amendment know because they had the figures before the committee. The Japanese are charging up to between 5 and 6 percent. Yet, some of you do not want to put a floor of 2 percent on American loans. Some Members of the House were perfectly willing to fix an interest rate in the education bill the other day—I ask the gentleman from Illinois [Mr. DERWINSKI], What was the interest rate in the education legislation the other day?

Mr. DERWINSKI. If the gentleman will yield, one-fourth of 1 percent greater than the present cost of financing our debt in the Treasury.

Mr. GROSS. Which is 3½ or 4 percent these days—mostly 4 percent. And, yet you do not want to put even a paltry 2 percent on the millions which you are dishing out with the greatest of abandon to these countries in 40- and 50-year loans. Incidentally, on these loans, the first 10 years is a grace period during which nothing is paid, neither on the principal nor interest. I ask anyone to correct me if I am wrong. There is a three-quarters of 1 percent carrying charge but no payment on the principal and interest in the first 10 years. The second 10 years, on a 50-year loan, the carrying charge and a 1 percent repayment on the principal. In the last 30 years there is an annual 3-percent payment on the principal. Never in the history of the 50-year loan is there one stinking penny of interest paid. Only a three-quarters of 1 percent carrying charge. That is all.

Mr. BARRY. Mr. Chairman, will the gentleman now yield?

Mr. GROSS. No, I do not yield to the gentleman.

You say these soft loans will be repaid. How in the world do you know whether this money is going to be repaid at all on the 40- and 50-year loans which have been made in the last few years? The only person who is going to know—I hope to be around here—but the only persons who are going to know whether they are paid or not will be those who are alive 40 or 50 years from now. But you and I know they are not going to be repaid, these soft loans that are being dished out all over the world.

Mr. Chairman, the least we can do is put a floor under them of 2 percent. It should be 3½ percent or 4 percent. But there ought to be a minimum of 3½ percent. Let us put this 2-percent floor under these loans and then come back

next year and raise it to 3½ percent or 4 percent and take it right on up to what the taxpayers pay for money borrowed by the United States.

Mr. Chairman, that is the only thing to do.

Mr. FARBSTEIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would not get so worked up if I were the gentleman.

Mr. GROSS. Why not?

Mr. FARBSTEIN. Because I remember when the gentleman was on the floor here talking against giveaways, we were hearing "You are giving away this and you are giving away that." It seems as though the gentleman is never satisfied. We have stopped giving away. We are now lending. I think that the gentleman ought to be satisfied. I do not think that the gentleman wants to be known as a Shylock.

It must be remembered that this money is being lent to impoverished and to underdeveloped countries. These people have not got the interest to pay and I believe three-fourths of 1 percent is ample in the circumstances. It is tough enough for them to get the money with which they can purchase food. The fact is that the money is going to be returned if not today then next year or the year after. But there is an obligation. These people signed an agreement that they will return this money. I think the entire purpose of the legislation would be defeated, as has been stated earlier by the gentleman from Ohio, if we take the position that we are going to insist on a greater rate of interest together with principal.

This is a very unfair amendment, and should be defeated.

Mr. MORSE. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MORSE asked and was given permission to revise and extend his remarks.)

Mr. MORSE. Mr. Chairman, I am not adverse to saving money in this bill, and in a few minutes I am going to give the Members an opportunity to reduce this authorization by several hundred million dollars. But this particular provision which, according to the testimony of the proponents, would involve some \$13 to \$15 million, misses the entire point of the bill. The purpose of this program is to advance the national interest and security of the United States of America. It is not to make money.

It seems to me if there is an Administrator of AID who extends a loan on the basis of any other consideration there is a constitutional proceeding which can be instituted in this body to correct the situation.

It has been stated here that these loans are not in fact loans. I believe that they will be repaid. But if we destroy the loan provision in this act, and I fear that the amendment offered by the gentleman from Illinois would have that effect, we will necessarily have to rely to a far greater extent on development grants, and there is considerable sentiment in this body against the modest grant program that now exists in the bill.

I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DERWINSKI].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 113, noes 123.

Mr. DERWINSKI. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. DERWINSKI and Mr. MONAGAN.

The Committee again divided, and the tellers reported that there were—ayes 167, noes 143.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. PELLY

Mr. PELLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PELLY: On page 5, immediately after line 4, insert the following:

"SEC. 104. Section 203 of the Foreign Assistance Act of 1961, as amended, which relates to fiscal provisions concerning the Development Loan Fund, is hereby repealed."

And renumber the following sections accordingly.

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. PELLY. Mr. Chairman, the Foreign Assistance Act of 1961, as amended, part 1, Chapter 2: Development Assistance, section 203, reads as follows:

Fiscal provisions: All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

What this section 203 does is authorize reloading of funds without reappropriation. It is one of the devices known as backdoor spending.

Assume, if you will, that out of properly appropriated funds a 40-year development loan is made and repayments of principal and interest in due course are received. Under authority of section 203 these payments as received can be reloaned. Thus, we have an endless authority. Thirty years from now the Agency could be loaning for 40 years more and so on ad infinitum. No annual revaluation and justification would be required before the Committees on Appropriations. My amendment would require the usual appropriation before receipts could be reloaned.

I urge support of my amendment. Let us get this program on a fiscally and constitutionally sound basis.

Mr. FARBSTEIN. Mr. Chairman, I rise in opposition to the amendment.

A moment ago we heard the story that the loans that we have been making are not going to be returned. You heard the statement made in the form of a complaint that these are grants. Well, if they are grants, what are you worried about? On the other hand, if they are loans of 40 or 50 years' duration, we will not be here to worry about whether they are being loaned again. At least I will not. I do not expect to, at any rate.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. Surely.

Mr. GROSS. I have some children and grandchildren who would be interested in what you do here today.

Mr. FARBSTEN. Well, I am certain that their hearts would not be quite so steely that they would refuse to aid the poor, the underprivileged children in underdeveloped countries that are unable to get food, milk, clothing, and housing, and that is the purpose and the basis for this entire legislation. What are you going to do? Do you want to destroy the legislation altogether? If that is your purpose, there is nothing for me to say. On the other hand, if you intend that this program shall have any effect, if you intend that this program shall say to the people of underdeveloped countries of the world that we want to come to their assistance and that we will do so and we will not try to scuttle the bill as we are doing here, then this amendment should be defeated.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to remind our colleagues that this section was written into the law in 1957. The outstanding advocate of this provision was our former colleague from Ohio, Mr. Vorys. The very purpose of this amendment was to encourage development loans in place of grants. It was at that point that we departed from the policy which emphasized grants and went to a policy emphasizing loans. If we now follow the suggestion contained in the proposed amendment that this section be repealed, we will in fact undercut the very program we initiated in order to get away from grants and in order to make this program a sound program of foreign aid.

The question was raised that in order to improve supervision, the funds for development loans ought to be authorized and appropriated annually. I want to point out that the Congress can and does indeed conduct reviews, impose restrictions, and give directions to the Development Loan Fund every year. The Appropriations Committee always considers the repayments coming into the fund when new appropriations are made. Therefore, the Congress does not presently lack control over this program.

Mr. Chairman, I should like to call to the attention of the Members of the House page 210 of the hearings held on this legislation before the Committee on Foreign Affairs which contains a chart listing past and projected loan repayments. The amounts listed are impressive. Funds provided for development loans are being repaid and will continue to be repaid with interest. The repayments will be made available for future lending as development loans and will encourage other countries to follow this type of procedure. This program will encourage greater reliance on sound methods of financing economic development, and wider participation in this task by other free nations.

Mr. Chairman, I hope the amendment will be defeated because, if adopted, it will undermine the development loan program.

Mr. FASCELL. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I suppose it is all right to walk up the hill, then walk down the hill and then attempt to walk back up the hill again. This amendment simply seeks to undo in a very short time what it took a very long time to write into this law. I would trust that whatever voting cohesion exists on the Republican side with respect to the other amendments will not be applied to this one and some consideration will be given to the background and the history of the Development Loan Fund.

We struggled very hard in the committee and under two administrations to strengthen the administration of the program. One of the strongest criticisms directed against the program before this provision was written into law and before we had the Development Loan Fund was by the Comptroller General of the United States. We could not do long-range planning with funding on an annual basis; therefore it became very wasteful and inefficient, and it was recommended that long-term funding be authorized.

For whatever it is worth, that is, if efficiency and the elimination of waste means anything, an effort was made to write into law those recommendations of the Comptroller General and those others who had reviewed the administration of the foreign aid program, along two counts. One was to change the emphasis from grants to loans and to set up a development loan program, to encourage in every way possible the development in the underdeveloped nations of a feeling of responsibility and to create the idea of a loan, even if in name only.

The other was to provide for long-range planning and funding of this program, in order to achieve this sense of responsibility in the recipient nations, in order to get away from the idea of grants. Admittedly, this cannot be done overnight, and it will not be done overnight; it may take a long time, such as 30, 40, or 50 years. I do not know, but as long as the fight with communism exists, as long as the challenge of the developing nations exists, as long as the problem is here, so long will we have to face it. But we are not going to do it by fast semantics.

Mr. Chairman, the idea of a revolving fund for long-term planning has a sound basis in economics; it has a sound basis in accounting; it has a sound basis for proper administration of this type program.

Mr. Chairman, if the members of the committee want to go back down the hill again—and that is what this amendment does—to the annual authorization and appropriation in the Development Loan Fund, they are giving rise to all of the arguments and criticisms which the Comptroller General, the previous administration, this administration, your committee, and this House by previous votes have tried to correct by writing these fiscal provisions into law.

Mr. Chairman, I just make this statement so we can have it clear as to the course and direction of our vote. I would hope that having had this long struggle to change from grants to loans; having had this long struggle to put

long-range planning into the program and to have a Development Loan Fund into which we could get dollar repayments; by which we could achieve some sense of responsibility; by which we could have some efficiency and economy; that we would not now in 5 minutes turn around and go back down the hill some 10 years in the program.

I trust that this committee will defeat the pending amendment.

Mr. JOELSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just take these few moments to congratulate those of my colleagues who applauded so vociferously at the passage of the last amendment, because we are creating a new image to the people of the world. It is no longer the image of the United States of America as idealistic, as the fighter against communism and against tyranny. It is no longer the picture of a nation that cares about the defeated and the dispossessed, the sick and the hungry of the world. It is a new image. It is not the image of the United States of America. It is the image of the "Friendly Loan Co." It is an image of a company that says to the people of the world, "We will help you fight tyranny at 3 percent on the barrelhead."

Mr. Chairman, it will be a sorry day for the democracies in this world when the United States has this kind of an image created in the eyes of the people of the world.

Mr. LINDSAZ. Mr. Chairman, I move to strike the requisite number of words.

I had not intended to speak this afternoon on this section of the bill, and I shall not speak for the full 5 minutes.

Mr. Chairman, I am one of those mentioned earlier, who testified before the Foreign Affairs Committee for 2 solid hours on the subject of the relation between private enterprise and foreign aid, and can claim some credit for the language that is now in the bill on page 4 which requires that the AID Administrator turn to the private sector to discover whether or not a development loan can be made privately before the Government undertakes to make it. This is important language. It is intended to gear in the private system more systematically than in the past. I would like to compliment the very capable gentleman from Massachusetts [Mr. MORSE] for his accomplishment in steering this amendment through the committee and to thank him for it.

To say, however, that this program has to be eventually phased into the private sector does not go so far as to suggest that the development loan program be literally scuttled. If the development loan program has any merit to it at all it should not be chipped to death by these amendments.

I have always supported the distinguished gentleman from Washington [Mr. PELLY] during the last 2 years on the subject of back-door spending, but I do not think his well intended effort has a place here. When this amendment is combined with the amendment that was offered by the gentleman from Indiana [Mr. ADAIR] and carried, under which, as far as I can see, no develop-

ment loan could be granted for a small school building in Guinea, to name one example, plus the amendment offered by the gentleman from Illinois [Mr. DERWINSKI] and carried—and I might add that the 2-percent amendment by itself probably is not devastating—and you have in the total combination a hamstringing that can end the usefulness of the program.

Several days ago I participated in special orders on the floor. I said I agreed with the Clay Committee report, but as a matter of tactics I wondered if the administration was so smart in adopting it as their own as fast as they did—in about 12 hours. They should have known this would whet a few appetites.

I as a Member on the minority side, not a member of the committee, would like to take these few minutes in order to support the ranking minority member and other minority members of the Committee on Foreign Affairs who have worked with the majority members in order to slice this bill down, but not to kill it. They have insisted on selectivity in its application, on loans rather than grants, on tightening it up and phasing parts of it out. They have cut it down, substantially. We are making a sham-ble here of this bill with the result that the entire development loan section will be placed in jeopardy.

I wish that more Members had been on the floor yesterday when the gentleman from Massachusetts [Mr. MORSE] spoke. He addressed his remarks to the job the committee has done to better the program, to cut it, narrow it, define its points and improve its administration. He and some others, like the ranking minority member, the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON], have done a constructive job and should be supported.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Indiana.

Mr. ADAIR. I would like to say to the gentleman that under the amendment I proposed and which the committee adopted it would be possible to build that school in Guinea of which the gentleman spoke. The other 50 percent of the loan fund would be available for that.

Mr. LINDSAY. Yes, I understand that, but 50 percent would not be.

I think the time has come when it is important to stand by the committee which has cut this measure down as far as it should be cut at this stage of the proceedings.

Mr. McDOWELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in discussing this program yesterday with my delightful friend and colleague and member of the committee, the gentleman from Indiana [Mr. ADAIR], we spoke about proposed amendments to this foreign aid bill, and he assured me that the amendments in his opinion were designed to perfect the legislation. I knew at the time that he was not for the foreign aid bill, but I was willing to accept at that point his evalu-

ation of the amendments that were to be presented today as being perfecting amendments. With the last amendment that was adopted, you do not perfect foreign aid. You guarantee its failure.

We paved the way to defeat foreign aid, whether by votes on this floor or by the judgment of world opinion upon the actions of this Congress. I cannot really believe that is the objective of those who are voting for and supporting these vicious amendments. Your actions have invited the Communist press to headline the passage of this and the last amendment to the foreign aid bill as the "Uncle Midas" amendments. I cannot really believe that all of those who are now voting for these amendments, which have no other end result than to insure the failure of this legislation from now on, have that as their real objective. I care not whether they vote for or against this legislation, let it have a chance to be effective. Either that or let us now cast it aside and see if those who are so violently opposed to foreign aid as we know it today, and which is documented in this bill as it came from the Foreign Affairs Committee, have any alternative. They have not presented any such alternative here on the floor in any of the arguments we have heard so far, no single alternative except to discontinue foreign aid as such.

I, for one, shall watch the final roll-call to see who is sincere in his desire to support foreign aid and foreign policy under the Kennedy administration by the adoption of these so-called "perfecting" amendments.

Mr. ADAIR. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, in response to what has just been said I would say to the gentleman that the amendment offered by the gentleman from Indiana was offered in good faith, and it was offered in the belief that it is a strengthening, perfecting, and improving amendment. As I said when I offered the amendment, I believe it makes the bill a better one. The gentleman is entitled to his opinion, as is everyone in this House, but as for me, I take the point of view that when amendments are offered they are offered in good faith, whether by myself or any other Member of this House.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have had the honor of being the floor manager of this bill in 1958, 1959, 1960, 1961, 1962, and 1963. I have had occasion to go down to the White House many times during the last administration in behalf of the foreign aid bill. I devoted all my energy to the fight for foreign aid because I believe it is part and parcel of our security program. I held faith with then President Eisenhower. I was convoyed down to the White House many times and taken in the back door to meet with the President in behalf of foreign aid. I know how strongly President Eisenhower felt about this program.

I can see developing here today in this debate just a tinge of politics. I know President Eisenhower believes in this

program. He recommended the establishment of the development loan fund in 1957. This is not back-door spending; this is a revolving fund.

We are losing sight of the real reason for foreign aid. It is part and parcel of our own security. Nobody ever fought harder for this revolving fund than the great John Vorys, of Ohio, who served on the Foreign Affairs Committee for a good many years. He fought for this principle.

Mrs. FRANCES P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mrs. FRANCES P. BOLTON. The gentleman never said truer words. He would say that if he were here today. If he were here we would do differently.

Mr. MORGAN. If he were here, he would fight his very heart out for this principle.

Some new Members have come along since John Vorys left this House, but those who were here know that he understood and supported the principle of the revolving fund for foreign aid. I do not want the gentleman from Washington to be misled. The figure I read of \$387 million repayment, includes Marshall plan loans—not just development loan funds. Including all the Marshall plan loans the repayment this year is \$387 million. This amendment does not touch the Marshall plan loans. Next year we expect a repayment of only \$36 million in this revolving fund for the fiscal year 1964. You are not saving a large amount of money. For what we are getting overseas in our fight against international communism, this does not cost much.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. I assume the gentleman from Minnesota, Mr. Judd, also fought his heart out?

Mr. MORGAN. He certainly did.

Mr. GROSS. And he went right down the drain with the help of the President.

Mr. MORGAN. I do not think he went down the drain with the help of the President—he was defeated by the vote of his constituents. Nobody has more affection and respect for Dr. Judd than I have.

Mr. GROSS. I am well aware of that. Will the gentleman yield further, Mr. Chairman?

Mr. MORGAN. I yield to the gentleman.

Mr. GROSS. And the gentleman from Ohio, Mr. Vorys, when he was here, the national debt was somewhere around \$286 billion and we did not have any imbalance in our trade and the outflow of gold the way we have today.

Mr. MORGAN. Oh, yes, we did; we have had an outflow of gold nearly every year since 1949.

Mr. GROSS. Not the way it is today, because today the gold reserves are at the lowest point since 1939.

Mr. MORGAN. I am talking about the outflow of gold.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. PELLY. I know my friend, the gentleman from Pennsylvania, would not want to leave the impression that there was any political tinge to this amendment I put in. I have been fighting for the principle of the appropriation process for years. The gentleman from Pennsylvania may have been referring to some other amendment, but I would like him to clear the record on that point.

Mr. MORGAN. I have a great deal of admiration for the gentleman. I know in 1961, when the Treasury borrowing authority was sought to finance the Development Loan Fund, he was one of the strongest fighters against it. I give him credit. He fought for his principles. But I cannot consider that this revolving fund is the same thing as Treasury borrowing. This is a revolving fund and it is not Treasury borrowing.

Mr. PELLY. Mr. Chairman, will the gentleman yield further?

Mr. MORGAN. I yield to the gentleman.

Mr. PELLY. I would like to say there are four devices we commonly call back-door spending. This happens to be one of them. But I did not want the RECORD to indicate in any way that there was any partisanship in my attitude in this amendment.

Mr. MORGAN. I just want to say, the Committee on Appropriations always considers anticipated repayments when they make their appropriations for the Development Loan Fund. This income is always taken into consideration. This is not a fund that just lies there until the Executive reaches into it and lends it out. These repayments have always been taken into consideration by the Appropriations Committee. I am sure everybody in this House knows the distinguished gentleman from Louisiana who heads that subcommittee of the Appropriations Committee for foreign aid. You can be sure he knows every dime that is in this revolving fund and takes it into consideration when he makes an appropriation for the Development Loan Fund.

Please give careful consideration to this vote. This involves a fundamental issue. We are fighting against the most dangerous enemy we have ever faced in our history.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, without in any way discussing the other two amendments that have been adopted and addressing myself solely to the pending amendment, it is my firm conviction that if this amendment is adopted, it will seriously impair the development loan fund.

As I view the world of today, not only we ourselves but future generations are involved. I think everyone knows of my strong convictions, going back to 1934, in an appreciation of the evil mind and intent of the Communists and of the fact that I have always stood for strength. If I am going to err in judgment as a legislator on the question of strength or weakness, everyone knows that I prefer to err on the side of

strength. I feel that the only thing the Communists respect is what they fear, and that is military strength and power on our part greater than they possess themselves. I feel that the only level upon which we can deal with them is on the basis of self-preservation, because communism has no moral origin and, having no moral origin, it has no level of idealism. However, Communists cannot deny that the law of self-preservation applies to the people of the Soviet Union the same as it applies to the people of any other country, or the people of our own country. Military strength I have always stood for, but in a sense it is negative. Foreign assistance to me has been the affirmative side of democracy in this great battle in this trying period of world history. We know that there are tensions in the Communist orbit. To what extent we cannot fathom now. Time passes and history is being made, being made as we are now deliberating this particular bill. We know there is tension within the Communist orbit. It is our job to explore, to probe, and to capitalize on those tensions in the national interest not only of our own country but of all the countries and peoples who want to be free under their own law.

Coming to this particular amendment, this particular provision was enacted into law under former President Eisenhower. Are we going to deny to President Kennedy what we gave to President Eisenhower? I am not. Others might; I am not. We Democrats loyally supported it only a few years ago. I am not going to say politics, but I see the vote and I see the transformation within a few years. The question enters my mind as to whether, if there were a Republican in the White House, would we see the vast number of Republicans voting here as they have? It is a fair observation. I do not like to talk about a Republican or a Democrat in the White House, but when there is a President in the White House who is either a Republican or a Democrat, he is the President of the United States to me, and I think you all get the importance of that observation. When there was a President in the White House who was a Republican, we on the Democratic side as Members of Congress loyally supported this particular program.

I am not going to talk about the other two amendments, and I do not think anyone's motives should be impugned, and nobody is impugning them. I respect all of my colleagues, even when I am in disagreement with them. I give them credit, as I hope they give me credit, for purity of mind and cleanliness of motive. However, this amendment is not direct Treasury financing or, as others call it, back-door spending. This involves a revolving fund, and we have tens of revolving funds in other agencies of the Government. So, I respectfully submit that this particular amendment will seriously impair a worthy program initiated under a President who was a Republican. The provision to which the amendment is offered certainly should be continued under a Democrat. I hope the amendment will be defeated.

Mr. JONAS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I regret that I must follow the distinguished Speaker of the House in discussing this amendment. I would not presume to do that under ordinary circumstances, but I have been trying for some time to get the opportunity to say a word or two about this amendment. I want to put my 2 cents' worth in and then I shall yield the floor.

I do not think the argument that since this provision was put into the bill under a former President and therefore should stay in now is a sound one. If you want to put it on that basis, then it could be argued that we allowed the former administration about 3 years with this provision and we have permitted the present administration to go along with it for about the same period of time. But just because it was enacted under a previous administration is no argument in favor of continuing it in perpetuity if it is wrong. Let us vote on this amendment on the basis of whether it is a good amendment, whether it is in the best interest of the people of the United States, and not on the basis of what political party will benefit, or on the basis of who supported it 2 or 3 years ago, or who recommended it or who was in the White House when it was enacted into law originally.

Mr. Chairman, I think this is a good amendment, because I think the Congress of the United States should not abdicate its responsibility to determine how money should be spent to any President, regardless of which party he represents. The Constitution charges Congress with the responsibility of determining what money shall be withdrawn from the Treasury of the United States.

It will not damage this program one iota to have Congress reserve to itself the right to determine what part of the loan repayments will be reappropriated from year to year. You may say it is not back-door spending; you may call it a revolving fund. I call it giving the executive a blank check; and I am tired of voting blank checks to any executive agency of this Government.

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I consider the little demonstration a tribute, because frankly I will say to you that on many occasions there is no more political fellow in the House, or one who enjoys being political, than myself, unless from what I read in the papers it is the gentleman from Indiana, [Mr. HALLECK]. I enjoy a good political fight. I would not deny it. But I want to say to you that under the 8 years of the Eisenhower administration I was down in the well of the House every year for 8 years defending this bill from amendments that I thought would destroy its effectiveness. It is one thing to be political on something that does not matter and it is another thing to be political on something that affects the security of the country. I want to say about my friend from Indiana [Mr. ADAIR], who is the ranking member on my subcommittee, that I believe I have not a better friend in Congress than he. I respect him and he can testify himself

on matters before the subcommittee we work until we have a meeting of minds.

Every bill that I have brought from that subcommittee to the full committee has come out unanimously. I think the gentleman from Indiana [Mr. ADAIR], has the best of intentions in the world in offering his amendment. I did not support it. If it applied to selected countries, I would have been down here fighting for it. But I think even the gentleman from Indiana will admit that in the case of some countries in Latin America it may force us either to only make 50 percent as many loans as we would have, or make the loans to the very people who are now funneling the money out of Latin America into Swiss banks. The gentleman does not intend that. His intentions are not that at all. But we do not have any selectivity under that amendment. That is why I opposed it, not because I thought there was anything wrong with the gentleman's motives, because he wants to get at the same thing at which I want to get, and that is to put as much money into the private business sector as we can. But, Mr. Chairman, we have got to trust the administrator. If you do not trust the one who is there now, and may I say I do, it seems to me we ought to get one we can trust.

Mr. Chairman, I went along with the various administrators in the other administration. What about this present amendment? Talk about backdoor spending. There is \$36 million involved. As the chairman, the gentleman from Pennsylvania [Mr. MORGAN], has said there is a revolving fund and presumably—and if I know the gentleman from Louisiana, and I think I do, presumably he will deduct \$36 million in appropriations in order to take care of the \$36 million that is coming in, and I think he should, frankly, if he thinks that is the amount they ought to have.

Now, Mr. Chairman, what are we doing here this afternoon? Are we making a fight because it is a lot of political fun on every amendment, or are we going to try to write a bill that once it becomes law it will be in the best interest of the United States of America?

I suppose, Mr. Chairman, that a good many of the Members on my left think that if their champion—and I am now looking at my friend who represents the congressional district next to the one which I have the honor to represent from Ohio—if your champion [Mr. GOLDWATER] is elected there will not be any foreign aid. I have news for you. There will be and you will be in here asking for it, or you will be hiding out so he does not know about it, if you do not vote for it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. PELLY].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PELLY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PELLY and Mr. McDOWELL.

The Committee divided, and the tellers reported that there were—ayes 155, noes 169.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. RAINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

JOINT COMMITTEE ON IMMIGRATION AND NATIONALITY POLICY

The SPEAKER. Pursuant to the provisions of section 401(a), Public Law 414, 82d Congress, the Chair appoints as a member of the Joint Committee on Immigration and Nationality Policy the gentleman from Kentucky [Mr. CHELF] to fill the existing vacancy thereon.

CORRECTION OF RECORD

Mr. RYAN of New York. Mr. Speaker, I ask unanimous consent that the permanent RECORD be changed to correct petition No. 250 which should read as follows:

By Mr. RYAN of New York: Petition of Daniela Aponte, secretary-treasurer, Puerto Rican Political Women Association, Inc., and Maria Gonzales and 72 others to increase the personal income tax exemption from \$600 to \$1,000;

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

REQUEST FOR HOUR OF MEETING

Mr. ALBERT. Mr. Speaker, I ask unanimous consent when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. JONES of Missouri. Mr. Speaker, reserving the right to object, I think I am going to object to this request on the ground that a number of committees including one of mine have some hearings that are going on tomorrow. I believe Members have been going on the assumption that we were going to take 3 days to consider this bill. We have been adjourning many days here and losing time, and I do not see any reason why we cannot come in at the regular time tomorrow. So, Mr. Speaker, I object to coming in at 11 o'clock tomorrow.

The SPEAKER. Objection is heard.

ETHICAL CONDUCT IN HIGH OFFICE

(Mr. BROCK (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the

RECORD and to include extraneous matter.)

Mr. BROCK. Mr. Speaker, in the August 7 issue of the Washington Evening Star there appeared an editorial by Richard Wilson entitled "Ethical Conduct in High Office." This portrays clearly the question surrounding Secretary of Navy Korth's personal involvement in the TFX contract award, the question of whether a person who is involved in any way with a firm negotiating for Government business should place themselves in a position which "tempts dishonor."

The strength of a democracy such as ours rests in no small part in the confidence with which the public views its appointed public officials. Such officials are not subject to removal by vote of the electorate. For this reason it is particularly incumbent upon these men and women to avoid any situation which might in any way cast doubt on the conduct of his office.

We, the citizens, believe in our American democracy. Such faith must and will be justified. For this reason above all others Secretary Korth owes the American people an unqualified pledge, a pledge that a situation such as the one which arose over his involvement in the TFX contract will not repeat itself.

I commend the following article to your attention:

ETHICAL CONDUCT IN HIGH OFFICE

(By Richard Wilson)

The level of indignation on the ethical standards of high officials seems to fluctuate from one presidential administration to another.

This particular comment has only to do with how the conduct of public officials is viewed and reported, not with the substance of an official's ethical conduct.

But it is, at the same time, a strange contrast that there was so much public and press indignation over the conduct of Adolphe H. Wentzell in the Eisenhower administration and so little over the conduct of Fred Korth in the Kennedy administration.

Yet, both are bankers. Both are or were involved in the award of Government contracts to concerns which were doing business with their banks. Mr. Wentzell was a vice president of First Boston Corp., a major financial institution, and gave financial advice to sponsors of the Dixon-Yates contract for a generating plant at Memphis, Tenn., while serving as an unsalaried consultant to the Budget Bureau on the same general subject.

Fred Korth is former president and still a large stockholder in the Continental Bank of Fort Worth, Tex., which made a substantial loan to help keep financially afloat Fort Worth's biggest industry, General Dynamics Corp. Mr. Korth also is Secretary of the Navy. He favored granting an \$8 billion contract to General Dynamics for construction of a big new fighter-bomber aircraft called TFX.

Evidence before the McClellan Committee shows Mr. Korth had 16 conferences with and 5 phone calls to "longtime friends" of General Dynamics during the period when it was decided to give the contract to the Fort Worth firm instead of to the lower bidding Boeing Corp.

Some strong statements have been made in Congress on his continuing interest in the bank which made the loan to the company

that got the TFX contract. The relationship is called in the CONGRESSIONAL RECORD "a pattern of activity that compares with the RFC scandals, the activity of T. Lamar Caudle of the Truman era, or the Talbot case and Dixon-Yates case of the Eisenhower administration." It is stated that this is a "real Texas-size scandal."

Whether Mr. Korth was involved in a statutory conflict of interest is something a court could decide, if the matter were of a nature to be submitted to a court.

In this connection the comments of Chief Justice Earl Warren in *United States v. Mississippi Valley Generating Co.* might be held to be applicable. This case involved the cancellation of the Dixon-Yates contract in a hot political atmosphere and whether or not the Mississippi Valley Corp. was entitled to \$1,867,546.56 in damages. The Court of Claims awarded these damages. But the Supreme Court vacated the award on the ground that the contract was invalidated and tainted by Mr. Wenzell's dual role.

Justice Warren chose the occasion for a Supreme Court sermon on what "conflict of interest" is, and it proved to be a highly moralistic and, some would say, extralegal concept. But it is the law of the land, as interpreted.

To be guilty of conflict of interest, it is not necessary to have been corrupt. It is not necessary to have gained anything personally or to have been promised anything personally. It is only necessary to be willfully involved in a situation that "tempts dishonor."

"The statute," said the Chief Justice, "is more concerned with what might have happened in a given situation than with what actually happened. It attempts to prevent honest Government agents from succumbing to temptation by making it illegal for them to enter into relationships which are fraught with temptation."

This stern and truly Presbyterian morality sets a high standard of conduct. The logic of circumstances alone is enough, in the Warren version, to taint a public official, for he may be subconsciously tempted to ingratiate himself to sponsors who were in a position to affect the fortunes of himself and his firm.

How many Federal public officials really know what Spartan righteousness the law demands of them? How much longer are they to remain ignorant?

PENSIONS FOR WORLD WAR I VETERANS

(Mr. STAFFORD (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STAFFORD. Mr. Speaker, it is a great honor for me, as Vermont's Member in this House of Representatives, to place in the RECORD a joint resolution of the General Assembly of the State of Vermont, approved June 27, 1963.

The resolution urges the Congress of the United States to enact legislation granting a pension to veterans of World War I, comparable to grants to veterans prior to World War I.

JOINT RESOLUTION RELATING TO PENSION FOR WORLD WAR I VETERANS

Whereas the national policy of the United States concerning veterans of the United States has been to grant assistance to them in their declining years by a pension in consideration of their military services in defense of our country; and

Whereas there has been no general pension granted to veterans of World War I by the United States; Now, therefore, be it

Resolved by the senate and house of representatives, That the General Assembly of the State of Vermont hereby urges the Congress of the United States to enact legislation granting a pension to veterans of World War I comparable to grants to veterans of American wars prior to World War I; and be it further

Resolved, That copies of this resolution be sent forthwith by the secretary of state of Vermont to the President of the United States, to the Presiding Officers of each branch of the Congress and to the Members thereof from the State of Vermont.

Approved: June 27, 1963.

THANKS EXTENDED TO RETIRING POSTMASTER GENERAL J. EDWARD DAY

(Mr. BARRY (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BARRY. Mr. Speaker, I would like to take this opportunity to extend thanks to retiring Postmaster General J. Edward Day on behalf of myself and the people of the 25th Congressional District of the State of New York.

Postmaster General Day has done an admirable job in handling one of our Government's most difficult Departments. Many innovations to the national postal system have been a direct result of his personal interest and diligence. Employees of the postal service have been provided with the most modern types of equipment available, resulting in improved working conditions for them as well as increased productivity and service. Many self-service operations have been introduced to improve service to patrons and reduce post office costs.

Mr. Day has served in his post in what to me has been an impartial manner, without regard to political affiliation. He has done a most commendable job.

I personally wish Mr. Day well on his return to private life. The Congress, as well as the people of this country who have benefited from his tenure as Postmaster General, will join with me, I am sure, in extending our appreciation to J. Edward Day for his outstanding service to his country.

THE CIVIL RIGHTS MARCH

(Mr. FINDLEY asked and was given permission to extend his remarks at this point in the body of the RECORD and to include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, if the civil rights march on Washington comes and goes without violence, the entire Nation will heave a sigh of relief and especially those of us in Washington. Predictions as to the crowd range from 100,000 to 300,000 people.

Every mass gathering has the potential for violence. Crowds at sports events easily reach the frenzy pitch. We quickly roar disapproval of the umpire, or what appears to us to be unfair tactics by one of the players. Even the best-mannered crowds can quickly get out of hand.

The crowd is added to the movement of people and cars which keeps Washing-

ton in a near traffic jam perpetually day and night. A few people of the lunatic fringe—and every mass gathering has its lunatic fringe—can quickly cause friction, disorder, and violence.

The demonstration occurs just 100 years after the great conflict which ended slavery in the United States. It will start at the Washington Monument grounds and end at the Lincoln Memorial.

These two monuments remind us of our struggle for freedom. George Washington commanded the armies that broke with British tyranny and established a government founded on the unique principle that government itself is instituted to protect the freedom and rights of the individual citizen. Abraham Lincoln signed the Emancipation Proclamation which freed the slaves just 100 years ago.

I am showing visitors to my office a yellowed document I acquired several years ago: A bill of sale for five Negro slaves dated 1806. It is a relic of a sorry past and shows we have come a long way in providing equal rights to all Americans.

Wednesday's demonstration is a vivid reminder that we still have some miles to travel.

SEE AMERICA

(Mr. ULLMAN (at the request of Mr. ZABLOCKI) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ULLMAN. Mr. Speaker, the current deficit in our balance of payments is a matter of concern to all Americans. My colleagues have ably demonstrated the measure under consideration today—the Foreign Assistance Act of 1963—will not measurably affect our balance-of-payments problem—and this is one of the reasons I intend to support the bill.

However, in my judgment, Mr. Speaker, it is incumbent upon the Congress to continue to focus its attention on the balance of payments. To help alleviate this situation, the Federal Reserve Board raised the discount rate in mid-July from 3 to 3½ percent. Although the increase was instituted specifically to remedy the balance-of-payments problem, there have been serious apprehensions that this action would also have a harmful effect on the domestic economy. We must, of course, make a concerted effort to reduce this deficit, but—and I emphasize this Mr. Speaker—we must concentrate our efforts in areas which will not have a dilatory effect on our economic recovery.

There are balance-of-payments items in which the deficits have been chronic; in other areas, the surpluses have not been sufficient. In many of these areas, in my opinion, Mr. Speaker, the Congress can initiate action which will reduce the current deficit and eventually produce a surplus. In the next few weeks, I will submit measures designed to accomplish this goal. These bills will deal with problems such as U.S. tourist spending overseas, offset defense spending, incentives to exports, and others.

DRILLING HOLES

The three men went down at 7 a.m. Tuesday to the bottom of the slope to drill additional holes to let water out. Two hours later the cave-in occurred.

Later, Fellin's brother, Joseph, went to the UMW and asked for help. Joseph, an experienced miner, has been retired. Overa said the UMW prevailed upon the State to find the equipment and drill the exploratory holes.

The first drilling rig started at 7:30 p.m. It came from Scranton. The other rig was brought in from Pittsburgh and began drilling at midnight Saturday.

THE DELAWARE STATE EMPLOYMENT SERVICE REBUTS LIFE MAGAZINE

Mr. SPEAKER pro tempore. Under previous order of the House the gentleman from Delaware [Mr. McDOWELL] is recognized for 15 minutes.

Mr. McDOWELL. Mr. Speaker, for several months, the public has been consistently exposed to concerted efforts by certain national organizations and lobbyists clearly designed to degrade in the public mind various Federal programs and agencies which have effectively served the public in the national interest through the great depression of the 1930's, several wars, and several recessions. Many Members of Congress believe that sound public policy, mercy, sympathy, and humaneness require that assistance be extended to millions of Americans who have yet to share fully in the gains of our affluent society. The great majority of voters, I am sure, share the concern held by many Members of Congress as to the disturbing and shocking school dropout problem, youth unemployment, lack of job opportunities, and the antisocial behavior which is rooted in large-scale unemployment and the deprivation and disappointment that accompany it and for which our society pays an unnecessary high price.

The U.S. Employment Service has been helping people find new jobs in those areas of commerce and industry where automation has now become an important factor in job dislocations. It has been signally successful in alleviating the human distress, loss of employment, and loss of livelihood caused by automation. That automation has become a matter of major concern in our onrushing industrial society is reflected by Life magazine which reported in an earlier issue that "today the machines are marching against the blue-collar workingman and the battle is elemental—the struggle for survival."

Unfortunately, nobility of concept, a trait normally exhibited by Life magazine, was conspicuously missing in the August 16 issue. In this particular issue the U.S. Employment Service was the victim of distorted reporting.

In a recent letter to the editor of Life magazine the chairman-executive director of the Employment Security Commission of the State of Delaware, Mr. Joseph A. Bradshaw, offered a rebuttal to these distortions, a rebuttal based on facts as they relate to the true role and activities of the U.S. Employment Service and its

affiliates in the several States and territories.

Mr. Speaker, I include the text of Mr. Bradshaw's letter for the information of my colleagues, since Life magazine has not seen fit to print it:

STATE OF DELAWARE,
EMPLOYMENT SECURITY COMMISSION,
Wilmington, Del., August 15, 1963.

Mr. EDWARD K. THOMPSON,
Editor, Life Magazine,
New York, N.Y.

DEAR MR. THOMPSON: In brewing up your imaginary "pork casserole" your staff apparently closed its eyes to the ingredients on the label of the U.S. Employment Service, otherwise it is hard to imagine how the USES meets the requirements for such a poisonous potpourri as you have tried to concoct.

It is also hard to understand how a magazine such as Life can show so much insight, understanding and compassion in one issue, then turn around and show such a complete lack in a subsequent issue. Recently you presented a large, comprehensive and detailed study of automation and its effect upon employment. Your presentation was worthy of the highest praise. Why the about face? Why attack an agency in the forefront of the battle to help today's bewildered displaced and disoriented worker who can not earn a living through no fault of his own except that he is more expensive than a machine?

Life makes several basic errors, both of fact and of background, in its brief but powerful diatribe against the public employment service, which nevertheless is one of the most important stabilizing forces in our economy. It's a pity that such talents for polemics cannot be used on more deserving victims. Among the most important errors Life makes are:

1. Comparing the job assigned to the U.S. Employment Service in 1933 to its many diverse functions today is like comparing an abacus to an electronic computer. Such a comparison shows either lack of knowledge and insight or a complete disregard for the realities of those bitter years of the great depression.

2. Comparing the budget of the small pilot operation launched in 1933 to the present budget for a major service agency is like comparing a rowboat to an aircraft carrier. If we were to follow your reasoning to its logical conclusion, the National Aeronautics and Space Agency and the Air Force should be using Roman catapults instead of guided missiles. In 1933, the USES received a limited budget with which to hire personnel who had none of the necessary background, experience, training, and education required even then. Today personnel requirements are infinitely higher than those required to certify recipients of relief, really the Employment Service's basic function in the 1930's.

3. The characteristics of the labor force and of the unemployed were far different from now. The population was less mobile, most job requirements for industry called for unskilled or semiskilled workers at best; job specifications changed little from year to year; less training or education was required then than today to fill even the best jobs. As a result a reasonably intelligent man then could qualify for a variety of jobs instead of one or two today (none when he has been displaced by machinery and his skill is no longer marketable).

4. Fortunately the meager million-dollar appropriation provided for the USES in 1933 to assist an army of 12,800,000 unemployed was not the only emergency program inaugurated by the Federal Government. There were the WPA, the PWA, the CCC, and other

programs designed to provide employment and stimulate business and industry.

5. In 1962, the USES found jobs for nearly 1 million youth and provided special guidance and counseling for nearly 600,000.

6. The USES found jobs for more than 1,300,000 workers over age 45.

7. The USES led in efforts to break down discrimination in hiring.

8. The USES led the attack of problems of the long-term unemployed through the Manpower Development and Training Act and the Area Redevelopment Act.

While the Delaware agency cannot speak for the other States, we can rebut your statements as far as Delaware is concerned. We have no separate offices in slum areas for unskilled labor. All three of the States local offices serve all applicants in the same building and all receive as much service and assistance as this agency is able to provide. None of our offices have special parking facilities for applicants. Approximately 90 percent of our applicants are unemployed and receive first priority consideration. Most of Delaware's unemployed are those who have been laid off for lack of work or are new entrants in the labor market (graduates and dropouts from the State's high schools) who are looking for work. Only 10 percent of our applicants are looking for new or different types of work. We consider it a contribution to society if we can help the individual to better himself and if we can help employers to find the best possible workers.

It is interesting to note that the number of persons working for our Delaware State Employment Service (the State affiliate of the USES) is smaller now than in 1942, when the agency was under the War Manpower Commission. Then the demand for workers far exceeded the supply.

We are convinced that Life would present an entirely different view of the manpower and employment problems facing this country and how the USES is meeting them if you were to make a definitive study comparable to the one you made of automation and its effects on the jobseeker.

Very truly yours,

JOSEPH A. BRADSHAW,
Chairman, Executive Director

STATISTICS USED IN THE FOREIGN AID LEGISLATION

(Mr. CURTIS asked and was given permission to address the House for 10 minutes to revise and extend his remarks and to include extraneous matter.)

Mr. CURTIS. Mr. Speaker, I take this time to discuss further the statistics involved in the question of how much of our foreign aid is actually spent in the United States.

Mr. Speaker, yesterday during the debate on the foreign aid bill I interrogated the members of the committee in an effort to try to find out just what were the substantiating statistics behind the figure that they used on page 4 of the committee report, which was to the effect:

It is estimated that 81 percent of the economic assistance funds obligated in fiscal 1963 will be spent in the United States.

And so forth.

Mr. Speaker, some information was provided during that discussion, on page 128 of the committee hearings, and likewise on page 1603 of the committee hearings. The only information, of course, in the report of the committee, as I pointed out yesterday, was page 1731

of the hearings, which turned out to be only in the appendix and consists of an unsigned statement, undated, so we cannot tell very much about it, purporting to be "AID comments on Passman letter."

Inasmuch as the Passman letter apparently was written on April 5, 1963, it must have been after that date, but this entry on page 1730 and page 1731 of the appendix of the hearings is really no more than a statement. The remarks on page 4 of the report, really is a restatement of this, and all these are mere conclusions.

I might say that the statement by the witness on page 1603, John O. Teeter, vice president of Pfizer International, appearing on behalf of the U.S. Chamber of Commerce, is a bald statement, only it had a different figure:

An estimated 84 percent of all current aid disbursements are now tied to purchases of U.S. goods and services and the Agency for International Development is seeking ways to increase the percentage to 90 to 95 percent, a step which incidentally considerably reduces the balance-of-payments strain on the U.S. economy.

There is no documentary evidence to support such a statement and, as a matter of fact, it is in conflict with the statement on page 1731.

Going to page 129 of the hearings, we get our first real information, which was provided apparently by Mr. Bell, Director of AID. This is a chart showing foreign assistance program expenditure analysis in millions of dollars, fiscal year 1962, fiscal year 1963—an estimate, by the way—and fiscal 1964, also an estimate.

The chart follows:

Foreign assistance program expenditure analysis

[In millions of dollars]

	Fiscal year 1962				Fiscal year 1963 estimate				Fiscal year 1964 estimate			
	United States	Outside United States	Total	Percent, United States	United States	Outside United States	Total	Percent, United States	United States	Outside United States	Total	Percent, United States
Economic assistance.....	922.0	922.0	1,844.0	50	1,327.2	772.8	2,100.0	63	1,564.5	670.5	2,235.0	70
Commodities.....	517.8	298.0	815.8		963.5	283.2	1,246.7		1,002.0	185.0	1,187.0	
Cash transactions.....		342.5	342.5		57.0	195.9	252.9		256.0	130.0	386.0	
Contributions to international organizations.....		119.6	119.6		7.9	106.6	114.5		.5	136.0	136.5	
Other.....	404.2	161.9	566.1		298.8	187.1	485.9		306.0	219.5	525.5	
Military assistance.....	1,176.0	227.7	1,404.6	84	1,504.7	290.3	1,795.0	84	1,277.7	237.9	1,515.6	84
Offshore.....		101.1				113.0				82.1		
NATO infrastructure.....		35.3				84.8				74.5		
All other.....		91.3				92.5				81.3		
Total, economic and military.....	2,098.9	1,149.7	3,248.6	65	2,831.9	1,063.1	3,895.0	73	2,842.2	908.4	3,750.6	76

We find under these statistics the percent of economic assistance which is the program we are talking about, in 1962 50 percent was spent in the United States. The estimate—again only an estimate—for fiscal 1963 is 63 percent, and the estimate for fiscal 1964 is 70 percent.

One has to go back a little bit in the testimony of Mr. Bell to begin to get any reference to an 80-percent figure.

On page 108 of the committee hearings Mr. Bell makes this statement:

Second. During the present period of U.S. balance-of-payments difficulties, the adverse effect of our aid program must be reduced to the minimum consistent with our foreign policy objective.

If you increase this to 80 percent you are being inconsistent with your foreign policy objectives.

To continue to quote:

Again, procedures for programing and procurement have been put into effect which have raised the proportion of the 1963 funds that will be spent in the United States to over 80 percent, as shown in the accompanying chart.

The accompanying chart does not show that.

In 1964 and future years we intend to raise this proportion even further. Expenditures outside of the United States will only be made in cases where program objectives would otherwise be jeopardized.

On page 110 of the hearings, the bottom of the page, is a diagram of procurement in United States under the AID program, which I again point out does not conform with the table that appears on page 29, although it is a little bit consistent, more consistent, because it shows their estimated expenditures in the

United States 50 percent, which conforms to that figure for 1962. For 1963 they have 63 percent, which does conform, and the 70 percent conforms. But the next reference in the diagram has this statement, "Obligational basis," and here is the first time we begin to get these 80-percent figures: 81 percent in 1963 and 85 percent in 1964. This is estimated obligation for expenditures in the United States. Here is where a lot of this confusion comes from.

On page 127 of the hearings our colleague, the gentleman from Georgia [Mr. PILCHER], interrogates Mr. Bell and asks him about that. On page 127 Mr. Bell says this:

Mr. PILCHER, if you will note the chart, the expenditures in fiscal year 1962 were certainly not 80 percent in the United States. They were only 50 percent, for the reason that in prior years, when those commitments were made, we did not have the policies that we have today.

Mr. PILCHER. That 50 percent—

Mr. MONAGAN. What chart?

Mr. BELL. The chart in my testimony, Mr. MONAGAN, that is after page 11. The statement I made was that, of the funds now being committed in fiscal 1962, we expect that 81 percent of those funds will be spent in the United States. Some of them won't be spent for some time because they are for projects—

And then it breaks off.

The point is this, that the expenditure rate for fiscal 1962, 1963, and 1964 depends to a large degree on obligations that have been committed in prior years. As you blend in your commitments in the contracts where you obligate your new funds you may come in with an 81 percent, but if you are mixing it with a 50 percent you are going to be some time

before you reach this so-called 81 percent.

In the testimony before the Committee on Ways and Means this morning by Mr. Ames, president of the Investment Bankers Association of America, and Andrew Overby, chairman of the IBA Foreign Investment Co.—this incidentally was on the Interest Equalization Tax Act of 1963—Mr. Overby makes this statement on page 14 of his mimeographed copy:

It is estimated that something over 50 percent of AID expenditures are currently being spent on U.S. goods, and it is our understanding that an 80-percent target has been set.

I asked him where he got those figures. He said he was not quite sure himself, but it looked like 50 percent was an accurate figure. That is the only accurate figure we have. All these others are estimates, and even that figure of 50 percent is one I questioned. I want to know where are the working papers behind this figure and how these sums have been computed.

Mr. ZABLOCKI. If the gentleman will yield, I will be happy to try to inform the gentleman about the working papers.

Mr. CURTIS. I will yield when I have finished here, but I am doing this because I want to get information.

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

(Mr. CURTIS asked and was given permission to proceed for 5 additional minutes.)

Mr. CURTIS. Part of this confusion arises from narrative statements that

have been made by the press and the President.

President Kennedy in his message to Congress on April 3, 1963, said:

A few years ago, more than half of U.S. economic aid funds were spent abroad, contributing to the drain on our dollars and gold.

Of our current commitments, over 80 percent will be spent—

Note the "will be"—

spent in the United States, contributing to the growth of our economy and employment opportunities.

It is this kind of very loose presentation that has permitted the press and even the committee to make these statements on the floor of the House to the effect that 80 percent is an actuality, when actually this is only what is anticipated in the future. Indeed, the statement appearing on page 4 of the committee report is highly inaccurate in the light of this. And the statement of AID which appears in the appendix of the hearing is inaccurate and can only lead to a deception as to the real impact of the foreign aid programs on the balance of payments.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman.

Mr. FASCELL. I thank the gentleman for yielding. I am very happy indeed that the gentleman from Wisconsin [Mr. ZABLOCKI] and I are here to listen to the gentleman because otherwise I doubt that he would have gotten the information that he took the time to seek by making this speech on his special order. I am sure he would have gotten it anyway, of course.

Mr. CURTIS. I will say this to the gentleman. If the committee had given me time during the general debate, I would have been happy to go into this, but I think the gentleman from Florida was here during the debate this afternoon and he could see that there was not much opportunity for Members who were not on the committee, or speaking with reference to a particular amendment, to participate in the debate.

Mr. FASCELL. The gentleman from Missouri is one of the leaders in this House and I am sure he would not want to leave the impression in the RECORD or otherwise that he could not be recognized on a pro forma amendment under the 5-minute rule to ask any kind of question he wanted to.

Mr. CURTIS. Not as a matter of procedure—no, but under the circumstances of the debate on these amendments, I did not think it was appropriate to take time on something that was not related to these amendments. My idea was to put this in the RECORD. In fact, the reason I did not type it out and just hand it in is that I am quoting from about four different documents and I thought it would be best to have it in the RECORD and then just refer to it tomorrow as I intend to do, so that we could move forward on this. I am very pleased that the gentleman is here because if he can contribute further information in this area, I know I will be very, very happy to get it.

Mr. FASCELL. I will be delighted to offer information on the subject, if the gentleman will yield.

Mr. CURTIS. I yield to the gentleman.

Mr. FASCELL. But before I do so, I would like some assurance as to how the gentleman is going to characterize the information because so far I have heard the words "deception," "fraud."

Mr. CURTIS. Yes.

Mr. FASCELL. And the word "mistake."

Mr. CURTIS. I do not think I have used the word "fraud."

Mr. FASCELL. The gentleman used the word "inaccurate."

Mr. CURTIS. But I do not think I have used the word "fraud," I will say to the gentleman.

Mr. FASCELL. I am delighted to hear the gentleman is not going to use that word and that no one could infer that. But I do think he did use the word "deception."

Mr. CURTIS. Yes, I did. I said what it does is it tends to deceive—and I think it does.

Mr. FASCELL. Which would indicate, as I understand the gentleman's remarks—an intentional desire.

Mr. CURTIS. Oh, yes, oh, yes—I think there is. I think there is an intentional desire.

Mr. FASCELL. Which would indicate, as I understand the gentleman's remarks, an intentional desire on the part of the persons who were testifying.

Mr. CURTIS. Yes, I think there is an intentional desire on the part of the AID and their public relations department. There is no question in my mind.

Mr. FASCELL. And an intentional desire on the part of the Committee on Foreign Affairs.

Mr. CURTIS. No, no.

Mr. FASCELL. Both Republicans and Democrats.

Mr. CURTIS. No, I do not say that because I think they were relying on the material and on the statements that were made to them. My criticism of the committee is that they did not interrogate in depth in this area so that we could find out what the situation was. That has been my only criticism of the committee. No, I do not think the committee was doing anything intentional in that way. I think they were relying on the data that AID provided.

Mr. FASCELL. Now on that point then, may I inquire if the gentleman will yield further?

Mr. CURTIS. Yes, I yield.

Mr. FASCELL. Now using the very chart the gentleman uses as the basis for his charge, reading from the chart on page 110.

Mr. CURTIS. That is a graph and not a chart.

Mr. FASCELL. You called it a chart, but if I may use the word that my colleague used.

Mr. CURTIS. I was referring to the chart on page 129, if you are referring to the chart.

Mr. FASCELL. Using the words that the gentleman used, if I may be permitted to do so then, referring to the graph on page 110 of the hearings—are we talking of the same thing?

Mr. CURTIS. Yes, we are.

The SPEAKER pro tempore (Mr. LIBONATI). The time of the gentleman from Missouri has expired.

Mr. ZABLOCKI. Mr. Speaker, if the gentleman from Missouri has completed his special order, the House is ready to adjourn. But the motion to adjourn will be suspended if the gentleman cares to ask for additional time, and if he wants information along the line that he has indicated, I suggest the gentleman ask unanimous consent to proceed further.

Mr. CURTIS. If you do not care to make the request, I will do so.

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the gentleman may have 5 additional minutes to get the information because I think he has made some very serious charges.

Mr. CURTIS. Yes, I have.

Mr. ZABLOCKI. The gentleman has stated that there were inaccuracies in the report.

Mr. CURTIS. Yes.

Mr. ZABLOCKI. The gentleman has stated that there were inaccuracies in the report of the committee and in the hearings by witnesses. Therefore, Mr. Speaker, I renew the unanimous-consent request that the gentleman have 5 additional minutes to enlarge on that.

The SPEAKER pro tempore. If there is no objection, the gentleman from Missouri is recognized for 5 additional minutes.

There was no objection.

Mr. CURTIS. Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. The gentleman questioned the reason why some of the figures differed in the chart on page 4 of the report and on page 129 of the hearings and in the comments of the gentleman from Louisiana's [Mr. PASSMAN] letter on page 1730 of the hearings.

Mr. CURTIS. That is right.

Mr. ZABLOCKI. I am sure the gentleman knows the reason why the percentage of expenditures of foreign aid money in the United States increased in recent years. It was as a result of the buy-America policy.

Mr. CURTIS. I know what the reason is.

Mr. ZABLOCKI. This policy, as the gentleman knows, was enacted 2 years ago. If the gentleman had read a bit further on page 128 of the hearings, he would have found that Mr. Bell—

Mr. CURTIS. I read it.

Mr. ZABLOCKI. But the gentleman did not quite finish Mr. Bell's testimony. The gentleman did not read the reply of Mr. Bell to the gentleman from Georgia [Mr. PILCHER]. Mr. Bell states:

These figures do include an estimate of the amount of money that our employees abroad spend abroad and the amount they return to the United States in savings accounts or for purchases of U.S. commodities.

Furthermore, this incidentally is based on a survey of the actual spending experience of our employees. We have tried to find out from contractors where they spend the funds we make available to them. This estimate has been prepared on the basis—

Mr. CURTIS. Let us go ahead and finish.

Mr. ZABLOCKI. These are the working papers.

Mr. CURTIS. Let us finish the quotation.

Mr. ZABLOCKI. Will the gentleman yield further?

Mr. CURTIS. Yes. But I first want to get the final quotation of the gentleman from Georgia [Mr. PILCHER].

Mr. ZABLOCKI. The gentleman from Georgia [Mr. PILCHER] interrupted and said:

That is what you hope will be spent.

And Mr. Bell said:

What the contractors tell us on the average they do spend. We will be glad to supply for the record the further information.

Mr. CURTIS. And "The information is as follows." And the only information is the chart. In this instance it is a chart on page 129, and that is all. There are no working papers, and none of this information is here. There is a blank half page.

Mr. ZABLOCKI. Mr. Bell never advised the committee he was going to supply the working papers.

Mr. CURTIS. He said we will supply for the record further information, and the only information is this chart here.

The point I am making to the gentleman from Wisconsin is that the only information that follows is this chart which I refer to on page 129, and these are not the working papers, but there is a breakdown, and that is the breakdown, apparently, which is the basis for the graph that appears on page 110 that the gentleman from Florida and I were discussing.

Mr. ZABLOCKI. Will the gentleman yield further?

Mr. CURTIS. Yes.

Mr. ZABLOCKI. Of course the working papers were not included. The volume of hearings is 1,790 pages long. If the working papers were included, we would have a tremendous volume. But I do want to point out, if the gentleman will yield further, that the chart on page 129 refers only to the expenditures in the United States from the foreign assistance program, both economic and military assistance, including offshore, NATO infrastructure and other military expenditures. The comments on page 1730 of the hearings include beside the foreign aid program, the Export-Import Bank, the food-for-peace program, and the Peace Corps. That is why the percentage is higher in the estimates made by AID on that page.

Mr. CURTIS. Exactly.

Mr. ZABLOCKI. If the gentleman had read AID comments on the Passman letter carefully, he would have known that.

Mr. CURTIS. As a matter of fact, I will say I did read them carefully, and that is why I said some of this is, in my judgment, designed to deceive because it is carefully pointed out, just as the gentleman says, and I will read it, because I have it underlined in my book:

Most of the expenditures in the foreign aid program are in the United States and do not cause any outflow of gold or dollars.

This I deny and say is untrue.

The total amount of the U.S. foreign assistance effort [including economic assistance, military assistance, Export-Import

bank, food for peace, and the Peace Corps] which is obligated for expenditure in the United States—

Notice the word "obligated," not "expended." This is all in the future—is between 85 and 90 percent.

This I do not believe is so. And in this instance I am not impugning motives because I do not know; other than to say that these are unsubstantiated conclusions, and if these are true then the very theory of the foreign aid program is being undermined.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. McDOWELL, for 15 minutes, today.

Mr. GIAMMO, for 30 minutes, on August 22.

Mr. MORRISON, for 30 minutes, on August 22.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. HORTON to revise and extend his remarks made in Committee of the Whole and include extraneous matter.

Mr. LONG of Maryland and to include two editorials.

Mr. PHILBIN in five instances.

Mr. HARDING in 10 instances and to include extraneous matter.

Mr. BOB WILSON to extend his remarks during general debate.

Mr. ALGER (at the request of Mr. FINDLEY) to extend his remarks during general debate.

Mr. CRAMER to revise and extend remarks made by him in debate on H.R. 7885 in colloquy with Mr. BATTIN, of Montana.

Mr. LINDSAY to revise and extend remarks made in debate this afternoon.

Mr. MATSUNAGA and to include extraneous matter.

Mr. HARDING and to include extraneous matter.

Mr. WILLIAMS and to include extraneous matter.

Mr. SAYLOR in two instances and to include extraneous matter.

Mr. LESINSKI (at the request of Mr. ZABLOCKI) to extend his remarks in the Appendix of the RECORD, notwithstanding the cost is estimated by the Public Printer to be \$202.50.

(The following Members (at the request of Mr. FINDLEY) and to include extraneous matter:)

Mr. ASHBROOK in two instances.

Mr. McLOSKEY.

Mr. FULTON of Pennsylvania in five instances.

Mr. ANDERSON.

Mr. HOSMER in three instances.

Mr. CONTE.

Mr. CUNNINGHAM, notwithstanding the fact it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$337.50.

Mr. FINO.

Mr. ALGER in four instances.

Mr. KEITH.

Mr. GRIFFIN in three instances.

Mr. BROCK in two instances.

Mr. CURTIS in four instances.

Mr. CLEVELAND in five instances.

Mr. HARVEY of Indiana.

Mr. HALPERN in three instances.

Mr. COLLIER in two instances.

Mr. FOREMAN.

(The following Members (at the request of Mr. ZABLOCKI) and to include extraneous matter:)

Mr. MOSS in 10 instances.

Mr. BRADEMANS in six instances.

Mr. MACDONALD.

Mr. DENTON.

Mr. FLOOD.

Mr. WAGGONNER.

Mr. MURPHY of New York.

Mr. FASCELL.

Mr. FRASER in three instances.

Mr. MOOREHEAD in 10 instances.

Mr. FLYNN in two instances.

Mr. ST. ONGE in two instances.

Mr. ROSENTHAL in two instances.

Mr. MILLER of California in five instances.

Mr. WHITE in four instances.

SENATE BILLS, JOINT RESOLUTION, AND CONCURRENT RESOLUTION REFERRED

Bills, a joint resolution, and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 31. An act for the relief of Sonja Dolata; to the Committee on the Judiciary.

S. 49. An act to provide for the establishment of the Alaska Centennial Commission, to cooperate with the State of Alaska to study and report on the manner and extent to which the United States shall participate in the celebration in 1967 of the centennial anniversary of the purchase of the Territory of Alaska, and for other purposes; to the Committee on the Judiciary.

S. 71. An act for the relief of Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe; to the Committee on the Judiciary.

S. 198. An act for the relief of Mother Azucena de San José (nee Carmen Hernandez Aguilar); to the Committee on the Judiciary.

S. 202. An act for the relief of Yom Tov Yeshayahu Brisk; to the Committee on the Judiciary.

S. 212. An act for the relief of Yoo Sei Chun; to the Committee on the Judiciary.

S. 479. An act for the relief of Chung K. Won; to the Committee on the Judiciary.

S. 561. An act for the relief of Karolina Rado; to the Committee on the Judiciary.

S. 585. An act for the relief of Agaram K. Sreekanth; to the Committee on the Judiciary.

S. 669. An act for the relief of Vincenzo DeLucia and Angela DeLucia; to the Committee on the Judiciary.

S. 789. An act for the relief of Sister Maria Clotilde Costa; to the Committee on the Judiciary.

S. 820. An act for the relief of Faustino G. Dumaplin, Jr.; to the Committee on the Judiciary.

S. 838. An act for the relief of George Crokos; to the Committee on the Judiciary.

S. 1097. An act for the relief of Despina J. Sanios; to the Committee on the Judiciary.

S. 1272. An act for the relief of Viktor Jaanimets; to the Committee on the Judiciary.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued August 23, 1963
For actions of August 22, 1963
88th-1st; No. 131

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HIGHLIGHTS: House debated foreign aid authorization bill. Rep. Findley criticized new USDA market news service. Several Representatives inserted items critical of new USDA market news service.

HOUSE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill. pp. 14720-75, 14810

Agreed to the following amendments:

By Rep. Adair, 162 to 159, to provide that not less than 50 percent of the funds for the Alliance for Progress shall be available only for loans made for purposes of economic development through private enterprise. pp. 14731-2

By Rep. Fascell, to prohibit foreign aid to countries which permit ships or aircraft under its registry to transport supplies to Cuba. pp. 14744-8

By Rep. Kelly, to require recipient countries, as a condition for receiving foreign aid, to permit U. S. inspections and audits of the foreign aid program within the countries. p. 14764

Rejected the following amendments:

By Rep. Morse, 129 to 154, to reduce the authorization for the development loan fund from \$1.5 billion to \$1.2 billion for fiscal years 1964, 1965, and 1966. pp. 14720-1

(over)

By Rep. Wyman, 77 to 123, to strike out the authorization of \$217 million for development grants and technical cooperation. pp. 14722-7

By Rep. Barry, to increase the authorization for development grants and technical cooperation from \$217 million to \$317 million. pp. 14727-8

By Rep. Gross, to reduce the authorization for the Alliance for Progress from \$600 million to \$450 million. pp. 14729-31

By Rep. Gross, 134 to 167, to reduce the authorization for international organizations and programs from \$136,050,000 to \$120,000,000. pp. 14733-4

By Rep. Hall, 157 to 168, to limit U. S. contributions to international organizations and programs to 33 1/3 percent of the total amount contributed by all nations. pp. 14734-8

By Rep. Baldwin, 150 to 158, to bar foreign aid to Communist countries, except under special circumstances. pp. 14751-3

By Rep. Stinson, to prohibit foreign aid to any country which receives weapons from any Communist country. pp. 14766-7

By Rep. Meader, to provide for the establishment of a Commission on Foreign Economic Development. pp. 14768-70

By Rep. Jensen, 78 to 184, to reduce the total foreign aid authorization to \$1 billion. pp. 14773-4

By Rep. Tollefson, to provide that no additional funds shall be made available for foreign aid until unexpended appropriations have been reduced to \$3.6 billion. pp. 14774-5

2. MARKET NEWS. Rep. Findley criticized the establishment of a new market news service in this Department and stated that he was preparing legislation to bar "the Federal Government from owning or leasing wire services in competitions with private news systems." p. 14810
3. ELECTRIFICATION. The Rules Committee reported a resolution for consideration of S. 1007, to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal hydroelectric plants in that region and to guarantee electric consumers in other regions reciprocal priority. p. 14829
4. APPROPRIATIONS. At the request of Rep. Cannon unanimous consent was granted "that it be in order anytime during the coming week to take up and to consider a House joint resolution to provide continuing appropriations." p. 14719
5. PERSONNEL. Received from the Civil Service Commission a proposed bill "to clarify the intent of Congress with respect to certain annuity increase legislation"; to Post Office and Civil Service Committee. p. 14829
Rep. Hoeven inserted a statement by Republican National Committee chairman Miller stating that members of the "radical left" are holding high administration positions, specifically mentioning Secretary Freeman and Under Secretary Murphy. pp. 14810-1

SENATE

6. LANDS. The Public Lands Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee the following bills: H. Con. Res. 61, to express the sense of Congress in respect to marking and preserving lands along the route of the Lewis and Clark Trail by USDA, Interior and Army; H. R. 6118, concerning the selection of public lands for the development and expansion of communities in Alaska; and H. R. 6218, to authorize additional extension of time for final proof by certain entrymen under the desert land laws and to make such additional extensions available to the successors in interest of such entrymen. pp. D659-60



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PROCEEDINGS AND DEBATES OF THE 88th CONGRESS, FIRST SESSION

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WASHINGTON, THURSDAY, AUGUST 22, 1963

No. 131

Senate

The Senate was not in session today. Its next meeting will be held on Friday, August 23, 1963, at 12 o'clock meridian.

House of Representatives

THURSDAY, AUGUST 22, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 19: 14: *Let the words of my mouth and the meditations of my heart be acceptable in Thy sight, O Lord, my strength and my redeemer.*

Eternal God, our Father, in whose divine wisdom, righteousness, and love, we trust, we earnestly beseech Thee that Thou wilt direct us in our halting and hesitant search for the right solution to our many difficult national and international problems.

We pray that our statesmen and diplomats, who are assembling for counsel and conference, may be blessed with Thy favor and a special manifestation of Thy guiding spirit.

Grant that in these days of darkness and danger we may not become disheartened and discouraged, but show us how we may lay hold of the great spiritual resources with increasing tenacity of faith.

May our trust in Thee be a blessed experience and may we make a definite and distinct contribution to the glorious adventure of establishing peace on earth and good will among men.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

APPOINTMENT OF MEMBERS OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE

The SPEAKER. Pursuant to the provisions of section 1, Public Law 689, 84th Congress, the Chair appoints as Members to the U.S. group of the North Atlantic Treaty Parliamentary Conference the following Members on the part

of the House: The gentleman from Ohio [Mr. HAYS], Chairman; the gentleman from Texas [Mr. THORNBERRY]; the gentleman from New Jersey [Mr. RODINO]; the gentleman from Indiana [Mr. DENTON]; the gentleman from South Carolina [Mr. RIVERS]; the gentleman from Illinois [Mr. ARENDT]; the gentleman from Washington [Mr. WESTLAND]; the gentleman from New York [Mr. LINDSAY]; and the gentleman from Michigan [Mr. CHAMBERLAIN].

PERMISSION TO CONSIDER A CONTINUING RESOLUTION

Mr. CANNON. Mr. Speaker, I ask unanimous consent that it be in order anytime during the coming week to take up and to consider a House joint resolution to provide continuing appropriations.

I have consulted the gentleman from Iowa [Mr. JENSEN] and am assured the order would have his approval.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

A TRIBUTE TO THE HONORABLE CHARLES A. HALLECK, MINORITY LEADER

(Mr. CANNON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CANNON. Mr. Speaker, it just occurs to me that today marks another milestone in the busy and useful and eventful life of the distinguished gentleman from Indiana, the minority leader of the House.

I believe he is approaching some 30 or 40 years—more or less, as the case may be—and am glad to take advantage of

the opportunity to felicitate him and the House and the country on the admirable and tactful and gracious manner in which he has conducted the responsible and important duties of that great office. I have always entertained the warmest admiration for the gentleman—personally and officially—if not politically.

And in this connection it has been interesting to note in the press the widespread and growing sentiment in favor of his nomination for the Presidency. May I assure him that he has my ardent and unqualified support for a position on that ticket.

But at the same time I would be remiss in my friendship if I did not also call attention to the fact that in view of the universal and practically unanimous support of the Nation at large, and apparently of an overwhelming majority of the Senate, of President Kennedy's peace treaty, any nomination at San Francisco will be an entirely futile gesture.

May I extend heartiest congratulations to the gentleman from Indiana and wish for him many happy returns of the day. It has been a pleasure and a privilege to have served with him in the House.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

The SPEAKER. In view of the announcement previously made, the Chair will recognize the happy event in the life of our distinguished minority leader and in this instance will make an exception.

THE HONORABLE CHARLES A. HALLECK

(Mr. ALBERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, I am happy that the distinguished chairman

of the Committee on Appropriations has called the attention of the Members of the House to the fact that this is the anniversary of the birth of the distinguished minority leader.

One of the rewarding things about service in the Congress, and one of the great things about the House of Representatives from the standpoint of the welfare of the country, is the fact this House does attract and has attracted over the years many men of outstanding ability, men of great character and devotion to duty. Among the greatest of the great is my friend, the distinguished minority leader of the House, the gentleman from Indiana, CHARLIE HALLECK, and on this, the anniversary of his birth, I am pleased to join the gentleman from Missouri in extending to him many happy returns of the day, and many more of them in the years to come.

(Mr. ARENDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARENDS. Mr. Speaker, all of the Members on this side of the aisle join with those who spoke a moment ago in extending our very best birthday wishes to the minority leader of the House of Representatives who on two occasions has been majority leader. We wish for him the best of luck and good health in the years to come.

I came to Congress quite a number of years ago, at approximately the same time as did our minority leader, the gentleman from Indiana [Mr. HALLECK]. He and I have become very warm personal friends. CHARLIE HALLECK has been a great and outstanding leader for our party, he has been and is exceedingly versatile in many ways. He does his job extraordinarily well. We have great admiration and respect for him. We have the utmost confidence in him.

My sincere congratulations to our distinguished leader on his birthday. We hope he will have many more. We trust we will have the benefit of his service in Congress for many years to come.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Michigan.

Mr. FORD. Mr. Speaker, I want to join with the gentleman from Illinois and others in what they have said about our outstanding minority leader, CHARLIE HALLECK. He has had a long and illustrious career in public service. I congratulate him on his birthday and hope that he will be able to continue serving his district, State, and Nation for many years in the future.

CALL OF THE HOUSE

Mr. ADAIR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 130]

Anderson	Elliott	Powell
Baring	Gibbons	Rivers, S.C.
Blatnik	Haley	Roberts, Ala.
Celler	Hanna	Shelley
Davis, Tenn.	Harvey, Mich.	Short
Dawson	Knox	Smith, Va.
Diggs	McIntire	Whitten
Dorn	O'Brien, Ill.	Willis
Edwards	Pillion	Younger

The SPEAKER. On this rollcall 404 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON RULES

Mr. COLMER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

CORRECTION OF ROLLCALL

Mr. WILSON of Indiana. Mr. Speaker, on rollcall No. 128 I am recorded as being absent. I was present and answered to my name, and I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1963

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 7885, with Mr. RAINS in the chair.

IN COMMITTEE OF THE WHOLE

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 103, ending in line 4, page 5 of the bill.

Are there any further amendments to this section?

Mrs. FRANCES P. BOLTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, yesterday we wasted no end of time and it was never possible to clarify certain matters because of continuous conversation on the floor. If there is any idea that Members want to get through today with this bill I would suggest that conversation be held outside the Chamber.

The CHAIRMAN. The Chair would like to say "Amen" to that statement.

The Committee will please be in order.

AMENDMENT OFFERED BY MR. MORSE

Mr. MORSE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORSE: On page 5, immediately after line 4, insert the following new section:

"Sec. 104. Section 202(a) of the Foreign Assistance Act of 1961, as amended, which relates to authorizations for the development loan fund, is amended by striking the words 'and \$1,500,000,000 for each of the next four succeeding fiscal years,' and substituting therefor the words ', \$1,500,000,000 for fiscal year 1963, and \$1,200,000,000 for each of the next succeeding fiscal years'."

And renumber the following sections accordingly.

(Mr. MORSE asked and was given permission to revise and extend his remarks.)

Mr. MORSE. The effect of the amendment I have offered would be to reduce from \$1,500 million to \$1,200 million the authorization for the development loan funds in the fiscal years 1964, 1965, and 1966. This amendment will put our authorization more in line with the demonstrated needs of the program, and will not, in my view, impair the effectiveness of our development program.

Under section 202(a) of the 1961 act, \$1.2 billion was authorized for development loans in fiscal 1962. Of this amount, \$1,112,500,000 was actually appropriated. In fiscal 1963, for which \$1.5 billion was authorized, only \$975 million was appropriated. The Agency for International Development has requested only \$1.06 billion of its \$1.5 billion authorization for fiscal year 1964. Thus, over the past 3 years, including 1964, the funds actually appropriated or requested to be appropriated have totaled \$1,102,500,000 less than that which was authorized by Congress in 1961.

Under section 202(a) of the 1961 act, the unappropriated portion of the amount authorized for any fiscal year could be appropriated in a subsequent year in addition to the amount already authorized for that year, yet the Agency for International Development has not included the unexpended amount in its request for appropriations.

I do not mean to suggest that AID has been less than alert to its opportunities and responsibilities in the development loan field. During the past 5 years AID has made more than 300 loans totaling about \$3.5 billion to countries in various stages of growth and development. As AID has pointed out in its request this year, a number of countries have become practically independent of our assistance. A number of others are moving rapidly toward self-sustaining growth. We can be proud of the part we have played in helping them stabilize their economies, seek new avenues of internal development, strengthen the private sectors of their economies, and move toward a more favorable position in world markets. While we cannot be complacent about the progress we have made, we can stop to appraise the present structure of our program and determine whether it is time to make adjustments in our authorizations for such countries.

The fact that much of the money authorized for development loans has not been spent does not indicate a decreasing need for economic development in many areas of the world. Rather it indicates

that the character of our program has changed considerably since 1961.

It further indicates that we are receiving a far greater degree of cooperation from other free world nations than we have in the past.

For example, the Development Assistance Committee of the OECD is now providing about 40 percent of total free world bilateral aid. These developments are extremely heartening, and they coincide with suggestions made by the President, the Foreign Affairs Committee, the Clay Committee and many other exports in the foreign assistance field.

In the light of our own balance-of-payments problems, it seems to me we should cut back our assistance authorizations whenever such action is consistent with our national interest.

This is such an occasion, Mr. Chairman. Decreasing our development loan authorizations for fiscal years 1964, 1965, and 1966 will more accurately reflect the demonstrated need for this part of our assistance effort without weakening its effectiveness.

I urge the adoption of this amendment. Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, this amendment, is nothing but a paper cut. Let us go back to the Mutual Security Act of 1961. The House will remember that the bill, as it passed the House, had the Treasury borrowing authority stricken from the bill and provided for a 1-year development loan program as a result of the so-called Saund amendment. The bill, as it passed the other body, provided for a 5-year development loan program with authority to borrow from the Treasury \$1,700 million per year over a 5-year period.

As the chairman of the House Committee of Conference, it was my duty to go to conference and oppose the Treasury borrowing principle, which I did. But I did not do it until I came back here and consulted the leaders on both sides of the House, the leaders of the minority and the leaders on the majority side. We worked out a compromise arrangement for a long-range development loan program, where we authorized annual appropriations of \$1,500 million a year for 5 years. We lowered the figure to \$1,500 million a cut of \$200 million below the Senate authorization of \$1,700 million a year projected over a period ending in fiscal year 1966.

As the gentleman from Massachusetts said, the Executive did not request the full amount of the money authorized although \$1,500 million was authorized. In 1963, only \$975 million was appropriated and, this year they requested an appropriation of only \$1,060 million.

I have great faith in the Committee on Appropriations and especially the Subcommittee on Foreign Aid Appropriations. They are going to screen the Development Loan Fund requirements very carefully before approving an appropriation. As I said, this is only a paper cut. This is not going to cut a dime out of the bill or require any reduction of the appro-

priation. The authorization is already contained in existing law. The bill authorizing the money for fiscal years 1964, 1965, and 1966 was signed by the President in 1961. We have an established Development Loan Fund projected until 1966, and I cannot see any reason why the House should now backtrack and make a paper cut.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. MORSE].

The question was taken; and on a division (demanded by Mr. MORSE) there were—ayes 52, noes 90.

Mr. CURTIS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MORSE and Mr. HAYS.

The Committee again divided, and the tellers reported that there were—ayes 129, noes 154.

So the amendment was rejected.

The Clerk read as follows:

Page 5, line 5:

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 104. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

"(a) Section 211(a), which relates to general authority, is amended—

"(1) by striking out 'and' at the end of clause (5) contained in the second sentence thereof; and

"(2) by inserting immediately before the period at the end of the second sentence the following: ', and (7) whether such activity could be financed through a development loan available under title I of this chapter'.

"(b) In section 212, which relates to authorization, strike out '1963' and '\$300,000,000' and substitute '1964' and '\$217,000,000', respectively.

"(c) Amend section 214, which relates to American schools and hospitals abroad, as follows:

"(1) In subsection (a) strike out 'use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for' and substitute the word 'furnish'.

"(2) In subsection (b) strike out 'to use' and 'foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for' and substitute 'to furnish' before the word 'assistance'.

"(3) Add the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$12,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$2,000,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

Mr. EDMONDSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have taken this time principally to inquire of the distinguished chairman of the committee handling this bill as to the project about which many Members in the House feel a genuine

concern and have felt such concern for a number of years.

Mr. Chairman, in previous considerations of this bill the chairman of the committee has made it very clear that the funds in this bill are designed to assist Project Hope, which is the mercy ship operated by the People-to-People Foundation, and which has rendered so much beneficial help to the people of Vietnam and most recently in Peru in trying to meet the health problems in these underdeveloped countries and to give assistance in training doctors and public health personnel to better cope with the diseases and the lack of medical training and medical personnel available in those countries.

Mr. Chairman, I know based upon letters which I have read recently by Assistant Secretary of State Fred Dutton and by Mr. David Bell, the very able Administrator of AID, that this project is regarded very highly for the contributions that it has made.

Mr. Chairman, I know that the gentleman from Pennsylvania [Mr. MORGAN] has indicated his interest and support in this project in the past. I would like, however, to obtain an expression from the chairman of the committee as to the gentleman's feelings about funds for this purpose in the section now under consideration.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, I want to say to the gentleman that I am very familiar with Project Hope. As a physician I have had many of my friends take part in this very worthy project. I feel confident that under section 104, subsection (c), the administration would have authority, if money were available, to make loans or grants under this section.

The gentleman recalls that back in 1960, I believe it was, Project Hope did borrow \$1 million from the mutual security program. Their payments on their loan are on schedule. I think they have repaid \$30,000 of the loan.

This has been a project, financed by private fundraising. I feel that this is a very worthwhile project for helping other peoples of the world that could be assisted under the authority of section 104(c). I think it would be a worthwhile project.

Mr. EDMONDSON. I thank the gentleman from Pennsylvania very much. Of course, the principal funds for Project Hope do come from private subscription. The physicians who participate in the program donate their services and do not require any payment from the Government or from any source for what they give to the project. The great pharmaceutical houses of the country contribute millions of dollars in medicines and supplies for this project.

I think when our Government makes a contribution to aid in meeting the operating differential costs which are necessary to keep American seamen aboard it and the American flag flying on it—incidentally, it is also flying proudly the Alliance for Progress flag in Latin America—that we are making a solid contribution to a very worthwhile project.

Mr. Chairman, I greatly appreciate the statement of the chairman of the com-

mittee, the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MONAGAN. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Connecticut.

Mr. MONAGAN. There is just one point which the gentleman neglected to emphasize. I should like to point that up. That is the fact that this project also, according to the unanimous testimony of our U.S. Ambassador in the countries which it has visited, has made a tremendous impact upon the people of those countries, one that has been favorable to us and helpful to our foreign policy.

Mr. EDMONDSON. I thank the gentleman for that comment.

Mr. Chairman, there is no question about the fact that it has made a tremendous impact. Forty-six thousand people in Peru were directly benefited through medical attention and help during the recent cruise to Peru. I am informed that when rioting was taking place and the American flag was being stoned and attacked in some parts of Peru, no gesture of any kind, no attack of any kind, was made upon Project Hope, where it was anchored at Trujillo in Peru. As a matter of fact, the community support for the project was overwhelming.

AMENDMENT OFFERED BY MR. WYMAN

Mr. WYMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WYMAN: "On page 5, strike out lines 19 through 21, inclusive, and on page 5, line 22, strike out '(c)' and insert in lieu thereof '(b)'."

(Mr. WYMAN asked and was given permission to revise and extend his remarks.)

Mr. WYMAN. Mr. Chairman, there is nothing complicated about the amendment I have offered. It would end a portion of our foreign giveaway. I have waited some 14 years for the opportunity to put a question like this before the House and before the Congress. I used to serve as counsel for the watchdog committee on foreign aid programs way back 14 years ago, and I have deep convictions that the levels, policies, and administration of our foreign aid program has wasted billions of tax dollars.

My amendment would knock out a portion of the outright gift of money in the foreign aid program; \$217 million in lines 19 to 21 would come out if this amendment is agreed to.

I would like to make it clear to the House this amendment deals with gifts of American tax dollars, not loans. It does not deal with the Alliance for Progress. It does not affect money in connection with the so-called claimed-to-be strategic section dealing with supporting assistance. This would cut out and end outright gifts to the extent of \$217 million.

If you will look at page 2 of the committee's report you will find \$6.7 billion is still in the pipeline even if not a single dollar is authorized today.

Mr. Chairman, this program ought to be ended here and now to the extent it is on a giveaway basis. We have been giving away billions of dollars for years as an integral part of the foreign policy of the United States. Our national debt now is over \$308 billion and mounting at the rate of a billion dollars a month—\$217 million in added gifts from a nation \$308 billion in the red is resented by our people.

Mr. Chairman, the American people have had enough of these foreign aid handouts. In the grassroots of America they want this sort of boondoggle ended once and for all. Put your ears to the ground and listen. If you do not hear the peoples' protests now, I assure you you will hear them next fall. To those who say if we cut off our aid and gifts we are playing into the hands of the Communists, I say, Mr. Chairman, I have helped to fight against communism for many, many years, and, mark this well, there is nothing the Communists would like any more than to see this country spend itself broke with these continued foreign giveaways.

To those who are concerned about our image—and I would like to make it clear I do not impugn the sincerity of any of the gentlemen who have expressed that thought—to those who are concerned about our image abroad may I say that our image abroad during the past 14 years has been one of increasing astonishment, as the people over there and around the world have come to the conclusion that Americans are some kind of genial jackasses with more money than brains and Mr. Chairman we are running out of money. I hope we still have enough brains left to end this foolishness.

With the country in the financial shape it is, the people are demanding that we do not give away any more of our money. If Timbuktu or some distant land needs sidewalks or some other improvement, they should borrow the money for that. Nothing in this amendment affects the lending authority proposed.

To those who raise the security question, the President has \$380 million under section 108 to give away. This amendment does not affect these millions. But as far as outright gifts and grants are concerned, I say let us act for America for once. Let us keep faith with our own people. If we do this our image will have been strengthened, not weakened. So will our self-respect. We in this House are closest to the people. We owe it to our people to lay a greater emphasis on representing them for a change.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. WYMAN. I yield to the gentleman from New York.

Mr. BARRY. In view of the limitation of 2 percent on development placed in the bill yesterday, how would underdeveloped countries build their water supply systems?

Does the gentleman from Missouri wish me to yield?

Mr. CURTIS. Yes. I say borrow it.

Mr. WYMAN. If the gentleman will look at the proper sections of the bill he

will find that there is appropriated under another section of this bill \$380 million which is given to the President for so-called support assistance. Almost a blank check. This is also grant—gift—money.

From such funds it would be possible for this kind of loan to be made, whatever country may be concerned. But these countries can borrow from this country on extremely liberal terms over 40 years. I do not think they can get terms like that anywhere else in the world.

Mr. BARRY. I have great respect for the gentleman's sincerity. I wish however to point out, that if we were to lend over \$1 billion this year, which we are authorized to do under our development loan program, we would charge only \$300 million in interest, were the interest rate to remain at the rate prior to our putting in the 2-percent limitation yesterday; but now we are imposing an additional \$500 million obligation on the repaying countries for the \$1 billion that we are lending them. In other words, a total of \$800 million will now be collectible by the United States on \$1 billion of development loan funds.

Mr. WYMAN. Over a 40-year period it should.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MORGAN. Mr. Chairman, this amendment would take out the complete section which finances the point 4 program. This has been a part of our foreign aid program dating back to 1949. In my opinion this is the most effective part of the program. This is the money that finances the sending of American technicians into these undeveloped countries. Under this program we have 5,000 of them overseas including teachers, engineers, surveyors, and other specialists, helping these undeveloped countries. This money is not all packaged up in bushel baskets to be handed out to countries as grants. This is the point 4 program. If we are ever going to help these underdeveloped countries to develop their own resources we are going to help them by means of a program like this.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. Sometimes this program is known as the technical assistance program. Is that correct?

Mr. MORGAN. That is correct.

Mr. HAYS. Is it not true that there is not a religious group in the United States, Protestant, Catholic, Jewish, or what have you, that does not endorse this program?

Mr. MORGAN. One thousand percent correct.

The committee went over this section very well. The executive asked for \$257 million. We screened the projects, and we cut the bill. We cut this section by

\$40 million, a substantial cut. Under this program we bring many people from undeveloped countries to this country for training. This is not actually a program, as the gentleman seemed to indicate where we take this money over there and give it away.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Hampshire.

Mr. WYMAN. Do they pay us anything back on this?

Mr. MORGAN. Most of this money goes to pay for our own people we send over there. Their salaries are paid out of this.

Mr. WYMAN. Their salaries are paid under this authorization?

Mr. MORGAN. Their salaries are paid out of this authorization, but we are not giving this money to foreign countries.

Mr. WYMAN. Is not all of this an outright grant or gift for the purpose of technical assistance in point 4 as well as these salaries? Is it all not an outright gift.

Mr. MORGAN. If this troubled world needs any kind of economic aid, it needs this technical assistance program.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New York.

Mrs. KELLY. Is it not true that American programs in the United States have benefited by this program?

Mr. MORGAN. It supplements the work of CARE, the Red Cross, and similar organizations.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GROSS. Mr. Chairman, I support the amendment. I should like to add to what the gentleman said about foreigners being unable to understand how we can be suckers enough to give away all this money.

Let me quote very briefly from the London Weekly Review, under date of August 2 of this year. After asking in effect, the question of, "How can they be doing these things?" it says:

The true cause of the dollar's weakness is the huge sums doled out by America to Communist or semi-Communist countries. Not only is this money being used against American interests, but it is causing the drain on America's vital reserves.

If this were not actually happening, no one would believe such an incredible policy to be possible. What influence behind the state scene compels this suicidal policy?

The chairman of the Committee on Foreign Affairs of the House says this fund promotes technical assistance throughout the world. I hope there are enough of these books available, a copy of which I have here, that are put out by the Agency for International Development entitled "Current Technical Service Contracts," so that every Member who would like to see what is going on can get a look at some of these contracts and the amounts of the contracts; the con-

sultants that are being hired and sent out all over the world. There is \$438 million worth of contracts and consultants represented in this one book.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. LAIRD. Our friend, the gentleman from New York, used as an example, Tunisia and the waterworks project that might possibly be built in Tunisia through funds authorized by this particular section in the bill. I would like to bring to the attention of the gentleman from Iowa and our friend, the gentleman from New York, that we have a Public Law 480 program in Tunisia which is generating annually approximately \$9 million of the currency of Tunisia. These funds, which are in two categories—counterpart and U.S.-owned, are available for economic development purposes in Tunisia, and could be made available for the waterworks project which the gentleman from New York is worried about. I do not think Tunisia is a very good example for the gentleman to use.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New Hampshire.

Mr. WYMAN. I would like to call attention again to the Members of the House, if they have considered this whole question in the report of the committee which talks about this grant criteria which indicates a different picture than the chairman just indicated.

On page 13, it appears the committee itself says:

Over the past several years there has been a slight decline in development grant and technical cooperation programs in various countries as a result of greater use of loans.

Then a little bit below it says that they cut the authorization to \$217 million and they state:

There is a perceptible trend toward loans in lieu of grants, a trend which the committee wishes to encourage.

Then, further in the report on page 50, we find in the report the committee itself has inserted a new condition in italics:

Whether such activity could be financed through a development loan available under title I of this chapter.

I would like to observe this, Mr. Chairman. We need more attention to the needs of America and the needs of this country rather than the undeveloped countries on this grant basis. There is plenty of money in this program and plenty of money in the pipeline to take care of this situation. But at this point, the resentment of the American people is focused on this fact and they want this kind of grant cut out of our program.

Mr. GROSS. I thank the gentleman from New Hampshire, who, in his first year in Congress is making excellent contributions to this debate.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. MORGAN. I just want to clear

up something that the gentleman mentioned. Of course, wherever an undeveloped country recovers as a result of technical assistance, we want to shift from a grant basis to a loan program, and that is what the report says.

Mr. GROSS. Will the gentleman agree with me, there is no undeveloped country anywhere in the world—not a single one that has been left untouched to the tune of several million up to several billion dollars of American cash?

Mr. MORGAN. Oh, yes, there are underdeveloped countries throughout the world that can be helped.

Mr. GROSS. I do not know of a single country that has been left untouched.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it seems to me that if there were any single section of this bill that ought not to be cut out it is this section. This is the section that has done, in my opinion, more good than anything in the foreign aid program. This section gets down to the grass roots and it gets down to the things that need to be done. As I said earlier, there was not a single religious group that has not written to this committee or that has not testified before this committee in support of this section. I do not agree with what the gentleman says about the image of America. I have traveled abroad—sometimes my opponents say, too much—but I have successfully weathered that. And I do not profess, as he apparently does, to be an expert on jackasses, but I do not think the people of the world think Americans are that. I think the people of the world who have had the benefit of the expenditures under the technical assistance program think this is an American program that is designed to help them to find the way to live like human beings.

This is a program that goes to the village level. This is a program that teaches them how to bore a hole in the ground to get water instead of drinking out of some contaminated stream.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the distinguished majority whip.

Mr. BOGGS. I would like to concur wholeheartedly in what the gentleman is saying. I know of contracts that have been entered into under this program involving medical programs which have done tremendous good, particularly in Latin America. We are concerned about the spread of Castroism and we are concerned about what has happened in Cuba, but undramatically and without fanfare and without publicity these programs have been carried on which have done much to defeat Castroism and communism.

I will give you an example or two. This agency made a contract with Tulane and Louisiana State University Medical Schools to go into Colombia, one of our neighbors in South America. That country was literally scourged with a disease called yaws, which disease can

be cured, as most of us know, by the use of simple antibiotics. Today those people who suffered from a crippling ailment which incapacitated them completely are, most of them, operating through this program, cured. In my judgment, that does more to stop communism and create a proper image of the United States of America working through our established universities and research grants and so on than anything that I can think of. To defeat this program, in my judgment, would be the finest thing we can do to help the spread of communism in Latin America.

Mr. HAYS. I thank the gentleman for his contribution. I just want to say that this is the program which is the theme of the book "The Ugly American." You hear that book quoted in many places and you hear it quoted as criticising parts of the program. However, the hero of the book, the man who made friends for America, was a technician who was out there working under the point 4 program down at the village level, helping the people to help themselves. If we want to help these underdeveloped countries and help them to help themselves, this is the one program to do that and it is the last thing we ought to cut out of this bill.

I want to say to you I am going to vote for some cuts in this bill and for some amendments offered on the other side, but I plead for you to vote against the amendment on this one. This is the heart of the program and this is the thing that is making friends for America in the world. If you want to destroy that, then I say vote for this amendment.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. WHITTEN asked and was given permission to revise and extend his remarks and to proceed for 5 additional minutes.)

Mr. WHITTEN. Mr. Chairman, I had intended to speak at this time in favor of the amendment. In view of the points made by the gentleman from Ohio and the gentleman from Louisiana, I realize that, like many things, there are many illustrations and examples of what is done that are good. However, this program in the overall is so bad, and I believe now dangerous, that we need, after 15 or 18 years, to begin to wake up to the fact that this type of foreign policy has failed and that it is high time that we begin to review it and see if we do not need to approach this thing in some other way.

Now, with reference to the particular point before us, I happen to serve, as you know, on the Subcommittee on Defense of the Committee on Appropriations, where we have a chance to go into these subjects perhaps less thoroughly, may I say, than the members of this committee. I happen to have the problem of getting through the Congress the funds for the Department of Agriculture, at least I serve as chairman of the subcommittee. Let me tell you that in this program, despite the fine work mentioned by the gentleman from Louisiana and the gentleman from Ohio, a few years ago when our agricultural com-

modities were backing up on the United States to the extent of billions of dollars worth and such commodities are being counted by the Department to reduce the acreage in the United States, putting thousands of Americans out of business, our investigation showed that our Government through this program was paying 728 agricultural experts to increase the agricultural production in the competitive countries to us around the world, and that is a matter of record.

May I say to you at this time that our Nation promoted the Common Market in Europe on the theory that it would strengthen these countries so they could help defend us. Now it has gotten strong and we are there on their doorstep beseeching them not to exclude our commodities from coming in. And if we are excluded, may I say to you they will be able to do it because the very commodities that in the past the United States exported to the Common Market countries, they can now get from other foreign countries whom we put into business for export.

Mr. Chairman, I supported the Greek-Turkish loan and for a number of years, in my district thereafter I said that if I had to cast the deciding vote, I would have voted for it, because it was the only foreign policy that we had. Time has passed. We should have learned but how long will it take us to wake up? Do you not realize that in foreign aid we are sticking ourselves and our money into the internal affairs of 100 countries around the world, underwriting the powers that be, so that the other side will hate us as soon as they kick the present authorities out?

Take the situation in Vietnam. I heard the testimony of our experts about Vietnam. We are trying to make villages that never heard of a central government submit to a central government of our choosing. Yes, and talk about religious freedom—just read the pages of the daily newspapers.

We talk about Cuba. Our problem in Cuba was because of this. We had committed ourselves around the world, when we had the atomic bomb and Russia did not, and we said, "We will take care of you"; we said that right and left around the world. And this is a matter of record.

Then when Russia, through Castro, moved into Cuba, there is no doubt we could have shoved them out, but we had gotten ourselves so extended around the world that we could not shove them out without being forced out of a half dozen places ourselves.

And then right here in the United States, it is my recollection that we voted out \$600 million right off to South and Central America without even a plan, in an effort to try to slow the march of events in Central and South America and in effect pay tribute to keep them from following Cuba.

You cannot go into the other fellow's country with your money and your personnel, with your people, and make them submit to the powers that be, the government that we choose, without the other side hating us as soon as they do kick them out. And you can look

around the world today and see that this has happened in many places.

As long as we are overextended, as we have promises that we cannot carry out around the world, you are going to see what will happen to our Government in places other than Cuba, in my opinion. Even now many are bowing and scraping to Castro. Of course, we could whip him in a minute, but we cannot in view of all this involvement in the four corners of the world.

Mr. Chairman, I do not say that I have been right through the years, but I do say when you look around us today and see that things are worse instead of better, then it is high time that we looked at this program to see if perhaps we need some other approach.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I would be the last one, may I say to my distinguished colleague, to say that there have not been mistakes in the point 4 program. The gentleman mentioned Vietnam. The military setup in this bill is almost sacred and the effort in Vietnam has been military. Who is going to sit here this afternoon and say that that has been a howling success?

Certainly there have been some mistakes in the point 4 program. As I said I would be the last to deny it, because probably nobody has been more critical of these people than I have before the committee. But because there have been mistakes, are you going to wipe out all of the good, do away with all of the technical assistance, wipe out the one part of the program that the groups who have really been in the field, the missionaries, the religious groups, say is good? Are you going to wipe that out and leave the sad spectacle of what is going on in Vietnam and other places, where the operations are purely military?

Mr. WHITTEN. I recognize the two points that the gentleman made earlier. Let me read to you briefly, if I may, from the CONGRESSIONAL RECORD. I think it is generally accepted that our friend, the gentleman from Louisiana [Mr. PASSMAN], longtime chairman of the Appropriations Subcommittee which handles the foreign aid appropriation, probably knows as much about this bill and about this program as anybody. I think nobody on the floor would disagree with that. I agree with what he said to us last year.

I quote:

Now I want to make the following 11 statements:

First. The appropriations for foreign aid, including interest on the public debt for fiscal 1963 on the money that we have borrowed to give away, and back-door financing will exceed \$12 billion this year.

Second. The foreign aid program is a major factor contributing to the continuing annual increase in our public debt.

Third. Foreign aid is primarily responsible for our annual budget deficits.

Fourth. Foreign aid is almost entirely responsible for our balance-of-payments deficit.

Fifth. Foreign aid is responsible to a very large extent for the flight of our disappear-

ing gold reserves to other nationals all over the world.

Sixth. The cost of foreign aid is the major reason for our ever-increasing noncompetitive position in world markets.

Seventh. Foreign aid is rapidly depleting our wealth and resources.

Eighth. The claim to the effect that 80 percent of our foreign aid money is spent in America and thereby creates prosperity is a myth, and a calculated misrepresentation intended to keep the American people supporting the program. Foreign aid contracts are now carefully shuffled out to manufacturers, schools, colleges, universities, workshops and consultants in the 50 States of the Union, so as to attract support and cause it to appear that this giveaway of our wealth is making our Nation prosperous.

Ninth. The foreign aid program as presently operated is uncontrolled and uncontrollable.

Tenth. Many of the nations which are recipients of our aid are rapidly losing faith in America's ability to manage its economic and monetary systems.

Eleventh. We are, in this bill, setting up the machinery by which to borrow money from former and present aid-recipient nations in order to indirectly finance the aid program for this year if other means fail.

Mr. Chairman, that is a statement from the chairman of the Appropriations Subcommittee on Foreign Aid, made to the Members of this House last year.

May I make this one statement: I repeat, if ever in history any group has made speeches, everyone of which on this bill up to now indicates that there should be a thorough review of our foreign policy, you have done it, you have done it, and all of the rest.

Mr. Chairman, I plead in the interest of our own safety and security that you gentlemen with this responsibility realize that you are going to have to draw some lines, take a look at it, and let us pull in our ducks where we can protect them, instead of inviting the Castros in Cuba that we are helpless to push out.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Oklahoma.

Mr. ALBERT. The gentleman has made a broadside attack on certain areas of foreign aid. But does the gentleman realize the impact that this amendment would have? It would strike the entire development grant program around the world. Does the gentleman realize the impact that it might have on the malaria control program? Does the gentleman realize the impact that it might have on training people in Africa and newly emerging nations? Do we know, based upon anything that has been said here by the gentleman or the author of the amendment, what the worldwide impact of this amendment would be?

Mr. WHITTEN. May I say this to my majority leader? May I say that the motion I made was to strike out the requisite number of words, because I believe that this should be done thoroughly and with our eyes open, because of the points that the gentleman from Oklahoma has made.

Mr. Chairman, the gentleman from Oklahoma mentioned the Congo. There is an example of what we have done. Our Nation did not insist that other Congo provinces be subjected to Ka-

tanga Province, which had shown some ability to govern itself. No, this Nation through the foreign aid-United Nations approach made the Katanga Province subject itself to the central government, of the Congo, neither province of which has ever shown any ability to govern itself.

May I say again that I do not know of a single speech that has been made in behalf of this bill which did not show the need to review foreign aid and the United Nations approach and change our direction.

Mr. BOGGS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have a profound respect for my friend and colleague from my neighboring State of Mississippi who just addressed the Committee. But if my memory serves me correctly, the gentleman has never supported this program.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I would be happy to yield to the gentleman from Mississippi.

Mr. WHITTEN. I supported the Greek-Turkish loan but I have not voted for it since. I repeatedly said in earlier years that if it took my vote to pass the Marshall plan I probably would vote for it because it represented the only foreign policy we had. I said subsequently I would not vote for it under any condition because of what the years have shown. It is competing on production we have promoted for export, I pointed out.

Mr. BOGGS. I have not misstated the gentleman's position. I am glad the gentleman said that since the Greek-Turkish program he had not voted for any of these programs, which would mean the Marshall plan and all of the other programs that have come along since the conclusion of World War II.

I realize that the gentleman has made a broadside attack also on the whole foreign policy of the Government of the United States. I think in order to set the record straight we should look back just a little bit and realize that back in 1952 this country changed administrations and we elected a great general as President of the United States. He brought in his own team.

He brought in his own team and called it a team, as a matter of fact. He brought in Mr. John Foster Dulles as Secretary of State, a distinguished American, now gone to his reward. He brought in other people. He brought in a former Governor of Massachusetts and a former Member of this body, Governor Herter, as Secretary of State later in his administration.

Throughout the 8 years of the Republican administration teams went all over the world looking at the foreign aid program, mutual assistance program, the Development Loan Fund, the predecessor to the Alliance for Progress program, and so on. Did they change them? They did not. Did President Eisenhower say this program was ineffectual and that we ought to abandon it? He did not. Did Secretary Dulles say we should abandon it? He did not.

I would be the last person on earth

to say there are not difficulties and problems, maladministration, and misinformation, in a program of this kind. Certainly there is. We are the leading nation in the world. How does the gentleman from Mississippi propose that we maintain our leadership if we are not a part of the world? I wonder where the notion comes from that we can be the richest nation on earth, the strongest nation on earth, and yet not participate in the affairs of the earth? That is really what is involved here.

The gentleman from Mississippi did not speak to the specific amendment. He did not speak to the specific proposal. But if we abandon this part of the programs we are not saying to the world that we will not share any of our wealth, any of our supply of material resources. What we would be saying to the world is that we will not share our knowledge, we will not share our know-how.

The gentleman from Mississippi complains about our teaching people in backward places how to grow food because it may be competitive. What does the gentleman want to do? Does he want us to let them starve to death so that we can have some more Public Law 480 programs and send it to them free so we can pay his farmers and the farmers in my State.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Ohio.

Mr. HAYS. The gentleman from Mississippi complained about the growing of food while we are piling up surpluses. Does the gentleman think there would be any hungry people in any foreign country or in this country if they could afford to buy those surpluses? We are trying to teach them how to help themselves to fight hunger.

Mr. BOGGS. The population of this earth is exploding. All of us know that. The population all over this earth is growing at a tremendous rate. Are we going to say to peoples living everywhere that we will not share our knowhow with them?

Mr. REID of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I can no longer remain silent in this debate. I have great respect for my distinguished colleague from New Hampshire. I, too, am concerned about some of the costs involved in the foreign aid program. I am sure that we do have clear balance-of-payments problems, and I believe we can cut down on some of our foreign aid costs in some areas.

But it seems to me that the debate in the House has not been directed clearly and affirmatively to leaving with the various embassies and the chiefs of mission that we have throughout the world the tools and the flexibility with which to conduct effective and well administered foreign aid programs. I do not believe that it is wise to support a proposition that would raise our loans from three-fourths of 1 percent to 2 percent. This reduces the flexibility.

Very clearly there are some areas of the world where we must make low in-

terest loans. We must help build roads and other public facilities. This can only be conducted by some of the governments. There are no free enterprise entities to do it. To the extent we do not help in the construction of some public facilities which are not revenue producing we can also hurt the development of the private sector in many of these countries.

In the case of the technical assistance program—this program can be and over the years has been very important. This is the guts of our foreign aid program. A number of administrations have supported it. It is essential, in my opinion, in many areas of the world.

If we wish to cut foreign aid, that is one matter, but let us not cut the tools and the flexibility of our program. Let us not handcuff our ambassadors in the field.

In the TC programs there are a number that have been phased out. I was one of those who on instructions from the State Department phased out our first TC program in Israel, because in that country they had developed the skills and techniques necessary. The program had served its purpose and Israel was already exporting some of these skills.

I can assure you in all earnestness that this TC and development grant program is important. It has been the backbone of our USOM and AID missions. I believe it is essential to the effectiveness of our foreign aid program. A number of these TC programs can be phased out, but we should by all means support, and vigorously support, the TC programs in a number of areas where we need technical experts, where Americans have to go in and help the people in connection with health, agriculture, industry, marketing, schools, public administration, and a variety of technical services. This I think is essential.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. REID of New York. I yield to the gentleman from Louisiana.

Mr. BOGGS. I should like to compliment the gentleman. I happen to have had the good fortune of visiting the gentleman when he served with distinction as one of our Ambassadors. I congratulate him on the statement he is making. The gentleman speaks from experience.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. REID of New York. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I, too, should like to compliment the gentleman on his statement. He has underlined the importance of the technical assistance program, which is now under consideration. In view of the action taken yesterday with respect to development loans, and the acceptance of a floor on the interest rate which can be charged, these development grants become even more important, rather than less important. They are an essential part of the foreign aid program itself.

Mr. REID of New York. I quite agree with the distinguished gentleman from New Jersey. This is very important. I think it is important to our foreign aid program. I hope the House will support

our ambassadors in the field and give them the tools to do an effective kind of job or else administer the kind of job that our country should have and the kind of job that is essential to further social and economic justice and to the cause of freedom and independence of many countries throughout the world.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. REID of New York. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. In line with the gentleman's statement, I should like to state that under this grant program we have presently over 70 contracts with American universities. We have over 5,000 technicians from the universities in the field.

I would like to point out we have 5,000 technicians from the underdeveloped countries presently studying in American universities. So we are creating a dialog with people from foreign countries and underdeveloped countries and also establishing person-to-person contacts in those countries that will be mutually beneficial, and I compliment the gentleman, who shares the views expressed by former President Eisenhower.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CURTIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I share the opinion as expressed in the gentleman's remarks that the guts of the program at one time was in the point 4 program. In fact the theory of foreign aid was very much in this area. When you talk about the amount though, which is now down to around \$200 million or thereabouts, it becomes very obvious what has happened to the basic theory of foreign aid. When we hear some of the comments that were made by people who are knowledgeable including the majority leader talking about malaria control which has nothing to do with this particular program, or my good friend, the gentleman from New York, who talks in terms of a water project in Morocco, which is better suited to fit under a loan program, certainly in my judgment, we begin to realize how far removed we are from these basic concepts. May I say this, the real theory behind the point 4 program, which I share by the way, is the person-to-person approach. Back in 1954, feeling that the best way to move forward in our foreign aid programs, and the theories of which I have supported, was to do as much as we can through the private sector. I offered an amendment which became law to the Internal Revenue Code to provide an additional 10 percent reduction for donations to churches, hospitals and educational institutions. I was anxious to channel as much help into the real person-to-person programs which is in the private sector. These have been our missionary programs, and I do not mean just our church missions but I mean our educational missions and our public health missions, in the private sector. And I heard their names taken in this debate, to me, almost in vain, because your point four program, whatever it is, is a Government program and not private; not really person to person. If

we would only call attention to what is being done in the private sector and see if we can build upon that. Now I think that probably there is still some need to enlarge this person-to-person approach, and there is a place besides to supplement the real person-to-person program in the private sector. But to supplement it, let us understand it. I have yet to see our Foreign Affairs Committee come in or our Appropriations Committee come in with any estimate or understanding of the tremendous work still going on in the private sector; and not in Government.

Mr. ALBERT. Mr. Chairman, since the gentleman has mentioned my name, will he yield?

Mr. CURTIS. I yield to the majority leader.

Mr. ALBERT. Mr. Chairman, since the gentleman has accused me of being clear off base on this matter, I would like to read from printed policy statements or publications of the Department of State.

Mr. CURTIS. Wait, before the gentleman begins, may I direct his attention to what I said. The gentleman mentioned malaria control, that is under a different section of the bill. That is all I said. The gentleman is mistaken.

Mr. ALBERT. That is not all of it.

Mr. CURTIS. All right, go ahead.

Mr. ALBERT. This statement says:

About a fifth of the total grant program for the region is in the field of health, including extensive malaria eradication programs. The fight against malaria, however, has passed its peak, and the funds spent on all health programs have declined about 15 percent since 1961 as a result.

Then it gives examples and specifically states that the grant program has been important in the eradication of malaria.

Mr. CURTIS. My basic comment would be that the malaria program is under a different section and obviously this is an example of the redundancy that exists.

I have one other remark I want to make, and then I will yield to the gentleman from Ohio.

The day before yesterday and yesterday I was trying to call attention to the figures that have been used by proponents of this foreign aid program stating that 80 percent of the moneys are being spent here in this country. Because of my great concern with the balance-of-payments problem—and this really bears directly on it—I felt first of all that the 80 percent figure was unsubstantiated.

(By unanimous consent, Mr. CURTIS was allowed to proceed for 2 additional minutes.)

Mr. CURTIS. I think the record is pretty clear that that 80-percent figure is unsubstantiated. But the point I was seeking to drive home is that if the 80-percent figure were true, we would be going against the basic theory of foreign aid which is embraced in this person-to-person approach that your point 4 program seeks to supplement. The bulk of point 4 money is spent in the country concerned, not in the United States.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Ohio.

Mr. HAYS. I would like to say to the gentleman that there is concern in the Committee on Foreign Affairs about the private sector and about the work being done by the various religious groups. We had them before us year after year and they testified before us, so we know what they are doing. As a matter of fact, I think I share the gentleman's concern, and I said to them a couple of years ago, "I just wish it were possible to turn this whole technical assistance program over to you people to run it." I think they might run it better, but they are unable and unwilling to take that responsibility but they have testified repeatedly that the people in the field work with them and supplement what they are doing and that there is a great deal of cooperation and collaboration between them.

Mr. CURTIS. May I say to the gentleman—and I appreciate his making these statements—that if I unwittingly in my remarks implied that there is no concern on the part of the committee, I had no intention to do so, but what I was directing your attention to is that in the reports and the hearings we never did get the figures on how much was being done dollarwise in this area so that we could evaluate the supplements. I know you have the concern for it, and I do not know but what from what the gentleman says that we might share the same approach to it.

Mr. HAYS. It is difficult to get the figures because some organizations do not want to make them public and do not like to give them to us for fear that somehow or other the Government might be running their business. We would like to do this if we could, I think.

Mr. FOREMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have been concerned in listening to the arguments made in the well of this House here today by some of the supporters of this program who say, "Are you not concerned about the poor people in India?" or "Are you not concerned about the poor people in Africa?" or "Do you not care about the hungry people in Pakistan?" Sure I am concerned about them, but I am more concerned about tax burdened folks in west Texas who are paying for this giveaway, and I am more concerned about the poor and hungry people in the 50 United States than I am about the hungry people in the various 100 or 112 countries around the world. Sure I am concerned about them, but I am more concerned about my own family's security and about clothes and shoes for my own children and the children within our own country. Before we start paying out our hard earned money to pay for someone else's groceries, medicines, and pleasures, let us take care of our own, let us be concerned about our own country and our own families first.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. FOREMAN. Yes. I will be glad to yield to the gentleman from New Hampshire.

Mr. WYMAN. You are also concerned about boring holes in the ground to get water in Texas, are you not? With the water problem we have here in America if the United States is going to give away millions looking for water we need it right here.

Mr. FOREMAN. Yes, certainly I am. But we are not asking for Federal aid to do it with. We only ask for a little tax freedom, a little reduction in foreign aid giveaways, so we can do it ourselves.

Mr. WYMAN. If the gentleman will permit me to make an observation, there has been a little more heat than light cast on many of the aspects of this program in relation to this amendment. This is a \$4 billion bill. Where are you going to cut if you are going to cut out any of the money for this program? Out of the most likely candidate for savings of our dollars. Out of the grant program and gifts. There are two sections that relate to grants principally. One is \$217 million authorized in this bill for the purpose of technical assistance and development, and the other is \$380 million authorized for so-called supporting assistance in section 108. This supporting assistance, as I read the committee's report, is claimed to be directed primarily to political and security objectives allied with our own. There has been talk about the countries in various areas of the world where their economic stability is considered to be relatively important to our security here. But in the testimony to the committee itself on page 104 of the hearings let us see what are the true facts. Mr. Bell testified to a claimed need for \$435 million for supporting assistance and \$1.4 billion for military assistance.

None of this is touched by this amendment.

For the Alliance for Progress, \$850 million, under a previous administration. That is not touched by this amendment.

For development loans outside Latin America, \$1,060,000,000;

For development grants outside Latin America, \$257,000,000;

For all other purposes, \$218,000,000:

None of this except grants, better called gifts outside Latin America is affected by this amendment.

This amendment has nothing to do with Latin America.

The \$217 million that would be taken out by this amendment deals solely with give-away programs outside of Latin America.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield so I may ask the author of the amendment a question?

Mr. FOREMAN. I yield to the gentleman.

Mr. WHITTEN. Could the gentleman tell us how many hundreds of millions of dollars would be left in the pipeline for this program in the event his amendment were adopted? I am sure it would be a considerable amount.

Mr. WYMAN. In the committee's report the estimate was that the unexpended balances in the foreign assistance program, military and nonmilitary,

including the Alliance for Progress, but excluding investment guarantees, \$6.7 billion.

Mr. MORGAN. But very little technical assistance money is included in this total.

Mr. WYMAN. The purpose of the amendment is clearly to eliminate these grants. This amendment is designed to tell our friends that with our fiscal crisis here at home we have reached the end of the road on grants and gifts—at least until the budget is in balance once again.

Mr. FOREMAN. I thank the gentleman for his contribution. I commend him for his sound, responsible approach to cut down the many irresponsible giveaways in the costly programs. I endorse his amendment and urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire [Mr. WYMAN].

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 77; noes 123.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. BARRY

Mr. BARRY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRY: On page 5, line 21, strike out "\$217,000,000" and insert "\$317,000,000."

Mr. BARRY. Mr. Chairman, for want of a better title to my amendment rather than calling it a \$100-million increase, I should say this is a "help Pakistan amendment."

Mr. Chairman, yesterday we took action on increasing interest rates. I just want to give the members of the committee an idea of what the action of the committee will do to the country of Pakistan. There will be other countries which will be affected by that amendment. They also are our staunch allies. However, let us just take Pakistan and consider the future of our loan policy with respect to that country.

The loans I am about ready to read to you have already been made. So these particular loans will not be affected. But since we have a 5-year consortium which involves both Pakistan and India, I would like very much to show the members of the committee the damaging effect of what we did yesterday.

Pakistan has a total of \$250 million worth of loans at the rate of three-quarters of 1 percent interest with us at the present time. Were this 2-percent increase to apply to this group of loans, they would pay over \$100 million more in interest over the life of those loans than they will pay under the present rate.

Now, Mr. Chairman, what about the situation in Pakistan? The gentleman from Texas rose and said he was interested in the people of west Texas. I do not think there is a Member in the House today who is not interested in the people of west Texas or any other constituency. But let us examine and compare the capability to support themselves and to advance economically of the people of west Texas and the people of

Pakistan. The average per capita income in Pakistan is \$75 per person. The average per capita income in this country is 30 times greater. The opportunity for the people in west Texas to better themselves is obviously clear. The misfortune of birth in Pakistan insofar as economic betterment is concerned is obviously clear. Therefore, the comparison is perfectly ridiculous, when we are talking about the great effort now being made in the world for economic improvement. I hope that we can have some kind of economic betterment in other nations who are willing to die for us and who are willing to support the underbelly of Asia against the onrush of communism. Surely we should be willing to support them with military assistance to maintain their independence, and economic aid to create the economic stability and viability that prevents communism from getting a foothold.

Mr. Chairman, permit me to mention a few projects in Pakistan that would have been affected if the 2 percent interest rate had been in effect at the time the loans were negotiated. Malaria control over \$3 million would have been affected. The salinity control program in the amount of \$10.8 million would have been affected. The general commodity loan program amounting to \$30 million—a program involving commodities that Pakistan needs badly to maintain itself economically and in a position to be a staunch ally of the United States—would be affected.

There is further a \$2 million loan for a feasibility study to determine how Pakistan can be a stronger nation in the future.

Some Members might ask, what has a \$100 million increase in technical assistance to do with our loan program? Well, the gentleman from New Jersey [Mr. FRELINGHUYSEN] said, in the course of the debate on the last amendment, that technical assistance is all the more important because of what we did yesterday. He was undoubtedly suggesting that a larger technical assistance program will now be necessary because grants will be needed instead of loans in some instances when the country involved will be unable to pay the higher interest rate. I agree with that and I feel that we ought to increase our technical assistance because of what we did yesterday. The shortsightedness of one day has to be paid for on the following day.

Mr. Chairman, I say that in order for us to act responsibly on legislation affecting our Nation's position in world affairs, we must dig out the facts, review them carefully, and ascertain what may happen in the future as a result of our decisions. We must be aware of the consequences of our actions—consequences which may reverberate throughout the entire world and adversely affect our goods allies—allies like free China, Pakistan, India, Greece, Turkey, and others. We cannot realize the effect of what we are doing on the floor of the Congress unless we dig deep and get all the facts. In the very limited time that was available to me, I have tried to put together some facts relating to our pro-

grams in just one country, and to show what effect the action of the House yesterday could have on our activities in that country. This, however, is just a single example. To understand the full import of the amendment adopted yesterday, we must consider our programs in many other countries—programs which will be also placed in jeopardy by the operation of that amendment.

For these reasons, Mr. Chairman, I have offered the amendment to increase the authorization for technical assistance. I think this increase is fully justified in view of the action of the committee with respect to the interest rate on development loans.

Mr. Chairman, I believe the adoption of my amendment will serve to restore some respectability to the great 15-year-old technical assistance program and show that America is willing to teach less privileged people how to improve themselves. This is a "show-how" program in which we use our technical ability, our engineers and our "know-how." This money does not flow away to other countries to be spent. This money is used to bring American industry and engineering ability to those people, who recognize our leadership and show them how they can improve themselves through the industrial genius that has brought America the highest standard of living in the history of mankind.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. BARRY].

The amendment was rejected.

The Clerk read as follows:

TITLE III—INVESTMENT GUARANTIES

SEC. 105. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 percent of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "\$180,000,000" in the third proviso and substitute "\$300,000,000".

(4) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any pay-

ments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 222 by adding at the end thereof the following new subsection:

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States."

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".

(2) Strike out subsection (c).

Mr. PELLY. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PELLY. Mr. Chairman, I had intended at this point to offer an amendment, but I think instead I shall try to make my point by simply explaining the objectives of this amendment. As shown by the committee report on this bill—page 19—in order to encourage private investments in underdeveloped countries, the Government guaranties certain approved private loans. In order to provide a guarantee for these private investments, a reserve has been established to back up the full faith and credit of the United States.

This pooling arrangement of reserves, I think, is a very meritorious arrangement. Under it, various categories of funds are used to discharge any liabilities under Government guaranties. In order of priority, these categories are first, fee income; second, currencies or other assets collected in connection with the loan; third, funds previously appropriated to provide the guarantee reserve; fourth, funds realized from sale of notes issued under authority of the Mutual Security Act and the Economic Cooperation Act—I point this category up especially because, as will be recognized, this is Treasury borrowing authority or back-door spending—and, fifth, funds hereafter appropriated.

As I said, I think the pooling arrangement is good, but my amendment would

have changed it in order that after June 30, 1964, the authority to sell notes, as in four above, would terminate. In other words, what my amendment was intended to accomplish was to provide that borrowing authority would not be used as a means of settling liabilities. Rather, future appropriations would be necessary if there were losses under this guarantee.

It seems to me, Mr. Chairman, that to borrow money to pay losses when such borrowing will have to be paid by an appropriation later is hardly a proper way of facing up to payment of a Government liability. It is just putting off until some future day the accounting for the losses under such programs. I think it is logical to specify that fees charged for the investment guarantees should be called on to pay any losses first. That makes sense. Then, when these fees are exhausted, the next call is on proceeds from the sale of any assets acquired in the course of closing out a guarantee case in which a loss has been incurred. That also makes sense. Then funds previously appropriated for the purpose would be next called on to cover any losses. When these three sources are exhausted, it seems to me, and my amendment would have so provided, that appropriated funds would be in order and not the unnecessary, illogical, and confusing back-door Treasury borrowing authority as a source of ready funds to pay losses that can never be repaid to the Treasury except by direct appropriation or note cancellation.

I would have liked to have seen the withdrawal of this back-door borrowing authority after June 30, 1964, but I sense the temper of the House and feel that this technically complicated matter would probably not be adopted, or even if it were, would probably come out in conference with the Senate, so I simply raise the issue and urge that in the course of time this \$199 million for back-door authority should be eliminated. Perhaps the Foreign Affairs Committee will give me an opportunity, before next year's authorization bill is reported to the House, to appear and present my views on this matter. Meanwhile, let me say that I appreciate the patience of the Committee in letting me present this matter.

The Clerk read as follows:

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after "reasonable terms" the following: "(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest".

(2) In subsection (e) strike out "economical" and substitute "economically".

(3) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(b) Section 252, which relates to authorization, is amended by inserting immediately after "1963" the second time it appears

therein the following: "and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964".

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 10 strike lines 6 through 10 and substitute the following:

"(b) Amend section 252, of the Foreign Assistance Act of 1961 as amended, which relates to authorization to read as follows:

"AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes for fiscal year 1964 not to exceed \$450,000,000, which sums are authorized to remain available until expended, and which except for not to exceed \$50,000,000 shall be available only for loans payable as to principal and interest in United States dollars."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, my good friend, the gentleman from Ohio [Mr. HAYS], a little while ago said that he was going to be voting for some cuts in this bill. I hope he starts about now to vote for a few cuts because I want to reciprocate. I want to vote for the amendment that he promised the Foreign Affairs Committee he would offer dealing with a character known as Dictator Sukarno over in Indonesia. So I hope the gentleman begins now to help out in voting for some cuts.

Mr. HAYS. If the gentleman will yield, I would prefer to get to that a little later, if you do not mind.

Mr. GROSS. That is what I thought—that it would be manana or something like that.

Mr. Chairman, the Foreign Assistance Act of 1961 provides an annual authorization of \$600 million to the so-called Alliance for Progress for each of the fiscal years 1963 through 1966. This amendment would reduce the authorization from \$600 million to \$450 million, a cut of \$150 million.

Equally as important, it would attempt to bring this fast blossoming program under a measure of control by limiting the authorization to fiscal 1964.

It would also cut the economic grant money to \$50 million for the fiscal year, a reduction of \$50 million in this authorization.

With expenditures in fiscal years 1962 and 1963 relatively small in the three categories of economic grants, social progress trust fund, and development loans, and with a carryover of approximately \$1 billion, it is my contention that with the \$150 million reduction there will be more than ample financing available for this program.

I want to reemphasize that there is already such a proliferation of funds in the Alliance for Progress program as to raise serious questions as to their justification and use.

Aside from the money involved, it is scarcely necessary to remind the House that this Government has met with but little success in obtaining the governmental reforms in Latin America that

will produce a climate favorable to the investment of either public or private funds.

Mr. Chairman, I would cite to you the example of Brazil. Brazil came in last year and got \$80 million and a promise of \$398.5 million. They have not carried out the governmental reforms they promised this country they would carry out. As a matter of fact, Brazil wanted the first bite of \$80 million in a hurry to meet their payments on the loans and credits that they had been extended by Russia and other nations of the Soviet bloc; in other words, using our money to pay off the maturing obligations to the Communists.

Argentina has been the beneficiary of the Alliance for Progress and other funds—Argentina where they obtained more gold or almost as much gold in 1 recent year as we gave them in aid.

It is time to tighten the strings on the Alliance for Progress. This money is not needed and this fund can well be drawn down and we can save another \$150 million in this bill.

Mr. Chairman, I urge the adoption of the amendment.

Mr. WRIGHT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have voted for certain amendments to these foreign aid authorization bills. I think, however, if we are going to cut anywhere in this program, we must not cut in the Alliance for Progress.

Look at it from any standpoint you wish, and I think you are going to have to conclude that Latin America is not only closer to us but is more indispensable to us and to our future than any other part of the world.

Look at it from the standpoint of our military security. The missile age has not reduced but, rather, it has dramatically accentuated the need for hemispheric solidarity.

Look at it from the standpoint, if you wish, of economy. The 20 Republics of Latin America buy more of our American goods and provide for us and our economy more of the essential strategic materials necessary for the operation of our economy than does any other regional grouping in the world.

If the nations of Europe should, heaven forbid, incestuously draw inward in economic isolation, then our only natural outlet for markets would be in the direction of an awakening and expanding economy to the south of us.

Or, we can look at it, if you please, from the standpoint of our obligation. This hemisphere is our special responsibility. Charity begins at home, though it need not end there. But he who does not provide for his own, we are told, is worse than an infidel.

Or, perhaps you would like to look at it from the standpoint of the future. The nations of Latin America have the fastest growing population in the world. Today there are 200 million people in those nations. By 1975 there are going to be 300 million people. By the end of this century there will be 600 million people in the land that lies south of us, bigger than the United States and Canada put together. This is the wave

of the future. This is the place where perhaps within the next 10 years the decisive battle of the cold war may well be fought.

Latin America today is a seething caldron of keyed-up emotions, long-spent-up hopes, and long-smothered aspirations gasping for air. It is a combustible combination.

We lost Cuba because the people of that unhappy island had completely lost hope of ever achieving their legitimate objectives through the slow and orderly processes of evolutionary government.

Mr. ALBERT. Mr. Chairman, will the gentleman yield to me?

Mr. WRIGHT. I will be glad to yield to the majority leader.

Mr. ALBERT. I commend my friend on his fine statement, but since he mentioned Cuba, I think it might be well at this stage to point out that the Soviet Union is estimated to be spending something like \$400 million a year in Cuba. Are we unwilling to spend less than half of that much after making a commitment in the rest of South America?

Mr. WRIGHT. Mr. Chairman, I think the gentleman's point is very well taken. Certainly in good conscience and intelligent self-interest we can do no less than we have pledged. After generations of inattention toward our southern neighbors in the priorities of our international commitments, finally at long last the Alliance for Progress has raised some hopes and raised some expectations and has staved off the hands of futility and despair. But now are we to dash those hopes after having raised them?

Yes, admittedly the Alliance for Progress has been a little slow in getting off the ground. It took some time for us to convince Latin American leaders that we meant it when we said that this has to be a cooperative effort in which they too have to do certain things.

But in the hearings on this bill it is revealed that 11 of those countries now have done those very things we said they should do. They have reformed their tax structures. They are reforming their land tenure acts. At last they are making it possible for the "plain vanilla" fellow out on the streets or on the land to see some hope for him and his children on down the road.

Are we going to dash that hope? Now, having set our hand to the plow, are we going to turn back and say, "We did not really mean it? Now that you have done your part of the bargain, we are going to welsh on ours?"

Are we going to cut off this thing that we told them was going to be a 10-year cooperative program and say that, "We are going to give you only 1 year" and that at a cut rate? I think not. I think the American people want us not to. The stakes are too high. Latin America is too important. The Alliance for Progress is a good program. We can win this fight. We must win it. And we will not win it by throwing in the towel.

Mr. RYAN of New York. Mr. Chairman, I am opposed to the amendment offered by the gentleman from Iowa [Mr. Gross]. It would reduce the authorization for the Alliance for Progress by \$150 million for fiscal year 1964. In the For-

eign Assistance Act of 1962 the Congress authorized \$600 million for each of fiscal years 1964, 1965, and 1966. Although the committee did not authorize carrying forward the unused authorization of \$75 million from fiscal year 1963, the committee made it clear that the people of Latin America should be assured of the confidence of the United States in the basic objectives and purpose of the Alliance. The adoption of this amendment would jeopardize the program which we authorized last year.

Mr. Chairman, impatience with the Alliance for Progress is apparent in some of the committee hearings on the foreign aid program. No one contends that the Alliance has brought a millenium to Latin America. But the program does not merit a lack of confidence on the part of Congress, to be demonstrated by a slash in funds.

In assessing the achievements or failures of the Alliance to date, any fair evaluation must take into account a number of factors. First, an international program designed to restructure rigid societies—frozen in centuries-old patterns—is itself experimental, following an uncharted course. Hence, some trial and error should be expected.

Second, the lack of trained personnel and no clear knowledge of available resources are great obstacles to modernization. These deficiencies—which did not exist in Europe at the time of the Marshall plan—are bound to hinder the rapid transformations we hope to see in the region.

Third, the attitude on the part of great masses of the Latin American people is itself an inhibiting factor to achieving Alliance for Progress goals. After centuries of empty promises, neglect, and venal administrations, the Latin American people frequently distrust their own governments. This cynicism nullifies the creative energy of the people. Unless overcome, it prevents their enthusiastic participation in efforts to help themselves.

Fourth, the backlog in Latin America of housing, school, potable water, and other requirements for a decent life is staggering. Existing housing shortages are estimated in the millions, not to mention the hundreds of thousands of dwellings necessary each year to accommodate new family formations. Over half the children in the 7 to 14 age bracket are not in school. Over 100 million people are without adequate water supplies.

Critics of the Alliance for Progress stress the program's weaknesses. Yet there have been a number of promising developments in the last year.

It is true that the program got off to a disappointingly slow start. Many of the governments who signed the Charter of Punta del Este took their commitments for self-help lightly. A number of governments thought that all they had to do to qualify for assistance was to plead necessity or the threat of communism. Some made gestures toward self-help reforms.

In the past year Teodoro Moscoso, coordinator of the Alliance for Progress, and his aids have increasingly got the message across that something more than

token or paper reforms are required. Convincing the Latin Americans that the key to sound economic and social development lies in their own self-help is of major importance in achieving the goals of the Alliance.

The 140,000 houses and 8,200 classrooms constructed under Alliance aegis in 2 years, the 700 community water systems and wells installed, the 160,000 loans to small farmers, and the increase of income tax receipts by 15 percent last year may seem like slow progress measured against the region's needs. But the Alliance is registering some remarkable accomplishments.

For the fact is that the Alliance is taking root in Latin America. It is changing attitudes in Latin America toward the United States, toward communism, toward private enterprise, and toward change itself.

Under the Alliance for Progress the United States has associated itself with the long-continuing Latin American desire for improved economic and social progress. This association has removed much of the bitterness which marked United States-Latin American relations in the past. The United States has even moved ahead of some Latin American thinking by emphasizing social change as a concomitant of economic change.

Meanwhile, rightest elements in Latin America—frequently concentrated in the ruling few—are themselves becoming more amenable to change. Although many still resist, others are becoming convinced of the wisdom of President Kennedy's remark that "those who make peaceful revolution impossible will make violent revolution inevitable." Now that the Alliance for Progress exists, backed by our insistence on internal reforms, there is a growing inclination on the part of the more conservative groups in Latin America to accept evolutionary change.

With the United States urging reforms and Latin America's own conservative elements becoming less obstructionist, the belief among many Latin Americans that change is only possible through violent upheaval is receding.

The psychological impact of providing Latin America with an alternative to revolution and communism is apparent in recent developments in the Latin American student movements, ever a barometer of popular feeling. The student body of Mexico's National University, for instance, elected a liberal-moderate slate in the November elections replacing the Communist-dominated student council.

In the University of Cordoba in Argentina moderate anti-Communist student groups are now in the majority in the student council, once controlled by Communists.

In Chile the Christian-Democratic students obtained virtual control of all commercial, secondary, and university student organizations.

In the University of Honduras anti-Communist students won a substantial victory over the Communist-dominated student organization.

This is not to say that the Alliance for Progress alone is responsible for the changing Latin American student pic-

ture. Soviet and Cuban actions, as well as the rift between the Soviet Union and China, no doubt have contributed to a weakening of Communist appeal.

Nevertheless, the Alliance for Progress is a powerful constructive influence. With its thrust toward social reforms and the encouragement by the United States of such reforms, the Alliance at once erases past misgivings about the United States and its dollar diplomacy, while at the same time creating an alternate solution to Latin America's pressing problems.

In walking the tightrope between insisting on the self-help criteria inherent in the Charter of Punta del Este—and incensing the Latin American sensitivities by intervening in their domestic affairs—the Alliance for Progress has a difficult task.

Mr. Chairman, the road ahead is long, tough, and largely unpredictable. The experience of the last 2 years has better defined the difficulties in stirring the stagnant economies in Latin America toward self-sustaining growth.

But the obstacles must not deter us from pressing ahead with the program.

The men and women who have the day-to-day job of coping with the setbacks and the disappointments, along with the occasional resounding successes, deserve Congress most ardent support.

I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: Page 10, immediately after line 10, insert the following:

"(c) Section 252, which relates to authorization, is amended by adding at the end thereof the following new sentence:

"In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise."

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield.

Mr. MORGAN. Do I understand the gentleman's amendment is identical in language to that which was offered to the Development Loan Fund but that this now applies to the Alliance for Progress?

Mr. ADAIR. That is true. I think I can be brief in explaining this amendment. This is the second of three private enterprise amendments which I have. It is the companion to the one which the committee adopted yesterday which provides that 50 percent of the Development Loan Funds shall be used for purposes of private enterprise. Simply put that is it.

As I pointed out yesterday when the committee adopted the amendment to the Development Loan Fund section of the bill, this is in the broadest possible terms. It gives the AID administration great flexibility. The 50 percent is not measured in terms of individual countries but in terms of the program as a whole.

In this case I would agree with the gentleman from Texas who just preceded me, that one of the things we are seeking to do is to build a strong private sector of the economy in Latin America. I believe that this will contribute to that effort.

The main thrust of the amendment adopted yesterday would be in the direction of the countries of the continents of Asia, Africa, and Europe. This would apply to Latin America.

I repeat, the committee adopted a similar amendment yesterday and I should hope that the committee will adopt this one today.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to my colleague from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, I want to commend my colleague on this amendment and state that while I am not an authority on the affairs of South America I have had some experience there. I think this is a sorely needed policy direction from the Congress in this area.

Mr. ADAIR. I thank the gentleman.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I said yesterday there is no Member of this House for whom I have a higher regard than I have for my colleague from Indiana. For that reason I hesitate to oppose his amendment.

I hate to oppose it for another reason, because I know what he wants to accomplish by it is the same thing I would like to see accomplished. I know his intentions are well grounded and I know that he wants to do the thing that he said, which is to channel as much of this as possible into the private sector. I do not mind telling the members of the committee that I have been less than optimistic about the Alliance for Progress program. I believe in it. I believe in its concept. But I have been less than optimistic about its success because of the fact that until we can get the big-business people, the people of wealth in Latin America to believe in their own countries and to invest their own money in Latin America, it seems to me we cannot have much chance of salvaging a successful free enterprise there.

Now, Mr. Chairman, what is wrong with the amendment as I see it? The one thing that bothers me about it is this: By putting this rigidity into it, by taking from the Administrator any flexibility, we might force him to face up to one of two things. Either do not put any money in a country and write it off, or if he puts money into that country, put half of it into the so-called private sector and give it to the very people who are channeling and funneling the money out of Latin America into numbered accounts in Swiss banks.

Mr. Chairman, I think the gentleman from Indiana [Mr. ADAIR], will admit that we have impressed upon these people that we want this done. We have told them we want it done. But I really believe that the gentleman from Indiana would not want the Administrator to be faced with the Hobson's choice that I have mentioned.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Indiana.

Mr. ADAIR. In response to the question raised by the gentleman from Ohio. I would say that I am certain that the committee has impressed upon the Administrator and his immediate associates and aids the fact that we are concerned about the private sector. I would differ with the gentleman as to the fact that we are tying his hands too tightly. I think the amendment does give him a very great degree of flexibility.

Mr. HAYS. Except, may I say to the gentleman, if you interpret the amendment strictly—and I see no other way to interpret it if he puts any money in at all—is to put half of it into the private sector. Now, presuming that he cannot find in some country a private business in which he has confidence? Then he is faced with the choice of putting in no money at all. This is one danger I see to it. I think they are going to do this in the extent feasible. But I do not like the idea of tying his hands.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I thank the gentleman.

The gentleman has made the argument that was made in the committee many times when this amendment was offered in committee. The principal objection that I saw to the amendment was that in the long run this could create a bigger burden for the American taxpayer. What the AID has been trying to do is to bring as many countries as possible into this program on a multilateral basis on many of these public projects. If the free enterprise sector could siphon off the cream of these projects where there is going to be a return, we would find that these other countries would not join in the multilateral agreements which we have been seeking in order to create wider participation.

So, Mr. Chairman, I think this amendment and the amendment that we adopted yesterday would possibly create a greater burden on the American taxpayers.

Mr. HAYS. I would say to the gentleman this: We have the amendment which was adopted yesterday. I would like to see this one defeated and let the program work with the amendment in one sector and without it in the other. I will say to the gentleman from Indiana that next year, if his amendments works the way he thinks it will, I will be one of the first ones in here supporting it. But I do not think we ought to make the program so rigid that we have no alternative but to either grant the money to people about whom we have doubts or grant no money at all.

Mr. EDMONDSON. Mr. Chairman, I rise in opposition to the amendment.

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Chairman, I am a firm believer in the system of private enterprise in Latin America, just as is the gentleman from Indiana. I supported last year and joined in sponsoring the amendment offered by the gentleman from Texas [Mr. WRIGHT], to try to concentrate more of the effort in this program along those lines in order to try with this program to stimulate individual enterprise, small business, and small farmers in their efforts to become self-sustaining. But I want to point out two things that we are going to do which I think are very undesirable if we adopt this amendment in the case of Latin America.

In the first place, one of the real propaganda battles we are having to fight in Latin America is the Castro charge that the United States aid programs are designed to help the wealthy and to help those who are in power in Latin America; that they do not reach the people themselves. If we say we have to channel 50 percent of our aid into the private business sector, you can bet your bottom dollar there are going to be a lot of people alleging that a big portion of this aid is going to the big banks and the big businesses of Latin America and will be channeled through them.

Why is that important, and why is it dangerous to this program? The State Department has published a booklet entitled "Building on Experience". That booklet contains this statement about your housing program in Latin America:

In most of the less developed countries, the only way to own a home is to pay cash or borrow the money at high interest rates (20 percent per year and up) to be repaid within 3 or 4 years at the most. The result is to put home ownership beyond reach of all but the wealthy.

If we adopt the amendment we will say in effect that at least half of our program in housing, for example, in Latin America, is going to be channeled through private lending organizations that are levying this kind of interest and requiring short-term repayment of these loans, and we are going to freeze the situation as it stands right now where they are not able to build homes and get home ownership money for your low income and medium income people in Latin America.

I believe home ownership is the foundation of a society that wants to resist communism. I am a firm believer that you strike a basic blow for private enterprise when you provide an opportunity for the average citizen to borrow money and use that money to develop a business, to farm his own land, or to build a home.

Mr. Chairman, unless we are able to get some change in the lending practices of large segments of the private industry sector in Latin America, and nobody knows that we can do it, we are going to tie the hands of the Administrator in a most undesirable way. I hope we do not play into the hands of the Castro

group by tying this amendment to our efforts in South America.

I hope you will follow the suggestion of the gentleman from Ohio and defeat this amendment on the Alliance for Progress approach in Latin America. In that way we certainly take out of the hands of the Castro group one of the most damaging propaganda weapons against the Alliance for Progress.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Indiana.

Mr. ADAIR. I want to be entirely certain that the gentleman understands this amendment. It does not say that 50 percent of any particular project nor 50 percent of the funds in any country, but 50 percent of the program as a whole.

Mr. EDMONDSON. I do understand that point, and I am sympathetic with your overall objective, but I am afraid it is going to be misconstrued and misrepresented all over Latin America. For another thing, it operates in many countries to the disadvantage of the Administrator in carrying on an effective program. With all regard in the world for the gentleman's objective and the worthwhile desire he has in attempting to improve the private sector and the economy down there, I do not think we ought to paint ourselves into that corner and tie the hands of the Administrator in South America.

Mr. Chairman, I hope the pending amendment will be defeated.

Mr. WESTLAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, there has been a lot of talk here by the two gentlemen who preceded me about this money going into the hands of private individuals and going into Swiss banks and numbered accounts.

I might call to the attention of the House the fact that some of this money obviously has been going into the hands of government officials as well. When you take the history of individuals and the history of government officials in Latin America, with the Batistas, the Perons, and Jimenezes, and a lot of others, it seems to me the story is just as black on that side as it is on the private sector.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WESTLAND. I yield to the gentleman from Iowa.

Mr. GROSS. Was not this entire Alliance for Progress program originally sold to the Congress on the basis that it would create a favorable climate in South and Central America for private investment?

Mr. WESTLAND. I just do not think there is any guarantee that if we spend a billion dollars or 20 billion dollars and put the money in the hands of government officials in Latin America it necessarily is going to get into the economy proper.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. WESTLAND. I yield to the gentleman from Ohio.

Mr. HAYS. I could not agree with the gentleman more. The thing I am saying is that the Administrator has to

the best of his ability to try to determine that whichever one he makes a loan to is reasonably honest and is reasonably likely to let the money stay in the country and do something for the people of the country.

Mr. WESTLAND. I would agree with that. I think the private industrialist in South America is just as honest as any government official down there.

Mr. GROSS. If the gentleman will yield further; yes, we helped Dictator Batista of Cuba, not under the Alliance for Progress, but with economic and military assistance. We helped Batista, and what did we get? Castro.

This is all too often the result when we support governments that are in fact ruled by the military. This is why millions and billions of our dollars have gone down the drain and the present policies of this administration mean that more will go the same way.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken, and the Chairman announced that he was in doubt.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ADAIR and Mr. HAYS.

The Committee divided and the tellers reported that there were—ayes 162, noes 159.

So the amendment was agreed to.

Mr. BATTIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, first of all I should like to thank the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN] for his patience, forbearance, and kindness during the long and involved hearings, and to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] for her patience in dealing with the new members of the committee.

Mr. Chairman, if I had been a Member of Congress when the Marshall plan was considered, a plan to help rebuild and reconstruct the cities and industries of our allies in World War II, I would have supported the plan. When the program changed to the technical assistance program—the point 4 operation—perhaps the warning flag would have been raised. Yet since this was an effort by the United States to share its technical knowledge and know-how with friendly countries of the world it too had merit and would have received my support.

Unfortunately, at times our great Foreign Affairs Committee is referred to as an international public works committee. This, of course, is unkind, yet one merely has to examine the bill and it is hard to come to any other conclusion. In examining our efforts in the field of foreign assistance, particularly on the economic side, we find some unexplainable and serious deficiencies. For example, we find that in some of the recipient countries, their tax laws are such that they are not making an attempt to help themselves; that they would prefer to look to the United States for aid and until we get realistic and insist upon re-

forms and self-help we shall continue to be referred to as "Uncle Sugar."

Indeed the land reforms that are needed in some countries would aid the depressed and give self-respect to those who wanted to achieve change. Yet such reforms are not forthcoming.

There was a book published recently by D. Van Nostrand Co., Inc., called "The Achieving Society" and it was written by David C. McClelland, of Harvard University. The book really is a textbook on sociology which has as its main premise the theory that until a person or a people want a change and want to improve their conditions that all the aid and money in the world will be of no benefit. The desire must be more than in the minds of men and their leaders, but it must also be in their actions. The will must be there. They must be willing to help themselves.

Yesterday we heard a very excellent discussion by our colleague, the gentleman from New York [Mr. PIKE], who quoted a saying he had read on the wall of one of the superintendents of schools in his district. Whoever had reproduced the quote changed the most important part. The quote comes from Dante's "Inferno" and reads:

The hottest places in hell are reserved for those who, in a period of moral crises, maintain their neutrality.

Mr. PIKE used his quotation for examining his own conscience and I will use Dante's to examine the action of some nation's who remain neutral or at least in theory remain neutral. We find some who play the great game of trying to stay in the middle in the fight between East and West and try to gain from both a special advantage. Our policy seems to be that these people should not have to make a choice, and to keep them in the middle is a good thing. I cannot agree with this premise for should the time ever come when they have to make a choice I would like to know which side of the middle they would be inclined to jump.

We give aid to Communist countries with the thought in mind that we are going to win them from the Communist bloc. We insist that our goal in world affairs is nothing more than wanting self-determination for all peoples of the world; yet by our aid and our actions we help keep a dictator like Tito in power in Yugoslavia. This to me is totally inconsistent.

In comparing our situation today to what it was at the end of World War II and considering the billions of dollars that have been spent through various foreign aid programs, one could almost come to the mathematical certainty that the more dollars that are spent around the world, the more precarious our position becomes. It would appear that we become inconsistent in our purpose and direction.

It is no secret that this country is heavily in debt and that the tax burden that our people have to bear is very substantial. We also find by comparison that some of the European countries who received Marshall plan aid and who have made phenomenal recoveries economically do not pay their fair share of the

cost of financing programs and development in the underdeveloped countries of the world or the newly emerging nations. We also find that in the countries that they do aid they have direct ties and conditions upon which the aid is given. Could it be that their view of an aid program is directly related to their own economic well-being?

We heard yesterday that our grant programs were gradually being changed to loan programs and that this was a step in the right direction. I personally believe that this leaves the wrong impression with some Members of Congress and certainly with the people of the country who understand that a loan must be repaid. Part of our loan program requires a repayment in local currency of the recipient country or soft currency, but the repayment agreement has a further restriction that this money must be resented in the recipient country by the United States to finance other programs for the benefit of that country, and that we can spend a small portion of it for financing our embassy operations and for other purposes, so long as that money does not leave the country. It, therefore, might be repaid in a sense of the word, but it will never find its way back to the U.S. Treasury to ease the burden of the American taxpayer.

We also find that we are going to have to borrow a substantial amount of money at about 4½ percent interest to loan to a foreign power at three-fourths of 1 percent interest, who in turn will loan it to an entity within that country to build a plant and the loan from the foreign power will draw 5¾ percent interest. The foreign power will make 5 percent on the transaction, while this country will lose 3¾ percent. Again, this is carrying generosity a little bit too far.

It was suggested yesterday during the debate what a terrible thing it would be to scrap this program and turn our back on our allies and friends around the world and leave them to the onslaught of communism. Such a suggestion is not only unwarranted, but a little bit degrading. We never have, in our history, turned our back on people in need. We have given aid to those who needed it, but we have not always used the shotgun approach that we are using at the present time.

It has always appeared a strange practice to me to include both the economic assistance with the military in one bill, instead of giving them separately to the House, which to me would be a better practice.

I think through the years we have proven that we cannot buy friends with dollars. Yet we continue with our dollar diplomacy. We confuse our allies and unfortunately tend to mislead the American taxpayer.

We must indeed examine our position and we must be prepared to vote and then under our system explain our vote to the people back home. I for one will not remain neutral, for to me it is morally wrong to ask the American people to make increasing sacrifices to finance the operation of governments who have done little or nothing to help themselves or to give aid to Communist dominated

countries under the guise of trying to win their friendship.

Also, Mr. Chairman, I intend to offer an amendment later in the bill which will deal specifically with our allies and friends who continue to do business with Cuba by allowing their ships to trade with Cuba. We passed an amendment in the appropriations bill last year which we thought would do the job but it was not successful. The purpose of my amendment, which I shall discuss further under the 5-minute rule, is to deal specifically with the problem of ships in the registry of any country which receives either economic or military aid from the United States. It is about time some of our friends in the world who claim to be our allies, and who are not by any stretch of the imagination to be considered neutral—to change their policy and stop allowing ships of their registry to trade with Communist Cuba. It is a direct violation of our President's stated policy of an economic blockade of Cuba.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. BATTIN. I yield to the gentleman.

Mr. CRAMER. I congratulate the gentleman on his announced intention to introduce an amendment which would deal with and stop shipping by free world nations to Cuba. I have drafted a similar amendment and am hopeful Congress will put an end to our aiding countries that continue to do business with Communist Cuba.

The CHAIRMAN. The time of the gentleman has expired.

The Clerk read as follows:

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 10, lines 16 and 17, strike out "\$136,050,000" and substitute "\$120,000,000".

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am trying to get an amendment that my friend from Ohio, Mr. HAYS, can support. I am trying to get one down to his size if that is possible. I am going down this time to \$16 million—only \$16 million. I would hope I could get a little help from the gentleman, because the next one that I introduce is going to be considerably higher in terms of cutting the bill.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes.

Mr. HAYS. I just want to encourage the gentleman. If you keep trying, I am going to come with you.

Mr. GROSS. I will be right here.

This amendment in comparison with others that has been and will be offered

provides for the relatively small cut of \$16,050,000 in the funds contributed by the United States to international organizations for various and sundry purposes. The administration has requested \$136 million for this purpose for fiscal 1964. Get this. The administration requested \$136 million for this purpose, and estimated its expenditures at \$127 million. So it wanted a nice little cushion somewhere along the line. I contend that \$120 million together with an estimated carryover of \$74 million is more than adequate to meet all the U.S. commitments to these international organizations in fiscal 1964.

Incidentally, these expenditures are in addition to approximately \$85 million contributed by the United States as its share of the expenses of international organizations. Nor does this take into account the financing of the Peace Corps, which also presumably provides technical assistance.

Mr. Chairman, I do not care to belabor the issue. I think it is clear cut. I urge the adoption of the amendment.

Mr. AVERY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Certainly.

Mr. AVERY. As I listened to the gentleman explain his amendment, I was reminded of the fact that I think it was last April the press carried a story that a subsidiary organization of the United Nations had made allocations to Cuba for an economic survey as it related to their agricultural production. Does the gentleman recall the incident I am referring to?

Mr. GROSS. Yes.

Mr. AVERY. Is this the title of the bill that would make a contribution to such international organizations as made the allocation to Cuba?

Mr. GROSS. Yes. As I understand it, this includes the United Nations special fund.

Mr. AVERY. If the gentleman will yield further, as I recall it, the United States is contributing about 40 percent to that particular organization.

Mr. GROSS. I think that is right.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. MORGAN. I also want to be fair. Does not this section bar any contributions to Cuba?

Mr. GROSS. I am afraid that amendment was watered down to the point where I doubt that it will do what the chairman thinks it will do.

Mr. MORGAN. I call the gentleman's attention to page 13 of the bill, line 12.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. Gross] has expired.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask, particularly the gentlewoman from Ohio who I know has firsthand experience and information on this subject, this question. This section covers, does it not, the so-called contribution to the Palestine refugees? And if I am correct in this, then may I simply call the attention of the House to the fact that this is a problem which is at the core of the whole problem in the Middle East. We will

never get peace in the Middle East, I think it is fair to say, until we find a solution to the Palestine refugee problem. I feel rather strongly that inasmuch as—I think again I am right—we are giving 70 percent of that fund here in the United States, it is time that we looked somewhere for its more effective use. We may have to drive a bargain to solve this admittedly very difficult but nevertheless important problem if we are not to have a tinder box in the Middle East.

I would like to ask the gentlewoman from Ohio if she does not agree that perhaps we should do something, and I hope through this committee, to step up a solution to that Palestine refugee problem.

Mrs. FRANCES P. BOLTON. The gentleman has put before us one of the problems that has been brought up for many years, and if we could find a solution to it, that would be quite marvelous. I was on that committee; I am not now and have not been for some years and I am not as well versed in the details as I used to be. But I feel that in reality this will have to be straightened out between the two factions. We cannot go in and say, "You must do this or that." We have done altogether too much of that all over the world. I hope that a solution will be found because I agree with the gentleman that it is a most important matter—the peace of mankind.

Mr. ROOSEVELT. I thank the gentlewoman. May I also point out that unless you indicate in some way that you are not going to support people forever on a dole, as these people have been for 15 years, it seems to me somewhere along the line we should say—not 70 percent, maybe 50 percent—something that would indicate some urgency that they arrive at a solution.

Mr. FARBSTEN. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from New York.

Mr. FARBSTEN. Mr. Chairman, I do not see how the Palestine refugee question can be determined for quite a few years. Unfortunately, the Arab countries are intransigent as far as that matter is concerned. I have recommended to the State Department that we should gradually reduce the amount of money that is being turned over to the organization that is taking care of these refugees in order that they may be made to realize that there must eventually come a termination to this problem. Unfortunately, not enough of them are being educated so that they can go out on their own and earn a living. But I learned this year that the State Department, in reply to a report that I wrote after going to the area—that they are beginning to reduce the amount that is being turned over to the refugee organization for the purpose of maintenance and support. I was advised that 5 percent of the money will be used for the purpose of educating the refugees and teaching them trades so that they can go out into the other Arab countries and earn a livelihood. The intention of the State Department, in my opinion, is a good one. Of course, it is a belabored one.

Mr. Chairman, it is a very difficult

problem. I do not see how they can possibly dispose of it shortly. There are too many questions that are raised with relation to the question. There is no simple answer. Nevertheless, I do think that we have made a start toward disposing of the question.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. Yes, I yield to the gentleman from Iowa.

Mr. GROSS. Who created this refugee situation, this camp of a million displaced persons in the Middle East? Who created it?

Mr. ROOSEVELT. I think it was created, as the gentleman knows, at the time of the so-called creation of the State of Israel.

Mr. GROSS. Who created it? Was it not created by the United Nations?

Mr. ROOSEVELT. It was created in conjunction with the United Nations and the United States was the first nation to recognize the new State of Israel.

Mr. GROSS. Why does the United Nations not take care of it, then?

Mr. ROOSEVELT. They are. But the most important part, financially at least, of the United Nations happens to be us.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the international organization authorization of the mutual security bill has always been approved 100 percent both in the authorization and in the appropriation. Last year we authorized and appropriated approximately \$148 million. This year it is \$136 million. These are amounts that have been pledged to finance programs adopted by the organizations concerned. This includes the U.N. technical assistance program and special fund, the U.N. food and agricultural program, the International Atomic Energy Agency, the World Health Organizations, the NATO science program, and other programs.

Mr. Chairman, these are amounts agreed to by the representatives of the member nations. Even though the cut which has been offered by my good friend, the gentleman from Iowa [Mr. Gross], is a modest one, it is still going to make us shortchange some of the pledges to which we have already committed ourselves.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and the Chairman announced that the yeas appeared to have it.

Mr. GROSS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. Gross and Mr. HAYS.

The Committee divided, and the tellers reported that there were—yeas 134, noes 167.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. HALL

Mr. HALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALL: Page 10, immediately after line 12, insert the following:

"SEC. 107. Section 301 of the Foreign Assistance Act of 1961, as amended, which relates to general authority to make contributions to international organizations, is amended by striking out subsection (b) and inserting in lieu thereof:

"(b) Contributions, whether in cash or in goods and services, and other payments made by the United States for the calendar year 1964 or any subsequent calendar year to the United Nations or to any program or activity thereof (whether or not financed in whole or in part by assessments against member nations) may not exceed 33.33 percent of the total amount contributed and paid by all nations for the calendar year involved to the United Nations, or the program or activity thereof, as the case may be."

And renumber the following sections accordingly.

Mr. HALL. Mr. Chairman, I believe this amendment to be noncontroversial except for those with pets and penchants; that is, the intent is simply to collate all U.S. spending to our second foreign aid program via the United Nations; and to delineate and clarify for, first, our U.N. Ambassador, second, the director of the nonbudgeted extra and additional programs established by the U.N. parent organization, and third, our State Department, the legislative intent of this Congress. In so doing we will quite properly assume our prerogative of limiting the executive branch, namely, the State Department, in their propensity for and dispersal of, our taxpayers' moneys.

As read by the Clerk, Mr. Chairman, this amendment would clarify our original intent. Broadly this would limit U.S. contributions to the budget of all organizations developed and devised by that body to our currently established—Public Law 82-495—maximum share of the regular—assessed—U.N. budget, which is 33⅓ percent. We are now paying 32.02 percent and I propose that this same limit be applied to all U.N. assistance agencies to whom we voluntarily contribute through the U.N. or AID, and that all hands comply therewith.

Mr. Chairman, in the last 2 days' CONGRESSIONAL RECORD and in a letter to all Members, plus appearance before the Foreign Affairs Committee, and many reports to this House the first 3 months of this year; and as a result of research into the U.N. diverse funds situation, I have pointed out that we contribute in excess of 33⅓ percent to 10 of the 28 U.N. budgets. I submitted to each of you a table indicating the savings that would accrue if this amendment had been in effect in 1962. It would have amounted to approximately \$38 million, and it is estimated that based on the budget for 1964 it could amount to \$50 million.

American taxpayers now finance the U.N.'s myriad budgets and funds in widely varying amounts—often at the discretion of the State Department or by virtue of their wiles in interpreting through implementation, counsel, and regulation our legislative efforts.

We pay 40 percent of the Special Fund by special legislation. The same applies to the extended technical assistance program. Seventy percent of the U.N. relief and works agency in the Near East,

and 100 percent to the WHO community water development and research programs. I am certain there are those representing special interest groups who will claim that by offering this amendment we do not love little children. Nothing could be further from the truth, and I submit that when we pay, and will continue to pay—33⅓ percent of the costs of UNESCO, UNICEF, and refugee relief in the Near East we are doing more than our fair share. Besides they have their own fundraising activities, in addition. Actually, we have been paying the same disproportionate share of the U.N. Special Fund and ETAP since 1959. We have paid 100 percent of two WHO projects since 1959, without encouraging any participation by anyone, excepting benefits. Our share of the U.N. Palestine refugee relief program has, in fact, increased from 67.48 percent in 1949 to its present alltime high of 70 percent. As a physician, humanitarian, congressional adviser to WHO, and one continually interested in the United Nations, I do not decry the merit of these works, or even our excessive expenditure to get them on the road. However, I maintain that it is extremely important for us to let these people develop their own resources and build souls of steel, as we did after the Declaration of Independence, instead of feet of clay.

Certainly, Mr. Chairman, with the prosperity evidenced in recent years, and the participation of a hundred nations in these programs through U.N.—including all the Communist and so-called neutralist countries—we could logically expect them to pick up the burden more rapidly. Aside from the relative merit of these multilateral programs, they are not nearly so international in cost, as they are in benefits. Nor has our increasing contribution to them resulted in any reduction of our foreign aid program. As I indicated yesterday, nations will have the Santa Claus complex as long as we act the role of the giver, which is about to play out due to our own domestic indebtedness, gold outflow, and imbalance of payments.

In the case of the special fund and ETAP I have previously documented in the CONGRESSIONAL RECORD examples of substantial aid to Communist bloc countries. Total U.N. aid to, or program for, the Red bloc in 1963-64 includes 16 projects for Cuba, 30 projects for Poland, 30 projects for Yugoslavia, 3 projects for Albania, and 12 interregional projects with Red nations involved—a total of 93 projects costing \$10 million.

Mr. Chairman, the Soviet Union contributes no more to the special fund now than she did in 1959. Her pledge each year is for \$1 million—less than the contribution of tiny Switzerland—yet the U.S. contribution to the special fund has grown from \$10 million in 1959 to \$29 million in 1963. This is an increase of almost 300 percent. Finally, Mr. Chairman, the Red-bloc contributions are in nonconvertible currencies.

Mr. Chairman, if benefiting or recipient nations do not criticize Russia for paying less than its fair share, no nation can criticize us for not paying more than

one-third of the world budget, which is well beyond our fair share. I hope all Members will support this amendment to establish a fair and limiting ceiling on all U.S. contributions to the United Nations assistance budget.

I yield back the balance of my time.

Mr. MORSE. Mr. Chairman, will the gentleman yield?

Mr. HALL. I yield to the gentleman.

Mr. MORSE. Mr. Chairman, does the gentleman intend his amendment to have application to peacekeeping operations of the United Nations?

Mr. HALL. It would. It already applies to peacekeeping operations of the United Nations; they are in the budgeted programs of the United Nations, to which the Congress intended in the Foreign Assistance Act of 1961 that the 33⅓ percent apply.

Mr. MORSE. I agree with that. Insofar as voluntary contributions of the peacekeeping functions; would the gentleman's amendment apply?

Mr. HALL. It would apply to all voluntary funds—yes; under the amendment as written, that is correct.

Mr. FARBSTEN. Mr. Chairman, will the gentleman yield?

Mr. HALL. I yield to the gentleman.

Mr. FARBSTEN. I think, perhaps, the gentleman may be in error because there is a difference between housekeeping and peacekeeping. There is a restriction of 33⅓ percent as to the housekeeping funds of the United Nations and that is so far as salaries and buildings and things of that nature, meetings of staff officers and so forth. But on the peacekeeping voluntary phase of it, there is no such restriction.

Mr. HALL. I think I made it quite clear that I intended it to apply there.

Mr. FASCELL. Mr. Chairman, I rise in opposition to the amendment.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, this Committee just turned down one amendment to cut funds in this program and the pending amendment is another method of cutting the funds. I would hope the Committee would act with respect to cutting percentages in the same way it did with respect to the proposed cut in authorized funds.

Let me say this first. A question came up in the earlier discussion about Cuba. There is an amendment in the bill now on page 13 which I sponsored which reads as follows:

No funds provided under this Act shall be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba.

So there should be no further question in your mind about voluntary contributions to the U.N. on Cuban projects.

Mr. Chairman, getting back to the pending amendment of fixing a ceiling of 33⅓ percent on all voluntary contributions, I was very pleased to hear the sponsor of the amendment say that he does not question nor is he opposed to any of the work being performed by any

of the agencies of the United Nations. The United States is trying to get more firmly established and to get other nations organized into multilateral effort for training and development in projects. This is the very reason the Congress has given the administration the flexibility in providing for voluntary contribution over and above the percentages for regular assessments.

We have certain specific limitations in the law now. Under proper study by this committee and by this House we have fixed a limitation of 40 percent on the special fund and the expanded technical assistance fund. But the sponsor of this amendment does not make a case that voluntary contributions are getting out of hand. Let me respectfully show you these facts. In the United Nations Children's Fund, for example, we started U.S. contributions at 71.55 percent and we are now down to 40 percent. In the United Nations expanded technical assistance program we started at 59.93 percent and we are down to 40 percent. In the World Health Organization we started out at 100 percent, but that program was absorbed into the regular budget and we now pay 31.12 percent on that particular program.

I could go on, but the point I am making is that the administrators of this program under both recent administrations have worked very diligently under the scrutiny of both the Committee on Appropriations and the Foreign Affairs Committee to scale down our voluntary contributions to these U.N. programs. They have a good record. There is no reason, therefore, to arbitrarily apply the same percentage to all U.N. programs.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I will be glad to yield to the gentleman.

Mr. HAYS. On the peacekeeping operations, would not this amendment in effect give the Soviets a veto over our putting money into a program that they did not like and that they refused, where the budget cannot be met and we decided to absorb a bigger share of it? If we are limited, we cannot do it. Would that not have this effect?

Mr. FASCELL. There is no question about it. The principal reason why this amendment should be defeated, as I see it, is this: The purpose is fine as far as keeping down your contributions and encouraging others to come in, but you cannot club a horse to water. You have to lead him. I respectfully submit this is what the records and statistics of these programs indicate as far as the efforts of the United States are concerned and as far as our contributions to these programs are concerned. Our records show we started out with a high percentage and over a period of time we kept scaling it down while other countries make more contributions to these multilateral programs. This is exactly what we are trying to do.

Mr. BARRY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentleman from Louisiana [Mr. Boggs].

Mr. BOGGS. Mr. Chairman, I wanted the gentleman to spell out the answer to the question that the gentleman from Ohio [Mr. Hays], directed to him, namely as to the veto this would give to the Soviet Union on the peacekeeping operations. I am told, had you had such a limitation, such a veto would have come about in several places in the world.

Mr. FASCELL. There is not any question about the fact that if you write a specific limitation on our voluntary contributions you are tying our hands in dealing with peacekeeping operations. In that way you do give the Soviets a veto, because they withdraw from all of these peacekeeping operations that do not suit their specific purpose.

Mr. BOGGS. And put up nothing.

Mr. FASCELL. And put up absolutely nothing. So we just play into their hands with this kind of foolishness.

I submit that our record is good. We do contribute on a percentage basis to these voluntary agencies. We started at a high rate and we have been scaling them down. So our record in this respect is good. The amount of the contributions from other nations has increased. There is no valid reason, therefore, on this score why we should now arbitrarily place an inflexible ceiling.

One more point, Mr. Chairman. Communist countries contribute to the United Nations program of technical assistance \$20.4 million. They get out of that program \$10.1 million. In other words, they get out less than they put in. The free world countries, on the other hand, have a fine record of getting 94.97 percent of all the projects under the U.N. program of technical assistance.

Mr. BARRY. Mr. Chairman, I wish to compliment the gentleman for giving us a very concise, accurate and statistical analysis of the various funds that go to make up our entire United Nations picture. I would like to ask him if he believes that we would have gone into Korea if there had been such a limitation on the peacekeeping operations of the United Nations.

Mr. FASCELL. It would be more difficult to obtain functioning of U.N. peacekeeping operations if you tied the hands of the administration with a ceiling on voluntary contributions.

Mr. BARRY. Let me put the question this way. Would we not have had to go into Korea on our own rather than through the United Nations if we wanted to carry out our policy as a nation?

Mr. FASCELL. May I answer the gentleman this way. If you place this limitation on our contributions to voluntary programs in the United Nations, when we seek to initiate a peacekeeping function in the U.N. which is in the best interest of the United States, it would require us, if we are not able to do it multilaterally, to pay the entire cost ourselves.

Mr. BARRY. Mr. Chairman, I would also like to ask the gentleman whether or not the refugee program in Palestine toward which we are now paying about 70 percent would not fail under this limitation, because the Arabs do not pay their proportionate share.

Mr. FASCELL. If the gentleman will permit me, he has raised a very good point. You apply the ceiling now and you apply it automatically and arbitrarily on all the existing programs.

Mr. BARRY. In other words, these programs would not be possible and would fail if this amendment were adopted?

Mr. FASCELL. I would agree that they would be injured seriously. I say that an arbitrary ceiling is a very ineffective way to deal with these particular programs. The very thing we are trying to preserve in the best interests of and to carry out the policy of the United States is our flexibility. To go in at 4 percent, if we want to, or at 70 percent, if we have to, and to work always toward trying to scale down our contribution and raise the contributions of other nations. The record indicates that this is what we have been doing. Therefore, I submit to you, Mr. Chairman, the amendment is not only unnecessary, but is dangerous and is not in our best interests.

Mr. BARRY. I agree with the gentleman.

Mr. FASCELL. I hope it will be defeated.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the distinguished gentleman from New Jersey.

Mr. THOMPSON of New Jersey. Mr. Chairman, I oppose this amendment and I should like to make an observation with respect to the amount of money to be saved by this amendment. It is an absolute fact that the total contribution we make to all of the United Nations peacekeeping operations of which the Congo, for instance, was only a part, is less than the total cost to garrison only one unequipped division in West Germany. There is no economy in this. I hope the amendment is defeated.

I thank the gentleman for yielding.

Mr. O'HARA of Illinois. Mr. Chairman, I asked for this time merely to inform the committee that the gentleman from Florida [Mr. FASCELL], who was just in this well, is the chairman of the subcommittee which has jurisdiction over the subject matter of this amendment.

Mr. Chairman, on the Committee on Foreign Affairs we regard the gentleman from Florida as one of the ablest and certainly one the hardest working members of our committee. He has spent endless hours with his subcommittee in the study of the subject matter covered by the pending amendment and his remarks must be weighed as those of a thoroughly informed authority.

Mr. Chairman, I am sure members of the committee who are not members of the Committee on Foreign Affairs would wish to know the background and experience of the gentleman from Florida [Mr. FASCELL] in the field of the present discussion. I turn back the remainder of my time.

Mr. MORSE. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MORSE asked and was given permission to revise and extend his remarks.)

Mr. MORSE. Mr. Chairman, I have great respect for the distinguished gentleman from Missouri [Mr. HALL]. I certainly know his intentions in offering this amendment were of the highest. Certainly, the disposition of many Members of this body is to support the amendment. But let me say this: There is not a Member of this House who would knowingly seek to assist the Soviet Union. Conceivably, that is precisely what we will be doing by the adoption of this amendment. I know it is the furthest thing from the mind of the gentleman from Missouri.

Mr. Chairman, let me explain just how it could happen, as the gentleman from Florida [Mr. FASCELL] has pointed out, insofar as peacekeeping operations are concerned.

The adoption of this amendment could effectively give to the Soviet Union a veto over actions which would be in the interest of the United States of America. Let us assume there was a conflict and let us assume that it is in the interest of the United States that the U.N. intervene in this conflict. Let us assume further that the U.S.S.R. opposes U.N. intervention for their own purposes. The U.S.S.R. as a matter of policy has made it plain that they will not participate in nor contribute to programs which are against their interests. Thus, if the U.S.S.R. were to refuse to contribute financially to this operation which, by hypothesis, is in the interest of the United States, and if the cost of this operation were greater than that which could be borne by the other nations, it would be necessary for there to be a U.S. voluntary contribution in excess of 33 percent which the gentleman from Missouri suggests.

What we would be doing, gentlemen, is letting the U.S.S.R. decide American foreign policy.

Mr. Chairman, I do not think there is a soul in this body who wants to do that.

I entreat the members of the Committee to defeat this amendment.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I will take only a minute to point out to the gentleman from Massachusetts [Mr. MORSE] and other members of the committee who spoke in opposition to this amendment, that the charge being levied against this amendment to the effect that it would place a veto power in the hands of the Soviet Union is a very effective debate technique but obviously not a fact.

Mr. Chairman, unless I am mistaken, there are more than 100 other nations in addition to the United States and the U.S.S.R. who are members of the U.N. and most are able and I hope willing to contribute to these funds.

I repeat that even though this charge is effective debating technique it cannot be supported by either facts or logic.

Mr. Chairman, I want to take time for just 1 more minute to direct a question to the gentleman from New York. In the process of yielding to a number of Members I do not believe the gentleman from New York had an opportunity to tell the House whether he was for or against this amendment. I wonder if the gentleman could tell us now?

Mr. BARRY. I think it should be crystal clear that I am against the amendment.

I would like to ask the gentleman in the well if he can give me the name of any one major country in the world that could either afford with dollars or with military ability to pursue our national interests if the United Nations members were unable to pick up their share of the tab. Is there another country that could do it if we do not do it?

Mr. DERWINSKI. I would advise the gentleman from New York there is not any country in the world that should pursue our national policy. They should pursue their own national policies. Our first obligation is to pursue our own national interests. If any U.N. program is in need of support from responsible nations it will receive it and you can quote the chairman of the House committee who listed yesterday that a number of Western European nations have the financial status to provide the needed response for U.N. funds.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Texas.

Mr. ALGER. Is it not true that we have the highest debt and the highest taxes of any nation in the world, that our national debt totals more than that of the entire world put together?

Mr. DERWINSKI. Yes, and the gentleman speaks as a member of a committee that has much to do with the matter of increasing our national debt.

Mr. JONES of Missouri. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment, and I think I can give you some good reasons why it should be adopted. I hope that some of my friends who I know are against the bill and who have been refraining from voting for any of the amendments to improve the bill will vote for this amendment.

I remember when I first became a Member of this House we were contributing 40 percent or more to the United Nations General Fund. I am convinced that had not Congress placed a limitation of 33.3 percent upon our contribution it would never have been reduced. In the past several years I have been recommending that we cut down the percentage amount of our contribution to some of these funds. The gentleman from New York mentioned the Palestine Refugee Fund, and many others will recall that I reported on a situation there when the United States was paying 90 percent of the cost of that program—we were paying that in dollars. On visiting that area I talked with the commission which was administering that program and I was astounded to find out

they were using U.S. dollars to buy surplus wheat from Australia, Canada, France, and other countries, and were refraining from buying any of our wheat, due, they said, to the fact our price was too high.

I said at that time, and I am still convinced I am correct and that it is sound policy, at anytime that the United States is contributing as much as 50 percent to any program they had better take that program over, operate it in the most efficient manner it can, and get full credit for it, rather than contribute 50, 60, 70, or more percent to a program which is administered in a lot of countries where the United States does not get any credit at all for its contribution. I yield back the balance of my time.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the pending amendment.

The peacekeeping operations of this program that serves the interest of the United States and all those programs coming under the "Special Programs" would bear the brunt of the pending amendment. If the United States has a certain program which would advance its cause or serve the cause of peace, we would be unable to participate in this program unless we could convince the other members of the U.N. to put up two-thirds of the money. If this amendment is adopted we would be precluded from undertaking this type of operation; therefore we would be precluded from serving the best interest of the United States through the apparatus of the United Nations.

The Soviet Union has many times criticized this procedure and has stated that the United States uses this device as "under the umbrella of the U.N." to serve its own interests. I feel, therefore, that this amendment while it has a worthy intent would have the effect of precluding the United States from using the mechanism of the United Nations to serve the cause of peace, and we would be required to undertake unilaterally those policies that we feel are in our best interest and therefore can best be served through the United Nations.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from New York.

Mr. BARRY. To the gentleman's knowledge, does he think the United States would have gone to war unilaterally in the Congo had not the United Nations gone to war in the Congo?

Mr. GALLAGHER. I do not know, but I think this program is designed to stabilize the peace, not encourage war. If we adopt the Hall amendment, I think we will seriously impair the best mechanism we have for peace, the United Nations.

Mr. BARRY. I should like to assure the gentleman that on firsthand knowledge I was told by the Chief Executive of the United States that had not the United Nations taken up the cudgels in the Congo operation, the United States would have had to go in unilaterally. Certainly here is a perfect example of how a 30-percent limitation would have precluded the United Nations from tak-

ing that action and would have precluded the United Nations from going into Korea. We would have had to do these things alone instead of having the moral backing and multinational assistance that in effect made the Korean war a free world struggle against international communism.

Mr. GALLAGHER. I thank the gentleman for his contribution.

Mr. Chairman, I urge the defeat of this amendment.

Mr. FOREMAN. Mr. Chairman, I rise in support of the amendment. I yield to the distinguished gentleman from Missouri, Dr. HALL, the author of this amendment.

Mr. HALL. I appreciate the gentleman's yielding to me.

Mr. Chairman, I think there are some things that should be said as a result of the various remarks that have been made, predominantly on the "con" side. I also had hoped much of the effort, much of the work, and much of the research, as per the last 3 days' insertions in the RECORD would have been read and the Members would have been knowledgeable, in addition to what was said in the short 5 minutes on the amendment.

Certainly I think the gentleman from Florida would agree with me that we knew that neither the United Nations through its various 28 different funds over and above the assessed funds, had any means of auditing those funds; nor does our State Department at the present time, by their letter of admission, have any means of checking on our contributions to those. It would seem therefore that this is a much more reasonable manner in which to limit the source of the "golden egg."

I would also say to the gentleman from Florida that we not only have contributed 100 percent to many of the World Health Organization funds, but we still contribute 100 percent to the malaria fund and the sanitary survey and water development fund that is going on at the present time.

As far as the peacekeeping operation is concerned, I think the colloquy of the last two gentlemen pretty well developed this proposition, because we did go into Lebanon unilaterally, which is very closely related to the so-called tinderbox of the world. Actually, the only veto we would be giving the Soviet by this amendment, Mr. Chairman, would be this limiting, by our own law, as to the amount we could contribute to any given U.N. situation.

As to the present situation in the Near East, the people that are refugees there are Arabs. I suggest only that Nasser, Syria, and Iraq, instead of spending millions for Russian arms, including mach 2 fighters for an attack on Israel, spend some of this money on refugees. I realize there is a dispute about the territory, and perhaps there is a question of adverse usage there involved, in that they do not want to accept them back into their own territory as refugees. But why do we have more of a responsibility to pay the cost of the Arab refugee program than we have to pay the cost of the Chinese refugee problem involv-

ing those who are coming into Hong Kong every day? How can that be part of the program when we pay 70 percent of the cost?

I should like to refer to the hearings, where the distinguished chairman of the committee, the gentleman from Pennsylvania [Dr. MORGAN], had a colloquy with Mr. Cleveland of the State Department, as follows:

Dr. MORGAN. The United States has continued to carry most of the burden of supporting the Arab refugees in Palestine for a good many years. The attitude that the State Department seems to have, is that we should just accept the "status quo" and do nothing to disturb the situation. What would happen if Congress would decide to cut this U.S. contribution to the Palestine refugees to about \$10 million, and say, "Now look, we are not going to carry this burden for the rest of our lives: something has to be done."

Mr. CLEVELAND. I think the people that it would stimulate would be the Arab refugees.

I think it would stimulate them to start a turbulence in the Middle East which taken together with all the other things that are happening might really blow the place sky high.

I think this is a form of blackmail, as the gentleman from California said in one of his previous discussions, as long as we care for the Arab refugees, the Arabs in the Near East will not start a war.

Now as far as the question of the UNICEF program is concerned, I would like to point out again to the House, if the gentleman will yield further, that the funds for this are raised through voluntary fund raising as well as our own compulsory tax efforts. All who wish to support this worthy purpose can sit down and write a check just as they do for their own community chest. We raised billions of dollars in this country through voluntary charitable contributions by means of this route. This does much more for the giver than does charity given by compulsion. Incidentally, it is also tax deductible.

Then I would like to say further about the special project of UNESCO for the preservation of the ancient Nubian monuments in Mr. Nasser's land—the United Arab Republic—see page 1514 of hearings. In 1961 we paid 66.49 percent. A call to the Department of State just this week revealed that "our percentage for 1962 has still not been determined, because the contributions from other countries are not complete."

CONGO SITUATION

It is true, the Clay Committee did recommend an exception in the case of the Congo. But this operation is being phased out in regard to troops. In fact, Ambassador Stevenson earlier this year warned that we were only going to pay our proportionate share. Since that time, in typical fashion, we have "backtracked."

PROPORTIONATE SHARE OF ETAP AND SPECIAL FUND

Mr. Cleveland's argument before the committee was, that not all 110 nations are participating in Special Fund and ETAP. Only about 90—of which 60 are labeled "underdeveloped," and 30 are "developed." That is why he says we

pay more than our 33½ percent. It is not a valid argument. If fewer countries are participating, the budget should be lower, but our proportionate share should be the same. Russia is one of the so-called developed countries. Yet she gives only \$1 million to the Special Fund, and has been giving the same amount since 1959. We started out with \$10 million and are now up to \$30 million—300 percent increase.

Also, Mr. Chairman, comparisons with what Communist blocs get to what free world gets are not valid. Included in the so-called free world countries are Ghana, British Guiana, Indonesia, and numerous other neutralists who are not neutralists at all. It is incorrect to label them "free world." Also, I raise the question of Russian subscriptions in non-convertible currencies.

It seems to me, Mr. Chairman, we finally have the explanation for the Sphinx's inscrutable smile. It is not the sands of the Nile, but it is the fact that we are genial jackasses, as one of the other gentlemen says, without our taxpayers' money from the United States.

Mr. Chairman, I hope the amendment passes.

Mr. FOREMAN. I thank the gentleman from Missouri for his very excellent contribution toward the clarification of his amendment. It is a good amendment. I urge its adoption.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this section do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. HALL].

Mr. HALL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. HALL and Mr. HAYS.

The Committee divided, and the tellers reported that there were—ayes 157, noes 168.

So the amendment was rejected.

The Clerk read as follows:

Page 10, line 18:

"CHAPTER 4—SUPPORTING ASSISTANCE

"SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out '1963' and '\$415,000,000' and substituting '1964' and '\$380,000,000', respectively.

"CHAPTER 5—CONTINGENCY FUND

"SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out '1963' and '\$300,000,000' and inserting in lieu thereof '1964' and '\$200,000,000', respectively.

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter."

AMENDMENT OFFERED BY MR. THOMSON OF WISCONSIN

Mr. THOMSON of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMSON of Wisconsin: On page 11, line 2, strike out "\$200,000,000" and insert in lieu thereof "\$150,000,000".

(Mr. THOMSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. THOMSON of Wisconsin. Mr. Chairman, this amendment presents you with an opportunity to take one small step toward improving the administration of this fund and greater self-discipline so badly needed in this program. I want to direct your attention to the fact that the contingency fund is not the only cookie jar in which the President has complete discretion to disburse the cookies, because the Clerk just read the preceding section relating to supporting assistance. The section on supporting assistance carries \$380 million and no amendment has been offered to alter that amount.

The section on the contingency fund carries \$200 million additional for a total amount of \$580 million. That is solely in the hands of the President and at his discretion.

What are the terms in supporting assistance?

On such terms and conditions as he (the President) may determine to support and promote economic and political stability.

What are the terms under the contingency fund?

When he [the President] determines such use to be important to the national interest.

So we are actually talking about \$580 million. And I suggest to you that a reduction of \$50 million is badly needed to improve the administration of this act, for several reasons.

First, the amount of this authorization is unwarranted, unnecessary, and excessive.

The second reason I would submit to you is that this amount of money encourages poor planning by the administration. In the last 3 years there were 13 nations that received money out of the contingency fund. But to my surprise and yours there were 3 of the 13 nations that received money out of the contingency fund in each one of the last 3 years. There were 9 of the 13 countries that received this money from the contingency fund that received it in both years during the last 2 years.

Why did we have to give the United Arab Republic \$25 million in the last 2 years out of the contingency fund? Why did we have to give the Dominican Republic \$48.9 million out of the contingency fund if the planning was adequate in the State Department and by the AID officials who are handling the use of this contingency fund?

Now, Mr. Chairman, a third reason which I would like to submit for the adoption of this amendment is that the amount of money in this fund induces a snowballing-type of spending in getting rid of the money before the end of the fiscal year. Let us look at what has happened. If this is an emergency fund, why does the emergency always happen in April, May, and June of every year? Look at 1962, fiscal year 1962. In the first quarter there were only \$4 million of emergencies. In the second quarter

there were \$36 million obligated. In the third quarter there was \$82 million obligated. In the fourth quarter there was \$167 million obligated.

Mr. Chairman, I say to the members of the committee that the emergencies do not all occur during the last 3 months of the fiscal year.

Now, Mr. Chairman, let us look at the last year, fiscal 1963. In the first quarter they obligated \$31 million. But during the third quarter they obligated \$41 million. In the fourth quarter they obligated \$89 million. Now, in the 1962 fiscal year in the last month of the year they obligated \$87.9 million, and on the last day of the fiscal year they obligated \$49 million.

Mr. Chairman, I say to the members of the committee it is high time that we took a close look at some of the factors that are bringing into disrepute the administration of foreign aid. It is high time that we tightened up on some of the obvious needs for economy and better administration of the program.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, first we had better look at the reasons for a contingency fund. The contingency fund is not intended to finance a planned program.

Its purpose is to meet unforeseen contingencies. No projects are planned to be financed under this fund. The contingency fund has two purposes. One of the purposes is to meet the urgent requests which may arise for which no provision has been made in any part of this act. A second purpose is to meet emergencies which cannot be foreseen or are not yet identified in sufficient detail to justify programing assistance for them.

Mr. Chairman, I will admit that I was not satisfied with the way the administration handled the contingency fund in fiscal year 1962. The members of the committee will remember that last year the Committee on Foreign Affairs criticized the handling of the contingency fund in its report.

Mr. Chairman, let us keep in focus the contingency fund now for fiscal year 1963 and fiscal year 1964. I want to show to the members of the committee some of the improvements that have been made in the contingency fund. Last year Congress authorized \$300 million in the contingency fund. The Committee on Appropriations appropriated \$250 million. There was a \$15-million carryover, making a total in the contingency fund for fiscal year 1963 of \$265 million. Now in accordance with the committee recommendations only \$148 million of contingency fund money was obligated during fiscal 1963 and spent.

One hundred and seventeen million dollars was returned to the Treasury of the United States out of the contingency fund of 1963. There was no attempt to use up all the money at the last minute.

Let us consider the contingency fund in this authorization. When the budget message came up here in January it

recommended \$400 million for the contingency fund. When the President's foreign aid message came up here in April it requested only \$300 million for the contingency fund. The Committee on Foreign Affairs in the bill before you has cut this to \$200 million.

There has to be some flexibility in this program. I cannot see where a cut of \$50 million in the authorization is justified. Certainly we have to be ready to deal with unforeseen emergencies and the contingency fund ought to be more than \$150 million in order to be adequate. It has never been as low as \$150 million in any previous year. The executive has administered the contingency fund prudently and on June 30 returned \$117 million to the Treasury.

If you provide an authorization of \$200 million it is still subject to review by the Committee on Appropriations. The President ought to have a contingency fund that is adequate and which he will use only to meet emergencies.

Mr. COOLEY. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to commend our Speaker, Hon. JOHN W. McCORMACK, for his splendid, forthright and forceful presentation to the House of the full meaning of the Foreign Aid Program and the crucial nature of our action here in this body.

I feel that his eloquent speech yesterday was the turning point of this debate.

He gave us his position from his heart when he told us:

Foreign assistance to me has been the affirmative side of democracy in this great battle in this trying period of world history. I prefer to err on the side of strength. I feel that the only thing the Communists respect is what they fear.

If, Mr. Chairman, I had been disposed to oppose any further extension of the foreign aid program, I certainly would have reexamined my position after our Speaker spoke to us. I find in his speech a complete affirmation of my own position.

Shortly after World War II the then Speaker of the House, our beloved JOE MARTIN, of Massachusetts, honored me by appointing me to the 18-member bipartisan committee which became known as the Herter committee. This committee traveled all the war-torn areas of Europe. We studied the desperate conditions on the continent. We wrote a report. And this report became the basis of the Marshall plan which, with the subsequent foreign aid programs which concern us here today, has demonstrated to the world the greatest compassion, the greatest generosity and the greatest friendship among men the world has ever known.

Later it was my privilege to travel all the islands of the Pacific, in Japan, and other areas of the Pacific war, as a member of a group appointed for this purpose by the gentleman from Georgia, the Honorable CARL VINSON, chairman of what was then the Naval Affairs Committee.

So, Mr. Chairman, I know something about the job that was ahead of us when we set out upon this program to rehabilitate war-torn nations.

I know now that our job is not completed. It is true that we have healed the physical wounds of war, but this foreign aid program now has turned into a gigantic undertaking to keep the free world strong, so that another holocaust does not engulf the whole of mankind.

It is true that on one or more occasions I have voted against foreign aid bills, but I did this because I wanted to emphasize that aid should not be provided to nations dominated by communism and in countries which would not cooperate with the free world in this life and death struggle with communism.

There are many reasons why we should act favorably upon this bill before us today.

It improves the former programs of aid to other peoples. It tightens up the aid operations.

The bill was presented to the House by a bipartisan vote of 24 to 7 in the Foreign Affairs Committee. Foreign aid has had the support of Presidents Truman, Eisenhower and Kennedy. I believe that all of our Secretaries of State since the Great War, regardless of party affiliation, have supported it. Our ambassadors, who are on the watchtowers throughout the world, support this program.

It is my hope that out of this program will come a great surge in world trade. I hope that my own people down in North Carolina will be able to sell more tobacco and cotton and other things to our friends in other nations. I hope that each Member of this House will see the benefits of world trade, reflected in the well-being of industries in his own district.

For, as I have said before, Mr. Chairman, ultimately, the friendship of nations, as it is with men, must thrive on exchanges—the relationship of buyers and sellers, with each nation sharing the profits and pride of production and commerce.

In closing, Mr. Chairman, I re-emphasize that in this disturbed, distracted and dangerous world, we cannot go it alone.

Should we fold up and abandon the Alliance for Progress which will mean so much to the peace of the Western Hemisphere? Shall we withdraw our support for the Alliance, from the weak and underdeveloped countries of the Western World and let them become easy prey to communism?

Shall we leave South America, Central America, Asia, and Africa, and all the rest of the world to the tender mercies of communism, and draw the cloth of complacency around ourselves and try to live isolated from all the rest of the world? Remember, we tried isolation once. After World War I, we closed our eyes to the agonies of the rest of the world, and we believed that no power on earth could endanger our security or disturb the peace of our people. We learned a sad lesson and we learned it in the hard way and then we faced World War II wholly unprepared for the conflict which threatened and endangered the institutions of freedom throughout the world.

Mr. Chairman, certainly in a program of this magnitude there must be some waste, but we have been assured that

the expenditure of the dollars authorized by the bill before us will be safeguarded and that every dollar will be well and wisely spent in the interest of our Nation.

I stand with our Speaker in support of the foreign aid program. I agree with him that this is "the affirmative side of democracy."

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

(Mr. HALL was given permission to revise and extend the remarks he previously made on his amendment.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. THOMSON].

Mr. THOMSON of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. THOMSON of Wisconsin and Mr. GALLAGHER.

The Committee divided, and the tellers reported that there were—ayes 151, noes 163.

So the amendment was rejected.

The Clerk read as follows:

PART II

Chapter 1—Policy

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "Policy" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,225,000,000, which", respectively.

(b) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) At the end of such chapter, add the following new section:

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 11, line 16, strike out "\$1,225,000,000" and substitute "\$1,000,000,000".

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am hopeful, if my friend from Ohio is here, that I may have his help on this amendment.

Mr. Chairman, this amendment would cut \$225 million from the appropriation for military assistance. An analysis of expenditures and carryovers both reserved and unreserved provides ample evidence, in my opinion, that this request for military assistance can be reduced materially.

The Committee on Foreign Affairs made a token cut of \$180 million on the administration's asking price of \$1,405 million. My amendment would reduce the \$1,225 million contained in the bill to an even \$1 billion.

The time has come for a number of countries that have been receiving mili-

tary aid to carry that load without assistance from the United States. It appears that as long as the downtrodden taxpayers of this country put up the cash, these countries will continue to—

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Certainly.

Mr. HAYS. I just came in in time to hear the gentleman ask me to go along with him on this amendment. I will tell you what I will do. You amend your amendment and make it provide for a cut of \$100 million, and I will go with you.

Mr. GROSS. For \$100 million?

Mr. HAYS. We cut \$180 million out of it. I agree with you that this is one place it could be cut. But \$180 million plus \$225 million is a pretty healthy swipe. I will quote to you what the Clay report says. It says there are countries that are maintaining military forces too small to mount an invasion and too large for defense. I think it is fair to say that one of the sacred cows in here is Formosa. But I am willing, if you will take this amendment out and make it a cut of \$100 million, I will come down and try to help you get it over.

Mr. GROSS. That would not be very much of a saving, I will say to my friend, in view of some of the information I have had. The Clay Committee suggested that this go down to \$1 billion.

Mr. HAYS. Over a 3-year period.

Mr. GROSS. All right, but the Clay Committee was liberal with the taxpayers' money in some of its recommendations.

Mr. HAYS. The gentleman says \$100 million is not very much. I am glad to know and have this establishment of the gentleman's credit, but it is a lot of money to me.

Mr. GROSS. I mean in relation to \$1,225 million.

Mr. HAYS. If you want to get your amendment through, you had better buy my offer.

Mr. GROSS. Seventy-five percent of this military assistance is supposed to be going to the periphery of the Soviet bloc and we have a number of so-called allies on the periphery of the Soviet bloc that ought to be coming in and helping out. As I stated before, the Clay Committee said that spending for military assistance can be reduced to around \$1 billion annually.

Secretary Rusk in his testimony before the Committee on Foreign Affairs said, in answer to questions posed by the chairman of the Committee on Foreign Affairs:

I think one can properly say it is our objective to withdraw from the military assistance field—I would suppose in the longer run totally.

The Secretary of State said that in the longer run we can withdraw from this field totally. I suppose, if pinned down, he would have said in 25 to 50 years from now when a lot of taxpayers will be broke supporting this program, but if that is the way he feels about it and the way the Clay Committee feels about it, this is a good time to start to cut down.

Last year the Passman subcommittee was asked for military assistance funds for flexible purposes, no specifications but just flexible purposes. When pinned down General Palmer, the witness, said his face was red. He denied first that he had said that money was put into the request for flexible purposes. It is military assistance funds, as I understand it, that provided an air-conditioned yacht for the Emperor of Ethiopia.

(Mr. GROSS asked and was given permission to proceed for 2 additional minutes.)

Mr. GROSS. I do not know who paid for that gold-plated bed that the wife of one of the government officials of Ghana bought in London. I do not know whether that came out of military assistance.

Take a look at Vietnam today. We are spending \$1 million a day in Vietnam, much of it on military assistance and we do not know whether we have been undermined by internal revolt as of this day and this hour.

According to last year's hearings of the Passman subcommittee, \$65,900,000 of military equipment, military assistance, went to Italy. There are those who will try to tell you that we long since stopped providing assistance to European countries. We gave Italy almost \$66 million in military equipment—a nation which we put on its feet with some \$8 billion of economic assistance, and yet only a short time ago, when the Italians held their last national election, the Communist vote increased by 1 million.

Mr. MORSE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman.

Mr. MORSE. I will astonish the gentleman by saying that I will support the amendment. I would like to ask the gentleman if he will not agree that the testimony offered in support of this portion of the bill was the weakest that was offered?

Mr. GROSS. Certainly I do agree with the gentleman.

In India, where we are pumping in military assistance this Government was told a few days ago, that the agreement made with us to permit a Voice of America transmitter in India, would not be carried out.

In far too many countries we are continuing to pour in military equipment, and getting far too little in return.

I urge the adoption of my amendment.

Mr. GARY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not know what our committee, the Appropriations Committee, is going to do with this item. I certainly am not trying to voice the views of that committee. I do want to submit just one or two personal observations, however, upon this amendment. To me one of the most essential problems that we have to consider today is our national defense, and I regard this program as a vital part of that defense. I do not know what the testimony was before the Committee on Foreign Affairs; frankly, I have not had an oppor-

tunity to read it. But I do know that General Lemnitzer, the Supreme Allied Commander, General Taylor, and the Secretary of Defense, Mr. McNamara, appeared before our committee and said, "If you feel that you must cut any funds, we would rather that you cut our regular defense funds than to cut this figure. We think this is at rock bottom."

Let me suggest just this one further thought. The thing that gives me the gravest concern about the test ban treaty is that I fear it might cause the American people to drop their guard. We cannot afford to do that at this time. If, at this particular time, when we are considering the test ban treaty we begin to cut our defense, then I fear the American people may be lulled into a false sense of security and that we might drop our guard to the point where the defense of America may be endangered.

Mr. Chairman, it is well known that I have been in favor of the foreign aid program but I have been foremost in efforts to cut the program down to size and to keep it at the lowest possible figure commensurate with the need. I do feel, however, that this cut would be a very serious mistake and might jeopardize our security.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. GARY. I would be happy to yield to the gentleman.

Mr. GROSS. Does the gentleman know how much was in the pipeline for military assistance on July 1 of this year?

Mr. GARY. Yes, sir; I do.

Mr. GROSS. What was that figure?

Mr. GARY. We have it in our record. Our committee has been through all of that. The witnesses who testified before us also knew that figure and still they said that if they had to take a cut, they would rather take it in their own appropriation than in this particular appropriation.

Mr. GROSS. There is nothing classified about it. The figure is \$2.4 billion in the military assistance pipeline as of July 1, this year.

Mr. GARY. The gentleman knows that if you are going to supply armies you have to have a pipeline of equipment and materials on the way.

Mr. GROSS. But how much does the gentleman want them to have in new money—with a \$2.4 billion carryover?

Mr. GARY. I want them to have what they think is necessary to defend America. They testified before us that they felt that every dollar of this was necessary. I am not a military expert and I am not speaking as such.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. GARY. I would be delighted to yield to the gentlewoman from New York.

Mrs. KELLY. Mr. Chairman, I thank the gentleman. I would like to say that of this \$2.3 billion in the pipeline, 70 percent is leadtime for ships which takes 4 to 5 years to construct and it is for aircraft which take 18 to 24 months to put into operation. There is involved a great deal of complicated electronic equipment on which there is a great leadtime.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I should like to congratulate the gentleman from Virginia for his statement. The Secretary of Defense in testimony before the Foreign Affairs Committee stated, and I quote, "That the total Defense budget in terms of new obligational authority approximated \$53.5 billion. Were we to be requested to cut that budget \$300 million to \$400 million"—a figure which we are considering, I might say right here—"I would strongly urge that the cut be taken from those portions of the defense program other than the military assistance program. It would have first priority on the margin of dollars, in my mind."

So, Mr. Chairman, I think there is no question as to how the Secretary of Defense feels about this.

Mr. GARY. The Secretary of Defense told us the same thing. That was the statement he made. I thank the gentleman for his contribution.

AMENDMENT TO THE AMENDMENT OFFERED BY MR. KYL

Mr. KYL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. KYL to the amendment offered by Mr. GROSS: On page 11, line 16, strike out "\$1,225,000,000" and substitute "\$1,125,000,000".

Mr. KYL. Mr. Chairman, in the interest of time I will use only a few seconds. It is obvious from the discussion which we have had that there is considerable agreement that these funds should be cut. At least we should call attention to the necessity of efficiency in this particular phase of foreign aid spending.

Mr. Chairman, it is also obvious that there are Members on the floor who will support a moderate cut rather than the broader cut suggested by my colleague, the gentleman from Iowa [Mr. GROSS].

Therefore, Mr. Chairman, I offer this amendment to reduce the amount by \$100 million.

Mr. Chairman, I yield back the balance of my time.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment and the amendment to the amendment.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, to put this back in focus, the Executive requested \$1,405,000,000 for military aid. The Committee on Foreign Affairs authorized \$1,225,000,000, which represented a cut of \$180 million.

Now, the appropriation—let me make clear that I refer to the appropriation and not the authorization, the appropriation for 1963—was \$1,325,000,000. So the appropriation last year was substantially greater than that requested this year.

Mr. Chairman, the committee took into consideration the Clay report. The Clay report recommended that military assistance should be phased down over a 3-year period to \$1 billion a year. We

took that into consideration when we cut this amount of \$180 million from the request. We did not make a meat-ax cut where we are just picking a round figure of \$100 million—out of the air. Last year our Review Subcommittee sent investigators to Europe and it made a detailed study of military aid to the NATO countries. Our subcommittee made a recommendation that we should phase out our military assistance to the nations of Western Europe more rapidly. They ought to be able now to carry their own load. This is the reason why we made the cut of \$180 million.

Mr. Chairman, we also took into consideration what General Clay said about the Asian countries and we pointed this out in our report. We specifically justified the cut. But the sum of \$180 million is a big cut. It is big enough and I feel this program cannot be cut any further.

Mr. Chairman, I am sure that many of the older Members remember that here on the floor in 1961 the distinguished gentleman from Michigan [Mr. Ford], who is a ranking member of the Committee on Appropriations, took the floor and introduced an amendment to restore the \$300 million cut to military assistance. On the floor his amendment passed. He gave some specific reasons for increasing the military aid appropriation then and those reasons are as good today as they were then. He said that conditions in Berlin, Laos, South Vietnam were bad then as they are today. He said that we accepted the military budgets recommended then by our own Army, Navy, and Air Force experts, and our own Secretaries of Defense, whether they were Tom Gates or Bob McNamara. He pointed out that we had just appropriated \$6 billion more for defense for 1962 than we had appropriated in 1961.

We followed their advice when they asked us for money for our own Army, our own Navy, and our own Air Force, and then we do not follow the same advice they give us for military assistance for our allies, for our own mutual security.

The same thing is true today. This program has been analyzed. The Committee on Foreign Affairs has made the cut after careful study. We cannot afford any more of a cut in military assistance.

I have always supported the military assistance part of the foreign aid and opposed separation of the military part of the program from the economic part of the program.

When I go home to my district I tell them I feel the foreign assistance program is part and parcel of our defense effort. I point out that it finances our military efforts all around the world. I do not think we can cut this military assistance another dime.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. The gentleman referred to General Clay and his testimony before the committee. I think it might be of interest to know that General Clay sent a telegram to me, and I

imagine to some others, which I would like to quote:

I believe that the foreign aid bill now before the House represents a constructive approach to our foreign aid program and that it is deserving of strong bipartisan support. To reduce the authorization further this year, or to add restrictive amendments at this time, could hurt our position abroad. I believe that the present bill goes as far as is practicable or desirable at this time in our own interests. I would respectfully urge your support.

LUCIUS D. CLAY.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. If the military assistance program was not in the foreign aid bill I doubt whether you would even have a foreign aid bill. That is why the committee clings so tenaciously to the military assistance part of it.

Mr. MORGAN. The administration has been trying to separate military assistance from economic assistance for years.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Illinois.

Mr. COLLIER. Recognizing that certainly the defense of Western Europe is by indirection defense of the United States, let me ask the question: Can anyone give me figures as to what the nations of Western Europe, now in a much better position to provide funds for their own defense and their own security, are doing in the way of increasing their defense expenditures during that time?

Mr. MORGAN. Of course, I cannot give the gentleman figures from memory, but in countries like Italy and most of our NATO Allies they have increased their defense budgets.

Mr. COLLIER. Is it not true they are relying on us to do a job they should be doing themselves?

Mr. MORGAN. No, I do not think that is a correct statement.

Mr. Chairman, I ask that the amendment and the amendment to the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentlemen from Iowa [Mr. KYL] to the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. KYL) there were—ayes 108, noes 122.

Mr. KYL. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KYL and Mr. GALLAGHER.

The Committee again divided, and the tellers reported that there were—ayes 146, noes 167.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the chairman appointed as tellers Mr. GROSS and Mr. GALLAGHER.

The Committee divided, and the tellers reported that there were—ayes 127, noes 170.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point, and that all debate close in 45 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ADAIR. Mr. Chairman, reserving the right to object, I was going to inquire if the chairman has any idea how many amendments are pending. They are coming in here now. I think there ought to be 9 or 10. However, some of them are duplications. There are four amendments on Cuba. However, they are practically the same. There are four amendments on the Bokaro steel mill which are practically the same. There are many duplications. I would say that there are not more than nine pending amendments.

Mr. HALLECK. Mr. Chairman, will the gentleman yield to me on his reservation?

Mr. ADAIR. I yield to the gentleman from Indiana.

Mr. HALLECK. I have inquired at the desk and it is my information that there are already up there some 17 or more amendments. I cannot see for the life of me why we ought to go into a night session tonight when we can be here very well tomorrow. As far as I am concerned we can come in at 11 o'clock and consider the amendments that are still pending. I would suggest to the gentleman from Pennsylvania [Mr. MORGAN] that he not press that unanimous-consent request at this time.

Mr. MORGAN. I think the gentleman, if he examines the amendments, will find there are many duplications. I do not think there are 17 pending amendments. I think if the duplications are counted there are only about 9 or 10 amendments.

However, Mr. Chairman, I withdraw my unanimous-consent request.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 12, line after line 2, add a new section to read as follows:

"SEC. 203. The authorization for an appropriation contained in this Act shall not be effective until such time as—

"(a) the receipts of the Government for the preceding fiscal year have exceeded the expenditures of the Government for such year, as determined by the Director of the Bureau of the Budget; or

"(b) the budget submitted to the Congress by the President under the Budget and Accounting Act, 1921, reveals that the estimated receipts of the Government for the fiscal year for which such budget is submitted are in excess of the estimated expenditures of the Government for such fiscal year."

Mr. FINDLEY. Mr. Chairman, I realize that a balanced budget seems to be out of tune with the times. We do not hear much about a balanced budget as the goal of fiscal policy.

We have heard a lot about defense of freedom today. I happen to be in that circle of people, I hope an expanding

circle, who believe that a sound dollar is our first line of defense and that we cannot possibly achieve a sound dollar if we persist in constant deficit financing.

What we are proposing to authorize here today is not really all our own money. We have the assurance a budget will be presented to us the first of the year which will be about \$10 billion in the red. What we are really considering is a proposal to encumber future generations, generations that have no opportunity to be heard or to vote here this afternoon.

Mr. Chairman, my amendment is intended to bring a balanced budget back into style, to reassert it as a desirable goal, and to give the President of the United States a strong incentive to give it first priority.

I suspect someone will say my amendment would stop foreign aid. Of course that is not true, as there are enough dollars in the foreign aid pipeline now to continue it for some 2 years. Others may suggest this is really an insidious effort to kill the foreign aid authorization bill. That would be true only if the President of the United States fails to give a balanced budget the first priority it deserves.

My amendment would do nothing more than require that the President present us with a balanced budget the first of the year if he wants to have access to the authorization contained in the 1963 foreign aid bill.

We all talk a lot about fiscal responsibility, about wanting to have a balanced budget. Here is our chance to do something more than just give it lip service. Here is our chance to vote for an amendment which would indeed provide an incentive for the President to present us with a balanced budget. I believe that the sound dollar is our first line of defense, and this is a good chance to find out how many join with me in this belief.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Kentucky.

Mr. SNYDER. Mr. Chairman, I want to commend the gentleman for offering the amendment. In my opinion the adoption of this amendment would thrill the hearts of the taxpayers of this country and I believe the gentleman from Illinois is to be commended for offering it.

Mr. HAYS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I would like to point out this is identically the same wording that the gentleman offered last week on the college aid bill. During the debate at that time I asked the question rather innocently was this offered on the duckpond bill? I called it the duckpond amendment and got myself into a hassle. I did not mention anyone when I referred to duckponds, but I point out the gentleman who offers it seems to pick and choose his spots. If he really wanted to be consistent he should have offered it on the \$20 million bill we had up to build nests for wild ducks.

Mr. FINDLEY. I want to assure the gentleman I discovered this idea only

recently in a public law enacted back in 1956, I believe. I assure the gentleman I intend to offer this amendment at every opportunity from now on.

Mr. HAYS. It is a little dangerous to make commitments. I found that out this afternoon. But I am going to keep my eye on him to see if he does offer it on every authorization.

Mr. CURTIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is appropriate. It is an amendment that I put on to a public works project in my own community. It did have a very fine effect and we did have a balanced budget. The project then moved ahead. The amendment did not do much more than that, but in a small way it contributed to a balanced budget. I do want to commend the gentleman from Illinois for first of all digging up this amendment and bringing it to light. It does bear on the very important subject of a balanced Federal budget. There have been speeches made today, yesterday and the day before appealing to patriotism for our own country and our concern for the people abroad. But let me assure the Members of the House the most serious problem that faces us today is our balance of payments, our domestic deficit and our own basic economy. We are not going along the lines to further a solution to these problems in this particular bill that is now before us. An adoption of this amendment, however, would help.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, the gentleman who proposes this amendment is opposed to communism, I am sure. This amendment, however, would prevent us from combating effectually the Communist threat unless and until we have a balanced budget.

I urge defeat of the amendment.

The CHAIRMAN pro tempore (Mr. MILLS). The question is on the amendment offered by the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. FINDLEY and Mr. GALLAGHER.

The Committee divided, and the tellers reported that there were—ayes 117, noes 171.

So the amendment was rejected.

Mr. MEADER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I realize there is a disposition to limit debate shortly. Since I have an amendment toward the end of the bill, I would like to call the attention of the members of the committee to the contents of the amendment a little bit in advance so that they can learn about it and vote it up or down on the basis of knowledge rather than what one could say in half a minute.

My amendment would create a bipartisan study commission which would not only study the operation of the foreign aid program but would study the impediments to the investment of private capital with the objective of letting the eco-

nomie development job be done by private capital and getting the Government out of the foreign economic development business eventually.

I have been voting for the foreign aid program ever since I came to this House, and I have served for the last 10 years on a committee investigating the foreign aid program. I have appeared before the Committee on Foreign Affairs on many occasions in connection with recommendations growing out of our committee's investigation. Our committee was commonly known as the Hardy committee.

I have listened to this debate and I know it reflects the temper of the American people who are becoming concerned about this program going on and on and on and being mismanaged and never coming to an end.

There are about \$4 billion a year of their funds involved. Are we being saddled with this for the rest of our existence or are we going to taper this program off and get it—at least the economic development aspects of it—into the private channels where it belongs? I suggest the creation of a study commission, and the reason I am suggesting it, is that we have wrestled with the problem here in the House and we have not had the ability to solve this problem and taper off this program as far as Government expenditures are concerned.

This Hoover-type Commission, composed of two Members of the House of either party, two members from private life appointed by the Speaker of the House, one from either party, and similarly two Members of the Senate of either party, and two individuals appointed by the Vice President from private life of either party, and four appointed by the President. This would be a 12-member Commission on the order of the Hoover Commission. With an adequate staff, it seems to me, this body could penetrate beneath the surface of some of these difficult problems and come up with some intelligent recommendations for administrative reform and legislation to bring order out of the chaos we have had in this program and make some orderly plans for its termination.

If this is not done, I predict that the temper of the American people as has been reflected in the votes on the amendments here today will finally abruptly terminate this program and it may do a great deal of harm.

I urge the support of my amendment when it comes up.

The Clerk read as follows:

PART III

Chapter 1—General provisions

SEC. 301. Section 601(b) of the Foreign Assistance Act of 1961, as amended, which relates to encouragement of private enterprise, is amended as follows:

(a) Strike out "and" at the end of paragraph (3).

(b) Strike out the period at the end of paragraph (4) and insert in lieu thereof a semicolon.

(c) At the end thereof add the following new paragraphs:

"(5) utilize, wherever practicable, the services of United States private enterprise (including, but not limited to, the services

of experts and consultants in technical fields such as engineering); and

"(6) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries."

SEC. 302. Section 611(b) of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by striking out "circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962".

AMENDMENT OFFERED BY MR. SCHWENGEL

Mr. SCHWENGEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHWENGEL: Page 13, immediately after line 7 insert the following:

"Section 303, section 611, of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by adding to the end thereof the following subsection:

"(e) The President shall establish such procedures as he may deem necessary to assure to the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made in accordance with the same standards applicable to contracts made by the Federal Government for similar construction within the United States."

And renumber the following sections accordingly.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. SCHWENGEL. Yes, I will be glad to yield.

Mr. MORGAN. I have examined the gentleman's amendment. I want to know if this is any change in the basic policy that is now in the bill. Does this make the borrowing country take basic responsibility for contracting?

Mr. SCHWENGEL. It does.

Mr. MORGAN. Does the United States review the bids and contracts to ascertain that they are fair and prudent and does it also require that all bid specifications are in standards, to which U.S. business could respond?

Mr. SCHWENGEL. Yes.

Mr. MORGAN. Mr. Chairman, I have no objection to the gentleman's amendment.

Mr. SCHWENGEL. I thank the distinguished chairman of the committee.

Mr. Chairman, all this amendment seeks to do is to require that the administrator of the act apply so far as is practical the rules, regulations, and standards that are applied in the construction of public works and other projects in the United States where Federal funds are appropriated and spent.

This change will improve the administration of the act. It will tend to improve the confidence of American citizens in the foreign aid program and will cause in the long run to win respect from the foreign nations with whom we share a common interest.

It is in the public interest. It also serves to enhance the goals we want to achieve for freedom on the foreign front.

I hope the amendment passes and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. SCHWENGEL].

The amendment was agreed to.

(Mr. SCHWENGEL asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

Page 13, line 8:

"Sec. 303. Section 620(a) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba, is amended as follows:

"(a) Insert '(1)' immediately after '(a)'.

"(b) Insert immediately after the first sentence thereof the following new sentence: 'No funds provided under this Act shall be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba.'

"(c) At the end thereof add the following new paragraph:

"(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba."

AMENDMENT OFFERED BY MR. FASCELL

Mr. FASCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FASCELL: Page 13, line 19, strike out "graph:" and insert in lieu thereof "graphs:".

Page 14, line 10, strike out the quotation marks and immediately after line 10 insert the following:

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any equipment, materials, or commodities from the ports of Communist countries, as defined in section 620(f) of this Act, so long as Cuba is governed by the Castro regime; and

"(B) to prevent ships under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, the amendment is practically self-explanatory but I think a few remarks probably are in order. This is what this amendment does:

1. CLOSES PRESENT GAP IN STATUTORY COVERAGE

Sections 107 (a) and (b) of the fiscal year 1963 Foreign Assistance Appropriations Act proscribe (a) any assistance to countries which permit ships of their registry to carry Battle Act commodities to Cuba, and (b) economic assistance to countries which permit ships of their registry to carry items of economic assistance to Cuba. Therefore countries receiving only military assistance which permit their ships to carry items of economic assistance are not reached by the present legislation.

The language of the proposed amendment would eliminate this gap and proscribe assistance to any country, ships of whose registry carry either Battle Act commodities or items of economic assistance to Cuba. Our experience since January 1, 1963, indicates that the following MAP recipient countries, would be affected by this tightened legislation, if they have not taken or do not take the appropriate steps contemplated by the amendment: Great Britain, Lebanon, Italy, Norway, Denmark, West Germany, and Yugoslavia. It does not appear that Danish or West German ships will again be involved in the Cuba trade. West Germany has taken legal action.

2. COVERS ALL BLOC CARGO TO CUBA ON FREE WORLD SHIPS

In fact, this statutory language proscribes assistance to any country, ships of whose registry carry cargo of any type from bloc ports to Cuba. This is true because it is presumed that some or all of such cargo has been provided on sufficiently concessional terms to constitute items of economic assistance. Therefore phrase (c) is gratuitous since this coverage is already effected by the administration's presumption but may be appropriate politically.

3. REQUIRES AFFIRMATIVE ACTION WITHIN 60 DAYS

The statutory language presently in effect speaks of countries which "permit" ships under their registry to engage in carriage covered by the statute. The new language requires countries to take appropriate steps within 60 days to prevent such carriage. This follows the hard approach of the Hickenlooper amendment (section 620(d)), by requiring affirmative action by the appropriate governments and it allows only 60 days for such action, unlike section 620(d) which permits up to 6 months.

4. IMPOSES PETROLEUM DELIVERY BURDEN ON BLOC SHIPPING CAPABILITY

There is no evidence that any free world country has furnished "Battle Act" commodities or "items of economic assistance" to Cuba. However, crude oil from bloc sources is probably an "item of economic assistance" since bloc countries are extending noncommercial credit terms to Cuba. Our experience since January 1, 1963, indicates that some free world tankers are carrying bloc crude oil

to Cuba. Because of the policy and purposes of the Battle Act, crude oil has not been placed on the Battle Act list of embargoed commodities. Therefore, pursuant to section 107(a) military assistance is not prohibited where MAP recipient countries permit ships of their registry to carry bloc crude oil to Cuba.

The new statutory language would proscribe all assistance to countries which do not take appropriate steps to prevent tankers under their registry from carrying bloc crude oil. Thus, this amendment would impose the burden of crude oil delivery on Soviet bloc transport capability. At the same time the purposes of the Battle Act—to control, through international cooperation, exports of items of strategic significance to nations threatening the security of the United States—will be maintained.

5. MAKES POLICY AND LIMITATION ON ASSISTANCE PERMANENT

Since the proposed statutory language would be an amendment to the Foreign Assistance Act of 1961, it would be a permanent legislative directive rather than a limitation contained in an annual appropriations bill.

We have taken several positive steps in the direction of isolating Cuba from the economic life of the free world. This included a total ban on transportation of U.S.-financed goods by ships that have been to Cuba; an embargo on United States trade with Cuba, which was written into law by an amendment which I offered. In addition, Congress adopted as a rider in the 1963 Foreign Assistance Appropriation Act, in which we had a provision prohibiting the furnishing of military assistance to MAP recipient countries whose ships carried Battle Act commodities to Cuba and prohibiting economic assistance to countries that permitted their ships to carry items of economic assistance.

What the amendment does is close the gap that is now in the existing law. The limitation now in the law, does not proscribe economic assistance. It only affects those countries getting military assistance, and therefore, one of the major purposes of the amendment is to make it clear that we are talking about economic assistance as well.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I am happy to yield to the distinguished gentleman from Iowa.

Mr. GROSS. I ask the gentleman, how much leeway is left to the executive branch of the Government to put those provisions into effect?

Mr. FASCELL. We have a 60-day provision asking for affirmative steps to be taken by our allies in meeting the provisions of this amendment. Then, of course, there is the general provision under the Foreign Assistance Act with regard to waiver of provisions by the President. But there is no waiver in this amendment.

Mr. GROSS. No; but this amendment amends existing law which does give leeway to the Executive. The Battle Act provides, for instance, if the President deems it in the interest of the United States to do thus and so, he can apply the Battle Act or nullify it.

Mr. FASCELL. This amendment does not change that act in any way.

Mr. GROSS. If the gentleman will yield further, the thing I want to know is how much leeway do you give the President—any President, to put into effect these provisions?

Mr. FASCELL. We give him no leeway except that which now exists in law. But as far as the amendment is concerned, the amendment is clear in its legislative intent. All the amendment seeks to do is to go one step further and close the gap on shipping to Cuba which now exists in order to assist the President in carrying out this intent.

Mr. GROSS. If the gentleman will yield further, has it not been the legislative intent and the intent of Congress, let me put it that way, that restrictive provisions be put upon Cuba and that it be isolated and yet it has not been?

Mr. FASCELL. I can say to the distinguished gentleman from Iowa that I just want to make it clear that by this legislative language there is no question of what the intent of Congress is. That is the purpose of this amendment. That is all it seeks to do.

SUBSTITUTE AMENDMENT OFFERED BY MR. BATTIN TO THE AMENDMENT OFFERED BY MR. FASCELL

Mr. BATTIN. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. BATTIN as a substitute for the amendment offered by Mr. FASCELL: On page 13, strike out line 11 through 17 inclusive and insert in lieu thereof the following:

“(a) Amend paragraph (a)(1) thereof to read as follows:

“(1) No assistance shall be furnished under the Foreign Assistance Act of 1961, as amended, to the Government of Cuba and no assistance under said Act shall be furnished to any country which sells, furnishes, or permits any ships or aircraft under its registry, or foreign aircraft, to use its airports or to overfly its country to carry to Cuba or to export from Cuba, so long as it is governed by Castro or any other Communist regime, any military personnel, arms, ammunition, implements of war, atomic energy materials, petroleum, or any articles, materials, or supplies, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war, contained on the list maintained by the Administrator pursuant to title 1, of the Mutual Defense Assistance Control Act of 1951, as amended.

“(2) No economic assistance shall be furnished under the Foreign Assistance Act of 1961, as amended to any country which sells, furnishes, or permits any ships or aircraft under its registry, or foreign aircraft, to use its airports or to overfly its country to carry passengers or import from or export to Cuba any items so long as it is governed by the Castro regime, or any other Communist regime, unless the President determines that the furnishing of such assistance is important to the security of the United States and reports such determination to the Foreign Relations and Appropriations Committees of the Senate and the Foreign Affairs and Appropriations Committees of the House of Representatives. Reports made pursuant to this subsection shall be published in the Federal Register within seven days of submission to the committees and shall contain a statement by the President of the reasons for such determination. The restrictions contained in this

paragraph may not be waived pursuant to any authority contained in this Act or any other provision of law.

“(3) As an additional means of implementing and carrying into effect the policy of paragraphs (a)(1) and (a)(2), the President is authorized to establish and maintain a total embargo upon the island of Cuba.

“(4) No funds provided under this Act shall be used to make any voluntary contributions to any international organization or program for financing projects of economic or technical assistance to the Government of Cuba.”

On page 13, line 20, strike the “(2) and insert in lieu thereof (5)”.’

(Mr. BATTIN asked and was given permission to revise and extend his remarks.)

Mr. BATTIN. Mr. Chairman, this amendment should not be too controversial because I have a letter in my hand from Frederick G. Dutton, Assistant Secretary of State. Some time ago a group of our colleagues wrote a letter to the President asking him about free world shipping that was presently going into Cuba. I have the letter, which is dated August 16, and it states in part:

After consideration at the White House, the letter signed by you and your colleagues concerning free world trade and shipping with Cuba has been sent to this department for reply. As you are aware from his many statements on the subject, your views are in accord with those of the President on the goal of isolating Cuba from the economic life of the free world.

This is one of the few times the President and I have found ourselves in agreement.

Mr. MONAGAN. Mr. Chairman, will the gentleman yield?

Mr. BATTIN. I yield to the gentleman from Connecticut.

Mr. MONAGAN. As a matter of clarification, I would like to ask whether or not the sentence in the last paragraph of your substitute is not already contained almost in the same words in the bill pending at the present time, and I refer to page 13.

Mr. BATTIN. I will say to the gentleman that it is, and the language was submitted in the committee and accepted by the committee, by our colleague and a very interested citizen, the gentleman from Florida [Mr. FASCELL]. The reason for striking out the language in my amendment was to have continuity of the numbering of the sections and for no other reason.

I will say further, Mr. FASCELL's amendment does not go as far as this one, particularly the language dealing with aircraft. We find that the Cabana Airlines, along with others, are using flights as a means of moving agents in and out of this hemisphere. This is the means that the Communists are using to move people from Cuba to other countries and then into Central and South America.

There has been complete harmony on the floor today when Cuba has been discussed. Everybody wants to do something. Now we have that opportunity. The language of the amendment is about the same the House adopted last year in the appropriations act. I am sure the impression was left with the Members—

it was with me—that this would do the job. The reason I wrote the letter to the President and as stated in the reply it did not do the job. About 50 percent of the ships going into Cuba today are free-world ships, the primary ones being the British fleet, the Greek, Italians and the Norwegians. It was stated in the letter I have referred to that it was not a violation of the language of the appropriation act, for these ships were going to Cuba empty and carrying Cuban exports away from the island. This, again, is the reason for the amendment so we can stop the flow in and out of Cuba. You cannot have an economic blockade when in fact the people who are the beneficiaries of our aid program are allowed to trade with the Cubans.

The amendment gives the President the opportunity, if he feels it is in the best interest of the security of the United States, to go ahead and allow ships to trade with Cuba. He can so state.

I do urge your support of the amendment. I think it is high time that we stopped free-world shipping to Cuba.

Should the amendment fail it would mean a reversal of the basic position of this House a year ago.

AMENDMENT OFFERED BY MR. ROGERS OF FLORIDA

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Florida [Mr. FASCELL].

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida to the amendment offered by Mr. FASCELL: Immediately after "ships" each place it appears insert "or aircraft".

Amend subparagraph (iii) to read as follows:

"(iii) Any other equipment, materials, or commodities."

Mr. ROGERS of Florida. Mr. Chairman, for some number of months now I have imposed upon the patience of the membership of the House in order to discuss Cuba and the problems that we face. I have been very grateful to the membership for your bearing with me and those of us in Florida who are probably more concerned because Cuba is closest to us, not that all Americans are not concerned about this problem.

Mr. Chairman, I have offered this amendment in hope that if adopted, it will provide the incentive for foreign nations to cease trading with Communist Cuba.

It is evident from the figures obtained from naval intelligence and the Maritime Administration that free world shipping to Cuba has been increasing steadily over that of Russian shipping since April of this year, and that the trend in this increase became clear much earlier in the year. In view of these continual reports, I feel that all foreign aid to any country doing trade or furnishing assistance to Communist Cuba should be ended.

Some facts and figures should bear out this proposal. Since the beginning to this year numerous free world nations have allowed their flag ships to carry Russian and Soviet bloc goods to Cuba. The leaders in this shipping to Cuba have been as follows: Britain 80 trips, Greece 63 trips, Lebanon 31 trips, Norway 10

trips, and Italy 10 trips; to name just a few of the free world shippers to Communist Cuba. I find it hard to understand why these five countries mentioned specifically received in fiscal year 1962 some \$222,400,000 in outright grants through our foreign aid program, and yet thwarted the best interests of the United States by continuing to ship to Cuba and prolonging Red domination of that island. Is this what the United States should expect from its allies?

The United States has long been a world leader in subsidizing the nations of the world with her benevolent helping hand. The motto of the U.S. Government has been, "We ask not what can you do for us, but rather what can we do for you?" We often seem to hand out millions of dollars in yearly grants to countries with military and economic needs, and yet have little response to our needs from these same nations. The upshot of this approach is shown in the way the free world nations have continued to trade with Communist Cuba. These countries are supposed to be our allies—why do they continue to act against the best interests of the United States and the cause of freedom in the Western Hemisphere? Why do they continue to keep Cuba supplied with goods that keep communism alive? Why do they who say they abhor Communist domination foster its growth by continuing shipping to Cuba? If we continue to give and give to nations who have not the same goals of freedom and willingness to act against communism in this hemisphere, then we are subsidizing those who in effect are aiding Castro and communism, which is clearly against our own foreign policy and best interests.

I feel that this amendment will effectively cause a ban on trade with Cuba by free world nations, and hopefully will give impetus to the economic collapse of that Red island, which in the long run will end Communist tyranny and restore freedom and democracy to that country. Mr. Chairman, I urge the adoption of this amendment.

I have gone over both of these amendments now, and I certainly feel that the amendment offered by the gentleman from Florida [Mr. FASCELL] as amended by my amendment will do this. It says we do not want any aid to any country which will allow its ships or its airplanes to go into or from Cuba taking any equipment, any materials, or any goods.

There is no point in our giving aid to countries which are helping to build communism in this hemisphere.

Let me just give you quickly 2 or 3 facts that I think we ought to consider in adopting this amendment: January, overall world shipping this year down to 12 ships. Russian ships were 35. Look what has happened. In February allied shipping started at 19, went up to 28 in March, 37 in April, 44 in May, and 43 in June, and it is continuing. If we will adopt my amendment, reject the substitute and adopt the Fascell amendment, we will stop this, and this is what we ought to do. I hope this House will join in telling these nations, "We are not going to give you aid to help build communism in Cuba."

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Florida.

Mr. FASCELL. May I ask the gentleman, has he had the benefit of reviewing the language of the substitute amendment?

Mr. ROGERS of Florida. Yes; I have.

Mr. FASCELL. Am I correct in stating that under the language of the substitute there is a 60-day waiting period to get any action from any allies who might be involved?

Mr. ROGERS of Florida. The gentleman is correct. This is not what causes me concern. This amendment provides 60 days to tell our own allies that we want them to stop shipping to Cuba and do it quickly. I do not think that is unreasonable.

Mr. FASCELL. Has the gentleman examined the language that deals with the proscription on economic assistance? Can the gentleman tell me whether or not the economic assistance program does or does not apply to ships in the language of the substitute?

Mr. ROGERS of Florida. It appears to me that in the language of the substitute it applies to airports, therefore it avoids in paragraph 2 the question of shipping.

Mr. BATTIN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Montana.

Mr. BATTIN. The gentleman did not look at it very closely.

Mr. ROGERS of Florida. Yes, I have read it closely, especially paragraph 2.

Mr. BATTIN. I have yet to see a ship dock at an airport. This becomes a difficult thing. I do not see anything further in the gentleman's amendment that prohibits any further action of waiving the provisions of this act, talking about using a battleax, contained in the substitute, and perhaps we ought to go one step further.

Mr. ROGERS of Florida. I think the gentleman is talking about the point the gentleman from Iowa brought up. The Fascell amendment says this is to be the law. In the gentleman's amendment there is this waiver.

Mr. BATTIN. Section 614 would allow the waiver.

Mr. ROGERS of Florida. I disagree with the gentleman on his interpretation as between the two amendments. Further, I should like to point out that in paragraph 2, if you will read it, you will find these words:

No economic assistance shall be furnished to any country which sells, furnishes, or permits any ships or aircraft under its registry or foreign aircraft to use its airports or to overfly its country to carry passengers or import or export to Cuba.

The gentleman has left out "port." The gentleman has put in airports, but ships do not use airports. So the amendment is defective.

Mr. BATTIN. If the gentleman will yield, it says ships under the responsibility of that country.

Mr. ROGERS of Florida. That is, to use its airports or overfly the country.

Of course, ships do not do that, so the substitute is defective. I think the gentleman means well, I know, but I would hope you would vote for my amendment and against the substitute and then for the Fascell amendment.

Mr. PEPPER. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman.

Mr. PEPPER. Mr. Chairman, I wish to warmly commend my colleague, the gentleman from Florida [Mr. ROGERS] for this amendment and my colleague [Mr. FASCELL] for the amendment which he has sought to be amended and I heartily associate myself with both gentlemen.

Mr. ROGERS of Florida. I thank the gentleman.

Mr. CRAMER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time hopefully to clarify perhaps the procedural aspect of the situation and also to discuss some of the statements already made with regard to the respective amendments, and the substitute amendment.

I am in favor of the Battin substitute, as a stronger measure as compared to both the Fascell amendment and the amendment to the amendment offered by my distinguished colleague the gentleman from Florida [Mr. ROGERS.] For these following reasons: This amendment was drafted in keeping with the language contained in and passed by this Committee, so far as I know, unanimously last session, as written into the appropriations bill and it was drafted on the basis of section 107 (a) and (b) of the last session of Congress, in actions relating to appropriations—but with needed strengthening amendments. That is the history of the draftsmanship of the legislation.

The amendment is stronger. It covers all aircraft, not only those registered with the air recipient country. It covers trade from as well as to Cuba by any such nations.

Now it has been said, 60 days should be given to the administration to let these other countries conform. Under last year's bill, they have had a year to conform. What we are complaining about, and why we have drafted this amendment in the form we have, and the Fascell amendment and the Rogers amendment to the amendment will not accomplish that, is to require the administration to acknowledge and carry out what the Congress intended before, but perhaps defectively stated, giving the President an out whereby the President of the United States could use his discretion—which he has done—and not enforce what I believe to be the clear intent stated by the Congress of the United States—no aid to any country that trades with Cuba. You do not need 60 days more. It has been in excess of a year since Congress spoke for an aid ban to trade-with-Cuba nations in 1962.

What does the Fascell amendment and the Rogers amendment to it do in comparison to the substitute? Well, the door is wide open for the President to do nothing; what he has done all last year, and that is little or nothing. That is

what the complaint is. The Battin amendment strengthens the present law.

But the substitute provides that the President shall conform to the intent of the Congress and shall not be able to waive that announced intent pursuant to section 614. Section 614 permits the President to waive, despite what the Congress said in the appropriation bill, to waive that intent and purpose, as he sees fit to do.

The amendment proposed, the substitute by the gentleman from Montana [Mr. BATTIN] has the objective of preventing section 614 authority on the part of the President to, in effect, repeal what the Congress says the President should do in the first instance—that is, cut off aid to any country that trades with Cuba.

Let me say further, the question was asked with regard to paragraphs 3 and 4 of the amendment, that no funds provided under this act shall be used to make any voluntary contributions to any international organization or program for financing projects of economic or technical assistance to the Government of Cuba.

Now this corrects a very significant technical error made, in my opinion, by the committee. If the chairman of the committee will be kind enough to look at the committee report at page 71, section 620, the chairman I am sure will see in drafting the amendment adopted in committee to the basic 1961 act that the "No funds provided under this act" relating to the United Nations, in effect, going to Cuba that the following sentence says as follows and I quote:

As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

What does that have to do with the United Nations and international organizations? What has happened is that if this substitute does not pass, from the manner in which this legislation is drafted, you are going to take the heart right out of the President's power to impose an embargo by relating it back to the United Nations instead of the trade aspects in the first sentence. This is cured by the Battin but not the Fascell amendment. So what is going to happen is that unless this substitute is adopted, the very heart of the embargo is going to be cut right out from under the President and his power to exercise it. In addition to that, the substitute does not only provide for a ban so long as the "Castro regime" is in power in Cuba—and this is important, because we do not know how long Castro will be there, but we know the Communists will probably be there a long time unless something is done about it—the Battin amendment provides not only for "Castro" but for "any Communist regime in Cuba," that the President shall have this power to cut off aid to countries doing business with Cuba.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CRAMER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. MORGAN. Mr. Chairman, I am sorry. I have earlier pointed out that on any further requests for extensions of time we would object, and I now object. (Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. STINSON. Mr. Chairman, I rise in support of the substitute amendment. (Mr. STINSON asked and was given permission to revise and extend his remarks.)

Mr. STINSON. Mr. Chairman, we must take steps to effect the most stringent measures against Castro's Cuba. The substitute would accomplish this purpose much more completely.

The Communist stranglehold on Cuba continues unabated. This substitute amendment will provide a nonmilitary restriction on trade with Cuba. It will also be effective in preventing the transportation of personnel into and out of Cuba.

Cuba's economic life is vitally dependent on certain major exports, and a vast number of imports. The current difficulties in the realization of its ambitious industrialization program show that the country is extremely vulnerable to any interruption of the flow of foreign trade. Whenever it has been possible to collect facts on Cuban trade, it has become abundantly clear that the Communist world is unable to supply all the basic essentials so desperately needed by Cuba.

In pre-Castro days, the United States functioned as major supplier and purchaser of Cuban needs and exports. Now that the U.S. embargo on Cuban exports and imports is in operation, and the Sino-Soviet world cannot supply Cuba's needs, many free world countries have stepped in to take a percentage of Cuban trade.

The United States has asked its free world partners to assist in enforcing the embargo, but significant cooperation on the part of the free world countries has been disappointing. There are 66 free world countries trading with Castro, and 54 of these countries are receiving some form of American foreign aid. Nations of the free world have also provided the bulk of the shipping to Cuba in recent months.

On Monday, August 19, the gentleman from Florida [Mr. ROGERS], indicated that since April the free world countries have sent more ships to Cuba than have the Russians.

Shipping to Cuba

	Free world	Russian
January.....	12	35
February.....	19	34
March.....	28	32
April.....	37	27
May.....	44	38
June.....	43	31
July (incomplete).....	28	23

In addition, Spain and Mexico are currently flying their transport aircraft into Cuba, and British Guinea is negotiating an air link with Cuba.

One of the most effective ways to stifle the Communist dictatorship in Cuba would be to eliminate trade by the nations of the free world to which we

are giving our foreign aid. If we were to ask nations in the free world to stop trading and shipping to Cuba, some of their reactions might be negative. However, if we attach a few strings to our foreign aid to these countries, I believe that very rapidly we would see an almost complete cessation of trade by the free world with Cuba.

It seems inconsistent to the welfare of the United States that we should help finance and support those nations who are trading and shipping to Cuba for profit. This is a peaceful, nonmilitary, positive action, and it will be effective in curtailing communism in Cuba. I believe that this kind of positive leadership will be applauded by both nations of the Western Hemisphere and those nations throughout the world who believe that communism should be stopped.

The Communist bloc countries would, indeed, have a difficult time in providing the current volume of trade to Cuba. If the aircraft of those nations who are receiving American aid did not fly into Cuba, the flow of Communist agents to the free world would be greatly curtailed.

The substitute amendment is designed to prevent the American taxpayers' money from going to those nations who would knowingly help to preserve a Communist dictatorship which is just 90 miles from our shores.

Mr. MORGAN. Mr. Chairman, I have looked over the three amendments, and I think the Fascell amendment as perfected by the Rogers amendment will do exactly what is needed with respect to trade with Cuba. I think the amendment offered by the gentleman from Florida [Mr. FASCELL], as amended by the amendment offered by Mr. ROGERS, is strong and will be effective. Therefore, Mr. Chairman, I ask that the Fascell amendment as amended be adopted.

The CHAIRMAN. The question is on the amendment of the gentleman from Florida [Mr. ROGERS] to the amendment offered by the gentleman from Florida [Mr. FASCELL].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Montana [Mr. BATTIN].

The question was taken; and the Chair announced that the noes had it.

Mr. BATTIN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. BATTIN and Mr. GALLAGHER.

The Committee divided, and the tellers reported that there were—ayes 136, noes 176.

So the substitute amendment was rejected.

AMENDMENT OFFERED BY MR. CRAMER TO THE AMENDMENT OFFERED BY MR. FASCELL

Mr. CRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAMER to the amendment by Mr. FASCELL: Amend the Fascell amendment, as amended, by inserting immediately before the quotation marks at the end thereof the following new sentence:

"The restrictions contained in this section may not be waived pursuant to any authority contained in this act or in any other provision of law."

Mr. CRAMER. Mr. Chairman, we are getting to the crux of the real difference between the substitute and the amendment, and that is with regard to whether or not we are going to write into the law meaningful and mandatory restrictions on trading by other nations that receive our aid with Cuba or not. That is all there is to it.

This amendment, if adopted, will provide such a mandatory restriction. Without it, such mandate will not exist and the status quo will prevail.

If that is not done, of course, what you are going to end up with is exactly what we have now. That is what the problem is. You are going to end up with precisely the situation you have now, with the President in his discretion waiving the Fascell amendment. That is all he has to do, and in his discretion he can do that if he wants to do it. He waives it. The Congress is not saying to the President of the United States or the people of the United States we are going to stop sending any money aid to any country that continues to trade with Cuba. We are not saying that at all under the Fascell amendment.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from California.

Mr. MAILLIARD. I would like to ask the gentleman from Florida a question. I have not seen a copy of the Battin amendment, but as I heard it read it seems to me it did have within itself such a provision. If we were to adopt this amendment we would have a much more restrictive situation than we would have had under the Battin amendment.

Mr. CRAMER. I may say to the gentleman that is not necessarily true, not under the present law, section 614, and the Battin amendment was drafted in exactly the same language as my amendment. We are attempting to put in the Fascell amendment the restrictions contained in the Battin amendment, the same paragraph the gentleman referred to, which added that the President shall notify the respective committees if trade is permitted to continue. The President had to take official action. The restrictions contained in this paragraph I am offering may not be waived pursuant to any authority contained in this act or any other provision of law. So the objective is to prevent the President from doing exactly what he has been doing under the present law that has been so ineffective.

I think the House made a mistake in not accepting the Battin amendment. It is a strong amendment, and I think it would do the job, not half a job. The Fascell-Rogers amendment if adopted does a half job. The amendment with this additional amendment I propose will put some of the teeth back into what was previously the Battin amendment by making the prohibition against aid going to countries that trade with Cuba mandatory.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from California.

Mr. MAILLIARD. The Battin amendment contained a waiver provision, where the President had to make a positive determination in order to waive the provisions, but now if you would attach this to the Fascell amendment there would be absolutely no circumstances, not even if the President affirmatively declared it to be in the interest of the United States, in which he could waive the provisions. I think it goes too far.

Mr. CRAMER. It does exactly what has to be done if we are going to tighten up what has been going on in the past. The President under the present law and the Fascell amendment makes a determination it is all right for the United States to continue to give aid to these countries even though they continue to trade with Cuba because the Executive considers it is in the "national interest." Well, now, we might as well not pass any amendment unless my amendment is adopted to it. We passed amendments to the appropriations bill last year and these amendments were fashioned to some extent as is the Fascell amendment, but we find that the administration in effect ignored them. They said we are conforming to the law because we have this, we have section 614 that is a part of the existing law, that if the President decides it is in the national interest he may waive this prohibition or any other. So all the President did was to waive it. He said it was in the national interest and he waived it.

Over 50 percent of the shipping with Cuba today is through free world ships—50 percent of the ships continue to be free world ships. That in itself proves that the present wording, which is about the same as the Fascell wording, is not going to accomplish the objective of cutting off assistance to nations who trade and allow these subversives to go into Cuba through the use of airlines from Mexico and from Spain, and let these subversives go to Cuba and be trained to the extent that the Selden committee found and the Stennis Senate committee found, despite the resolution passed by Congress in September of last year, that these subversive activities have been gaining so fast that it is now against the best interests and the security of the United States. So if you want an amendment with teeth in it, you will vote for this amendment.

Mr. FASCELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret to disagree with my distinguished colleague. His amendment could injure NATO and the vital security interests of the United States. In the substitute, on which we have already acted, there appeared the language, "unless the President determines that the furnishing of such assistance is important to the security of the United States and reports such determination to the respective committees of the House." There is a similar waiver provision under existing law, and I stated

in response to the inquiry from the gentleman from Iowa that I make no change in that.

When we wrote the embargo provision in this law the law also contained the waiver provisions under section 614 and yet the President imposed the embargo. The purpose of the amendment offered by the distinguished gentleman from Florida [Mr. CRAMER] is to strike out the application of section 614—that is what he says—withstanding the fact that that this inflexibility would force the stopping of U.S. military aid to a staunch U.S. ally who was not able to immediately stop one of its chartered vessels from entering Cuba. Thus the gentleman's amendment is dangerous. The amendment to the amendment is not necessary, because under section 614 of the present law the President now has to make the determination for a waiver in the interest of national security.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Iowa.

Mr. GROSS. We do not have the Battin amendment before us. We have the Rodgers-Fascell amendment before us. Let us tighten this up to where we have some meaning. Let us mean what we say and say what we mean for once.

Mr. FASCELL. I think the amendment is amply clear. I do not think it is necessary to waive the provisions of section 614 as they apply to the President of the United States in the exercise of his judgment as to what is best in the national security interests of the United States. I ask, therefore, that my colleague's amendment to my amendment be defeated and my amendment allowing us to take further strong economic action against the Communist Government of Cuba be adopted.

Mr. OLIVER P. BOLTON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, this happens to be a subject that interests me. I am unable to follow the subject as it has proceeded. Therefore, I should like to ask the originator of the original amendment, the gentleman from Florida [Mr. FASCELL], a specific question. Under the language of his amendment, if a nation chooses to trade with Cuba, can it receive aid under this bill under any circumstances?

Mr. FASCELL. Only if the President determines that it is in the national security interest. The difference is, however, that my amendment has no waiver; that waiver is contained in present law, whereas under the Battin substitute a waiver was written into the amendment.

Mr. OLIVER P. BOLTON. We are not now considering the Battin substitute?

Mr. FASCELL. That is correct.

Mr. OLIVER P. BOLTON. Therefore, under the gentleman's amendment as it is presently written, if the President wishes for any reason to determine that it is for the security of the United States, any nation receiving aid can trade with Cuba. Is this correct?

Mr. FASCELL. No. Only for national security interests. In any event we can-

not stop any country from trading. We can only stop our aid.

The only additional remark I would make is that this is the same criterion that was proposed in the Battin substitute. There is no difference.

Mr. OLIVER P. BOLTON. I thank the gentleman. Now I should like to ask this of the gentleman from Florida [Mr. CRAMER]. In the Fascell amendment as amended by your amendment, can any nation receiving aid trade with Cuba under any circumstances?

Mr. CRAMER. Under the present law, if it is in the national interest, it can be, and that is what has happened.

Mr. OLIVER P. BOLTON. Under the gentleman's amendment, if adopted, can the President make a determination that it is in the interest of the national security?

Mr. CRAMER. Under my amendment, no—under the Fascell amendment, yes.

Mr. OLIVER P. BOLTON. I thank the gentleman.

Mr. BATTIN. Mr. Chairman, will the gentleman yield?

Mr. OLIVER P. BOLTON. I yield to the gentleman.

Mr. BATTIN. I think we are playing on words here, but it becomes important at this point because in the language of section 164 and also, I believe, in the language of the Battle Act, it refers to national interest. In the amendment I offered, it does not refer to the national interest but it refers to national security, which makes to me a substantial amount of difference.

Mr. OLIVER P. BOLTON. But as I understand it, we are not dealing now with that distinction. On the one hand, if the amendment of the gentleman from Florida [Mr. CRAMER] is accepted, the presidential determination is not a question that matters; do I understand that that is correct?

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. OLIVER P. BOLTON. I yield to the gentleman.

Mr. CRAMER. My amendment gives the direction to the President and states specifically that trade shall not continue with Cuba by nations that get United States freedom dollars to trade with Communists. That is what it does and it does not permit the Executive to continue to do as they have been doing all this year despite the fact that we wrote into the appropriation bill in the last session, to continue to give aid to countries trading with Cuba. It closes the loophole.

Mr. OLIVER P. BOLTON. I thank the gentleman. Therefore, as I see it in voting on your amendment, it is a determination by this Congress which, in our opinion, is most in the national interest—the possibility of nations who receive our aid trading with Cuba—or the possibility of our dollars which we give in aid being used by nations to trade with Cuba.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. CRAMER and Mr. FASCELL.

The Committee divided, and the tellers reported that there were—ayes 162, noes 161.

The CHAIRMAN. The Chair votes no. So the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. FASCELL] as amended.

The amendment was agreed to.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. HALLECK. Mr. Chairman, reserving the right to object, my understanding is, after checking at the desk, there are 16 amendments, 13 of which would require individual action. In all my time here I have attempted, whether in the majority or minority, to expedite the business of the House of Representatives and I intend to continue in that fashion. But I must say that with those amendments, many of which are very important and on which Members want to speak, to undertake to consider them all tonight, when we could meet again tomorrow and in the time that would be afforded continue with a careful consideration of this very important measure, that I cannot go along and agree to that unanimous consent request; and so, therefore, Mr. Chairman, I object.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, I have not suggested any limitation of time, but merely that the bill be considered as read and open for amendment.

Mr. HALLECK. Mr. Chairman, if I may respond to the gentleman, I have been around here just a little while. Once you get that unanimous-consent request through, then if you see fit you can move to shut off debate on the bill and all amendments thereto; and if you have the votes to do it then, of course, you could roll over us and that would end the show.

So, Mr. Chairman, I object.

AMENDMENT OFFERED BY MR. CRAMER

Mr. CRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAMER: On page 13, line 12, strike out "first" and insert "second".

Mr. CRAMER. Mr. Chairman, this will take just a moment. I should hope the chairman of the committee would accept this amendment because otherwise I am afraid that the whole Cuban program as it relates to the President's power to establish and maintain a total embargo is going right down the drain. The reason is, if you look on page 71 of the report you will see this sentence:

No assistance shall be furnished under this act to the present Government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present Government of Cuba unless the

President determines that such assistance is in the national interest of the United States.

Following this is the President's embargo powers under present law but as amended these powers are out of place and refer to the wrong sentence in the amended version.

Now, the Committee on Foreign Affairs added a sentence to that section 620 relating to the United Nations going to Cuba. The sentence that follows the amendment sentence deals with the discretion for an embargo. So, that you cannot have an embargo at all unless the amendment is agreed to because the embargo sentence refers to the "preceding sentence" and refers to, although it has no relationship to, the presently amended U.N. sentence to which it refers.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Ohio.

Mr. HAYS. We have examined the gentleman's amendment. I think there is enough room in this Cuban situation for all of the Florida Representatives to get some credit. So, we will accept the gentleman's amendment.

Mr. CRAMER. I thank the gentleman. This has nothing to do with credit. I just wish you had accepted the other amendment too to make the trade ban on Cuba effective by cutting off all aid to nations trading with Cuba on a mandatory rather than discretionary basis.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 304. Section 620(e) of the Foreign Assistance Act of 1961, as amended, which relates to suspension of assistance, is amended as follows:

(a) In clause (2), immediately after "operational conditions," insert "or has taken other actions,".

(b) Strike out "equitable and speedy compensation for such property in convertible foreign exchange" and insert in lieu thereof "speedy compensation for such property in convertible foreign exchange equivalent to the full value thereof".

SEC. 305. Section 620(f) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing certain assistance to Communist countries, is amended by inserting immediately before the period after "Union of Soviet Socialist Republics" the following: "(including its captive constituent republics)".

Mr. FEIGHAN. Mr. Chairman, I move to strike out the last word.

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, I commend the committee for adopting the amendment to section 620(f), the purpose of which is clearly to identify the Soviet Union as a colonial power and to recognize the unrelenting struggles for national independence carried on by the peoples of the captive non-Russian republics of the Soviet Union.

This is a very significant amendment.

It can have far-reaching political effects in support of peace with freedom.

There is real drama in this committee finding, as the committee report on page 32 points out, because it gives open and official announcement to the fact that our Government regards the Soviet Union for what it is—an evil prison house for many once free and independent nations.

That is what the committee means when it refers to the captive republics of the Soviet Union.

This amendment serves to undo some of the damage done to our national prestige and to our historic role in support of national independence movements caused by the ill-advised letter of Secretary of State Dean Rusk to the chairman of the Rules Committee in which the Secretary put himself on record as a defender of Russian imperialism.

The letter to which I refer was sent by Secretary Rusk in opposition to the then pending resolutions to establish a Special Committee on Captive Nations.

It is no exaggeration to observe that much of the current suspicions which attach to our foreign policy motives, arose from the repercussions to the Rusk letter.

In that letter Secretary Rusk held that such nations as Ukraine, Georgia, and Armenia were historic parts of a Russian state—the Soviet Union—and for our Government to take note of the national independence movements in those nations, would offend Russian sensitivities.

The implications of such thinking are all too obvious, particularly to scholars of international political affairs.

It is little wonder that among interested groups here at home as well as among our proven friends and allies abroad, questions arose as to what sort of deal had been made, or was in the making, with imperial Russia to work out a formal status quo which would put an official stamp of approval on the captivity of one third of the human family.

Moreover, we need look no further than the Rusk letter for a basic source of public suspicion about some sort of hidden political deal concealed behind the limited test ban treaty now before the Senate.

Policy positions announced by the Secretary of State are not expected to be arrived at without due and full consideration of all the facts and consequences involved.

It is regrettable that Secretary Rusk has not withdrawn or repudiated his letter to the Rules Committee.

Nevertheless, these circumstances serve to underscore the importance of the committee amendment to section 620(f).

I hope the Secretary will take proper note of the cogent observations on this issue contained in the committee report and that he will be guided accordingly.

There is another noteworthy feature attached to this committee amendment.

It does not cost the taxpayer 1 penny.

Moreover, it could, over the long run, lead the way to lifting the heavy burden of taxes from the backs of our people.

I say this because it is no secret that over 60 percent of the annual tax burden is attributed directly or indirectly to the threat posed to our survival and that of our allies by imperial Russia.

If the Russians were relieved of their imperial power by the process of internal political pressures leading to dismemberment of their empire, the threat to our survival would pass into history.

This is no idle hope. The signs of the times put the stamp of reality upon this prospect.

In recent weeks we have heard a great deal about the Moscow-Peiping dispute.

It is generally agreed that if this dispute is real and unhealable by Marxist magic, the Russians are in serious trouble.

Some observers even argue that the United States cannot stand on the sidelines of this dispute, that we must take sides and that imperial Russia would be easier to live with than an aggressive, expansive Red China.

This kind of loose and naive thinking is responsible for much of the trouble we find ourselves in today.

The facts are that the United States can reach no profitable or lasting agreement with either side engaged in this dispute.

Both are dedicated to burying us. They only disagree on the means to be used for the burial ceremony.

There are, nevertheless, increasing signs that the Moscow-Peiping dispute can ripen into circumstances leading to the political dismemberment of the Russian empire.

The Red Chinese have concealed their real quarrel with Moscow under heavy barrages of dialectical invective.

Stripped of all the doubletalk, what the Red Chinese are really demanding from the Russians is the status of equals in the international conspiracy and the corresponding abolition of Russian racial superiority in the affairs of international communism.

This hard and fixed discrimination within the Communist camp is even represented by non-Russian Communists in the European parts of the Russian empire.

The main difference is that the Red Chinese take added confidence from the vast population they control and are thus bolder about their demands. In the process they fan the fires of nationalism in the captive European nations.

Consequently, the imperial Russians find themselves completely surrounded by the fires of nationalism, that is, powerful human forces that regard communism to be nothing more than a clever cover operation for old-fashioned Russian imperialism.

This contest boils down, in terms of human resources, to some 90 million Russians against over 200 million captive non-Russians in the European parts of their Empire and some 500 million Chinese in the Asiatic part of their Empire.

These odds cannot be ignored, even in the nuclear age.

It is worth noting the Red Chinese have expressed contempt for fear of a nuclear war.

This contempt in the context of Red Chinese ambitions to regain their territories in the Far East annexed by the czars makes for some interesting speculation.

The Red Chinese have the Russians in a tight bind in the Far East.

In terms of sheer manpower the Red Chinese have what it takes to regain their lost territories, now a part of the Russian Federated Soviet Socialistic Republic.

If the Russians use nuclear weapons to turn back Chinese military efforts to regain those territories, the condemnation of the world will be the Russian's reward.

If the Red Chinese initiate action against imperial Russia in the Far East, this is sure to bring a favorable response from the peoples of the captive European nations who will seize this opportunity to break their Russian colonial chains.

There are events of great international significance yet to unfold and this is surely no time to be rushing to the defense of imperial Russia.

The long-range effects of the committee amendment will, to a large extent, depend upon the exploitation given to it on a worldwide basis by the U.S. Information Agency, Radio Free Europe, and Radio Liberation.

I urge the able chairman of the Foreign Affairs Committee to take steps to make certain this is done.

AMENDMENT OFFERED BY MR. BALDWIN

Mr. BALDWIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BALDWIN: On page 15, line 2, after the period, add the following sentence:

"Section 620(f) of the Foreign Assistance Act of 1961, as amended, is further amended by striking out the second sentence reading: 'This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) Such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international Communism,' and inserting in lieu thereof 'This restriction may not be waived pursuant to any authority contained in this Act.'"

Mr. BALDWIN. Mr. Chairman, the Members of the House may recall that 2 years ago when the foreign aid bill was taken up in the House for consideration an amendment was offered by the gentleman from Texas [Mr. CASEY] to bar aid to any Communist country. That amendment was adopted by the House.

The purpose of my amendment is simply to restore the exact original wording of the Casey amendment. The amendment that was adopted 2 years ago was greatly watered down in the Senate. Last year an amendment was again offered by the gentleman from Texas [Mr. CASEY], exactly the same wording, but it was watered down by an amendment offered in the House that would allow a waiver under which aid could go to Communist countries.

I have voted for the foreign aid bill every year I have served in the Congress, but it seems to me the fact that aid has been given to Communist countries has done more to cause the people to have

distrust in the foreign aid program than in the case of any other single feature of the program.

I have a tabulation as to the amount of aid given to Yugoslavia and Poland. The tabulation for the period from July 1945, to June 30, 1962, totals for Yugoslavia \$2,396,700,000, and for Poland \$522,600,000.

I am informed in this particular bill the State Department is not intending to allocate funds to Yugoslavia or Poland with the exception of certain funds for a hospital in Poland. Under the amendment adopted last year there is a specific exception in the case of hospitals. So my amendment will not change that. The provision for funds for a hospital in Poland would go for that particular purpose. But this amendment would bar any other aid under this bill to any Communist country, including Cuba, Yugoslavia, Poland, or any other Communist country.

It seems to me that we have to make a decision on principle. If we are opposed to the basic theory of communism, which is to overthrow our very way of life which our Government was set up to defend, then I do not see how, consistently with that principle, we can allow aid to be given to any communistic country under any circumstances, and the purpose of my amendment is to bar any such aid under any circumstances.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN. I yield to the gentleman from Texas.

Mr. CASEY. I want to thank the gentleman for complimenting me by endeavoring to restore this original language. I am still very strongly for this original language, but I must say in all fairness that since the House did adopt this amendment I have checked it, and the information furnished me by AID is that the only amount concerned in Yugoslavia since the adoption by this Congress of the amendment was around \$90,000 for the purpose of closing out the program. Like the gentleman, I am a little disturbed that there is that possibility in view of the ability to make the grants. As long as they can make the grants, there is always that possibility. The amount that the gentleman spoke of, prior to this House cutting it off we were sending \$415,000 a day to Yugoslavia alone. That is not peanuts.

Mr. BALDWIN. I should like to follow up the comments of the gentleman from Texas by stating that although the State Department has indicated they do not intend to allocate any funds to Yugoslavia and Poland, nevertheless, unless we write some restrictive provision in the bill this afternoon, they could do so. It seems to me we should indicate clearly that no funds under this bill should go to any Communist country.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN. I yield to the gentleman from New York.

Mrs. KELLY. Will the gentleman tell me whether this amendment will permit the sale of Public Law 480 commodities?

Mr. BALDWIN. This amendment does not cover Public Law 480 commodities.

Mrs. KELLY. Then the gentleman is willing to have surplus goods under Public Law 480 to be given or sold to Communist countries? Is that correct?

Mr. BALDWIN. No, I am not; but my amendment is to the pending foreign aid bill, and applies to the funds in that bill. I am offering an amendment to bar allowing foreign aid to go to a Communist country. I will be glad to support any amendment offered by anyone in this House to bar aid under Public Law 480, but the funds in this bill do not fall under the Public Law 480 program.

Mrs. KELLY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, no one has endeavored to cut off aid to Communist nations any more than I have. I should like to say that Public Law 480 in no way comes under the control of the Committee on Foreign Affairs. I wish it did. Then we would not have the problem involved as far as the sale of Public Law 480 commodities is concerned. It is not in this bill, although an amendment to prohibit the sale of commodities under Public Law 480 could come under this bill. I would like to ask the gentleman if he would like to include the sale of products under Public Law 480 at this time.

Mr. BALDWIN. In answer to the gentleman's question, this amendment is to a section of the bill dealing with the foreign aid program. Therefore, I have worded my amendment to bar aid under the foreign aid program. If any other Member of the House wants to offer an amendment barring aid under Public Law 480, I shall fully support that amendment.

Mr. MORGAN. Mr. Chairman, I wonder if we could arrive at some limitation on this debate. This amendment was debated last year fully on the floor, not 2 years ago, last year. I ask unanimous consent that all debate on this amendment close in 15 minutes.

Mr. ADAIR. Reserving the right to object, Mr. Chairman, is that on this amendment?

Mr. MORGAN. On this amendment and all amendments thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PUCINSKI].

Mr. PUCINSKI. Mr. Chairman, I take this time to ask the author of this amendment, the gentleman from California, if I may have his attention, would this amendment bar the United States from giving assistance in an instance as we recently had, to the helpless and innocent victims at Skopje who were victims of an earthquake?

Mr. BALDWIN. No, this would not bar that because that was under the Public Law 480 provision.

Mr. PUCINSKI. In other words, the language of this amendment would not

bar that kind of humanitarian assistance?

Mr. BALDWIN. It would not.

Mr. PUCINSKI. I thank the gentleman.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. PUCINSKI. I yield to the gentleman.

Mr. HALL. I thank the gentleman for yielding because I would like to query him or the gentleman from California further as to whether, or not, this would specifically bar aid given recently to the tune of some \$50 million by the Secretary of Agriculture while in that country.

Mr. BALDWIN. It would not bar that aid because that was not under the foreign aid bill.

Mr. HALL. Was that under Public Law 480?

Mr. BALDWIN. It was apparently not under the foreign aid bill.

Mr. HALL. Would it bar aid for a nuclear reactor to Yugoslavia under the technical assistance program?

Mr. BALDWIN. This amendment would bar any aid from any funds approved in the foreign aid bill. This would bar any aid from any fund under this act that we are authorizing today from going to any Communist country.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, first of all, I would like to set the record straight in correcting a minor mistake here. The Casey amendment in the 1958 foreign aid bill, as I recall, was an amendment which specifically listed nations that were to be deprived of any aid; and further in looking at the amendment of the gentleman from California, I would not be satisfied with it if it qualifies the recipient as one which is not controlled by the international Communist conspiracy. In the cases of Yugoslavia and Poland, the question arises as to whether the country is, in fact, controlled by the international Communist conspiracy. I would much prefer to see this amendment read, "any nation with a Communist government." Then we would not be playing with words as to whether or not the country is controlled by the so-called international Communist conspiracy.

Mr. BALDWIN. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I am happy to yield to the gentleman from California.

Mr. BALDWIN. The wording that you read is the wording that is being stricken out by this amendment. The wording you read is the wording now in the bill that is being stricken out and replaced by wording that simply bars any aid to any Communist country.

Mr. COLLIER. I understand that but I do find the reference to a Communist government.

Mr. BALDWIN. No, it amends section 620(f) which says, "Any Communist country." It is on page 73 of the committee report.

Mr. COLLIER. I thank the gentleman. If that is it, I thank the gentleman. I am satisfied.

The CHAIRMAN. The Chair recognizes the gentleman from Delaware [Mr. McDOWELL].

Mr. McDOWELL. Mr. Chairman, there has from time to time during the discussion on this bill come up a very complicated situation with regard to the relationship of Public Law 480 to the foreign assistance legislation. I have tried for some time to determine what this relationship is and I have not been able to do so after months of attempts.

I would just like to point out at this point, however, to the gentleman from California, that with regard to Poland and Yugoslavia, other than military assistance primarily to Yugoslavia, a very large percentage of the aid given has been under Public Law 480, not directly under development loans or grants under the Foreign Assistance Act or the old Mutual Security Act. I agree with him that we should take every means to see to it that we do not give any more aid to a country that is directly, through its people, aligned with the Communist bloc countries. It is true, of course, that both Yugoslavia and Poland are in this area, but I want him to remember that there is a difference—and it is something we very often forget—there is a difference between a government ruling over people where they have no choice and where they are a militarily occupied country. This does not indicate that the people have lost their intense desire and determination for independence. The people of Poland deserve every possible help we can give to aid them to regain their freedom.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, there are several reasons why I oppose this amendment. First of all, I think the original author of the amendment [Mr. CASEY] has stated that the administration has demonstrated good faith in the use of the authority that presently appears. Second, the language that we have in the bill is the product of bipartisan support, and it took considerable time to work out this bipartisan language when this bill was before the House last year. Third, I think we are living in historic times where the Communist world is breaking up and to deny the flexibility that the President has to exploit these cracks is to do a serious disservice to our national interest.

Fourth, in adopting this amendment, we question the judgment of our President. We would also question the judgment of former President Eisenhower who supports the language as it presently exists.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. CASEY].

Mr. CASEY. As I told the author of this amendment, I intend to support the amendment, but I also want to explain why I do not offer an amendment to restore the original words, because there has been no aid since Congress worked

its will the last time. But I do want to correct the gentleman over here. Do not kid yourself that we have not been pouring money into Yugoslavia in dollars, because we have. I have a nice fat list here that I will be glad to show you if you want to see it. For 15 years, \$415,000 a day, for 15 years, in Yugoslavia alone. I have an amendment coming up here a little while later which is not as controversial as this one we are now talking about which we had last year where we spent over 3 hours on this little amendment alone. However, do not kid yourself that we have not been fattening up some of our enemies.

I am going to vote for the gentleman's amendment. You can do whatever you want to do.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first let me give you the history of the Casey amendment that is now in the bill, which the gentleman from California is proposing to eliminate by his amendment. Last year after the Senate disagreed with the House on this provision, the President called a meeting at the White House with Members from both sides of the House in attendance. We devised this language, which is now in the law, at that time. The language that the gentleman from California is now trying to eliminate is the language that was devised by the late and beloved Congressman Francis Walter. You may remember Francis Walter took the well in defense of this language. This language specifically gives the President a right to make a determination. Are we going to trust the President or not? This language has been in the bill all this year.

There has not been any attempt by the President to give any aid to Yugoslavia or Poland under this authority. There is no money in this bill for fiscal 1964, either for Poland or for Yugoslavia. This amendment does not touch Public Law 480. If you really want to write a restrictive amendment you should amend Public Law 480 under which we are selling millions of dollars' worth of farm products to both Poland and Yugoslavia. No money under the Mutual Security Bill is going there, so we do not need this amendment to put a further restriction on the President.

Those who vote for this amendment are saying to the President of the United States, "I don't trust you."

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. Mr. Chairman, the bulk of the aid that the gentleman from Texas refers to was not given equally over a period of 15 years. The bulk of the aid to Poland and Yugoslavia was given during the Eisenhower administration; and I am not being political when I say that because I supported Mr. Eisenhower's right to do it. But I will tell you what this amendment will do. If this

amendment passes, and there is a Hungarian type revolution in Latvia, Estonia, Lithuania, Hungary, Yugoslavia or anyplace else and it is on a shaky basis and has a fighting chance to succeed, we would be prohibited from helping it to succeed. That would be the effect of the amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. BALDWIN].

The question as taken; and the Chairman announced that the noes appeared to have it.

Mr. BALDWIN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. BALDWIN and Mr. GALLAGHER.

The Committee divided, and the tellers reported that there were—ayes 150, noes 158.

So the amendment was rejected.

The Clerk read as follows:

SEC. 306. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended by adding at the end thereof the following new subsections:

"(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

"(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act."

AMENDMENT OFFERED BY MR. BROOMFIELD

Mr. BROOMFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROOMFIELD: Page 16, line 8, strike out the quotation marks and immediately after line 8 insert the following:

"(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

Mr. ADAIR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ADAIR. Mr. Chairman, has that section that is now sought to be amended been read by the Clerk?

The CHAIRMAN. Section 306 was read.

Mr. BROOMFIELD. Mr. Chairman, the amendment I have offered would require additional congressional authorization for any oversea productive enterprise in which total U.S. assistance reaches \$100 million or more.

Further, this amendment would remain on the books only until the enactment of next year's foreign aid bill.

There are a number of reasons why I have offered this amendment, but all of these reasons, in one way or another, hinge upon U.S. participation in the proposed Bokaro steel plant in India.

The committee spent considerable time in the hearings on this proposed plant. We questioned Mr. David Bell, Administrator of the Agency for International Development, closely on this project.

We had the benefit of the United States Steel report on the feasibility of this project.

After all the information which was given to us about this project, after all our discussions on Bokaro, I could not help coming away with one overriding observation.

That is this: What we do not know about Bokaro far outweighs what we do know.

The plain fact is that nobody knows whether Bokaro is possible, whether Bokaro is feasible, whether it can be operated economically, whether manpower can be found to run the plant once it is completed, whether adequate transportation can be provided for raw materials, if such raw materials are available in the kinds and qualities necessary for this plant.

Further, nobody knows whether or not there are private funds available in either India, in our own country, in Western Europe, to finance construction of this plant or whether the Government of India should run this plant.

I do not think that Congress, at this point, has the information available to it to make a determination of how much or what kind of contribution our Federal Government should make, if any.

Further, the Agency for International Development admits that the data is not available to it at this time to make a rational decision on the role our Federal Government should play in this project.

The United States Steel report raises some grave doubts about the availability of limestone deposits, for instance, and points out that those deposits which are known are of inferior quality.

Where the 5,400 workers would live, where the necessary technicians would come from and who they would be has not been adequately considered.

The United States Steel report points out that living conditions at the proposed Bokaro site would be very difficult for the Indians themselves, and even more

difficult for any American technicians who would have to live in the vicinity.

One of the main purposes of my amendment is to forestall an agreement before the data has been obtained, before the gaps in current information are filled.

The statement has been made that there are not enough private funds available in India, the free world, and the United States to permit this plant to be built as a private enterprise project.

I have serious doubts about the validity of this statement.

Most certainly, private capital has not come forth in sufficient quantities to date to finance this project under the private sector.

The reason is quite obvious. On the basis of the data which has been supplied up until today, I most certainly would not invest a nickel in this project. I do not believe a businessman in India would do so either.

After the necessary surveys have been completed—after a close look has been taken at this project in terms of the amount of private capital available—after the geologic surveys have been completed—after a determination has been made that this plant is the best possible investment of funds to raise living standards in India, then is the time for another look at this project in terms of how it should be financed—through private capital, through a public corporation or possibly some combination of both.

While the Agency for International Development, the State Department and other Federal agencies have attempted to assure us that no commitment will be made on Bokaro during the current fiscal year, this is not enough assurance for me.

The temptation might be too great to use approval of Bokaro as a possible short-term replacement for foreign policy in the subcontinent. I most certainly would deplore the approval of this project under such circumstances, and I am sure that I would be joined by almost every Member of the House of Representatives in this.

My amendment would cover only Bokaro at this time. The reason I have proposed roughly a year's limit in the amendment is so that the House Foreign Affairs Committee will have an opportunity during the next 12 months to determine just exactly what role Congress should play in the approval and consideration of future overseas programs.

We have spent a number of months in committee in our deliberations on the total foreign aid bill. I think the committee, in general, did an excellent job.

But I think it is easy for my colleagues to recognize the fact that a great deal more study, a great deal more consideration must be given to the voice Congress should have in the approval of individual projects in which substantial amounts of U.S. dollars are involved.

It is my belief that the committee will have the time for adequate consideration of this role of Congress in these determinations under less-hurried, less-hurried circumstances.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I yield to the gentleman from Ohio.

Mr. HAYS. The gentleman and I worked on the amendment with reference to Indonesia at great length. This is one of the amendments I referred to earlier I would support. I think the gentleman's amendment does exactly what needs to be done.

Personally, at the moment I would be against the project, period, but at least I would be willing to grant a year to make a study and have a chance to come in and convince the committee. This amendment means they cannot proceed with this or give a dime before next year's foreign aid bill, unless the House and the Senate separately voted to let them go ahead. The committee has examined the amendment. The chairman and I have discussed it at length, and I believe—the chairman can correct me if I am wrong—I am authorized to say that we on this side accept the amendment and hope that it passes.

SUBSTITUTE AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross as a substitute for the amendment offered by Mr. BROOMFIELD: On page 16, insert the following new section after line 8:

"SEC. 307. From the date of enactment of this Act through June 30, 1964, no part of any funds authorized to be made available for carrying out the purposes of the Foreign Assistance Act of 1961, as amended, shall be available to partially or wholly finance in any country, either by loan, grant, or otherwise, participation by the United States in the acquisition, construction, or expansion of any separately identifiable project or facility proposal involving for completion an estimated aggregate limit of United States participation, as determined by the President, of \$100,000,000 or more unless such project or facility proposal is authorized in specific terms either in this Act or in other legislation enacted by the Congress; and after June 30, 1964, no appropriation or other funds shall be made available for any such participation in any such project or facility proposal, otherwise authorized by the Foreign Assistance Act of 1961, as amended, and involving for completion an estimated aggregate limit of United States participation, as determined by the President, of \$50,000,000 or more unless such project or facility proposal is authorized in specific terms by legislation enacted by the Congress.

"The provisions of this section may not be waived pursuant to any authority contained in this or any other Act."

And amend subsequent section numbers accordingly.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this substitute amendment I have offered may sound complicated, but it is not. There is nothing complex about it.

It provides that from the date of enactment of this act and through June 30, next year, none of the funds made available for carrying out the purposes of the Foreign Assistance Act shall be available to finance in whole or part, in any country, any project in which the United States is involved and which costs in the estimated aggregate \$100 million or more, unless such project is specifically author-

ized in this act or in other legislation enacted by Congress.

After June 30, 1964, no funds shall be made available for any project or facility, involving for completion an estimated aggregate of \$50 million, again as determined by the President, unless such project or facility proposal is authorized in specific terms by legislation enacted by Congress.

This amendment will not only block the spending by this Government of an estimated \$1 billion on the Bokaro steel mill, but it will stop any other commitments of this kind without the specific authorization of Congress.

The amendment offered by the gentleman from Michigan [Mr. BROOMFIELD], is temporary in nature. I want to make this permanent. Why should not the Congress pass upon the use of our dollars to build the Bokaro steel mill in India, and they will under the terms of my amendment. But why should this same scrutiny not go to all other projects between now and next June, if there are such projects, that cost \$100 million, and thereafter why should not the Congress authorize projects costing more than \$30 million or more?

Why, you cannot get in your district a project costing \$50,000, you cannot even get planning money for it, unless you get an authorization from the Congress. Why should we permit the bureaucrats, under the Foreign Assistance Act to launch even \$50 million projects in foreign countries without the authority of Congress?

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the distinguished majority leader.

Mr. ALBERT. Does not the gentleman feel we might be starting a system here or a precedent under which we would be lobbied to death by the lobbies from downtown representing the foreign governments trying to put over projects?

Mr. GROSS. Well, why should we fear lobbyists—any of them?

Mr. ALBERT. It is not a question of fear, it is a question of getting into an area in which I do not think the gentleman wants the Congress to get. When a local project is considered by the Congress, it is considered on the basis of local requirements. But when we consider one of these foreign projects, we are going to have to get into the whole field of foreign policy which is outside of the jurisdiction of the Congress.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman for just a minute or two.

Mr. McDOWELL. I will not take that long, I assure the gentleman. I am opposed to the gentleman's amendment.

Mr. GROSS. I would expect that.

Mr. McDOWELL. But I do want to commend him, for he is certainly making progress. He comes from nothing to \$50 million very quickly.

Mr. GROSS. What do you mean—from nothing to \$50 million?

Mr. McDOWELL. I thought the gentleman was opposed to any aid.

Mr. GROSS. If it is so insignificant why are you opposed to it?

Mr. McDOWELL. I thought the gentleman was opposed to any aid whether it is 50 cents or \$50 million.

Mr. GROSS. I am not authorizing any aid here. I am saying that when the bureaucratic "foreign aiders" want to start a project costing more than \$50 million for some foreign dictator after next June 30, 1964, they have got to come to the Congress and justify it. What is wrong with that? You cannot get any part of that kind of money in your district or your State without coming to Congress and justifying it. And since when, I ask, has Congress been precluded from authorizing expenditures and appropriating for them even though this action may have an effect on foreign policy?

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. MORGAN. They are going to borrow this money. This is a loan. This is not a project such as we get in this country where we get a grant. This is an actual loan and they are going to pay interest on this loan.

Mr. GROSS. Well, so what? Maybe the loan will never be repaid. Maybe for lack of proper scrutiny the project is so infeasible that it can never pay out.

Mr. MORGAN. The gentleman is a member now on the Committee on Foreign Affairs and he has made a very valuable member of the committee.

Mr. GROSS. Thank you.

Mr. MORGAN. I have enjoyed working with the gentleman since the first of the year.

Mr. GROSS. And I might say this amendment is not accompanied by a State Department position paper.

Mr. MORGAN. I know it was not. But I want to say, the gentleman will admit that the Committee on Foreign Affairs has had a good many meetings since February. We have been in session 4 and 5 days a week. But if we ever get an amendment like this, it will put us in the public works business and we will be up there from 9 o'clock in the morning until 12 o'clock at night hearing the projects one by one. It will make the Committee on Foreign Affairs a public works committee.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

Mr. MORGAN. Will the gentleman limit his request to 2 minutes and I will not object?

Mr. GROSS. Then I will make it 2 minutes.

The CHAIRMAN. Without objection, the gentleman from Iowa is recognized for 2 additional minutes.

There was no objection.

Mr. GROSS. Here are some of the projects that are going on: Road construction in Afghanistan, \$54,200,000.

That famous fertilizer plant in Korea, \$50 million.

The Vietnam highway and bridge construction, \$53,900,000.

There is a long list. I do not have time to read it all. But why in the

name of conscience should not the Congress of the United States pass on these projects involving hundreds of millions? I do not agree with the gentleman that it is going to impose an undue burden on the members of the Committee on Foreign Affairs. I thought we were selected to come down here and work?

Mr. MORGAN. It certainly will put an undue burden upon the members of the Committee on Foreign Affairs, including the gentleman in the well.

Mr. GROSS. When the foreign hand-out artists come in with \$50 million projects, I promise you I will be on the job. I will be your little servant when they come to the committee with projects costing \$50 million and \$100 million. I will be delighted to work early and late to save the citizens of this country even a few of the millions now going down the drain through this global give-away.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I said earlier, I am in favor of the Broomfield amendment. I want to say too that Mr. BROOMFIELD worked out what I considered to be an excellent amendment on Indonesia, which I helped to write in the bill in committee. But I think we have to be reasonable about this, and I hope I can appeal to some of the gentleman's colleagues to vote for his amendment because it bars the Bokaro steel mill until the next foreign-aid bill comes up. If they come in with any proof at all, I am willing so far as I am concerned for them to submit it to the committee.

I do not think there is anything they can say that is going to get me to be for that project, but I am willing for them to submit their arguments. I think the Broomfield amendment is a reasonable amendment. I think if we live with it for a year and it works, I do not think we will have any trouble writing it in for another year. But what are you doing in this amendment? The gentleman says it is permanent, and that is right. I know Members on my left and I are going to disagree about our hopes for 1964. You hope you are going to win the Presidency. The gentlemen's amendment, if that happens, will only affect us for 6 months, but you will have to live with it, and I guarantee that your President, if you should elect one, whoever he is, will not like that kind of handcuffing. That is the substance of his amendment. I ask you to vote this down.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. Yes. I will be glad to.

Mr. GROSS. Is it not true that the Defense Department and various branches of the Service have to come before the Committee on Appropriations and before the Armed Services legislative Committee to build even a glorified latrine?

Mr. HAYS. I have news for the gentleman. The foreign aid people have to come before the Passman subcommittee to build even an unglorified latrine; just a plain old common one.

Mr. GROSS. I do not think the gentleman is quite right.

The CHAIRMAN. Will the gentleman suspend? The Chair suggests that we raise the debate level just a little.

Mr. HAYS. I am for that. So will the gentleman suggest some other kind of building, and I will go along with it.

Mr. GROSS. If there is justification for congressional approval of projects involving an outlay of \$100 million in order to get at the Bokaro steel mill, if it is good to do it in that case, then why is it not justified in all other foreign aid projects costing \$100 million?

Mr. HAYS. Because the gentleman is not doing it in \$100 million cases. After next year he is reducing it by 100 percent down to \$50 million.

Mr. GROSS. And why not?

Mr. HAYS. Because I do not think it is good business. I think that it is too restrictive. I do not think it gives enough flexibility. The gentleman from Michigan [Mr. BROOMFIELD] has written a reasonable amendment, and I hope that the committee will support the Broomfield amendment and defeat the Gross amendment.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will deliberately address myself to the Members on this side of the aisle, in the presumption that my words would not have much influence on that side of the aisle. Therefore, since I am addressing people who are normally friends, I am going to be very frank. I would like to say this: Boys and girls, let us get together. This is what we should do. BILL BROOMFIELD worked up a good, practical, sensible amendment. As a matter of fact, it is a perfect amendment, because no one should object to it, not even the diplomats in the Indian Government, because it is not aimed at them. All it states is the fact that next year any project that runs over \$100 million must have specific congressional approval. Having done this, there is no reason in the world why we should degenerate this into a debate on an item which is \$50 million less, or go off on any other tangent. If we have proposed and received the acceptance of a good, sound plan, why should we do anything else? It is late in the day. When we had the conflicting amendments and substitutes on the Cuban situation, if all the paper had been lumped together, we could have piled it on the island and it would have sunk. I do not like to see this situation degenerate into that much confusion and that much unnecessary conflict. I think the Broomfield amendment as proposed deserves the support of the entire House. It will certainly be understood downtown. It is understood and appreciated by people on both sides of the aisle, on and off the committee. Let us start moving. Let us take the Broomfield amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield.

Mr. GALLAGHER. Mr. Chairman, just so that the gentleman will not feel he is not without friends on the other side and feel lonely in the well, I support the gentleman's position. I feel that the record also should be clear that the Congress is not at this time rejecting

the Bokaro project. What it is doing is withholding and deferring that judgment until all the feasibility reports are in and that will be, we have been assured by the time of the consideration of the bill next year. So I compliment the gentleman from Michigan and hope that his amendment will be supported.

Mr. DERWINSKI. Mr. Chairman, may I direct one remark to my dear friend from Iowa [Mr. Gross], with whom I never want to disagree, although in this case I must. He told us that the Broomfield amendment was imperfect because it was temporary. The gentleman knows there is not anything temporary once we in Washington set it up. So the Broomfield philosophy will be permanent.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this opportunity to express my very real appreciation of the work that the gentleman from Michigan [Mr. BROOMFIELD] has done on this amendment. It happens that I have followed it very closely. I am convinced that he has brought us something that is very workable. We know there are a great many problems in the Indian situation. This does not hit that on the head but it says that we must really consult over such enormous projects as \$100 million. I hope very sincerely that this Committee will vote for the Broomfield amendment.

Mr. GROSS. Mr. Chairman, will the gentlewoman yield?

Mrs. FRANCES P. BOLTON. I yield to the gentleman.

Mr. GROSS. Will the gentlewoman kindly provide the House with a definition of the two words "productive enterprise"? This refers to any project dealing with a productive enterprise. What is a productive enterprise?

Mrs. FRANCES P. BOLTON. I am afraid I can tell you more about unproductive enterprises. Most of us have dabbled in those.

Mr. GALLAGHER. Mr. Chairman, there is, I take it, no doubt of the basic U.S. interest in aiding India. It is very much in our own national interest. We are helping by far the largest of the free world nations—450 million persons; more than all of Africa and Latin America combined—and we are helping it develop under democratic institutions, at a critical time in a critical area of the world. The Indians are on the front-line of the free world confrontation with communism.

It also seems clear that there is a real need for domestic steel production in India. I understand that India badly needs more steelmaking capacity for her own domestic requirements. I am told that even if all five existing steel mills are expanded as presently planned, and if the Bokaro steel mill were built, India's economy by 1976 would still require something like 2 million tons more steel than could be produced in India.

Thus, given a genuine U.S. interest in encouraging India's economic development, and given an urgent need to expand substantially India's steelmaking capacity, it seems to me that our problem in the United States is to determine

what is the right way for the United States to help meet this need.

It appears to me that a further examination of this whole problem is in order. Bokaro would be one answer to the question of how the United States can help. U.S. AID Director David Bell has told us that he has made no decision on Bokaro as yet and that he does not intend to make any decision until he has received and studied the answers to many as yet unanswered questions. He has agreed to consult with our Foreign Affairs Committee before reaching any decision and indicated that this could not in any event be before next January.

I agree with Mr. Bell that he should not make a decision until all the facts are in. I welcome his readiness to consult further with the Congress before reaching any decision. In fact, I would go further and say that the whole problem of India's steelmaking capacity and the role of U.S. assistance—not just the question of Bokaro—needs additional study.

If further study is needed both for Bokaro and for the whole problem of Indian steel-producing capacity, I think it would obviously be wrong for us to adopt an amendment which would bar any U.S. aid for Bokaro at any time. I think it would be wrong for us to do this when all the facts have not been ascertained and when studies of these problems are currently going forward. I think it would be wrong to adopt such an amendment, which would in fact prejudice the issue and amount to a decision before the circumstances on which the decision must be based are all known.

On the other hand, I see no objection to an amendment which would insure further congressional opportunity to review a proposal such as Bokaro. It is by its very size in a special situation; the Congress has a legitimate reason for paying special attention to proposals of such magnitude. I thus support the proposal to amend the aid bill by providing that development loans of over \$100 million for productive enterprises be subject to specific congressional review in fiscal year 1964.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment to the amendment offered by Mr. BROOMFIELD.

The Clerk read as follows:

Amendment offered by Mr. CONTE to the amendment offered by Mr. BROOMFIELD: At the end of the Broomfield amendment add the following:

"No funds authorized by this or any other Act for the fiscal year ending June 30, 1964, may be used directly or indirectly in connection with the Bokaro steel mill in India."

Mr. CONTE. Mr. Chairman, in offering this very specific amendment, I am hoping to gain assurances that the American taxpayer will not be rushed into making what could become a disastrous investment.

You will note, Mr. Chairman, that I carefully used the word "rushed" and I mean to state clearly that I am convinced, after examining all phases of the Bokaro situation that—at this stage of uncertainty—there is not clear justification for the United States entering

into this agreement at this time with the Indian Government.

All during the past weeks, Mr. Chairman, I have been locked in executive session with four distinguished colleagues of my House Appropriations Subcommittee on Foreign Operations, a special group selected by our chairman for the express purpose of examining the Bokaro steel mill proposals. We have heard many experts, including returning U.S. Ambassador to India, John Galbraith, Gen. Lucius Clay, Norman Obbard, the executive vice president of United States Steel, representatives of the U.S. Steelworkers Union, and others.

I mention the names of these distinguished gentlemen, Mr. Chairman, only for the purpose of saying in all sincerity that they did not show sufficient cause for the immediate construction of this mill.

The comprehensive United States Steel report—which, incidentally, cost the American taxpayers \$686,000—left serious doubts in my mind as to the feasibility of this project. Now I have spoken on this floor innumerable times in behalf of our foreign aid program and I am a powerful supporter of the program, when I can be convinced that the program is sound.

In no instance, Mr. Speaker, can I justify this steel mill going into a nation that has received approximately \$11 billion from the United States since 1945.

The United States Steel report study—to be specific—stated that it would be 2 full years or more before a satisfactory long-term solution can be found to the basic raw material problem that exists in the Nation.

Are we going to go ahead during this fiscal year with that fact in mind?

And how about some other well-known problems, to skip over for a while the fantastic financial agreement that we would be entering into.

For example, the fact that an entire new city would have to be built, with the construction of new canals, dams, and railroad tracks.

The United States Steel report also says that it takes 3 years to train a foreman for a project such as this—and 3 to 4 years for apprentice and skilled maintenance men.

With these outstanding problems a genuine hinderance to the beginning construction of the mill, I think that it will be clear to the Members of this House that we cannot appropriate funds during this fiscal year for such a hastily conceived project.

Another factor is this—the United States has over 100,000 people unemployed who are steel workers, at the same time that we are importing 5½ million tons of steel mainly from Japan and Belgium. No one has been able to give the assurance that there will be a significant change in steel unemployment in the United States. Production of 5½ million tons in the United States incidentally, means that 20,000 of those U.S. steel workers who are unemployed could be working.

Before I go into the features, or I should say the drawbacks of the U.S. loan, I want to shatter the myth of those that say the Soviet-financed mill in

India is justification for our going in and building this one at this time.

Their steel mill was financed by a 12-year loan from the Soviets at a 2.5-percent interest, repayable in hard currency, at a total amount of \$136 million.

Now, Mr. Speaker, some of my colleagues who are suspicious of the entire U.S. foreign aid program would be down here on the floor fighting for a similar loan.

Our loan, on the other hand, would amount to almost a billion dollars, a sizable chunk of the \$1.8 billion expected cost of the mill. This would be in the form of a 40-year development credit loan, with a 10-year grace period. Our interest will be three-fourths of 1 percent. Through long experience with these development credit loans, we can be certain that we will not get too much of this money back.

In other words, we will give India about a billion dollars. The Indian Government will then form a corporation to build the mill. India will lend money to the corporation at 5¾-percent interest, not overlooking the fact that for every ton of steel made in India there is a charge of \$52 a ton. In toto, this means that the Indian Government will realize, over a 20-year period, out of our \$1 billion alone, about \$5.5 billion.

Furthermore, we will be lucky to even receive a million dollars out of the billion that we contribute.

There will also be powerful competition to sell them steel at a cheaper rate than we can sell it to India.

There is no guarantee, either, that would prevent the Indians from buying cheaper steel from the other steel-producing countries who could sell to them at a cheaper rate. That is to say, if they still have need for steel even above and beyond what Bokaro would produce.

For example, Japan could sell India a ton of steel for \$102 at dockside. It would cost India \$174 for a ton of steel at dockside from the United States.

We know who would get the orders.

This would not be a bonanza for the U.S. steel industry by any means. It would not, in truth, be a bonanza for anyone except the Indian Government.

It would not be fair to the American taxpayers to go ahead with this big sum of foreign aid, Mr. Speaker, when there are so many untenables.

In conclusion, Mr. Speaker, this looks like a dangerous and serious proposition from every angle. We cannot expect to receive the support of the American people for those provisions of the foreign aid program that are so essential to the national welfare if we jump into a project such as this.

Remember that old phrase by Bulwer-Lytton, "Business dispatched is business well done, but business hurried is business ill done," and also that statement by the famous New Englander, Emerson, "Never lose your presence of mind, and never get hurried."

This is a hurried project, Mr. Speaker, and the House will do well to pass my amendment which will hold all funds for fiscal year 1964 from Bokaro. Given this extra time, and the necessary dispatch and deliberation that is so essential in our pressing times, we will be able

to arrive at the sensible and practical solution to the problem.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield briefly to the gentleman from California.

Mr. ROOSEVELT. For which amendment is the gentleman? Is the gentleman for the Gross or the Broomfield amendment?

Mr. CONTE. My amendment is an amendment to the amendment which has been offered by the gentleman from Michigan [Mr. BROOMFIELD]. I support the Broomfield amendment with my amendment specifying the Bokaro steel mill.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the distinguished gentleman from Alabama for a brief question.

Mr. ANDREWS. I want to say that I concur in the statements made by the gentleman from Massachusetts and to further state that I am for the substitute amendment offered by the gentleman from Massachusetts.

Mr. CONTE. I want to thank the gentleman from Alabama also at this time, Mr. Chairman, and I want to compliment the chairman of our special panel that was set up to study this Bokaro steel mill. The gentleman from Alabama did an excellent job and I am sure when this report is released to the Members of Congress, the Members will see the arduous work and the time and the effort put in by the chairman and the members of that subcommittee.

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. HAYS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I do not know whether the gentleman ought to lock himself up and study this some more or not. We have been studying it and we have not been locked up. The gentleman from Michigan has been studying it. The gentleman from Illinois [Mr. DERWINSKI] has been studying it. I do not know whether this is an attempt to get two names on the amendment or not, but the Broomfield amendment barred this for a year. That is the extent of it. As a matter of fact, the feasibility reports which we studied, offered by the United States Steel Co., say in so much plain, unmitigated English, that we are not prepared to say this project is feasible until a further study is made of the iron ore resources and the coal resources.

All of this has been studied. The Broomfield amendment proposed to do exactly this. The gentleman from Massachusetts [Mr. CONTE] made a good speech, I am glad he got to read it, but about all it did was to reiterate the fact that the Broomfield amendment is right.

The gentlemen from Michigan [Mr. BROOMFIELD] has been working on it a long time, and we ought to support his amendment. If there is any credit in it, I am willing to give it to him.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Since the gentleman referred to the gentleman from Michigan as having studied the subject for a long time—

Mr. HAYS. I also said you had studied it.

Mr. DERWINSKI. I thank the gentleman. As a student of the issue may I state that the Broomfield amendment does exactly what the House obviously wants to do, therefore the Conte amendment is not necessary, and I suggest that we adopt the Broomfield amendment.

Mr. HAYS. I thank the gentleman.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I would like to have somebody, I do not care whether on the right or left—perhaps my friend, the gentleman from Illinois [Mr. DERWINSKI], can answer a question. Let me read this provision in the Broomfield amendment:

No assistance shall be furnished under this act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100 million.

What is a productive enterprise?

Mr. DERWINSKI. If the gentleman wants a definition of the language he should have directed his question to the gentleman from New Jersey. The point here is the intention of the amendment, which is always the key. The intention of the amendment is to prohibit any participation in any development of any project where the total cost would exceed \$100 million.

Mr. GROSS. What the gentleman is saying is that the intention of this amendment is to go first to the Bokaro steel mill, and nothing else. That is because he cannot define what constitutes a productive enterprise in any other terms than the Bokaro steel mill.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS. "Productive enterprise," as I understand the amendment, is any enterprise which produces any usable article except hot air, and I do not mean this in any way to reflect on the distinguished gentleman from Iowa who is always succinct and to the point.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, will the gentleman from Iowa permit me, as I hope, an old friend of his, to make the observation that he is winning a victory and he does not realize it. Once having established this precedent, once having started it, we have set the stage for future practical amendments of this type.

Mr. GROSS. But I want to apply the same scrutiny to any other number of projects costing \$50 million and more—I want to apply the same rule to them.

Apparently no one wants to give me a definition of "productive enterprise,"

in relation to the Broomfield amendment.

Mr. HARSHA. Mr. Chairman, I rise in support of the amendment to the amendment, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HARSHA. Mr. Chairman, I had a similar amendment at the desk. While I support the Broomfield amendment I think it should be more specific and get directly to the core of the problem.

Mr. Chairman, my amendment and the amendment of the gentleman from Massachusetts are one and the same thing. It is aimed specifically at prohibiting the assistance of this Government in financing the construction of the contemplated Bokaro Steel plant in India. It says simply that no aid shall be furnished under this act for construction of a steel plant at Bokaro, India, or elsewhere in India.

As we all know, this proposed project would, in the final analysis, entail approximately a billion dollars. This money would be raised by taxing the citizens of this country together with the institutions of private enterprise to be used to construct a mill that would be owned and operated by the Indian Government in direct competition with private enterprise. This, in my opinion, would certainly enhance the cause of world socialism and is contrary to the best interests of this Nation and its taxpayers.

Tuesday, the steelworkers, through their union representative, were asking the President for help against steel imports—imports are now pouring in at rates of 5 million tons annually representing a loss of 37,700 full-time steelworkers' jobs. Yet, these same employees are going to be taxed to build a plant in India that conceivably will produce steel to compete against our own steel producers. Private enterprise cannot compete against a socialized plant particularly when it is financed with our money. Furthermore, our tax structure and high wage scale add to the burden of production costs. These facts, coupled with the fact that the cost of production under free enterprise includes the amortization of the investment outlay to construct a plant and such cost is seldom reflected in production costs of a socialized or government-owned plant, make it practically impossible to compete favorably against such a foreign competitor using extremely cheap labor. This is a bitter pill for the steelworkers and the steel industry to swallow, particularly when they realize their own tax dollars may be used to eliminate their jobs.

It is interesting to note that AID Director, David E. Bell, told the House Foreign Affairs Committee in April of this year, that India was 1 of the 10 nations that has produced substantial economic growth and adequate progress, limiting needs for external assistance.

India already has received one of the largest slices of U.S. foreign aid without the Bokaro plant and is presently seek-

ing a 3-year commitment from Western Powers for a military buildup estimated to entail one and one-third billion dollars in foreign exchange assistance, much of which will fall upon the United States. The well will soon run dry. It is interesting to note that while India is willing to accept our assistance with both hands, she is now reneging on an agreement to transmit Voice of America broadcasts to Southeast Asia even though we are furnishing the transmitting facilities. Obviously, India is willing to "receiveth but not giveth."

Furthermore, there are serious technical difficulties which as yet are not resolved to the satisfaction of some of us. As I understand it, United States Steel, the concern making the study as to the feasibility of the project, has indicated that insufficient consideration has been given so far to the availability of raw materials for the plant, and, further, has indicated that it would take 2 years or more to find a long-term solution. How ridiculous it would be to construct a plant that would have insufficient raw materials to serve the plant's requirements.

Mr. Chairman, to emphasize this point, I quote directly from the report of AID of March 1963:

It became apparent to us at an early stage in our investigation that wholly insufficient consideration was being given to the raw materials aspect of the Bokaro project. This deficiency appears to be due primarily to the fact that present plans are for the three principal raw materials to be supplied by three separate government entities. No individual or group with overall steelmaking raw materials experience has been made responsible for coordinating Bokaro's raw materials program. We do not believe that any modern integrated steel project should be undertaken today in any country without such coordination of raw materials planning.

Other problems facing the feasibility of the project are inadequately trained personnel to operate the plant. Some 5,400 employees would have to be specifically trained to operate the plant. This would require additional expenditures.

Other costs involved would be for the construction of a dam and canal to Bokaro, a town would have to be constructed together with adequate power facilities. The United States Steel study stated:

Unless transportation, power, and water facilities are available in accordance with the assumptions made in this report, the operation and economic success of a Bokaro steel plant would be seriously affected.

The facts are that adequate power, water, and transportation facilities and labor supply are not available at this time.

Here again, Mr. Chairman, I would like to call my colleagues' attention to the report which states that a successful plant at Bokaro requires that: First, qualified personnel, Indian and American, be assured; second, supplies of important raw materials be available and brought under ownership control of Bokaro management; third, provision be made for (a) adequate rail transport, (b) adequate supplies of power and water, (c) expansion of coal mining

and washing facilities, (d) adequate area highways, and (e) a townsite to support both laborers and managers.

The report further says:

The Bokaro area has virtually no useful labor supply except in lowest categories. It is rural, remote and poorly served by transport facilities. It is unattractive to the great majority of potential Indian employees, who would come from elsewhere. "The situation is even worse as regards American employees * * * and would make it difficult to attract good expatriate personnel." Thus a nearby townsite must be built and operated, including medical, recreational, educational and shopping facilities, transport to and from the plant, and better access to the outside.

While these are compelling reasons in my judgment why the loan should not be made, the most compelling reason is our unfavorable balance-of-payments situation.

As we all well know, our balance-of-payments deficit ran considerably more than a billion dollars for the second quarter of this year—Department of Commerce figures. At this rate, our balance-of-payments deficit could reach an alltime high. I realize the administration has offered suggestions and measures to halt this outflow of our gold, and for that I commend the administration. The fact remains that the outflow has not halted and unless there is some drastic change, I fear the only solution is to devalue the dollar. We can say what we may about the balance-of-payments deficit, but we all know it is directly related to our largess. Excessive foreign aid is one of the reasons we have this unfavorable balance of payments and unless it is curtailed, the situation will become aggravated instead of alleviated.

We are already tottering on the brink of technical bankruptcy and repudiation. The stability of the dollar is threatened. The arithmetic is simple and unassailable.

Under existing Federal Reserve legislation, \$12.3 billion in gold is required to support our internal currency and credit structure. An additional \$500 million is required under recent legislation replacing outstanding silver certificates with Federal Reserve notes. This makes a total reserve requirement of \$12.8 billion in gold. The total gold stock is now \$15.6 billion, thus leaving free reserves of around \$2.8 billion. But these so-called free reserves are not actually free.

Chargeable against this gold reserve is some \$25.3 billion in short-term credits now in the hands of foreign governments. These short-term credits are redeemable from our gold supplies or reserves. Should foreigners continue to call our gold—as I said we lost more than \$1 billion during the second quarter of this year—the demand could not be met. The structure of the free world currency is built around the dollar. If this fails, chaos results. The situation is very grave.

This project is certainly one that would adversely affect the outflow of gold and the deficit in our balance of payments. Congress could stem this outflow by restricting this unnecessary, unjustified venture.

This country simply doesn't have the billion dollars to put into this project.

I urge the adoption of the amendment to the amendment.

Mr. BARRY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will not take the 5 minutes, but I wish to say to the Committee I was one of the members of the Committee on Foreign Affairs who in committee voted against the Broomfield amendment. The reason I voted against the Broomfield amendment was because it was specifically at that time directed against the Bokaro plant, and I did not want to be in a position of putting my name on a matter of such great consequence to a country that looks upon the Bokaro steel plant as a prestigious event, insofar as their future is concerned. The Russians have given them a steel mill. They are looking to us and they want assistance in this regard.

The last point I wish to make is that I now support the Broomfield amendment. I think it would be a great mistake to vote for the amendment offered by the gentleman from Massachusetts.

Finally, Mr. Chairman, I want to say that the amendment offered by the gentleman from Iowa would again subject the Congress to the many, many attempts as in the past to the kind of lobbying we suffered under the Philippine bill. That should be testimony enough as to why we should vote down the amendment offered by the gentleman from Iowa.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the distinguished Speaker of the House, the gentleman from Massachusetts [Mr. McCormack].

Mr. McCORMACK. Mr. Chairman, without regard to the question of how any Member feels with respect to the Broomfield amendment or the Gross amendment, certainly, it seems to me that on the Conte amendment the adoption of that amendment would be most unwise. I think it is unwise to pick out and name a particular country. I doubt if the situation was reversed, where legislation of this kind was pending before the legislative body of some other country, and if we were in the position of India, that we would feel pleased and happy if the United States was specifically named in this way. So without regard to the \$50 million or the \$100 million amendments, it seems to me that the Conte amendment, no matter what our party affiliation might be, but so far as our country is concerned, we would be directly injecting ourselves into another country and it would be offensive to that other country. As between the Gross amendment and the Broomfield amendment, we are accepting the Broomfield amendment, without reservation, not for the purpose of then voting against it but to accept the amendment that has been worked out as a very happy compromise.

I join with the chairman of the committee, with the gentleman from New York [Mr. BARRY], and with other Members in urging the defeat of the Conte amendment for the specific reason I

mentioned, as well as the defeat of the Gross amendment, because I think the Broomfield amendment is a fair adjustment between the membership of the committee and the leadership on both sides.

Mr. BARRY. Mr. Chairman, I yield to the gentleman from Michigan [Mr. BROOMFIELD], the author of the amendment.

Mr. BROOMFIELD. Mr. Chairman, I would merely like to comment and thank the Speaker very much for his observations, and also to point out it is very obvious no one here in the House can say whether India deserves a steel mill at the present time. The United States Steel report was inconclusive after 2 years of investigation. The AID agency made it very plain that they are not ready to make a judgment. What we are really doing is deferring the thing and giving Congress an opportunity to review it in another year. I hope we can stay with the amendment, because it is a sound approach to the problem.

Mr. PUCINSKI. Mr. Chairman, I move to strike out the necessary number of words.

Mr. Chairman, I have sat here now for 3 days listening to debate on this very important bill. I think that the Members who participated have all made a very significant contribution. But it is obvious that even the members of the committee are divided on many proposals in the bill. We now have three amendments before us. We have the Broomfield amendment, the Gross amendment, and the Conte amendment; each representing different views. I think this has been a very stimulating experience we have had here in the last 3 days. But I do not think the American people are too deeply concerned as to whether or not we are going to adopt the Broomfield amendment, the Gross amendment, or the Conte amendment. I think that the average man on the street wants to know how much is all this going to cost. With this thought in mind, I think that we are somewhat in the wrong church and in the wrong pew on this debate. I shall vote for this bill. I shall support the authorization bill because it merely spells out the guidelines; the appropriation bill is yet to come. The President already has reduced the bill by \$450 million. The committee has trimmed it an additional \$400 million. If the Appropriations Subcommittee runs true to form, as it has during the last few years, it is reasonable to assume that there will be at least another additional \$1 billion cut in the appropriation for mutual assistance in 1964. This would mean that before final action is taken on the appropriation for foreign aid next year, we in the House will have cut the expenditure by almost \$2 billion.

I think many of the questions that have been debated and argued here today are going to be resolved only when we have an opportunity to vote on the appropriation measure. For that reason it is my hope that we can move along with this bill today and then get to the real issue before the American people; namely, what will it cost.

I have recently asked the people in my district whether they favor continuing military and economic assistance to our allies if we make sure that all of the waste has been eliminated. A majority said "Yes." Because the Appropriations Subcommittee headed by the gentleman from Louisiana [Mr. PASSMAN] has reduced previous appropriations by a billion dollars, I feel confident that if there is any waste in this bill the Appropriations Committee will take adequate steps to remove it. There are many good things in this bill. Our Nation's effort to shield South America from communism contained in this bill is worthy of our support. Our efforts to help our allies build up their economy, so they can resist communism is also worthy of our support. There are many other good provisions in this bill. But there are also some questionable projects which I am confident will be eliminated by the Appropriations Committee.

Therefore, let us move along with this measure.

Mr. MORGAN. Mr. Chairman, I see only one Member on the floor. I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am just as anxious to vote as anybody else and I know how I am going to vote. I would like to ask my colleague from New York who a few moments ago made a statement that we should give a steel mill to India because the Russians gave a steel mill to India. Is that correct?

Mr. BARRY. I am very glad you took the well to ask that question, because that was not my intention. I said that they, the Indians, are embarrassed that the Russians have given them a steel mill. They would like a steel mill from us. The Russian steel mill has been used as an effective propaganda weapon and the Soviets receive tremendous prestige from the steel produced from this mill. Since the Communist invasion of India's northern border, there has been a move in India away from Soviet influence toward the free world. The Bokaro steel mill has been depicted in India as the West's contribution to their steel requirements and has become a symbol of great consequence to Western prestige—whereas the feasibility reports have not justified a plant of the magnitude originally intended by some of its sponsors, the mill as finally constructed will be in keeping with the quantity and location of sufficient iron ore, coal, and limestone. I do not believe anyone in this House is now sufficiently qualified to finally determine the matter of the Bokaro plant, but I strongly oppose any amendment which singles out any one country's project for congressional approval. I do not however support the Broomfield amendment which postpones any final action during this fiscal year.

Mr. BECKER. Mr. Chairman, that about sums up what we have been talk-

ing about for 3 days, in my humble opinion.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. BECKER. I yield.

Mr. GAVIN. I just want to say that we have a lot of steel mills in Pennsylvania that are not operating. We might pick up one of them and send it over there.

Mr. BECKER. I was trying to get to this point for my good friends in Pennsylvania. But I wanted to say something like this. It is not my understanding that Russia ever gave India anything. It is my understanding that Russia loaned the money for a steel mill on a hard loan and that India is paying 6 or 7 percent interest on about a 10- or 12-year loan. They gave them nothing. But the gentleman is saying, to make logic, that we should give them a steel mill because Russia has loaned them the money to build a steel mill. That makes about as much sense as the bill makes.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. CONTE] to the amendment offered by the gentleman from Michigan [Mr. BROOMFIELD].

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Iowa [Mr. GROSS] to the amendment offered by the gentleman from Michigan [Mr. BROOMFIELD].

The substitute amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BROOMFIELD].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: Page 16, line 8, strike out the quotation marks and immediately after line 8 insert the following: "(k) No assistance shall be provided under this Act after December 31, 1964, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1)."

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this is a version of an amendment offered to the Foreign Affairs Committee. It is the third in a series of private-enterprise amendments which I have previously mentioned. The two previous ones have been adopted. I would hope that this one might also be.

Mr. Chairman, this amendment to section 620 would suspend aid to any underdeveloped country which failed by December 31, 1964, to enter into an agreement with the President to institute the investment guarantee program cov-

ering the specific risks of expropriation and inconvertibility.

When this amendment was first offered to the Committee it also included a third risk, that is of war. This is no longer in the proposal.

Mr. Chairman, the investment guarantee program is one designed to help the countries which sign these investment guarantee agreements. Fifty-three countries have now signed those with respect to the two matters that I have discussed; that is, expropriation and inconvertibility. If this amendment is adopted, after December 31 of next year—not this year—any country, any less-developed country, which did not have such an investment guarantee program initiated—that means started in any way whatsoever—would not be eligible for aid. When these countries sign these investment guarantees they make it much more attractive for U.S. private money to come into them. Thus this would aid their own industry and their own economy generally. That is the reason I say that this a measure which would be for the benefit of these countries which would agree to such investment guarantee program.

I fear that those countries which have not yet signed investment guarantee agreements have not done so, because they have some reason to suspect that there will be expropriation or that inconvertibility will become a reality. If they sign these agreements, if they sign even the first preliminary document looking toward an agreement, then they would qualify for aid.

Mr. Chairman, I will say to the Committee that the preliminary documents of which I hold one in my hand here, are very simple and very brief. They are not at all complex. They simply show the willingness of the country to make it possible for our Government through the Investment Guaranty Agency to assure American businesses that go in there that they will be protected against these two risks.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Will the gentleman explain the reason why he took out the third risk, war?

Mr. ADAIR. Because there were a great many countries which have not signed agreements relating to that risk, because I thought it was unpredictable in its effect, and because I felt that the two risks which are now covered are adequate. Hence, we would not ask these countries to guarantee against war or insurrection but we would ask that they make possible guarantees against expropriation and inconvertibility.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words to ask the gentleman from Indiana a few questions.

The gentleman knows the Clay Committee made a recommendation somewhat along this line?

Mr. ADAIR. I know that.

Mr. MORGAN. I do not think General Clay's recommendation went as far as your amendment; is that correct?

Mr. ADAIR. I think perhaps my amendment goes a little beyond the Clay Committee's recommendation, although they were not exactly specific. They said in effect, "we do not think aid should go to any country which did not make possible the investment guarantee program."

Mr. MORGAN. I want to say to the gentleman that I remember asking General Clay some questions, also the AID Director, and I want to quote from the hearings, as follows: I said this was discussed by Mr. Bell at the hearings.

Mr. Bell said he doubted that the Clay Committee meant the U.S. aid should be made conditional on the signing of an investment guarantee agreement.

Would you indicate what you meant by the statement in your report?

General CLAY. If we were in the negotiation stage with respect to obtaining such guarantee and had every reason to believe that the negotiations were proceeding normally, I don't think we should make it a condition. It might, in fact, defeat the negotiation. Where we have evidence, however, that such a negotiation is not going to succeed or has indeed been refused, then we think it is very doubtful if aid should be extended.

Mr. ADAIR. I will say to the gentleman I am aware of that statement and that is the reason the proposed amendment provides that if a country makes any beginning whatsoever they will qualify for aid. I think this meets the objections set forth by the chairman of the Committee on Foreign Affairs.

Mr. MORGAN. I thank the gentleman.

Mr. McDOWELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not opposed to the gentlemen's purpose as indicated by his amendment. He has used less developed and underdeveloped countries. I do not know why he limits it to this category of countries, and how he would suggest that the administrator could define less or underdeveloped countries.

Mr. ADAIR. If the gentleman will yield, I will say that phrase should be "less developed." That has been defined by the Presidential document which appeared in the Federal Register on the 29th of December of last year. I shall not quote it, but the President used the phrase "less developed countries." That is the reason we used the phrase, because the definition is here.

Mr. McDOWELL. Does the gentleman still feel it should apply to this category of country?

Mr. ADAIR. Yes, I do feel it should apply. In the first place, more developed countries have no use for it. Consequently, there might be a question in my mind as to its effect upon military aid given to more than developed countries. I would not want to limit it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ADAIR and Mr. GALLAGHER.

The Committee divided and the tellers

reported that there were—ayes 153, noes 150.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. CASEY

Mr. CASEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASEY: Page 16, line 8, strike out the quotation marks and immediately after line 8 insert the following:

"(k) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I will yield to the distinguished gentleman.

Mr. MORGAN. I want to say to the gentleman that I have examined his amendment, and I think already in the act under sections 201, 211, and 604 the program is required to consider the effect of the program on the U.S. economy. In section 622 we already require projects to the subject to American enterprise and 620(d) has a provision with regard to any enterprise which would compete in U.S. markets. I think there is flexibility in the gentleman's amendment. I accept the amendment.

Mr. CASEY. I certainly thank the chairman.

(Mr. CASEY asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. CASEY. Mr. Chairman, let us set the record straight on just how much this foreign aid program has benefited the American industry and worker.

Here is what foreign aid has done to just one plant in my district near Houston, Tex. More than 400 workers at Sheffield Steel have lost their jobs; one division of the plant is operating at 20 percent capacity, another at 50 percent. This is a direct result of the flood of cheap-made foreign steel from plants built with the American workers' tax money.

I submit, Mr. Chairman, with friends passing on benefits like this—we do not need any enemies.

The American people are asking how it has happened, and why it has happened. And I will tell you how and why: The Agency for International Development gives absolutely no consideration to our own industry before granting millions to build plants to compete against us. It is time this Congress forced AID to consider the impact upon us before using taxpayers' money to export American jobs. That is the purpose of my amendment. It is a simple amendment and to

the point. It allows the Executive ample latitude. But, for the first time, it forces the foreign aid boys to consider the impact of this program on our own people.

If there be any doubt about the need for this amendment, let me state emphatically that not only does AID fail to consider the impact upon our own domestic industry—but I am convinced little, if any, thought is given to world market conditions before the handouts are passed around.

This Agency cannot tell you today how many steel plants—pulp and paper mills—chemical plants—rubber plants—aluminum plants—or petroleum facilities it has built around the world.

It took me nearly 4 months to obtain a very incomplete listing of specific foreign industries and plants financed by the American taxpayer, and I want to cite a brief paragraph from the Library of Congress expert who finally compiled it:

The enumeration of total foreign aid to specific industries can be undertaken with only limited success * * *. The Agency itself does not compile aid figures according to industry or by name.

Well, let me tell my colleagues from the 37 States having steelmaking facilities that the tax money of your workers has been used to build or expand somewhere in the neighborhood of 179 foreign steel plants. It cost just about \$2 billion.

If I seem to bear down more on the plight of the steel industry, it is because it stands alongside the American oil industry, and the American textile industry, backed against the wall by the flood of foreign imports. And I tell every Member of this House that these three industries will soon be joined by a host of others as this foreign competition we have built tries to capture our own domestic markets.

Mr. Chairman, I think my colleagues will find most enlightening some brief statistics on the number of plants we have built under foreign aid: Since 1945, we have built, modernized or expanded 179 foreign steel plants. In the past 5 years, look at the aid given the following foreign industries: Pulp and paper—31 plants built or expanded. Chemical plants—24 plants built or expanded. Aluminum—13 plants built or expanded. Rubber—22 plants built or expanded. Petroleum—27 loans or grants for studies or to build plants.

Every Member of this body knows the plight of the American textile industry—of plants shut down and workers unemployed—overwhelmed by a flood of cheap-made foreign imports. I leave it to my colleagues most concerned to make a case for this particular crippled industry.

But let us examine two industries I am personally familiar with, and whose workers pump tax money in the AID horn of plenty:

The United States, in 1950, had 46 percent of the world's steel production. Now it has 25 percent. In 1950, we had 17 percent of the world's steel market—and for the past 3 years, it has been down less than 6 percent. Today, our steel mills are operating at 55 percent of their capacity.

The dumping of foreign steel has crippled the wire and rod production in this country, and has captured some 30 percent of the domestic market. Both labor and management officials of this great industry just met with President Kennedy, begging for help to compete against foreign steel dumping in the United States.

What they should have pleaded for is a prohibition against building any more steel plants under the foreign aid program to compete against them in the world market, and here at home.

A friend at Sheffield's plant wrote that "what scares me is the influx of foreign plate which is our bread-and-butter product. For example, it is alarming to note the continuing rise of Mexican steel plates imported into the United States—from 65 tons in 1960 to 12,000 tons in 1962, and for the first 5 months of this year, the total was 21,000 tons."

Well, whose tax money do you think built the 22 Mexican steel mills under our aid program? This is a grim picture faced by one of our basic industries.

But let us look at the pulp and paper industry, and you will see what I mean about the foreign aid agency failing to consider world market conditions before building plants overseas.

The entire world produces 107 million tons of paper a year—and it consumes only 93 million tons. In Western Europe alone there is an excess capacity to produce pulp and paper that totals 3.5 million tons. Because of this, the Scandinavian paper industry has voluntarily curtailed production, and will continue to do so for another year or more. So what does AID do in the face of this? In 1961 we built or expanded paper plants in Finland, Israel, Greece, Egypt, and Communist Yugoslavia. Why?

One of my good friends is president of one of our leading paper companies. I wrote him briefly on action I intended to take, and told him of the pulp and paper mills built around the world with tax money of himself and his employees. Let me read a brief part of his letter of reply:

I am astonished at the number of pulp and paper mills constructed overseas with U.S. dollars under the foreign aid program—each one of them to compete with and to absorb our natural markets. I knew that some had been built in this manner, financed by our tax dollars, but I am both amazed and dismayed at the number. I think what you have in mind undertaking is exemplary and urgently required.

This distinguished American executive stated emphatically that not only his own company—but the pulp and paper industry overall—has suffered from foreign competition. He points out that countries such as Finland—where we built three paper mills in the past 5 years—are diverting more of their own products to the United States because markets that Finland used to supply are now supplied by other plants we have built.

This, briefly, is the picture facing only two of our great industries as a direct result of the foreign aid program.

I do not think it necessary to point out the importance of the pulp and paper

industry to my colleagues from timber-producing States—nor is the plight of our domestic steel industry lost on my friends from iron ore- and coal-producing areas.

In summing up, let me again state that my amendment is not restrictive, it is not punitive. It merely holds this Agency's feet to the fire so that for the first time it will take into consideration the plight of our own plants and workers before it exports any more jobs abroad. I urge your support, and I submit for the enlightenment of my colleagues and their constituents the compilation on assistance furnished specific industries by the American taxpayer:

U.S. and international agencies aid to the steel industries of the world, 1945-63

EXPORT-IMPORT BANK CREDITS TO FOREIGN STEEL INDUSTRIES, 1945-63

Africa:	Amount authorized
Liberia:	
Liberia Mining Co., 1949.....	\$4,000,000
Liberia Iron Ore Ltd., 1960..	5,625,000
National Iron Ore Ltd., 1960.....	6,000,000
Liberian Amer-Swed Minerals, 1960.....	30,000,000
Asia:	
Japan:	
Fuji Iron & Steel Co., 1957..	10,300,000
Yawata Iron & Steel Co., 1957.....	26,000,000
Toyo Kohan Co., Ltd., 1958..	7,100,000
Toyo Kohan Co., Ltd., 1960..	3,000,000
Japan Steel & Tube Co., 1961.....	6,500,000
Fuji Iron and Steel Co., 1961.....	15,600,000
Sumimoto Metal, Inc., 1962..	8,100,000
Yawata Iron & Steel Co., 1962.....	26,000,000
Kawasaki Steel Corp., 1962..	18,500,000
Philippines:	
American Wire & Cable Co., 1957.....	98,000
Ysmael Steel Mfg. Co., 1957..	68,000
Jacinto Steel, Inc., 1958.....	58,000
Central Bank of Philippines for steel mill construction, 1961.....	62,300,000
Turkey:	
Vulcan Iron Works, 1946....	5,341,014
Vulcan Iron Works, 1947....	2,521,469
Republic of Turkey, 1950....	681,563
Republic of Turkey, Karabuk Iron & Steel, 1959....	15,000,000
Canada:	
Steep Rock Mines, Ltd., 1948..	5,700,000
Europe:	
Austria: Oesterreichisch-Alpine, 1957.....	28,150,000
France:	
Union Sid du Nord, 1960....	1,036,000
Union Sid du Nord, 1960....	1,142,000
Union Sid du Nord, 1960....	3,536,000
Union Sid du Nord, 1961....	842,000
Germany: August Thyssen-Hutte, A.G., 1956.....	10,000,000
Italy:	
Instituto Mobiliare Italiano, 1947.....	9,000,000
Instituto Mobiliare Steel Mills:	
Alti Forni, 1947.....	3,634,000
Terni, 1947.....	1,350,000
Dalmine, 1947.....	1,300,000
Cornigliano, 1947.....	3,000,000
Equipment for steel mills, 1955.....	2,000,000
Equipment for steel mills, 1955.....	5,000,000
Equipment for auto and steel, 1956.....	10,000,000
Innocenti, S.P.A., 1956....	1,500,000
Equipment for steel mill, 1958.....	7,000,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

Europe—Continued	Amount authorized
Italy—Continued	
Blast furnace and rolling mill, 1958.....	\$6,500,000
Itatsider steel plant, 1962..	25,000,000
Spain:	
Union de Siderurgicas Asturians, S.A., 1958.....	6,800,000
Empresa Nacional, 1959.....	4,400,000
Empresa Nac Siderurgica, 1960.....	2,300,000
Empresa Nac Siderurgica, 1961.....	13,000,000
Altos Hornos Viscaya, 1961..	18,000,000
Empresa Nac Siderurgica, 1962.....	6,600,000
Yugoslavia: Government of Yugoslavia to purchase original U.S. steel mill equipment, 1961.....	15,000,000
Latin America:	
Argentina	
Soc Mixta Siderurgia, 1955..	60,000,000
Acinfer, SA, 1959.....	700,000
Socle Indus Argentina, Tubos Acero, 1959.....	1,710,000
Acindar Ind. Argentina Aceros, 1960.....	5,645,000
Dalmino, SAFTA, 1960.....	1,842,000
Soc. Ind. Argentina Tubos Ac., 1960.....	1,675,000
Industrias Puerto San Martin, 1958.....	90,000
Somisa, Steel Mill Equipment, 1960.....	12,000,000
Acinfer Ind. Arg. Acero SA, 1960.....	170,500
Acinfer Ind. Fundiciones SA, 1961.....	105,000
Ryrsa SAM Steel Shear, 1961.....	9,000
Est. Metalurgicos Santa Rosa, 1961.....	241,660
Dolmine SAFTA, Equipment, 1961.....	21,000
Acinfer Ind. Arg. Fundiciones, 1961.....	20,400
Tinigal SRL Equipment, 1961.....	5,000
Est. Metalurgicos Santa Rosa, 1962.....	91,700
Est. Metalurgicos Santa Rosa, 1962.....	225,900
Est. Metalurgicos Santa Rosa, 1962.....	100,600
Est. Metalurgicos Santa Rosa, 1962.....	127,100
Est. Metalurgicos Santa Rosa, 1962.....	26,200
Metalurgica Tandil, 1962....	114,500
Brazil:	
Cia Sid NAC, 1950.....	25,000,000
Cia Metalurgica Barbara, 1952.....	2,185,000
Cia Siderurgica Belgo, 1955..	780,440
Cia Sid NAC, 1956.....	35,000,000
Acos Villares AA, 1957.....	2,320,000
Soc Tecnica Fundicoes Gerais, 1957.....	2,558,000
Cia Vale Do Rio Doce SA, 1958.....	12,500,000
Chile:	
Corp. De Fomento Prod., 1951.....	58,000,000
Cia de Acero del Pacifico SA, 1956.....	3,550,000
Cia de Acero del Pacifico, 1957.....	16,000,000
Cia de Acero del Pacifico, 1960.....	15,574,000
Cia de Acero del Pacifico, 1962.....	8,300,000
Mexico:	
Cia Fundidora de F.Y.A. Monterrey, S.A., 1945.....	800,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

Latin America—Continued	Amount authorized
Mexico—Continued	
National Financiera S.A., 1951.....	\$5,000,000
Cia Fundidora de Fierroy, Acerode Monterrey S.A., 1952.....	4,500,000
National Financiera S.A., 1952.....	3,600,000
La Consolidada S.A., 1955..	662,000
Hojalata y Lamina S.A., 1955.....	2,055,000
Aceros de Chihuahua S.A., 1955.....	720,000
Cia Fundidora de Monterrey, 1956.....	46,500,000
National Financiera S.A., 1957.....	16,000,000
Altos Hornos de Mexico S.A., 1960.....	174,000
Aceros de Chihuahua S.A., 1960.....	550,000
Altos Hornos de Mexico S.A., 1960.....	1,479,000
Altos Hornos de Mexico S.A., 1960.....	443,850
Tubacero S.A., 1960.....	4,000,000
Altos Hornos de Mexico S.A., 1961.....	120,000
Manufacturas Metalicas MSA, 1961.....	113,500
Altos Hornos de Mexico S.A., 1961.....	290,000
Altos Hornos de Mexico S.A., 1961.....	345,000
Altos Hornos de Mexico S.A., 1961.....	51,886
Altos Hornos de Mexico S.A., 1962.....	1,850,000
Peru:	
Marcona Mining Co., 1953..	2,500,000
Marcona Mining Co., 1957..	10,000,000
Marcona Mining Co., 1961..	6,500,000
Marcona Mining Co., 1962..	6,000,000
Metalurgica Pervana, 1962..	1,950,000
Uruguay:	
Cinoca, S.A., 1961.....	65,500
Cinoca, S.A., 1961.....	35,000
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT LOANS FOR FOREIGN STEEL INDUSTRIES, 1946-63	
Asia:	
India:	
Indian Iron & Steel, 1952..	\$31,500,000
Indian Iron & Steel, 1956..	20,000,000
Tata Iron & Steel Co., 1956..	75,000,000
Tata Iron & Steel, 1957.....	32,500,000
Indian Iron & Steel, 1961..	19,500,000
Japan:	
Japan Development Bank:	
Yawata Plate Mill, 1955..	5,300,000
Yawata Steel Production, 1959.....	20,000,000
Kawasaki Strip Mill, 1956.....	20,000,000
Kawasaki Steel Production, 1958.....	8,000,000
Kawasaki Steel Production, 1960.....	6,000,000
Sumitomo Steel Production, 1958.....	33,000,000
Sumitomo Steel Production, 1960.....	7,000,000
Kobe Steel Production, 1958.....	10,000,000
Nippon Kokan Steel Production, 1958.....	22,000,000
Fuji Steel Production, 1959.....	24,000,000
Europe:	
Belgium: Equipment for steel and power industries, 1949..	16,000,000
France: Miferma, 1960.....	66,000,000
Luxembourg: Steel mill and railroad, 1947.....	12,000,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

INTERNATIONAL FINANCE CORPORATION LOANS TO FOREIGN STEEL INDUSTRIES, 1956-63	Amount authorized
Asia:	
India: Republic Forge Co., 1959.....	\$1,500,000
Pakistan: Steel Corp. of Pakistan, 1958.....	630,000
Latin America:	
Argentina: Acindar Industria Arg. de Aceros S.A., 1960..	3,660,000
Mexico:	
Compania Findidora de Fierro y Acero Monterrey, 1963.....	1,128,000
Tubos de Aceros de Mexico, 1963.....	400,000
Venezuela: Siderurgica Venesolana SA, 1960.....	500,000
EUROPEAN RECOVERY PROGRAM ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1949-51	
Europe:	
Austria:	
Vöest, Linz, 1949.....	\$2,887,000
Vöest, Linz, 1949.....	8,362,000
Vöest, Linz, 1950.....	2,169,000
Alpine Montan, 1949.....	4,147,000
Alpine Montan, 1949.....	3,346,000
Alpine Montan, 1950.....	4,208,000
Belgium:	
S.A. Metallurgique d'Esperance-Longdoz, Liege, 1949	2,329,000
S.A. Ongree Marihay, Ougree, 1950.....	2,866,000
Phenix Works, Flammale-Haute, 1949.....	3,148,000
France:	
Sollac, Hayange and Ebange, 1949.....	56,164,000
Usinor, Denain and Montataire, 1949.....	11,919,000
Sidelor, Bombas, 1949.....	1,301,000
Ste. Anonyme des Forges, Saar, 1950.....	2,038,000
Acieries de Longwy, Mont, St. Martin, 1950.....	2,094,000
J. J. Carnaud et Forges de Basse-Indre, 1949.....	1,959,000
Italy:	
Finisider, 1949.....	32,390,000
Fiat, Turin and Avigliana, 1949.....	7,408,000
Acciaierie e Ferriere, Milan, 1949.....	1,649,000
Acciaierie e Ferriere, Milan, 1950.....	4,502,000
Cantieri Metallurgici Italiani, 1949.....	2,131,000
Sisma, Villadossola, 1949..	2,538,000
Terni, Societa per L'Elettricitá, Terni, 1949.....	1,315,000
Recaelli, Rogorato, 1950....	1,067,000
Ilssa-Viola, Aosta Valley, 1949.....	1,569,000
Ferretubi, SPA, Milan, 1949	200,000
Netherlands: Royal Dutch Blast Furnace and Steel Co., 1949.....	14,935,000
Portugal: A. J. Oliveira Filhos Co., 1949.....	847,000
Spain: Sagunto Steel Plant, 1952.....	853,000
United Kingdom:	
Steel Co. of Wales, Ltd., 1949.....	25,373,000
Stewarts & Lloyds, Ltd., 1949.....	1,851,000
AID OR PREDECESSOR AGENCY ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1954-62	
Europe:	
Spain:	
Altos Hornos de Viscaya, 1954.....	\$4,460,000
Empresa Blast Furnace, 1954.....	3,100,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

Europe—Continued	Amount authorized
Yugoslavia: Sisak Iron Works, 1961.....	\$8,500,000
European Coal & Steel Community: Contribution to capitalization loan, 1954....	100,000,000
Far East:	
Republic of China:	
Ya Tung Tube Mill, 1955....	466,000
Tang Eng Ironworks, 1957....	229,000
Korea:	
Wire Rope Mfg. Co., 1956....	122,000
Chain Mfg. Co., 1956.....	111,000
Pusan Iron Works, 1955....	1,955,000
Near East and South Asia:	
India: Bokaro Steel Plant, 1962.....	750,000
Turkey: Eregli Steel Mill, 1959.....	129,600,000

FOREIGN STEEL INDUSTRIES ASSISTED FROM U.S.-OWNED FOREIGN CURRENCIES 1954-62

Europe:	
Austria:	
Steel mill, 1957, Public Law 480.....	\$1,346,000
Steel mill and tool manufacturing, 1958, Public Law 480.....	846,000
Steel and malleable foundry, 1958, Public Law 480....	577,000
Fabricated structural steel, 1957, Public Law 480.....	385,000
Yugoslavia: Niksic Iron Works, 1958, Public Law 480.....	5,610,000
Latin America:	
Brazil: Minas Gerais Steel Plant, 1961, Public Law 480..	6,831,000
Asia:	
India: Bokaro Steel Plant, 1962, Public Law 402.....	91,000

U.S. aid to specific foreign industries, 1958-62

PULP AND PAPER PLANTS	Amount of aid grants and loans
1958:	
Taiwan: Papermill expansion.....	\$162,000
Iceland: Wastepaper pulp equipment.....	2,000
Yugoslavia: Pulp and paper manufacturing equipment....	21,000
Israel: Paper plant.....	3,000,000
Finland: Wood pulp equipment.....	750,000
Argentina: Pulp and paper mill.....	7,600,000
Colombia: Papermill.....	5,700,000
Mexico: Pulp and papermill equipment.....	333,000
1959:	
Vietnam: Pulp plant.....	265,000
Yugoslavia: Processing pulp....	47,000
Argentina: Pulp mill expansion.....	2,220,000
Philippines: Pulp and papermill machinery.....	5,400,000
Colombia: Pulpmill machinery.....	180,000
1960:	
Finland: Pulp and paperboard machinery.....	2,056,000
Argentina: Pulp and papermill.....	9,190,000
Venezuela: Papermill machinery.....	198,000
Tanganyika: Pulp and papermill.....	6,250,000
Egypt: Pulpmill.....	6,700,000
Yugoslavia:	
Pulp and paper products machinery.....	54,000
Pulp and paper mill.....	3,093,000
South Africa: Pulp machinery.....	61,000
India: Pulp and paper mill.....	18,500,000

U.S. aid to specific foreign industries, 1958-62—Continued

	<i>Amount of aid grants and loans</i>
1960:	
Finland: newsprint machinery_	\$5, 203, 000
Israel: Pulp and paper ma- chinery-----	670, 000
Greece: Pulp machinery for fiberboard-----	2, 500, 000
Argentina: Pulp and paper machinery-----	80, 000
Colombia: Cellophane paper machinery-----	196, 000
Panama: Paper bag machinery_	17, 000
1962:	
Philippines: Pulp and paper mill machinery-----	100, 000
Egypt: Cellophane plant-----	3, 000, 000
Venezuela: Bagasse plant-----	1, 450, 000

PETROLEUM AND RELATED FACILITIES

1958:	
India:	
Oil and Gas Commission.....	41,000
Fuel Research Institute.....	25,000
Israel: Oil field conservation techniques.....	6,000
Taiwan:	
Petroleum refining.....	145,000
Petroleum products diversification.....	97,000
Bolivia: Ministry of Petroleum.....	83,000
Argentina: Petroleum asphalt plants.....	289,000
1959:	
India: Oil and Commission.....	12,000
Israel:	
Oil field conservation techniques.....	6,000
Petroleum facilities.....	367,000
Argentina: Petroleum asphalt plants.....	83,600
Spain: Petroleum production study.....	8,000
Panama: Petroleum regulations study.....	16,000
Greece: Petroleum facilities.....	500,000
1960:	
India: Oil and Gas Commission.....	42,000
Israel: Oil field conservation techniques.....	38,000
Panama: Petroleum laws study.....	1,000
Italy: Petroleum and chemical plant.....	2,890,000
Argentina: Petroleum asphalt plant.....	10,000
Pakistan: Petroleum gas treating plant.....	1,994,000
1961:	
India: Oil and Gas Commission.....	31,000
Israel: Oil field conservation techniques.....	6,000
Greece: Petroleum facilities.....	836,000
Finland: Petroleum facilities.....	1,750,000
Chile: Petroleum plants.....	34,500
1962:	
Colombia: Petroleum asphalt equipment.....	31,000
Greece: Petroleum facilities.....	570,000

CHEMICAL PLANTS

1958:	
Taiwan:	
Caustic soda.....	144,000
Urea plant.....	1,617,000
Japan: Chemical plant expansion.....	2,300,000
Mexico: Chemical production.....	460,000
1959:	
Taiwan: Urea plant expansion.....	189,000
India: Phosphorous plant.....	21,000
Korea: Soda ash plant.....	5,600,000
Columbia: Chemical plant facilities.....	460,000
Peru: Chemical plant.....	700,000

U.S. aid to specific foreign industries, 1958-62—Continued

	<i>Amount of aid grants and loans</i>
1960:	
Taiwan:	
Urea plant.....	\$1, 884, 000
Sulfuric acid plant.....	74, 000
Indonesia: Nitrogenous chem- ical plant.....	33, 200, 000
Argentina: Phenol plant.....	2, 000, 000
Mexico: Citric acid plant.....	800, 000
Israel: Chemical facilities....	258, 000
1961:	
Israel: Chemical plant.....	7, 150, 000
Mexico: Chemical plant equip- ment.....	58, 000
Peru: Chemical plant equip- ment.....	508, 300
Turkey: Chemical plant.....	2, 800, 000

1962:	
India: Chemical plant facilities.....	7,650,000
Japan: Ammonia and urea plant.....	800,000
Argentina: Chemical plant for synthetics.....	413,000
Chile: Sulfuric acid plant.....	95,000
Colombia: Chemical fertilizer plant.....	237,200

ALUMINUM PLANTS

1958:	
Taiwan: Aluminum plant modernization.....	672,000
Austria:	
Aluminum products plant.....	385,000
Aluminum plant.....	1,000,000
1959:	
Taiwan: Aluminum plant.....	1,350,000
Colombia: Aluminum plant facilities.....	400,000
1960:	
India:	
Aluminum reduction plant.....	13,650,000
Aluminum fabricating plant.....	5,000,000
Aluminum plant.....	2,000,000
Lebanon:	
Aluminum plant.....	400,000
Aluminum extrusion facilities.....	124,300
1961:	
Taiwan: Aluminum plant modernization.....	238,000
Philippines: Aluminum press.....	150,500
Mexico: Aluminum smelter.....	6,500,000

PLASTIC PLANTS

1958:	
Cuba: Plastic injection molders.....	14,000
1959:	
Argentina: Polyethylene plant.....	8,000,000
France: Plastic plant facilities.....	370,000
1960:	
Argentina: Plastic extrusion facilities.....	110,000
Yugoslavia: Plastics plant.....	23,000,000
1961:	
Argentina:	
Plastics plant equipment.....	9,000
Plastics products equipment.....	24,500
Korea: Plastics plant for fibers.....	3,200,000
Israel: Plastics equipment.....	80,000

RUBBER PLANTS

1958:	
Colombia: Rubber development.....	2,000
Peru: Rubber development.....	200,000
Latin America: Regional rubber development.....	600,000
Austria: Rubber plant equipment.....	769,000
1959:	
Guatemala: Rubber development.....	50,000
Latin America: Regional rubber development.....	400,000
Spain: Rubber plant.....	650,000

U.S. aid to specific foreign industries,
1958-62—Continued

	Amount of aid grants and loans
1959:	
Argentina: Rubber pneumatic plant.....	\$3,300,000
Guatemala: Rubber plant.....	5,000,000
Israel: Rubber plant facilities..	457,000
1960:	
Guatemala: Rubber develop- ment.....	156,000
Peru: Rubber development.....	199,000
India: Rubber plant.....	4,500,000
1961:	
Guatemala: Rubber develop- ment.....	180,000

U.S. aid to specific foreign industries,
1958-62—Continued

	Amount of aid grants and loans
1961:	
Peru: Rubber development.....	\$20,000
Turkey: Rubber plant.....	4,000,000
India: Rubber plant.....	8,000,000
1962:	
Guatemala: Rubber develop- ment.....	26,000
Brazil: Synthetic rubber plant..	3,400,000
Turkey: Rubber plant.....	3,125,000
India:	
Rubber equipment.....	500,000
Synthetic rubber plant.....	3,000,000

Hourly employment costs—American versus foreign steel industries

Country	Hourly employ- ment costs ¹		Increase 1961 over 1952		Foreign as Percent of United States	
	1952	1961	Cents	Percent	1952	1961
Luxembourg.....	\$0.98	\$1.47	\$0.49	50	42	37
Belgium.....	.82	1.26	.44	54	35	32
France.....	.72	1.11	.39	54	31	28
West Germany.....	.69	1.37	.68	99	30	34
Italy.....	.64	1.04	.40	63	27	26
Netherlands.....	.53	1.40	.87	164	23	35
European Coal and Steel Community aver- age.....	.72	1.25	.53	74	31	31
Japan.....	.32	.63	.31	97	14	16
United States.....	2.32	3.99	1.67	72	100	100

¹ Sources: 1952-60 data, Information Statistique; 1961 data, Siderurgie; 1962, No. 5 and 6, European Coal and Steel Community; Japan Iron and Steel Federation; and American Iron and Steel Institute.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. CASEY].

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. KELLY

Mrs. KELLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. KELLY: Page 16, line 8, strike out the quotation marks and immediately after line 8, insert the following:

"(k) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

Mrs. KELLY. Mr. Chairman, I am offering an amendment to section 620 of the Foreign Assistance Act, as amended, relating to inspections. The amendment is very simple.

It states that no assistance shall be furnished under sections 201, 211, or 251 of the Foreign Assistance Act to any country which does not permit our Government to review and inspect the utilization of our aid. The amendment further directs the President to establish such procedures as he deems necessary to implement this proposal.

This is not an unusual requirement. We already have, in section 506(a) (3) of the act a provision which relates to the inspection of military assistance furnished on a grant basis.

My amendment would apply a similar requirement to economic development grants and loans and to the Alliance for Progress.

Many of the loan and aid agreements entered into by the Agency for Interna-

tional Development with foreign countries already provide for U.S. inspection and review of aid projects. This, however, is not an overall policy followed by our Government in every instance.

What I want to do is to bring some uniformity to the administration of foreign aid and to strengthen the program by making it apply across the board.

I would like to stress two things about my amendment. First, the amendment applies only to development loans, development grants, and the Alliance for Progress. It does not apply to supporting assistance, the contingency fund, and certain technical assistance projects.

And second, the amendment gives the President ample discretionary authority. It leaves it up to the President to determine what procedures are necessary to assure proper inspection—and proper utilization—of our aid. The amendment does not bind the President to any particular set of standards or requirements. It does, however, serve notice on the President, and all foreign countries receiving our aid, that the Congress expects our assistance to be checked carefully, and to be used only for the purpose for which it is given.

Mr. Chairman, the need for the adoption of this amendment was underlined in a report which I received recently from the Comptroller General of the United States. The Comptroller General said, in part—and I would like to quote:

Although we have been able to resolve satisfactorily the difficulties we have encountered in auditing foreign aid programs, it is to be noted that recipient countries are not required, as a condition to receiving economic and technical assistance grants and loans, to permit observation and review by, or furnish information to, U.S. representatives. Enactment of such a requirement would make it clear that recipient countries are expected to grant the right of observation and review to U.S. representatives.

Mr. Chairman, I believe that the Comptroller General's recommendations speak for themselves. I think this is a reasonable amendment and that it will strengthen the administration of the foreign assistance program. I strongly urge its adoption.

Mr. MORGAN. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. Yes.

Mr. MORGAN. This amendment, of course, was discussed in committee. It lost in committee by a tie vote. I supported the amendment of the gentlewoman in committee. I have consulted members of the committee who opposed it before, and I see no objection to the adoption of the amendment.

Mrs. KELLY. I thank the Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York [Mrs. KELLY].

The amendment was agreed to.

[Mr. O'HARA of Illinois addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HALPERN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I fully agree and heartily support the provisions contained in subsection (i) of this section and commend the committee for including it in its bill. I particularly want to compliment the able gentleman from New York [Mr. FARBERSTEIN], a member of the committee, for his tireless and effective work in developing this provision. And I wish to compliment the distinguished gentleman from California [Mr. ROOSEVELT] for his outstanding activity in the area this subsection covers.

The subsection, in substance, is a forthright, clear, declaration that we do not like any nation receiving our aid for economic development to divert its own resources for a military buildup for aggressive action against us or any other recipient of our aid. It is more than a guideline—more than a sense of Congress. It is a mandate that we must insist be fulfilled.

There is no question in my mind—and I doubt there is any in the committee's—that this provision is immediately applicable to the United Arab Republic, one of the most vicious violators of the principles and ideals of our economic assistance programs.

Mr. Chairman, I would like at this point to ask the Chairman of the committee an extremely pertinent question. Is it the intention of the committee that this subsection apply directly to the United Arab Republic?

Mr. MORGAN. Yes, I think the amendment covers the United Arab Republic.

Mr. HALPERN. Is it just a question of thinking that it does, or does it actually apply?

Mr. MORGAN. It covers the United Arab Republic.

Mr. HALPERN. It is important that this be set forth clearly in the RECORD and I am pleased that the legislative history is definitely established on the subsection's objective lest there is any question whether it strikes directly at the United Arab Republic.

Nasser has flaunted our aid. He has made a mockery of the program, thereby weakening its highly purposeful and effective objectives elsewhere.

I would prefer, Mr. Chairman, to have the language in this act specifically single out the United Arab Republic to be denied any aid whatsoever. I can also see the desirable purpose, however, in spelling out in the act an ever-present vital standard for all nations for determining qualification for our aid.

That is just what this amendment does. Its language does not equivocate. Heretofore, the closest to it that we could get, is the acceptance of the principle by amendment to the act's guidelines or sense of Congress expressions.

Last year the Congress did set forth its sense in the form of clear guidelines—Keating-Halpern amendment—which, in substance, is commendably retained in section 102 of this bill. They are now complemented and strengthened by this new subsection.

In themselves, Mr. Chairman, the guidelines in the bill—although the intent is the same—obviously are not sufficient. Last year, as I mentioned, we had strong sense of Congress language. This should have been enough to cut off aid to Nasser's United Arab Republic. The language certainly applied to that country. But, what happened?

I will tell you, Mr. Chairman. We gave even more aid to Nasser and his United Arab Republic—even in the face of worse abuses by his regime than heretofore—and of his even more extreme threats to the peace—financed indirectly by the American taxpayer. How ridiculous can a situation get?

Hence, it is obvious, a sense of Congress expression, in itself, is not strong enough. We need forthright language; so there can be no question of interpretation—and I believe this provision adequately does just that. But, when enacted we must see to it, each and every one of us who are concerned with international law, morality and justice, that it is fully implemented and that aid to the United Arab Republic is cut off forthwith.

I call on the President, immediately on the enactment of this legislation, to make a clear-cut determination and to fulfill the objective of the provision.

As stated in the Committee's report and stipulated in the legislative intent just expressed on the floor of this House, it clearly applies to Nasser—and there should be no delay in applying it.

For, what nation is more in violation of this subsection than the United Arab Republic?

What nation has more avowedly declared its objective of totally annihilating a neighboring state by force?

What nation receiving our aid is spending more for arms, for missiles, for an offensive war machine than Nasser's United Arab Republic?

Nasser has ruthlessly violated international law. He has defied resolutions of the United Nations, ignored treaty obligations, and agreements with other countries including the United States. He has perpetrated intrigues and revolutions in neighboring states, threatened the total annihilation of Israel. He

has proliferated the rocket race with development of offensive missiles, waged discriminatory blockades and boycotts—affecting even American citizens and American businesses; exploited American assistance by diverting his own funds, for the purchase of mammoth Soviet arms. He has expropriated the properties of Americans and others; he has extolled Castro's Cuba and Communist China.

Let me show you how Nasser—this master of subversion, intrigue, hate, and tyranny—has made a farce of our aid program; how he has exploited it; how he has perverted its purpose.

Since 1946—and including the projected program—Nasser will have received over a billion dollars of American economic assistance. Last year, alone, we gave him over \$200 million. He spent that much and more in the same year in purchasing arms from the Sino-Soviet bloc. Imagine that. We put the dollars into his right pocket and he takes other money out of his left pocket to pay the Russians.

While we subsidize the United Arab Republic's domestic economy, Nasser has spent a sum reliably estimated at a figure at least \$1.4 billion in the period from 1961 to 1963 for Soviet arms and other military expenditures. Just think, a billion and a half dollars for military spending from an economically underdeveloped nation.

The United Arab Republic, depending on the American taxpayer for food, has spent more of its gross national product for military requirements than the United States.

I will give you a reliable breakdown of his military expenditures in the period of 1961 to 1963 and let you determine if a so-called neutralist state, threatened by no one, needs to divert such sums from its peaceful development and human needs. We have helped pick up the tab for the following. A new Soviet arms deal, just reported, approximately \$400 million: domestic missile production, \$250 million; upkeep for military establishment, \$600 million; military intervention in Yemen, \$100 million; subversion and assassination expenses in neighboring states, \$50 million. And, let me ask for what purpose an undeveloped nation needs 15 submarines, multistage rockets, and the latest Soviet jet bombers.

All this certainly leaves no question of his aggressive military buildup. Nasser's warmongering and subversion in the Middle East is the most obvious thing in the world. He even boasts about his designs in Israel.

As recently as this very month, less than 2 weeks ago, in a speech to his troops on August 12, he openly vowed the total destruction of Israel.

Direct reports from Iran, which I put in the RECORD only this Tuesday, tell how Nasser is financing agitation in that country to foment revolution against the Shah.

Nasser continues to ignore the Security Council resolution of June 11, 1963, to withdraw forces in Yemen. He has similarly defied the prior agreement of April 8, 1963, with the Secretary General of the United Nations and the King-

dom of Saudi Arabia. He also broke his word with the United States through misrepresentations that he would withdraw forces in exchange for our recognition of his Yemen puppet government.

This is only part of the story, Mr. Chairman. But, it is obviously sufficient to point to Nasser's unquestioned disqualification for aid under this section.

There are many other reasons that should, in themselves, suffice to cut off aid to Nasser beyond his unquestionable flagrant military aggression that this provision covers. As if this were not enough, there are other guidelines in this bill that fully cover them.

The August 1 issue of the New York Times tells of Nasser's nationalization of 500 companies including some American-owned firms.

He boastfully defies the United Nations resolution on freedom of passage for all shipping through the Suez Canal. He denies transit not only to Israeli ships but even bars and harasses American ships trading with Israel.

Cairo radio, subsidized in part by American funds spews anti-American hate and espouses the cause of Castro's Cuba and Communist China.

We partially finance the newsprint used by Egypt's government-controlled press. Yet, the very paper our dollars pay for, prints vicious attacks on the United States, calling us imperialists and exploiters.

In recent United Nations General Assembly sessions Nasser voted with the Soviet Union 37 times on key votes. But, listen to this—he voted only 4 times with the United States—4 out of 41.

Yes, Mr. Chairman, there is no question of interpretation here. The language is clear. Nasser's activities are clear. We can no longer remain as passive and inscrutable as the Sphinx, while Nasser sells us down the Nile. We should cut Nasser off forthwith until he can abide with international morality and the requirements of peace.

I fervently plea that this provision will be fully and immediately implemented.

Mr. FARBSTEN. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield.

Mr. FARBSTEN. Mr. Chairman, I want to compliment the distinguished gentleman from New York [Mr. HALPERN]. I want to say I am in full accord with his views. I think it is appropriate for me to say that this amendment to the bill was hammered out in the committee on a nonpartisan basis and that aid was given by the Republican members of the committee as well as the Democrats. So I think if there is any benefit to be obtained we all may share in it.

Mr. Chairman, I want to say one further word and that is that Egypt is a destructive force in the Near East, that she is trying to subvert the governments of many of the countries in the area, some of whom are our friends and some of whom are neutralist. As a result of her destructive efforts it has become necessary for her to divert so much of her cotton from the purchase of foodstuffs to the purchase of arms from Russia that we are now constrained to feed one-third of her population. In addition to her threats against Israel, Egypt has permit-

ted Soviet technicians numbering thousands to remain in Yemen despite her agreeing not to do so. I urge the President to pay heed to the language of the bill referring to the foregoing. I am pleased at this time to join with the gentleman in his statement.

Mr. HALPERN. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. HAYS. I object.

The CHAIRMAN. Objection is heard.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. ROOSEVELT. Mr. Chairman, I regret we reach this part of the bill so late in the evening. Nothing however can detract from the importance of that section of the committee report on page 5 entitled "Situation in the Near East." It makes excellent, clear policy which most of us can and do agree with. If the executive will follow this policy war in the Near East probably would be prevented. It would implement paragraph (I) of section 306 of this bill. I hope many of my colleagues will take the trouble to contact the Executive and express support of the committee views and the intent of the House. The wisdom of the committee, if put into practice, could activate the cause of peace for the whole world, not just the Near East or any one country. I shall personally hope to be of some help in this vital purpose.

AMENDMENT OFFERED BY MR. STINSON

Mr. STINSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STINSON: Page 16, line 8, strike out the quotation marks and immediately after line 8 insert the following:

"(k) No assistance shall be furnished under this Act to any country which receives weapons from any Communist country. For the purposes of this subsection, the term 'Communist country' shall include, but shall not be limited to, the countries specified in subsection (f) of this section. The restriction contained in this subsection may not be waived pursuant to any authority contained in this Act."

(Mr. STINSON asked and was given permission to revise and extend his remarks.)

Mr. STINSON. Mr. Chairman, the United States is currently giving foreign aid to nations which are spending part of their own meager resources for the purchases of military equipment from the Communist bloc. Such a practice has adverse effect on the national security of the United States in the following ways: In the first place, because of the balance-of-payments problems which face this country, and because of the gold outflow and monetary stability problems, items in the foreign assistance program must really be vital in order to be justified. A nation which can spend its resources on the purchases of unnecessary military equipment from Communist countries is not, in my opinion, in need of American dollars—especially when those dollars free financial resources which are then transmitted to the Soviet Union.

My second point is that this practice seems to be indirectly supporting the balance of payments of the Soviet Union. Russia has a similar problem to ours, namely, earning enough foreign exchange to support its economic and military activities in the field against its enemy. That we, their enemy, should aid the Soviets in the solution of this problem, whether directly or indirectly, is more ironical than I, for one, can tolerate.

There are even greater potential problems which continuance of this practice may bring. One of the nations which is currently purchasing armaments from Communist bloc countries is the United Arab Republic. It is estimated that from 1961 through 1964 the United Arab Republic has contracted over \$300 million worth of armaments from the Soviet Union. If economic conditions in Egypt are bad enough to justify American aid, why has this tremendous amount been spent on arms which are unneeded for defense? The reason which justifies Nasser, of course, should not be the same reason which justifies American aid to him and his design for a new socialistic force in the Mideast.

Let us be frank, if the United Arab Republic and Israel go to war, only the Soviet Union will profit from the resulting misery and chaos. Therefore, it would be necessary for the United States to intervene to prevent the Soviets from realizing this advantage. In this case, how can the Congress justify, and approve of assistance to the United Arab Republic when that country is making such heavy arms purchases from the Soviet Union? In my opinion, it cannot—but the Congress can, if it prohibits aid to such a nation which purchases arms from the Communist bloc, perhaps force that nation to curtail its arms purchases.

The most glaring example of this practice is the case of Indonesia. This nation, in which the United States has spent almost \$700 million to bolster its economy, has indebted itself to the Soviet Union through military purchases to the extent of well over a billion dollars. No observer pretends that these expenditures are for defense, that they are necessary to maintain Indonesia's independence against a Soviet or Red Chinese threat.

Clearly they are to support Sukarno's imperialistic adventures in southeastern Asia. If Indonesia can spend over a billion dollars to buy unnecessary military equipment, what possible justification can there be for continued U.S. economic assistance? Fortunately, the committee has seen fit to effect some curtailment against Indonesia in this year's bill.

Other situations similar to these in the Near East and Indonesia can rapidly develop if we continue on our present course.

Other nations that are purchasing armaments from Communist countries which are receiving some form of American foreign aid include; Afghanistan, Algeria, Ghana, Guinea, India, Iraq, Mali, and Morocco. If the Congress

would adopt this amendment, I believe that very soon most of these nations would stop their arms purchases from the Communist countries. Naturally they are not interested in having their supply of American dollars cutoff.

Mr. Chairman, I just cannot believe that the American taxpayers want their hard earned tax dollars to eventually end up in Communist treasuries in payment for Communist weapons.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the pending amendment. This is not a simple amendment, and in the interest of time I would like to state one of the things it would do. It would immediately cut off all assistance to India; it would throw them completely at the mercy of an invasion from China. It would also immediately cut off all assistance to Laos. It would throw all of these countries and many others, a long list of them, immediately into the arms of the Communists. I am sure the gentleman is against communism, and this is aiding and abetting that area.

Mr. STINSON. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Washington.

Mr. STINSON. What this amendment would do is very simple; it would stop these countries that I listed from buying arms from Communist countries.

Mr. GALLAGHER. No, that is not true. India has built up certain credits with the Soviet Union. That is the only way they can make use of these credits. The Soviet Union has been supplying materials to the Indians to prevent a threat from the Chinese. The gentleman would not like to encourage that.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. If we had a regime that was switching over to our side by means of some long-term contract agreements where there would be purchases under long-term contracts, it would also cut off countries that are coming our way?

Mr. GALLAGHER. Yes; that is the long-range effect of the amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. It seems to me the gentleman points out the nature of the problem we would be taking if we would deprive ourselves of the possibility of giving aid to a country which is one of the biggest in the world. She is receiving aid up to this time, and we would be very shortsighted, so far as our own security is concerned, not to try to keep her from going into the Communist bloc. As one of the alternatives she could come back into our good graces by stopping purchases from the Soviets. The other alternative would be she would be thrown into their arms. I think it would be a great mistake to make it obligatory for us to stop providing them with assistance.

Mr. GALLAGHER. The gentleman is absolutely correct.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to our distinguished Speaker.

Mr. McCORMACK. I want to make a short observation on this particular amendment. I realize the gentleman from Washington did not intend it, but if this amendment is adopted, in my opinion it will be decidedly against the national interests of the United States.

Mr. GALLAGHER. I thank the Speaker.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. STINSON].

The amendment was rejected.

The Clerk read as follows:

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 307. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (a)(2) strike out "two shall have the rank of Deputy Under Secretaries" and substitute "one shall have the rank of Deputy Under Secretary".

(2) In subsection (a)(3) strike out "nine" and substitute "ten".

(3) In subsection (b) strike out "paragraphs (2) and" and substitute "paragraph".

(b) Amend section 626(b), which relates to experts, consultants, and retired officers, as follows:

(1) Strike out the entire first sentence.

(2) In the second sentence strike out "Nor shall such service" and substitute "Service of an individual as an expert or consultant under subsection (a) of this section shall not".

(c) In section 631, which relates to missions and staffs abroad, add the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor Committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such persons may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

(d) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(e) Amend section 363, which relates to provisions on uses of funds, by adding at the end thereof the following new subsection:

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

(f) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$54,000,000", respectively.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 308. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 309. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

Mr. MORGAN (interrupting the reading of the bill). Mr. Chairman, as far as I know, there are only two pending amendments to the rest of the bill. There may be more on the Speaker's desk. I wonder if we can get unanimous consent that the rest of the bill be considered as read and open to amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. HALLECK. Reserving the right to object, Mr. Chairman, how long will it take to read the rest of the bill? We have been here this long, we might as well read the rest of the bill.

The CHAIRMAN. Does the gentleman from Indiana object?

Mr. HALLECK. I object, Mr. Chairman.

AMENDMENT OFFERED BY MR. DOLE

Mr. DOLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOLE: Page 19, after line 16, insert the following:

"SEC. 310. The Foreign Assistance Act of 1961, is amended by adding at the end thereof the following new section:

"SEC. 648. Notwithstanding any other provision of this or any other Act, none of the funds available to carry out the provisions of this Act, shall be expended until the following question be submitted to qualified electors in a National Referendum.

"Shall the United States continue the Foreign Assistance Act of 1961, or any amendments thereto, subsequent to June 30, 1964?"

"A majority of eligible voters voting affirmatively shall be necessary before the Foreign Assistance Act of 1961, and any amendments thereto, shall be operative. The cost of said referendum shall be paid by proceeds from the sale of surplus property under control of the Agency for International Development."

Mr. MORGAN. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state the point of order.

Mr. MORGAN. Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane to the foreign aid bill.

Mr. DOLE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Kansas will state the parliamentary inquiry.

Mr. DOLE. Mr. Chairman, is it not true that all points of order have been waived on this bill?

The CHAIRMAN. Under the rule, all points of order are waived as to the text of the bill, as reported by the committee. Points of order are not waived as to amendments that might be offered to the bill.

Mr. DOLE. Mr. Chairman, in response to the point of order or in justification of the amendment, I think it is probably germane for I understand the people who would vote on this referendum are those who would pay the bill, that is, simply the taxpayers. I make no recommendation as to who might conduct the referendum although there are some experts, I know. I do think it is very serious when we hear talk day after day, and day after day about how everybody wants foreign aid, but nobody in my district writes to tell me so.

The CHAIRMAN. The gentleman will confine himself to the subject of the point of order.

Mr. DOLE. I will leave it to the discretion of the Chairman.

The CHAIRMAN pro tempore (Mr. MILLS). The Chair is prepared to rule.

The gentleman from Kansas [Mr. DOLE] offers an amendment to the bill which the Chair has had an opportunity to read and analyze. The gentleman from Pennsylvania [Mr. MORGAN] makes the point of order against the amendment on the ground that it is not germane to the bill before the Committee. The Chair is of the opinion that the amendment is not germane to the bill.

The point of order is sustained.

Mr. GUBSER. Mr. Chairman, I move to strike out the last word.

(Mr. GUBSER asked and was given permission to revise and extend his remarks.)

Mr. GUBSER. Mr. Chairman, several years ago a female schoolteacher in my congressional district was dismissed by her school district for engaging in subversive activity. After an appeal to the courts the dismissal by the local school board still stood. Today this lady is in Bolivia acting as an adviser to the Bolivian Government in their educational system.

I know of no evidence which indicates that her husband is disloyal, but because he is always found where trouble is found and because of his wife and because he is my constituent, I do keep track of him. So when I heard a rumor that he was employed by the Agency for International Development, I made inquiry and received a reply which indicated that this gentleman was employed by the National Farmers Union, a contractor of AID during the latter part of 1962. He served as a member

of a team which visited two or three countries in Latin America. This information was given me by Mr. Eugene Wolfe, Acting Deputy Director for Operations of AID.

In the words of my constituent here were his duties, I quote him:

* * * working generally in the field of social and economic research connected with the Alliance for Progress.

I again quote him at a later point in his testimony.

It would call for work in the field, particularly in the Andes Mountains where a considerable amount of organizing and agitation is going on against the Alliance for Progress. My task would be to work with Campesino groups and orient them toward our policy.

I am not attempting this afternoon to question the type of work he was doing, but I do think the House should know that the Agency for International Development is executing contracts with organizations like the National Farmers Union and that they are sending employees to South American countries for the purpose of orienting these countries toward our policies.

I might also say that I have learned upon further investigation that the National Rural Electric Cooperative Association, under the leadership of Mr. Clyde Ellis, received a contract and so has the Cooperative League of the United States of America. I say nothing against these groups, nor do I impugn them in any manner whatsoever, but I do point out that these organizations are registered with this House and with the Senate as lobbyists. I point out they are not offerors of hardware for sale, but they are advocates of social change. Yet we in this country have consistently advocated to the world and we proudly state that we are not seeking to impose our system or our ideas on the recipients of our foreign aid. It strikes me that for AID to award contracts to lobbying groups, which are in business for the purpose of advocating social change, we are contradicting our very foreign policy. In my opinion, this constitutes an unconscionable conflict of interest and one which I sincerely hope the House Committee on Foreign Affairs will go into in great depth during the next year.

AMENDMENT OFFERED BY MR. MEADER

Mr. MEADER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADER: Page 19, immediately after line 16, insert the following:

"SEC. 310. The Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 648. Commission on Foreign Economic Development.—(a) The Congress declares that a primary purpose of programs of foreign assistance is to raise standards of living and promote internal strength and stability in other free countries, thereby increasing their capacity to resist aggression, stimulating international trade, and contributing to the growth of free economic and political institutions. These goals can be achieved in large measure through encouraging and facilitating the investment of private capital in other free countries to develop their resources and improve their productivity. It is the purpose of this sec-

tion to discover ways to stimulate the creative energies of free peoples, including the fullest use of free private enterprise, in promoting mutual security, economic vigor, and individual liberty in the free world.

"(b) There is hereby established a bipartisan commission to be known as the Commission on Foreign Economic Development (in this section referred to as the "Commission").

"(c) In conformity with the findings and in furtherance of the purpose declared in subsection (a), the Commission, after a complete study and investigation, shall formulate and recommend to the President and the Congress specific programs, policies, and administrative and other reforms, calculated to render more effective programs of foreign assistance financed in whole or in part by the United States, including programs designed to encourage and facilitate the investment of private capital in free countries outside the United States, and the conduct of trade and commerce in such countries, and between such countries and other free countries, including the United States. The study and investigation by the Commission shall include a study of the operation of the programs of foreign assistance financed in whole or in part by the United States, with a view to determining the impact of such programs upon investment of private capital in other free countries. The Commission shall give particular attention to developing programs and policies calculated to eliminate or minimize the restrictions, hazards, and other impediments, foreign and domestic (including monopolistic and restrictive trade practices) which inhibit such investment, trade, and commerce, and to provide incentives for such investments, trade, and commerce.

"(d) The Commission shall be composed of twelve members, as follows:

"(1) Four appointed by the President of the United States;

"(2) Two Members of the Senate of different political parties, and two persons from private life of different political parties, appointed by the Vice President; and

"(3) Two Members of the House of Representatives of different political parties, and two persons from private life of different political parties, appointed by the Speaker of the House.

"(e) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

"(f) The Commission shall elect a Chairman and a Vice Chairman from among its members.

"(g) Seven members of the Commission shall constitute a quorum.

"(h) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(i) The members of the Commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any, as is necessary to make his aggregate salary \$20,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(j) The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"(k) The Commission shall have the

power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil service laws and the Classification Act of 1949, as amended.

"(l) The service of any person as a member of the Commission, the service of any other person with the Commission, and the employment of any person by the Commission, shall not be considered as service or employment bringing such person within the provisions of section 203, 205, or 207 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"(m) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this section.

"(n) The Commission may create such committees of its members with such powers and duties as may be delegated thereto.

"(o) The Commission, or any committee thereof, may for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such committee may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before any committee thereof.

"(p) The Commission, or any committee thereof, is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality, is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, or any committee thereof, upon request made by the Chairman or Vice Chairman of the Commission or of the committee concerned.

"(q) The Commission, or any committee thereof, shall have power to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the Chairman or Vice Chairman of the Commission or committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

"(r) The Commission shall cease to exist on June 30, 1966."

Mr. MEADER (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MEADER. Mr. Chairman, my amendment incorporates in the foreign aid authorization bill the provisions of H.R. 6679 which I introduced last June to create a Commission on Foreign Economic Development.

This bipartisan, 12-man Commission, would have the duty to study the foreign aid program and would "recommend to the President and the Congress specific programs, policies and administrative and other reforms calculated to render more effective programs of foreign assistance financed in whole or in part by the United States including programs designed to encourage and facilitate the investment of private capital in free countries outside the United States."

I testified in support of this proposal before the Foreign Affairs Committee, June 3, 1963. My testimony appears on pages 1421-1437 of the hearings.

My recommendation to establish a study commission on foreign aid is not a new one. I first made this recommendation April 23, 1951, and explained its purpose at some length in a speech on the floor of the House of Representatives. See CONGRESSIONAL RECORD, April 23, 1951, pages 4209-4214.

I appeared before the Foreign Affairs Committee during hearings on the mutual security program in the 82d Congress, 1st session, and my testimony and that of a representative of the Detroit Board of Commerce supporting my proposal appears on pages 777-835 of the hearings.

I have offered my proposal as an amendment to mutual security legislation on several occasions, the last being during the consideration of the Mutual Security Act of 1961 on Thursday, August 17, 1961. The chairman of the Foreign Affairs Committee, in opposing my amendment, among other things said the following:

It is possible that the amendment has some merit, but I do not think the mutual security bill of 1961 is the place for this amendment.

This amendment sets up a special commission of 14 members, as the gentleman has outlined in his presentation, some on the executive payroll and some consultants at \$50 per diem. I think maybe it would be best for the Committee on Foreign Affairs to study this and, if necessary, give the gentleman from Michigan a hearing on the bill. I am sure this matter is important enough to go through the regular procedure and be referred to the committee. (CONGRESSIONAL RECORD, Aug. 17, 1961, p. 15134.)

There is a significant difference between H.R. 6679 and predecessor bills I have introduced. Predecessor bills limited the commission study to identifying impediments to investment of private capital overseas for economic development and making recommendations for their elimination or diminution. H.R. 6697 broadens the study of the commission to include the entire foreign aid program.

The first reaction of members of the committee might be that another study is unnecessary in view of the recent study by the Clay Committee.

I think the answer to that question is that the Clay Committee study was excellent as far as it went, but that its 22-page report based upon a 3 months' study by distinguished citizens consisted mainly in general conclusions and opinions and fell far short of being a penetrating study of foreign aid with specific recommendations.

The commission I propose to establish might well take the Clay Committee's report as a starting point and then, with an able staff and in the 3-year period provided for the commission's existence, make a detailed examination of the foreign aid program and make specific recommendations for its reformation aimed particularly at enlisting private capital for economic development overseas with the purpose of gradually diminishing the need for American Government funds. The relatively small cost of the operation of such a commission, if it were successful, would result in vast savings not only in reduction of the burden on the American taxpayer but in improved effectiveness of the program.

To the extent we can transfer the task of economic development to private capital rather than Government grants, we not only relieve the tax burden, but at the same time, through the creation of wealth through economic development, broaden the tax base.

Only a few years ago, administration officials and certain segments of the press were strenuously advocating establishment of the foreign aid program on a long-term basis and with more flexibility, including back-door spending.

The Clay report of March 20, 1963, obviously moves in the opposite direction and contemplates a reduction and tapering off of U.S. foreign aid and a tightening up of its administration.

I find the philosophy of the Clay report largely harmonious with my own attitude toward foreign aid and wish to draw attention particularly to paragraph 5 on page 12 of the Clay report, a recommendation relating to Latin America and the Alliance for Progress, but in my opinion contains principles which are equally applicable elsewhere. I quote:

We must continue to assume leadership with Latin Americans in stimulating the offering of incentives to the private sector which are required if Latin development goals are to be attained. Impediments to the growth of private enterprise must be identified and treated, the shallowness and harm of doctrinaire biases against responsible private enterprise exposed, new sources of credit opened to medium and small Latin American businessmen, and foreign investment encouraged in the confidence that all governments now have means to protect themselves against potential abuses. Agitation for the expropriation of foreign enterprises and for nationalization of private productive ventures is hardly conducive to the mobilization of private local and foreign capital investment and is destructive to rapid economic progress. Latin America must be encouraged to see its essential choice between totalitarian, inefficient, state-controlled economies and societies on the one hand and an economically and politically freer system on the other, realizing that a society must begin to accumulate wealth before it can provide an improved standard of living for its members. We believe the increasing acknowledgment that proper incentives to the private sector are required for dynamic growth must be accompanied by sustained U.S. and Latin American efforts and decisions at all levels of government policy and action. With such a basis, a more progressive Latin private enterprise spirit, substantial foreign investment which receives no more and no less than fair treatment, and other Alliance aid,

the development of Latin America would be assured.

It is obvious from the Clay report's conclusions "impediments to the growth of private enterprise must be identified and treated" that the committee did not pretend that it itself had done that job. It is my suggestion that the best way to identify impediments to private capital investment is to establish a commission such as I recommend.

Mr. Chairman, I am well aware that the aid program has been studied and studied, but my contention is that the studies have been superficial and largely repetitive. We recall the Gray report, the Rockefeller report, the Randall Commission, the Draper Committee and now the Clay Committee, and there undoubtedly have been others. Yet the problem is still with us. I believe the American Congress and the American public are growing restive under the burden of foreign aid and that the only way we will ever make any headway is through assembling the best brains we can find, both in the executive branch of the Government and private life, into a commission. With stature and independence and with an able staff, it could make a penetrating study and forthright and specific recommendations.

The difficulty with having studies made, either by officials in the executive branch or by a committee appointed by the executive branch, is that criticisms of operations of Executive agencies is likely to be inhibited.

The difficulty with having the study made by a congressional committee, and there are several which have adequate authority, is that Congress will not spend the money or take the time necessary for a penetrating study.

The Hoover Commissions on reorganization of the executive branch of the Government did have the stature, did acquire the staffs and were well worth the few millions they cost the American people. I believe that a study of foreign aid and the means of expanding the role of private capital in economic development overseas would well be worth its cost.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman.

Mr. OLIVER P. BOLTON. Does the commission, which the gentleman proposes, have sufficiently broad authority to cover such agencies as the Inter-American Bank, the proposed bank which would be set up for savings and loans and other financial institutions and programs in which the Government is interested?

Mr. MEADER. I think this commission has extremely broad study and investigative power.

Mr. OLIVER P. BOLTON. I thank the gentleman and compliment him on his idea.

Mr. MEADER. It would be composed of 12 members, 4 appointed by the President, 4 appointed by the Speaker of the House, 2 of whom would be members of the House, 1 from each party, and 2 would be appointed by the Speaker from private life, 1 from each party. Sim-

ilarly the Vice President would appoint four members on the part of the Senate.

I say that this program as administered has raised many questions in the minds of the American people. I have served for 10 years on a committee that has been investigating this program. We have had a very limited staff. I think we did a lot of good. But I know we did not get below the surface and we have not established any means of bringing this program to an end.

I think we cannot live with it indefinitely, especially if it continues to be administered in such a sloppy fashion.

This commission, if it did its job properly, could make an immeasurable contribution not only to our foreign policy but to a reduction of the tax burden on the American people.

I am thinking of a commission like the Hoover Commission. We had two Hoover Commissions, for the reorganization of the executive branch of the Government. They hired staff; they hired task forces; they went into these subjects in some depth. You cannot do that with a committee of Congress. It will not stay with it long enough. It will not hire sufficient staff to do the penetrating job that needs to be done.

This is a move in the direction of getting this program on the right track and I hope that the committee will accept my amendment.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret to oppose the gentleman's amendment because I know that he has given a lot of study to this, and I know he is essentially and basically sincere in wanting to do something about it. But I think he is attacking it from the wrong angle.

I was chairman for 4 years of a select committee of this House to study unnecessary Government paper work and I want to say to you that after spending 4 years in that thankless task that I did not seek, I came to the conclusion that if this American Republic ever is destroyed it will be because we will be drowned in a lot of unnecessary paper.

We have had, as the gentleman named, all of the commissions that he referred to. I shall not go through them again, except to say that he left out one, the Draper Commission. They studied this and restudied it and issued reports, the latest of which was the Clay Committee report. And what happens? Very few people read the report, and fundamentally you get back to the fact that it is the business of the Foreign Affairs Committee and the Appropriations Committee, who have to make the decisions. That is basic. That is what happens.

In fact, the gentleman's proposal itself says that there shall be two Members of the House and two Members of the Senate on this Commission. Apparently they are going to be on still other committees. And the gentleman says that we do not have time enough now and we would expect them to serve on still another committee.

I think if there is anything we can do to cure this, we are trying to do it in

the Foreign Affairs Committee by setting up these staff groups to go out and make a study of this problem. We have cured a lot of this. I have been one of those who has advocated hiring more staff in the Foreign Affairs Committee. Basically it is our job and basically I think we are going to have to do it.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. OLIVER P. BOLTON. I understand the point that the gentleman makes, but the thing that appealed to me about the amendment offered by the gentleman from Michigan is the fact that this was a commission which would cross committee lines, which was the point that I tried to bring out with my questions. Before the Banking and Currency Committee we have foreign financial relationships of our Government considered by the committee.

The same is true under other programs which come before your committee. The same is true of programs involved in taxation. A broad commission study of economic policy which I thought the gentleman's amendment was referring to and which appears to have much merit.

Mr. HAYS. What the gentleman says is true, but the gentleman has been in Congress before and the gentleman knows that no congressional committee, as jealous as they are of their prerogatives—the Foreign Affairs Committee or the Appropriations Committee—is going to let any outside commission do their work for them. This is just going to be another report which few people will read and even fewer will pay any attention to.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, I would like to correct the record. The gentleman said that the program was being administered in a sloppy manner. I think it is the impression of both sides of the Foreign Affairs Committee that the program has never been administered in a more able manner than under the distinguished leadership of David Bell, who has really identified himself and has really made this an efficient program along business lines.

Mr. HAYS. I agree with that part as far as Mr. Bell is concerned. But I think there is some justification, if I may rise to the defense of the gentleman from Michigan, when the gentleman says it has been in the past administered in a rather sloppy manner under, I might say, both Republican and Democratic administrations.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Ohio.

Mr. OLIVER P. BOLTON. I cannot help saying to the gentleman that the conclusion to which the gentleman comes necessarily and logically leads to the conclusion that it is impossible for the Congress to do an overall examination and policy job, and I am unwilling to accept that conclusion.

Mr. HAYS. I do not think it is impossible for the Congress to do it at all. I think the Foreign Affairs Committee has taken great steps in the last 2 years to do a more capable, comprehensive job. I will say to the gentleman that what I am saying is the Congress is not going to let some outside body do its work for it. If this commission is set up and if it submits a report, as I said earlier, hardly anyone is going to read it and even fewer are going to pay any attention to it.

Mr. OLIVER P. BOLTON. But, this is going to be a part of the Congress.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Michigan.

Mr. MEADER. I could not agree with the gentleman more. The Foreign Affairs Committee of the House ought to have the staff with which to make the study. The gentleman also sits on the Committee on House Administration and I am sure the gentleman knows that I have never been one who has been niggardly about providing funds for making committee studies, but we just will not do it. That is all. That is why we have resorted to establishing study commissions.

Mr. HAYS. May I say to the gentleman from Michigan that we have given the gentleman's committee, the Committee on Government Operations, everything it has ever asked for, and the gentleman knows that.

The CHAIRMAN (Mr. MILLS). The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

The Clerk read as follows:

PART IV—AMENDMENTS TO OTHER LAWS

Sec. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out "\$500,000,000" and substitute "\$700,000,000".

(b) Insert following the enacting clause "That this Act may be cited as 'the Latin American Development and Chilean Reconstruction Act'".

Sec. 402. (a) Section 101(f) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

(b) Section 105 of such Act is amended by adding at the end thereof the following new sentence: "The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

(c) Section 202 of such Act is amended by striking out "economic development" and inserting in lieu thereof "economic and community development".

Sec. 403. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: "Provided, That in individual cases when personally approved by the Secretary further extension may be made."

(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after "on authorized home leave;" the following: "accompanying

him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;"

(c) Title IX of the Foreign Service Act of 1946, as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

"Use of Government-owned or leased vehicles"

"Sec. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

"PART I—EDUCATIONAL FACILITIES"

"Sec. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled 'An Act to provide certain basic authority for the Department of State,' approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel."

Sec. 404. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170f-170t), is amended by inserting immediately after section 12 the following new section:

"Sec. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed \$150,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the De-

partment of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."

SEC. 405. The first sentence of the first section of the Act entitled "An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956 (70 Stat. 523), is amended to read as follows: "That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area."

SEC. 406. (a) (1) The first sentence of section 104(b) of the Immigration and Nationality Act (8 U.S.C. 1104(b)) is amended to read as follows: "There is hereby established in the Department of State a Bureau of Consular and Migration Affairs to be headed by an administrator with the title of Assistant Secretary of State and with compensation equal to that of an Assistant Secretary of State."

(2) The individual holding the position of administrator of the Bureau of Security and Consular Affairs in the Department of State on the date of enactment of this section shall not be required to be reappointed to the position of administrator of the Bureau of Consular and Migration Affairs in the Department of State solely by reason of the enactment of this section.

(b) (1) Clause (2) of section 104(a) of the Immigration and Nationality Act (8 U.S.C. 1104(a)) is amended by striking out "Bureau of Security and Consular Affairs" and inserting in lieu thereof "Bureau of Consular and Migration Affairs".

(2) The heading of section 104 of the Immigration and Nationality Act (8 U.S.C. 1104) is amended by striking out "BUREAU OF SECURITY AND CONSULAR AFFAIRS" and inserting in lieu thereof "BUREAU OF CONSULAR AND MIGRATION AFFAIRS".

(3) Section 101(a) (1) of the Immigration and Nationality Act (8 U.S.C. 1101(a) (1)) is amended by striking out "Bureau of Security and Consular Affairs" and inserting in lieu thereof "Bureau of Consular and Migration Affairs".

(4) That portion of the table of contents contained in the first section of the Immigration and Nationality Act which appears under the center heading

"TITLE I—GENERAL"

is amended by striking out—

"Sec. 104. Powers and duties of the Secretary of State; Bureau of Security and Consular Affairs."

and inserting in lieu thereof—

"Sec. 104. Powers and duties of the Secretary of State; Bureau of Consular and Migration Affairs."

(5) All provisions of laws of the United States which refer to the Bureau of Security and Consular Affairs shall hereafter be deemed to refer to such Bureau by the name of the "Bureau of Consular and Migration Affairs".

(c) Subsection (f) of section 212 of the Immigration and Nationality Act (8 U.S.C.

1182(f)), as so redesignated by section 109(c) of the Mutual Educational and Cultural Exchange Act of 1961 (75 Stat. 535), is hereby redesignated as subsection (i).

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: Page 25, strike out lines 3 through 9, inclusive, and insert in lieu thereof the following:

"(2) The individual holding the position of Administrator of the Bureau of Security and Consular Affairs in the Department of State on the date of enactment of this section shall not hold the position of administrator of the Bureau of Consular and Migration Affairs in the Department of State solely by reason of his appointment to the position of administrator of the Bureau of Security and Consular Affairs before such date of enactment, but shall be required to be appointed to the position of Administrator of the Bureau of Consular and Migration Affairs."

Mr. ADAIR. Mr. Chairman, under the terms of this section of the act a reorganization has taken place which will create a new bureau, the Bureau of Consular and Migration Affairs. It is provided in the bill, as now written, that the person appointed as administrator does not require reappointment but may serve without. My amendment would require the official to be appointed which would then logically assume that he would be required also to be confirmed by the Senate. I think this is a wise safeguard to see that the proper person is appointed and is confirmed to this very important office. It is designed as a protective amendment.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman.

Mr. HAYS. I will say to the gentleman that this language which he seeks to amend is exactly the language which was passed by this House last year on March 14, 1962, as a section 406 of H.R. 7885. This amendment was written by Mr. Walter and his staff and the only dissent about it on that particular occasion, it did not become law because it did not pass the other body, was because I questioned the jurisdiction of it. Mr. Walter later came to me and said, there is a question of jurisdiction and I do not know whether it could ever be decided one way or the other. But we have the language and if you put it in some bill where it is appropriate and where it is legal, we will send it up to your committee. The language was submitted identically as Mr. Walter's staff member brought it to me. I am willing to accept the gentleman's amendment because it seems as though the debate has degenerated to some sort of argument about the personality of the person who now holds the job.

This does not cost another dime. It merely redesignates and puts security where it ought to be, under the administrative officer and out of the Bureau of Consular and Migration Affairs. I would not know the present holder of that position if he walked in the door. As we say in Ohio, I would not know him from a truckload of stone. I am not interested in stone and I am not interested in personalities and I think that I agree

with the gentleman it is proper that if he gets a new title at no increase in pay he be redesignated and he be reconfirmed. I think that indicates 99 percent of the objections I have heard about it, and we are willing to accept the gentleman's amendment.

Mr. ADAIR. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BOW

Mr. BOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bow: On page 24, beginning at line 19 and running through page 26, line 14, strike out all of section 407

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, my objection to this section of this bill is the fact that in this foreign aid bill we are now creating another Assistant Secretary of State. There are now 11 Assistant Secretaries of State, and this will make it No. 12. I have searched the records of the hearings of the committee, and there is not a single word in the hearings as to why this assistant should be named or why there should be a 12th Assistant Secretary of State. It is not in the hearings. There is no way that the membership of this House can find out why we should have this Assistant Secretary of State. It seems to me that on the foreign aid bill we should confine ourselves to the matters that have to do with our mutual security, if you please, but that on questions of establishing a new division of the Department of State, they should come in here for full and complete hearings and the membership should have the advantage of hearings before the distinguished Committee on Foreign Affairs so we would know why we are doing it and what is being done and the purpose of it.

I think the gentleman from Ohio very properly said that some questions of personality are involved in this. I admit that the gentleman's amendment that says he shall be confirmed by the Senate helps somewhat, but the Senate already confirmed this man once. I just do not know what they are going to do unless we can develop it in full and complete hearings through the Committee on Foreign Affairs so that they can give Congress the reasons why we should establish this new office. I am a little bit concerned about this amendment which was accepted, because if you read it carefully, it says:

The individual holding the position of Administrator of the Bureau of Security and Consular Affairs in the Department of State on the date of enactment of this section shall not hold the position of Administrator of the Bureau of Consular and Migration Affairs in the Department of State solely by reason of his appointment to the position of Administrator of the Bureau of Security and Consular Affairs before such date of enactment, but shall be required.

What does it say? It says he shall be required "to be appointed to the position." It does not take him out of office

and tell him to go back to the Senate, but the language of this amendment which was accepted says, "but he shall be required to be appointed to the position of administrator of the Bureau of Consular and Migration Affairs."

So when you refer back to the language of this amendment, it does not do what they are trying to do, send him back for confirmation, but the language says that he shall be required to be appointed to the position of administrator of the Bureau of Consular and Migration Affairs. This particular office will have to do with visas and with people coming into this country.

There are many things that he will have to decide. It seems to me we ought to take a good hard look at this question of whether or not we should create this office. It should be on proper hearings and determination by that committee and not in this bill in this manner when there have never been any hearings that Members could take advantage of.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, there have been some suggestions that have come to me that the language here incorporated is the sort of thing that out in Indiana once in awhile we have had in the legislature, known as the "ripper" bill, through which the name of an organization, a State agency is changed, everybody in that agency goes out and you pick a lot of new people.

I would like to inquire of the people in charge of this bill whether such an operation is contemplated by the language contained in the bill.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

First I would like to answer as honestly and as forthrightly as I know how the question of the gentleman from Indiana [Mr. HALLECK]. There is no intent as far as I know—and I suspect we are making legislative history—to have any "ripper" bill at all. I do not think there was that intent when Mr. Walter presented this and when it passed the House without a dissenting vote.

I will tell you what my mistake is, if any. I forgot to go—and I am going to keep right on forgetting—with matters under the jurisdiction of my committee and clear them with the distinguished gentleman on the Appropriations Subcommittee.

The facts of the matter are that we did have a hearing before the subcommittee on these amendments. They were unanimously approved by the full committee. This particular amendment does nothing except change the title of the gentleman who now occupies the office. The gentleman from Ohio [Mr. Bow] says he is concerned with a lot of things. That is right, he is right now. He is running the Bureau. Changing his title without raising his salary does not do anything.

And he says—and I will make some more legislative history, if I may—that the amendment of the gentleman from Indiana does not do what they say it

does. The legal counsel says it does. The gentleman from Indiana who is a distinguished lawyer says it does. I am just a layman and I say it does.

Let me read the law now. This is the present law.

There is hereby established in the Department of State a Bureau of Security and Consular Affairs to be headed by an administrator (with an appropriate title to be designated by the Secretary of State), with rank and compensation equal to that of an Assistant Secretary of State.

That is what the law says. That is what the man is doing. That is the job he is filling. What does the new law or the proposed amendment say?

There is hereby established in the Department of State a Bureau of Consular and Migration Affairs to be headed by an administrator with the title of Assistant Secretary of State and with compensation equal to that of an Assistant Secretary of State.

One other thing that has already been accomplished by administrative order, and I think rightly so, is to take away from this very controversial fellow, whom I do not know—apparently he is controversial with some of my friends on the other side—the jurisdiction over security in the State Department and put it under the Deputy Assistant Secretary for Security who reports directly to the Deputy Under Secretary of State for Administration.

You can obscure it all you want to, but these are the facts. I submit to you that when the gentleman from Indiana [Mr. ADAIR] OK's something, I think you know him well enough to know—some of you over there may not trust me, but, as I said, he is the ranking member on my subcommittee and everything that has come out of that committee this year and the last Congress, came out unanimously. As I said, if we had an amendment, we worked it out until we had a meeting of the minds. Another member of that subcommittee is the distinguished gentleman from Wisconsin, and former Governor of that State. When we reported out our bill on the buildings program, that was unanimous. He had an amendment and we worked it out.

I think these people know that there is not a "ripper" bill here, there is no use beclouding the issue, because it just is not there.

May I say to the gentleman from Indiana [Mr. HALLECK], that I am glad the gentleman asked the question. I have given the gentleman an honest answer and that is the truth to the best of my knowledge and ability.

Mr. HALLECK. If the gentleman will yield, I thank the gentleman from Ohio for his forthrightness. I have had concern about some people down there who have been doing a real good job for the country and all of us, and I am glad to have that assurance.

Mr. HAYS. I may say to the gentleman that to my knowledge this is not a "ripper" bill. But I am not guaranteeing in perpetuity that nobody in this department will ever be removed or transferred. I am just saying that there is no intent here to get anybody about whom I know. I do not believe that is

the reason they brought it in and I do not believe that is the reason Tad Walter brought it in last year.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Certainly.

Mr. BOW. Now the gentleman from Ohio [Mr. Hays], has paid his compliments to me and I appreciate it. I shall not respond in kind. The gentleman has tried to lead this House to believe that you are not creating another Assistant Secretary of State by saying he is simply doing the work of an Assistant Secretary of State.

Let me read from your committee report:

The effect will be to increase the number of Assistant Secretaries of State from 11 to 12.

That is in the report.

Mr. HAYS. Nobody is denying that.

Mr. BOW. You are creating another Assistant Secretary of State. I would like to have the gentleman from Ohio [Mr. Hays] turn to his hearings and show us in those hearings where the gentleman took testimony to create this new division in the Department of State.

Mr. HAYS. Will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman.

Mr. HAYS. It is not in the hearings, and I made that clear. There was a hearing before the subcommittee, but you are giving a paper argument and a phony one because we are creating an additional Assistant Secretary of State. I never said we were not. But, we are uncreating another job paying the same salary. So it is not costing a dime. Instead of calling him a director we will call him an Assistant Secretary of State.

Mr. GROSS. Let me ask one question now: Why do you want to create another Assistant Secretary of State?

Mr. HAYS. If the gentleman will yield, let me thank my anonymous friend when he responded with "why not." I do not think I can better that answer.

Mr. GROSS. Well, why not?

Mr. HAYS. Well, the gentleman knows as well as I know that there is an awful lot of protocol around this town and the best answer I could get from Mr. Walter last year was that this was to put him on a par with his peers who had this title and were doing the same work. If the gentleman will let me reread what was said then—

Mr. GROSS. I heard the gentleman during the first reading.

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes; I yield to the gentleman from Ohio.

Mr. BOW. I should like to point out that the RECORD does show that it is the creation of another Assistant Secretary of State. There is no question about this.

Mr. HAYS. Of course; that is right.

Mr. BOW. It seems to me that the gentleman's argument fails when he says that this was heard before the subcom-

mittee. Well, of course, perhaps it was heard before the subcommittee, but are not the 435 Members of this House entitled to know from committee hearings why you created a new Assistant Secretary of State? Do we have the subcommittee hearings before us? I ask any Member of this House, have you had an opportunity to read these hearings? Have they been before you? Do any of you know what testimony was taken on which to establish this other Secretary of State? I do not think that is the way we want to legislate. I think what we are entitled to is the same procedure as was followed in these other matters that were before this committee properly on foreign aid. The record is here. But there is no record before the 435 Members of this House to determine why we should do this.

Mr. GROSS. I certainly support the gentleman's amendment, if for no other reason than I have not been sold on the explanation that it is necessary to create another Secretary of State just to be fashionable or to keep up with the Joneses.

Mr. HAYS. Will the gentleman yield to me at this point?

Mr. GROSS. Of course.

Mr. HAYS. I want to say that I think there has been an adequate record made right here this evening for the defeat of the amendment. We do not need any further hearings on the matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Bow].

The question was taken and the Chair announced that the yeas appeared to have it.

Mr. BOW. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. Bow and Mr. HAYS.

The Committee divided; and the tellers reported that there were—ayes 170; noes 160.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. JENSEN

Mr. JENSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENSEN: On page 26, after line 14, insert the following new part:

"PART V

"In order to more directly, and thus more effectively, more efficiently, and more economically accomplish the humanitarian objectives of the United States, as set forth in the several policy provisions of the Foreign Assistance Act of 1961, as amended, in aiding the underprivileged peoples of the less developed friendly countries of the world who are opposed to that theory of government known as communism and whose governments are in known opposition to that theory, and more particularly to secure the objectives designed to raise standards and conditions of living and thus enhance their health, welfare, and happiness, there is hereby authorized to be appropriated to the President, as an alternative to the several programs authorized for such purposes by this Act and the Foreign Assistance Act of 1961, as amended, the sum of \$1,000,000,000 annually beginning with the fiscal year 1964 and continuing until the Congress determines that such objectives have been substantially accomplished or for other reasons determines such assistance no longer prac-

ticable or justifiable in the circumstances. Appropriations made pursuant to this authorization shall remain available until expended when so specified in the applicable appropriation acts.

"Of the sum appropriated for any year pursuant to the authorization herein, not less than 75 per centum, including necessary administrative and distribution costs, shall be available solely for aid to such peoples in the forms of food, clothing, medicine, medical and nursing, and clinic and hospital services, as may be determined by the President. The remaining sum, including necessary administrative and distribution costs, shall be allocated in such manner as the President may determine for suitable low-cost housing for such peoples and, in countries whose economies are in major part agricultural, for supplying productive animal and poultry stock and housing and animal-drawn farm implements.

"The furnishing of such assistance shall be administered by such agencies of the United States Government as the President may designate, and under his general policy direction and control, but to the maximum extent practicable such assistance in the countries concerned shall be channeled to the people, as equitably as may be, and free of cost to them, through utilization of the advice, services, and facilities of the American Red Cross, the International Red Cross, American church missionaries in the countries concerned, and other voluntary non-profit organizations as may be designated by the President."

Mr. MORGAN. Mr. Chairman, I make a point of order against the amendment.

Mr. Chairman, the amendment is not germane as a substitute for the bill.

The CHAIRMAN (Mr. RAINS). It is evident from a reading of the amendment that the amendment is germane. The point of order is overruled.

The Chair recognizes the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Chairman, my amendment to this foreign aid bill now being considered in the House is in effect a substitute for all the provisions in H.R. 7885, except the Purcell amendment which was adopted. I assure you I offer my substitute in all good faith. It speaks clearly for itself. When the foreign aid bill was first brought to the House, at the close of World War II, we were told that in 5 years, no more, the undeveloped nations would be sufficiently rehabilitated to care for themselves, hence I supported the program for the first 5 years. But not since that time.

We have up to this time appropriated and spent for this program over \$100 billion to the end that we now have a Federal deficit of over \$305 billion, which is considerably more than the Federal debt of all the nations of the world all put together.

Mr. Chairman, on my visits to many of the nations listed in the report on H.R. 7885, I learned firsthand by talking face to face with many needy people and others that, when they learned we Americans were furnishing them with food, clothing, medicine, doctors, and nurses they were truly grateful, but too often they were not told of our generosity. If my substitute is made law those people will know, be grateful and friendly. It was disheartening to learn that some of those nations who accepted our military assistance reduced

their defense budget by about an equal amount of our military assistance, with the thought in mind that should their country again become involved in a war, the American doughboy would again bail them out.

H.R. 7885 calls on our taxpayers to provide \$4,087 million for this program. My substitute provides for \$3,087 million less, which certainly should be saved. Think for a moment the good we could do for the needy people within our own shore, who number in the millions, with those billions, either in Federal aid or by reducing the President's huge budget for fiscal year 1964.

I sincerely hope my substitute bill will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The question was taken and the Chairman announced that the noes appeared to have it.

Mr. JENSEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers, Mr. JENSEN and Mr. GALLAGHER.

The Committee divided and there were—ayes 78, noes 184.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. TOLLEFSON

Mr. TOLLEFSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TOLLEFSON: Page 26, after line 14, insert a new section to read as follows:

"No funds shall be made available under the authorization provided in this act until unexpended appropriations made available under the previous authorization provided by the Foreign Assistance Act of 1961, as amended, have reduced to \$3,600,000,000."

Mr. TOLLEFSON. Mr. Chairman, according to the Chairman, this is the last amendment that you will have an opportunity to vote upon and I shall be just as relieved as will you.

I do not expect the Committee to approve the amendment. I offer it primarily to advance and emphasize the thought that I have had in connection with the unfavorable balance of payments and the outflow of our gold. However, it is an amendment that those who oppose foreign aid can support very easily.

It could also easily be supported by those who favor foreign aid, without abandoning their views.

Mr. Chairman, putting the amendment simply, it simply provides that there shall be no appropriations under the authorization provided by this bill until the funds in the so-called pipeline are reduced to \$3.6 billion. It is a very simple amendment.

Mr. Chairman, I am one of the Members on both sides of the aisle who are worried about our unfavorable balance of payments and the outflow of our gold. From my point of view it is one of the most serious issues confronting us today. If we do not do something about it soon, we will not be able to carry out any foreign aid program for a very great length of time.

Mr. Chairman, it seems to me that this is an amendment that even our foreign recipient countries could support, if they had an opportunity to do so.

The amendment does not mean the abandonment of any foreign aid program at all. It simply means a stretching out of it. We are all familiar with these stretched-out programs in other instances.

Mr. Chairman, all of us are aware of the fact that this administration, as well as the previous one, has taken steps to deal with the unfavorable balance-of-payments problem. But none of these steps have been very successful. In the last quarter the rate of unfavorable balance of payments has run or did run to the tune of \$5.2 billion, as I understand it. Now if we permit that kind of condition to exist for very long, then we will not for very long have any foreign aid program.

It seems to me that we ought to remember that the primary cause of our unfavorable balance of payments has been the foreign aid program itself.

Mr. MORGAN. Mr. Chairman, will the gentleman yield to me?

Mr. TOLLEFSON. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. The gentleman just made an unusual statement in which he stated that the foreign aid program was the cause of the unfavorable balance of payments.

Mr. TOLLEFSON. Will the gentleman state his question again, please?

Mr. MORGAN. The gentleman says that the foreign aid program is the real cause of the unfavorable balance of payments. Is that what the gentleman said?

Mr. TOLLEFSON. I did say that; yes, and I believe it to be so. I am not saying it is the sole cause. But I think the gentleman will agree with me that our trade balance is unfavorable.

Mr. MORGAN. Well, our foreign aid program does not make up the difference.

Mr. TOLLEFSON. I am not saying that it makes up the full difference.

Mr. MORGAN. If the gentleman will yield further, the real culprit is our troops overseas, our tourists, and our investments overseas. The foreign aid program right now is really bringing in dollars to the United States. Foreign governments are buying with their own money \$1 billion worth of arms purchases, \$600 million from West Germany alone.

Mr. TOLLEFSON. Let me ask the Chairman a question.

Mr. MORGAN. Yes.

Mr. TOLLEFSON. It is the Chairman's belief that the foreign aid program has not been contributing to the unfavorable balance of payments?

Mr. MORGAN. I say a small amount, only about \$1 billion, while tourist expenditures abroad account for \$2 billion.

Mr. TOLLEFSON. I disagree with the gentleman.

Mr. MORGAN. I can justify it, if the gentleman wants to see the figures.

Mr. TOLLEFSON. Not at this point. I do not have but about 2 minutes left and I wish to complete my statement.

Mr. Chairman, I am simply saying if we want to deal with this unfavorable

balance of payments, one way to do it is through the foreign aid program. I will grant you that a more practical way than this would be to limit the amount of expenditures per year under the foreign aid program to \$2 or \$2.5 billion a year. Not only would it help our favorable unbalance, but it would also have an impact on this year's budget.

Mr. Chairman, as I said at the outset, I do not expect the House is going to approve the amendment or that everyone in opposition to the foreign aid program can certainly support it. I advance the thought for your consideration in the months to come.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment would be rather harmful to the foreign aid program. The basic question is the fact that you cannot divert those unfinished articles that are in the pipeline to meet new requirements which are not now anticipated. For example, such sophisticated weapons that our European allies may require cannot be diverted to provide rifles that might be needed in the Far East. If planes are on order you cannot use the obligated balance that remains in the pipeline for such purchases to be diverted for the purchase of machineguns or grenades.

That is the principal objection to the amendment and I therefore urge that it be defeated.

Mr. SPRINGER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we are now reaching the end of this debate. For all of the 13 years I have been in this Congress I have supported this program. This year I believe when it goes to a vote I am going to vote for it again with some reservations. Why? I know everybody has been wondering for 2 days why has this program been cut into so seriously. I think it gives us all pause for thought.

There are certain reasons here. I think there is the temper of the people in the country today toward this program which has been reflected in the votes that have been taken on amendments during the last 2 days.

May I say that when I came to the Congress and first considered this program we were in the midst of the Korean War. We had been thrown back at the Yalu River. At that time the program was in two parts. First, military assistance where subversion, sabotage, and armed resistance took place. The second part was to assist economically backward countries.

May I say to the gentlemen on both sides of the aisle, including my good friends on this side, there has been, in my opinion, a considerable slacking off by this administration in what I feel is strong opposition which would support this kind of a program. I am talking about open opposition to communism. There has been in my estimation during the past 6 months to a year many people in the Congress, including myself, who feel that this administration—and I am not trying to be partisan, I am trying to tell what I feel is the truth because I favored this program because I felt it had a value—there is a feeling there is

a certain group in the White House and in the State Department whose response to communism has slackened off. I do not say it is necessarily the President himself. They are now trying to meet the issue of communism in a different way rather than by resistance. I feel that this is a feeling which we have and which has resulted in these cut amendments on the foreign aid bill which comes about as the result of that type of thinking.

If this continues during the next year I hope those in the White House and in the State Department who are of this feeling, and they are there, because I have talked to them on the outlook they have with reference to this program, there will be a slackening in the support for this program.

The whole issue of fighting communism is not such that this program can be sustained indefinitely if that is going to be the general approach which is psychologically made to the whole question of whether or not we are going to oppose communism. That is why you are finding today a very deep opposition to this bill which I have never seen before in the 13 years I have been in Congress.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Could anyone have expressed himself more forcefully about communism than did the President last year in the October confrontation?

He called the bluff of the Soviet Union. The first time it was ever done and I am certain that this accounts for the new Soviet attitude.

Mr. SPRINGER. They have not opposed communism in the manner that they should have. The gentleman is entitled to his opinion. I am trying to be constructive. I do feel that is the feeling of many in the Congress as reflected by votes on both sides of the aisle.

I do hope that there will be a change in the program. May I say to the gentlemen who are handling this in the State Department that it can be demonstrated that there is a genuine use for this program in fighting communism?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. TOLLEFSON].

The amendment was rejected.

Mr. VANIK. Mr. Chairman, during the course of the debate on this bill, I have made every effort to support the proposal as it was reported out of committee.

There is much room for criticism of our foreign aid program, and I believe that the administrators of the program should be held to account for their shortcomings and such failures as have occurred.

I am also aware of the pockets of blight and despair which exist in this country and very considerably in my own congressional district. In every way possible, I have endeavored to support a program to help eradicate domestic blight and despair. However, we must

not consider the complete solution of social problems in America as a condition precedent to our providing assistance to the world community of nations. I support help for the needy at home as well as those in foreign countries.

It is interesting to observe that many of those who aline against aid for the needy in foreign lands also aline themselves against aid for distressed Americans. They oppose acts of national charity because they contend that they are not received in gratitude. They would like to tatoo our giving on the body of every recipient. Like many givers, they want their giving carved in the marble of the cornerstone and painted on the windows. Such a gift is not a monument to charity, but a lasting memorial to avarice which is too often becoming the trademark of American benefaction.

Every man and every woman among us participates in charitable giving. Our best gifts carry no strings or accounting. Is it too much for this great and rich country to set aside 0.007 percent of its gross national product to the welfare of the less fortunate inhabitants of our world in these times? If America cannot participate in a concern for its neighbors, how then can any other nation?

I am gravely concerned with the growing crisis in the flight of gold. The situation calls for urgent modification of national policies. However, I do not believe that the termination of foreign aid is the proper solution. I am alarmed at the flight of gold but I am far more concerned with the flight of faith of those who still believe in the humanity of our democratic Nation.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker, having resumed the chair, Mr. RAINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7885) to amend further the Foreign Assistant Act of 1961, as amended, and for other purposes, pursuant to House Resolution 493, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. BOW rose.

The SPEAKER. For what purpose does the gentleman rise?

Mr. BOW. Mr. Speaker, I demand the reading of the engrossed copy of the bill.

The SPEAKER. The gentleman demands the reading of the engrossed copy of the bill.

SALUTE TO FREEDOM MARCHERS

(Mr. NIX asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. NIX. Mr. Speaker, the impending August 28 civil rights march and rally, scheduled to occur in Washington exactly 1 week from today, compel me to speak in order that I may remind my colleagues in the House of Representatives of matters which will place that event in the proper perspective. It is not that I consider you uninformed on these matters, but only that I dare not remain silent lest some whom these words might reach should permit themselves to miss the point of the dramatic event. In view of our varied geographic, social and ethnic background, it would be all too easy to become so involved emotionally in a race-related issue that we would lose sight of substantive matters.

I have no doubt that you, my distinguished colleagues, are prepared to view the imminent civil rights march on Washington as an example of a traditional American medium of protest. I cannot conceive that anyone in this body would fail to see that this event is akin to numerous others of the same nature, except only that it occurs at a different and far more significant moment in our Nation's history. I will not believe that any Member would knowingly permit the color of the marchers' skins to so cloud his or her vision that it would be less than emphatically clear that the right of petition fully encompasses this form of articulating grievances.

I do not believe that anyone here doubts that Negroes in the United States have valid grievances against their Government; and against those private citizens who would treat them as second-class citizens. Nor is it credible that anyone here would contend, even in jest, that black Americans do not possess the same civil rights as other American citizens. I will not be convinced that anyone of my colleagues believes that anyone's rights can be possessed by another, to be patronizingly and paternalistically doled out to him as someone else sees fit to permit him to have them.

There is no question that human and civil rights are each person's possession equally; nor can there be any question as to the right to express, by public demonstration, the dissatisfaction of individuals and groups who have been denied the opportunity to exercise the rights which are theirs. The President of the United States, John F. Kennedy, fully recognizes the right of advocates of racial equality to dramatize the cause publicly. President Kennedy is also aware that the contemporary plight of Negroes is such that demonstrations are fully justified. This view has also been expressed by Vice President LYNDON JOHNSON and Attorney General ROBERT KENNEDY, speaking for themselves and for the President.

The Congress and Washington have been the objects of massive protest demonstrations on numerous occasions. The earliest recorded mass demonstration against the Congress was staged while

the body was located in my own city of Philadelphia, in 1783. On that occasion, several hundred Philadelphia veterans of the American Revolution demanded their long-overdue pay from a Congress which presided over an empty treasury. The local citizenry and public officials were sympathetic to the veterans and the Congress sought protection from the threatening crowd by locking itself inside its chambers. It has been said that this event strengthened the Congress' resolve to relocate in a Federal city which would be under the control of that body.

In the wake of the panic of 1893, more than 1,500 unemployed persons descended upon Washington as a "living petition" in support of legislation originating with Joseph Coxey, "Coxey's Army," as the nucleus of the marchers was called, was further supported by over a thousand jobless men, all of whom actually assembled on the Capitol grounds where many of them were arrested for "walking on the grass."

On Monday, March 3, 1913, the Washington Evening Star reported that:

The modern crusade of votes for women this afternoon took Washington by storm.

The heading of the article referred to a "thrilling pageant" to the thousands of spectators who were "struck by the spirit and beauty of the occasion" and cheered "wildly." Following the opening sentence, quoted above, the item continued:

Marching determinedly along Pennsylvania Avenue with bands playing martial and religious music, 5,000 earnest women passed between solidly packed masses of humanity to emphasize their demand for suffrage through a constitutional amendment, while there were being enacted on the south steps of the Treasury building allegorical dances and tableaux interpreting the dreams and ambitions of militant womanhood.

And, further:

Reaching a climax in a giant mass meeting in Memorial Continental Hall late this afternoon, the great suffrage demonstration will pass into history as the greatest bids for public support ever made by any body of people.

And, elsewhere on the front page:

Trying their utmost to arouse enthusiasm for their cause, the suffragists lost no opportunity to press their arguments home. At every street corner suffrage orators delivered speeches, and all along Pennsylvania Avenue more than 50 girls "newsies" were at work selling suffrage newspapers, pamphlets, and magazines.

The assembly and demonstrations of March 1913, were followed up with another mobilization and rally in July of the same year. This time, the suffragists gathered in nearby Maryland and staged a motorcade into Washington, presenting woman suffrage petitions to the Congress and to President Wilson. Later, on January 10, 1917, the women began a month-long siege of the White House, braving the cruel elements through the winter, and eventually prevailing when the Congress passed the resolution proposing the 19th amendment which became effective in 1920. The 1917 campaign was highlighted by severe police action against suffragettes who picketed the White House. Several were arrested and given "workhouse" sentences; but this served mainly to gain

sympathy and support for the movement in the form of waves of protest against this sort of treatment.

Ten years later, in 1923, the first race-related mass protest occurred in Washington. The brilliant Negro Army officer, Col. Charles Young, had died and was being buried at Arlington National Cemetery. Colonel Young was then the highest ranking Negro in the Nation's armed services and had been shunted off to an obscure overseas post, by President Wilson, to avoid promoting him to the rank of general—a promotion which he had obviously earned but which he would not have received solely because he was a Negro. A reported 50,000 persons lined the streets of Washington, during the funeral, in protest against the treatment received by Colonel Young and which led to his death as a heartbroken man who had devoted his entire life to the defense of his country.

Washington Post reporter, Jean White, has written recently that:

As the Nation's Capital, Washington draws demonstrators who want to take their causes to the top. They have used the mass rally as well as the march to effect.

So it was in 1932 and 1933 when Armed Forces veterans marched in support of bonus legislation. The 1932 effort brought nearly 20,000 veterans and their families to the banks of the Potomac from which they were forcibly driven on instructions from President Hoover. The 1933 assembly was anticlimactic since a bonus bill had already passed and compensation was to be paid a year or so later. Both demonstrations were orderly and nonviolent, except for the administration's reaction in using Armed Forces to disperse the visitors.

Since that time, virtually all large-scale marches on Washington have been associated with the Negro's struggle for equality of opportunity and treatment. In 1939, approximately 75,000 persons, white and Negro, gathered at the Lincoln Memorial for a civil rights rally that grew out of the refusal of the Daughters of the American Revolution to permit Negro contralto, Marian Anderson, to give a concert in their Constitution Hall.

The first planned Negro mobilization was initiated by Negro labor leader, A. Philip Randolph. That march on Washington movement gained such wide support and posed such as ominous wartime threat to domestic peace and unity that President Franklin Roosevelt headed the mobilization off by issuing, in 1942, his famous fair employment practices order, Executive Order 8802. The same Mr. Randolph, commonly referred to as the "dean" and "elder statesman" among contemporary Negro leaders, is serving as principal national director of the march scheduled for next week. The 1941-42 operation is the subject of a book by Myer Kesselman, entitled "The Social Politics of FEP."

In 1949, 5,000 civil rights crusaders appeared in Washington and petitioned the Congress and President Truman for passage of a strong, major civil rights law. The following year, the NAACP

staged a civil rights mobilization, to which most of its local branches sent certified delegates. Again, Congress and the President were urged to produce major civil rights legislation. A prayer pilgrimage, at which Dr. Martin Luther King was a principal speaker, brought over 20,000 demonstrators to Washington in support of the then proposed Civil Rights Act of 1957. The next year, a youth march on Washington movement, also supporting civil rights for Negroes, witnessed the assembly of more than 25,000 young Negro and white marchers. This was primarily a protest against the antics of Arkansas Gov. Orville Faubus, and the slowness of President Eisenhower to act against obstruction of desegregation at Little Rock's Central High School.

These 14 major demonstrations, involving several hundred thousand Americans over the years, have all been examples of the exercise of the right of petition by masses of people as compared with the more conventional, but not necessarily less effective, media and tactics of letters and visits to Congressmen and organized pressure group representation.

Except for the suffragette movement, all of the causes which produced marches on Washington were roundly criticized prior to, during, and after the demonstrations. The women's vote movement, however, was facilitated by a divided press, a part of which supported their drive for the elective franchise and was generous with its space in reporting either objectively or favorably the various activities of the women. Coxey's Army was employed by the Republican press of the 1890's as a weapon against the Cleveland administration; while the Democratic Party papers of that time referred to the Coxeyites as "professional tramps."

The usual criticism focused on predictions of violence and lawlessness, most frequently attributable to the demonstrators. Some charges of anarchy and communism were levied against the Coxeyites and the bonus expeditionary force of the 1930's, even as the Communist "red herring" has been dragged again and again across the path of the legitimate Negro rights crusade.

More than anything else, however, it has been the failure of the Congress and the President to act positively to remove the evils which produced demonstrations which has been responsible for virtually all of the extremism which has attended these activities. The Coxeyites, in desperation for recourse to remedy, sparked unlawful seizures of private property from sympathizers who smarted at the movement's failure. Likewise, the direct action protests by contemporary civil rights advocates is, as President Kennedy has stated, a result of the Nation's responsible agencies and leaders having failed to alleviate and eliminate the evils of segregation and racial discrimination fast enough and fully enough. While deploring the necessity of having to "take to the streets" in protest against deprivation of rights, the President nevertheless realizes that, under present conditions, that has been the only course open to Negroes and support-

ognition of the Communist regime in Hungary.

I believe a recent Associated Press article in the Omaha World-Herald of August 9 is pertinent to this discussion and include it now:

U.S. ACCORD FOR HUNGARY?

WASHINGTON.—There is a firm belief in diplomatic circles that the United States and Communist Hungary will resume full diplomatic relations, probably by the end of this summer.

The belief persists despite State Department denials.

Relations between the two sank to a low point in 1956 after Russian troops crushed the Hungarian revolt.

The American Minister, Edward T. Walles, refused to present his credentials to the Russian-backed government. Since then, a chargé d'affaires has headed the U.S. Legation.

About 6 months ago, in informal conversations, the United States made known it expects the Budapest regime to give tangible evidence of its willingness to end the rigid climate.

The Kadar government proclaimed an amnesty for political prisoners. Last month it lifted travel restrictions that had limited the movement of American diplomats.

Although Washington has not responded with an end to similar restrictions on Hungarian diplomats, there have been hints that the United States is preparing some sort of "package deal."

The State Department already has said that contacts with the Kadar government were established through the U.S. Legation in Budapest, aimed at what is called normalization of relations.

A crucial question is the future of Josef Cardinal Mindszenty, the Hungarian Roman Catholic primate who has been living in self-imposed exile in the U.S. Legation since the uprising.

Cardinal Mindszenty was not included in the amnesty.

If there is truth in this report, and I believe there is, then let it be said that the plans to move toward full diplomatic relations with this Communist regime do not have the support of the Congress, the people, or our own historic policy in determining what government we should recognize.

I believe it is important and necessary for this body to set up a Special Committee on the Captive Nations. I believe it is important because the millions of people in these captive nations deserve our best support. I believe it is important because such a committee would speak for the people of this country in a way which I regret to say some of our diplomatic personnel do not do.

I strongly urge the adoption of the resolution establishing a Special Committee on the Captive Nations. I am pleased to serve with other Members of this body as a cosponsor.

Mr. KING of New York. Mr. Speaker, I wish to commend my colleague the gentleman from Pennsylvania, Representative Flood, and my colleague the gentleman from Illinois, Representative DERWINSKI, on their stimulating efforts to create a Special Committee on the Captive Nations. As one of the sponsors of the resolution on behalf of the captive nations, I strongly share the concern of my colleagues for the people of the captive nations behind the Iron Curtain. These resolutions symbolize the will to

recover freedom and solidarity of all captive nations throughout the world.

In this age of international tension when the Western nations have granted freedom and independence to many nations in Africa, Asia, and other parts of the world, it is only proper that we in the United States insist that the Soviet Union likewise grant freedom and independence to the people of Latvia, Lithuania, Estonia, and other captive nations. We in this country cannot be indifferent to these people whose lands have been unjustly occupied and whose prestige among the nations of the world is being denied.

Before we agree to a test ban treaty or even negotiate with Khrushchev we should first demand freedom for those people behind the Iron Curtain or at least freedom of choice.

Mr. Speaker, I am happy to join with my colleagues in urging the establishment of a Special House Committee on the Captive Nations.

GENERAL LEAVE TO EXTEND

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on this subject.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

POST OFFICE DEPARTMENT

(Mr. GARY asked and was given permission to extend his remarks in the body of the RECORD.)

Mr. GARY. Mr. Speaker, a number of the Members have expressed to me lately their concern over an article which appeared in a recent issue of Life magazine. That article, you may recall, charged the Congress with throwing away billions of dollars on pet projects that would assure individual Congressmen the support of their constituents. Quite frankly, I am not surprised any more by this type of criticism. There seems to be a concerted effort on the part of some members of the press and some individuals to undermine the institutions of Government which have made our country the greatest in the world. To those frustrated persons—and I do not refer here to the Life reporters—I can only express pity. They do the devil's work—and Moscow's too, I am afraid, albeit unknowingly.

I would, however, like to review for a moment the Post Office Department program which was criticized in the Life article. It was this part of the article that caused Members to express their concern to me as chairman of the Appropriations subcommittee which acts originally on the Post Office Department's budget request. While my subcommittee does not appropriate funds for the construction of post offices—this is done through the General Services Administration—we do consider the Department's lease-building program which the article criticizes.

Under this program the Department leases necessary facilities instead of asking the GSA to build them. This policy

is thoroughly in keeping with the American free enterprise system of private versus Government ownership. Let me say immediately that on the question of basic cost, the leasing arrangement is somewhat more expensive, as maintained in the article under discussion. Over a long period of years, it is basically cheaper to build than it is to rent, particularly if the facility can be turned over profitably when it is no longer needed.

But since 1888 the Post Office Department has had the authority to lease necessary space on a year-to-year basis and there are good reasons for such a program. In the first place, a lease naturally gives the Department more flexibility in the placement of post offices in locations where they can best provide the service called for in our Constitution.

These leases are arranged on a competitive basis. Bids are asked and an award is made. The U.S. Post Office, of course, is the largest business in the world. It does an annual business of approximately \$5 billion. It should, therefore, employ the best of business methods and I would point out, in this regard, that a leasing policy is followed by most of our large commercial chain-stores. They usually do not buy local sites; they lease and pay rent.

Our population is growing and moving, particularly from the cities to the suburbs, and the Post Office Department has found that many of its old offices are inadequate in terms of space or obsolete in terms of the service they must provide. The leasing arrangement has made it possible for the Department to move to a more advantageous spot without having a useless building on its hands.

In addition to the population factor, there is also a transportation factor to be considered. Many old offices are no longer adequate because they do not have the space necessary to handle the trucks and other mail vehicles used by the service today to provide speedier delivery.

Just a few weeks ago I took part in the dedication of a new branch office in my congressional district. It was necessary to move the station just a few blocks away, in the same shopping area in fact, because the old building was not large enough to handle the mail load and did not have the parking and maneuvering space to handle the mail vehicles.

The proper approach, of course, is for the Department to buy or build those facilities for which a permanent requirement exists. This applies particularly to stable downtown areas in large cities. Where the office may not be permanent, because of the shifting population or for other reasons, the leasing program offers a desirable alternative.

The Department now rents or leases nearly 25,000 facilities. More than 15,000 of them are rented on a month-to-month basis. About 9,000 facilities are occupied on a fixed-term basis, more than 90 percent of which are for terms of less than 10 years, although the article we are discussing dealt only with 30-year leases. So you do have flexibility which is so often necessary.

Moreover, the leasing program involves a taxation factor which ought to be con-

sidered in any comparison of cost, although here again the magazine article overlooked it. When a building is leased to the Federal Government, its owner, the lessor, must pay local real estate taxes on the property and income taxes. Where the building is owned by the Federal Government, of course, the property is exempt from taxation and the locality is required to provide police and fire protection and local services without compensation.

In fact, taxes and a fair return on capital investment account almost entirely for the difference in cost referred to in the Life article.

In this discussion, I hope that I have helped some of the Members understand the situation more clearly. I am sure there are abuses in the system and we are looking for them everyday. I am sure the program costs too much, and that is the main reason why this body voted a substantial cut in the Post Office budget for 1964.

But there are two sides to nearly every charge, and I feel all of the facts should be presented.

TO PROHIBIT AN AMERICAN TASS

(Mr. FINDLEY was granted permission to extend his remarks at this point and to include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, I am preparing legislation to stop the newly created market wire service of the Department of Agriculture. Unless we halt this first step toward a gigantic Government-owned news service, we may wind up with an American Tass.

My bill bars the Federal Government from owning or leasing wire services in competition with private news systems.

News wire service providing farm market news was put into operation August 1 by the Department. While it is available to any newspaper or person on request, the Secretary of Agriculture can cancel subscribers who "abuse" the service.

Unfairly competing with existing private news services, this Government news network is an ominous example of political intrusion into both freedom of the press and free enterprise.

Government-run wire services could drive existing private firms out of business. Privately owned wires can't charge their expenses to the taxpayer. Once again the Government bites off a chunk of private enterprise.

Forced bankruptcy of AP, UPI, and other wire services from a competing Government news service would mean the end of the free press. If the Government can dominate news distribution, it can cut off and ruin newspapers and radio-TV stations which criticize the powers that be.

In 3 years in Congress, I have never had a single request that the Government get into the news business.

FOREIGN ASSISTANCE ACT

(Mr. HARVEY of Indiana (at the request of Mr. FINDLEY) was granted per-

mission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HARVEY of Indiana. Mr. Speaker, unfortunately there are no clear-cut answers to the problems facing the world and foreign aid, as we consider it today in terms of dollars and cents, is no exception.

In thinking back to what our country has done in the past as far as assistance to less fortunate countries is concerned, I do not think there is a person in the world who can justifiably criticize the United States of America. The assistance that was given the war-ravaged nations of the world at the close of World War II and since has been unparalleled. However, despite all of the aid that has been given, the prestige of the United States abroad is actually not as high as it was before foreign assistance was started.

Today we meet, as we have done for the past 19 years for the purpose of extending for 1 more year, our hand of good will to the so-called less fortunate nations of the world.

My questions to this august body are: Can we afford to spend this amount of money? Are we so rich? Is our financial condition so solvent that we can continue to spend this money abroad without affecting our already serious balance-of-payments problem? Gentlemen, the answers to these questions are quite obvious to me. I honestly do not think that as a nation we can afford to saddle our economy with this \$4.5 billion burden.

For a world at the close of World War II that found two-thirds of its people hungry and lacking in industrial potential, the people of the United States responded most generously.

This expression of good will undoubtedly will go down in history as one of the most worthwhile undertakings, for mankind's sake, of this century.

Our moral obligations toward helping with the post-World War II reconstruction were met, and for this I am thankful. However, I question our ability as a nation overburdened with confiscatory tax rates and deficit spending to be in a position to continue the foreign assistance program.

Our own people deserve as much consideration, and more, as we have given the rest of the world. There are obligations in this country which we must assume if we are to continue to remain the leader of the free world.

TIME TO CLEAN HOUSE

(Mr. HOEVEN (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HOEVEN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement of WILLIAM E. MILLER, chairman of the Republican National Committee. Chairman MILLER's statement is self-explana-

tory, and we will now await with great interest to see what Democratic National Chairman John Bailey has to say about the matter. He cannot remain silent on this issue unless he wishes to condone and approve the resolutions recently adopted by the Young Democrats of 13 Western States in Berkeley, Calif.

STATEMENT OF CHAIRMAN WILLIAM E. MILLER

Democratic National Chairman John Bailey owes the American people an explanation for some resolutions recently adopted by the Young Democrats of 13 Western States in Berkeley, Calif. To what extent did the "radical left" not only attend but obviously control, this convention, so that the following resolutions, among others, were adopted?

1. U.S. resumption of diplomatic relations with Cuba.
2. A nonaggression pact between NATO and the Communist Warsaw Pact nations.
3. U.S. withdrawal of its troops from South Vietnam.

What were the motives and policies of a group seeking United States-Cuban diplomatic relations less than 10 days after Castro's kidnaping of Cuban refugees? What arguments so swayed the delegates that they supported a resolution which would seriously weaken NATO? Who convinced the Young Democrats that we should withdraw from South Vietnam and leave it open to the Communists?

These resolutions should be immediately and openly disavowed by responsible Democrats. It is up to Mr. Bailey to break the embarrassed silence in his party since the issuance of the Young Democrats' resolutions.

It is he who has recently been taking the opportunity to charge that the Republican Party is in danger of being taken over and controlled by the radical right. These charges are never substantiated. There is not one Republican policy statement, resolution or platform plank to be cited as proof.

In contrast, Mr. Bailey remains silent when confronted with the radical left in his own party.

Queries as to the large number of ADA members holding high administration positions have always gone unanswered. This organization has a basic contempt for our traditions of free enterprise and individual liberty. It is its announced aim to tailor our Constitution to fit its peculiar measurement of a socialist welfare state.

The ADA would grant full diplomatic recognition to the butchers of Red China. Like the Young Democrats at Berkeley, it would knock down the legal barriers which now hinder the free play of Soviet subversion and espionage in this country.

Chairman Bailey makes the broad and unsubstantiated generalization that the ultra-right is taking over the Republican Party. He names no names, because there is not a single member of the Birch Society or any other ultraconservative group in a position of influence in our party structure.

On the other hand, I can name names, and I will.

In the President's Cabinet there is Secretary of Agriculture Orville Freeman of the radical left ADA. On the White House staff are ADA members Theodore Sorensen, Lawrence O'Brien, and Arthur Schlesinger, Jr.

In the State Department are found Chester Bowles, Averell Harriman, "Soapy" Williams, and Carl Rowan.

The Under Secretaries of three Government Departments are ADA men: Ivan Nestingen of Health, Education, and Welfare; Charles Murphy of Agriculture; and Henry Fowler, of the Treasury Department.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

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HIGHLIGHTS: Senate committees reported: Mehren nomination. Dairy bill. Bill to increase number of new counties in which crop insurance may be offered. Manpower Development and Training Act amendments. Sen. Miller inserted items favoring restrictions on beef and veal imports. House passed foreign aid authorization bill. Rep. Findley requested public hearing on new USDA market news service.

SENATE

1. **NOMINATIONS.** The Agriculture and Forestry Committee reported the nomination of George L. Mehren to be an Assistant Secretary of Agriculture. p. 14859
2. **DAIRY INDUSTRY.** The Agriculture and Forestry Committee reported without amendment S. 1815, the Proxmire dairy bill to encourage the reduction of excess marketing of milk (S. Rept. 449). Sen. Proxmire expressed confidence that the bill will reduce the cost of the farm program, and will increase dairy farm income. p. 14860
3. **CROP INSURANCE.** The Agriculture and Forestry Committee reported without amendment S. 277, to increase the number of new counties in which crop insurance may be offered each year from not to exceed 100 to not to exceed 150 (S. Rept. 450). p. 14860

4. **MANPOWER DEVELOPMENT.** The Labor and Public Welfare Committee reported with amendments S. 1716, to amend the Manpower Development and Training Act of 1962 (S. Rept. 458). pp. 14860-1
5. **APPROPRIATIONS.** The "Daily Digest" states that the subcommittee of the Appropriations Committee "continued to consider H. R. 6754, fiscal 1964 appropriations for the Department of Agriculture, and related agencies, but did not conclude action thereon, and recessed subject to call." p. D664
6. **TRANSPORTATION.** The Commerce Committee reported with amendments S. J. Res. 102, to provide for the settlement of the labor dispute between certain railroads and their employees (S. Rept. 459). p. 14861
7. **PUBLIC LAW 480.** Received from the President the 18th semiannual report on activities carried on under Public Law 480, 83rd Congress, for the six-month period ending June 30, 1963 (H. Doc. 149). p. 14858
8. **FORESTRY; LOANS.** Received from Treasury a proposed bill "to liberalize the conditions of loans by national banks on forest tracts"; to Banking and Currency Committee. p. 14860
9. **GENERAL SERVICES; PROCUREMENT.** Received from GAO a report "on unnecessary depot handling and transportation costs of supply items, Federal Supply Service, General Services Administration." p. 14860
10. **COMMITTEE ASSIGNMENTS.** Agreed to a resolution relieving Sen. Proxmire from service on the Agriculture and Forestry Committee and assigning him to serve on the Appropriations Committee. p. 14865
Agreed to a resolution relieving Sen. Metcalf from service on the Interior and Insular Affairs Committee and assigning him to serve on the Labor and Public Welfare Committee. p. 14865
11. **FOREIGN AID.** Sens. Dirksen and Gruening submitted amendments intended to be proposed to the foreign aid authorization bill. pp. 14865-6
12. **BEEF IMPORTS.** Sen. Miller expressed concern over increased imports of beef and veal and inserted several items urging restrictions on such imports, including a letter to Secretary Freeman from the National Livestock Feeders Association criticizing a USDA release on the effects of beef imports on the domestic livestock industry. pp. 14869-74
13. **FEDERAL EXPENDITURES.** Sen. Miller urged a reduction in Federal expenditures and inserted two articles on the subject. pp. 14867-9
14. **EDUCATION.** Sen. Mundt urged enactment of legislation to continue Federal Assistance to schools in Federally impacted areas. p. 14875
15. **RECLAMATION.** Sen. Metcalf praised the Federal reclamation program and defended the program against criticism in a Life magazine article. pp. 14884-6
16. **SCIENCE.** Sens. Bartlett and Keating urged enactment of legislation to provide for the establishment of a Congressional Office of Science and Technology. pp. 14891-4
17. **LEGISLATIVE PROGRAM.** Sen. Metcalf stated that it is planned to take up the bill for settlement of the railroad dispute on Mon. p. 14859

18. ADJOURNED until Mon., Aug. 26. p. 14967

HOUSE

19. FOREIGN AID. By a vote of 224 to 186, passed with amendments H. R. 7885, the foreign aid authorization bill. Previously agreed, by a vote of 222 to 188, to recommit the bill to allow the consideration of an amendment by Rep. Adair, which was also agreed to. The amendment changes the Development Loan Fund authorization to \$900 million instead of \$1,500 million for 1964; reduces from \$600 million to \$450 million the authorization for the Alliance for Progress; and reduces the Contingency Fund from \$200 million to \$150 million. pp. 14831-7

Rep. Cramer voiced opposition to the amendment in the foreign aid authorization bill which allows the President to waive the stoppage of aid to countries that trade with Cuba. pp. 14844-5

20. MARKET NEWS. Rep. Findley inserted his letter to Chairman Cooley of the Agriculture Committee, requesting a public hearing to obtain the facts on USDA's new market news service. pp. 14842-4

21. FOREIGN TRADE. Rep. Lipscomb opposed U. S. shipment to U.S.S.R. of machinery used in mining potash, employed for manufactures of fertilizers and textiles. pp. 14837-9

22. LETTUCE. Rep. Talcott congratulated the Salinas Valley on its millionth railroad carload shipment of head lettuce and complained of the possible effect of the end of the Mexican farm labor program. pp. 14845-6

23. FARM LABOR. Rep. Gonzalez urged defeat of the Mexican farm labor program. p. 14846

24. LEGISLATIVE PROGRAM. Rep. Albert announced the legislative program for this week including S. 1007, to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal hydroelectric plants in that region. p. 14839

25. ADJOURNED until Mon., Aug. 26. p. 14856

ITEMS IN APPENDIX

26. WATER RESOURCES. Extension of remarks of Rep. Secrest inserting the report of the National Projects Committee to the National Rivers and Harbors Congress. pp. A5415-7

Extension of remarks of Rep. Edmondson inserting an editorial "exposing many of the fallacies of the Life article" concerning the Arkansas River multiple-purpose water project. p. A5420

27. AREA REDEVELOPMENT Extension of remarks of Rep. Abele inserting a local Chamber of Commerce letter opposing certain Area Redevelopment Adm. policies. p. A5421

28. FARM LABOR. Extension of remarks of Rep. Gathings inserting a professor's letter, "Braceros and Farmworkers." p. A5437

BILLS INTRODUCED

29. MINERALS. H. R. 8224, by Rep. Edmondson, to provide for the sale, by the Secretary of the Interior, to the surface owners of land of certain mineral interests reserved to the United States; to Interior and Insular Affairs Committee.
30. NATIONAL EMBLEM. H. R. 8228, by Rep. Kyl, designating the corn tassel the national floral emblem of the United States; to House Administration Committee.
31. FORESTS. H. R. 8230, by Rep. Patman, to amend section 24 of the Federal Reserve Act (12 U.S.C. 371) to liberalize the conditions of loans by national banks on forest tracts; to Banking and Currency Committee.
32. TRANSPORTATION. S. 2075, by Sen. Hart, to amend section 22 of the Interstate Commerce Act so as to assure that rates, fares, and charges established under that section for the United States Government are free from undue prejudice and preference; to Commerce Committee. Remarks of author, pp. 14862-3

BILL APPROVED BY THE PRESIDENT

33. LUMBER TARIFF. S. 1032, to exclude cargo which is lumber from certain tariff-filing requirements under the Shipping Act, 1916. Approved August 22, 1963 (Public Law 88-103).

PRINTED HEARINGS RECEIVED BY THIS OFFICE

34. APPROPRIATIONS. Military construction appropriations for 1964, parts 1 and 2. H. Appropriations Committee.
35. EDUCATION. S. 580, to improve the quality of elementary education and secondary education. S. Labor and Public Welfare Committee.
36. SMALL BUSINESS. Impact upon small business of dual distribution and related vertical integration. H. Select Small Business Committee.
37. PERSONNEL. H. R. 4460, travel expenses for student trainees when assigned to certain Government positions; and H. R. 1959, payment of transportation of private vehicles of Government employees in Alaska. H. Government Operations Committee.
38. WILDLIFE. Wildlife population management. H. Merchant Marine and Fisheries Committee.
39. MANPOWER. S. 1691, S. 1816, S. 1725, and S. 1931, bills relating to the training and utilization of the manpower resources of the nation. S. Labor and Public Welfare Committee.
40. CIVIL DEFENSE. Civil defense-fallout shelter program, part 2, volume 2. H. Armed Services Committee.

interest rates under the new section 13A. At the same time, this provision would be broadened to authorize the fixing of different rates, not only for different classes of paper, but also according to such other basis or bases as may be deemed necessary to accomplish the purposes of this provision. The amended provision would also include separate authority as to rates on advances to individuals, partnerships, and corporations under subsection (c) of the new section 13A.

Section 11: The provision of section 16 of the act (12 U.S.C. 412) authorizing the use of paper acquired under section 13 as security for Federal Reserve notes would be modified to refer to notes of member banks or others acquired under the provisions of [the new] section 13A of this act.

Section 12: The provision of section 19 of the act (12 U.S.C. 463), prohibiting member banks from acting as agents for nonmember banks in obtaining Federal Reserve discounts, without the Board's permission, would be conformed to refer to advances instead of discounts.

Section 13: A provision of section 23A of the act, relating to security for loans to affiliates of member banks, would be conformed to eliminate a reference to drafts eligible for rediscount.

Section 14: A provision of the act of July 21, 1932 (12 U.S.C. 1148), authorizing agricultural credit corporations to rediscount eligible paper with the Federal Reserve banks, would be repealed.

REGULATION OF INSURANCE RATES IN DISTRICT OF COLUMBIA

Mr. MILLER. Mr. President, I introduce, for appropriate reference, a bill to regulate insurance rates in the District of Columbia.

Mr. President, I wish to point out that this is the model bill proposed by the National Association of Insurance Commissioners.

I ask unanimous consent that the bill lie over until a week from today for such additional cosponsors as may wish to join.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Iowa.

The bill (S. 2077) to regulate in the District of Columbia rates for all forms of casualty insurance, including fidelity, surety, and guaranty bonds, and for certain forms of fire, marine, and inland marine insurance, and for other purposes, introduced by Mr. MILLER, was received, read twice by its title, and referred to the Committee on the District of Columbia.

COMMITTEE SERVICE

Mr. METCALF. Mr. President, on behalf of the Democratic steering committee, I submit a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The legislative clerk read the resolution (S. Res. 187), as follows:

Resolved, That the Senator from North Dakota [Mr. BURDICK] is relieved from service on the Committee on Labor and Public Welfare and is hereby assigned to serve on the Committee on the Judiciary.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

Mr. METCALF. Mr. President, also on behalf of the Democratic steering committee, I submit a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The legislative clerk read the resolution (S. Res. 188), as follows:

Resolved, That the Senator from Wisconsin [Mr. PROXMIER] is relieved from service on the Committee on Agriculture and Forestry and is hereby assigned to serve on the Committee on Appropriations.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was agreed to.

Mr. METCALF. Mr. President, also on behalf of the Democratic steering committee, I submit a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The legislative clerk read the resolution (S. Res. 189), as follows:

Resolved, That the Senator from Montana [Mr. METCALF] is relieved from service on the Committee on Interior and Insular Affairs and is hereby assigned to serve on the Committee on Labor and Public Welfare.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was agreed to.

EXTENSION OF TIME FOR MAKING GRANTS UNDER FEDERAL AIR- PORT ACT—AMENDMENT

Mr. PROXMIER submitted an amendment, intended to be proposed by him, to the bill (S. 1153) to amend the Federal Airport Act to extend the time for making grants thereunder, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF FOREIGN ASSIST- ANCE ACT OF 1961—AMENDMENTS

Mr. DIRKSEN. Mr. President, many persons in different parts of our country were displaced from Yugoslavia as a part of, and as an aftermath of, World War II. In that operation, they lost their property. Subsequently, they came to this country and became citizens of the United States.

The United States concluded with the Yugoslav Government, an agreement whereby the Yugoslav claims settlement commission for the handling of specific claims was created. But it appears that it has taken the position, and our representatives also have taken the position, that since these persons were not citizens of the United States, no valid claim could have been preferred. Now they have be-

come U.S. citizens; but they were dispossessed of their property.

This situation comes to mind in connection with the Foreign Assistance Act, which is Senate bill 1276, under which I am fairly sure that certain benefits—whether in the form of loans or in the form of grants—might be made available to Yugoslavia. It is a singular thing that out of the tax moneys of the people of this country, including those of the various claimants whose claims have been unsatisfied, we would propose such payments—not urge the Yugoslav Government to do something about these claims, but mandate them and, in fact, provide that there shall be no assistance under the Foreign Assistance Act to the Federal Peoples Republic of Yugoslavia, unless and until the President determines that such Government has made an acceptable arrangement for the payment of claims arising out of the nationalization or other taking by such Government of property of persons who are now citizens of the United States, on the date of the enactment of this act.

In any case, such persons were not citizens of the United States on the date of the nationalization or taking of such nationalization or other taking occurred subsequent to July 19, 1948.

Mr. President, I have a more extended memorandum to submit in connection with this matter. In addition, I submit, for appropriate reference, an amendment to Senate bill 1276, to be called up when that bill comes to the floor for consideration.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Foreign Relations; and, without objection, the memorandum will be printed in the RECORD.

The memorandum presented by Mr. DIRKSEN is as follows:

BACKGROUND OF YUGOSLAV CLAIMS

All claims arising from the nationalization or other taking of property owned by American citizens in Yugoslavia between September 1, 1939, and July 19, 1948, are considered to have been fully settled by the payment made to the United States under the Pecuniary Claims Settlement Agreement between the United States and Yugoslavia of July 19, 1948. These nationals with valid claims to compensation for the loss of property during the cited period were obliged to file claims with the Foreign Claims Settlement Commission before the termination of the program on December 31, 1954.

The State Department reports that while it is sympathetic toward those unfortunate individuals who were not American citizens at the time their losses occurred, the United States, in accordance with the well-established principle of international law and practices, espouses private claims against another nation only where the claimant was a national of the United States at the time the claim arose. The Yugoslav Claims Settlement Agreement excludes from the settlement of claims individual nationals of the United States who did not possess such nationality at the time of the nationalization of their property.

Article 3 of the agreement provides that such claims are subject to compensation by the Yugoslav Government, either by direct negotiations between that Government and the respective claimants, or under compensation procedures prescribed by Yugoslav

law. It is clear from this provision that there is no obligation on the part of the Yugoslav Government toward the United States with respect to so-called article 3 claimants. Similarly, there is no obligation on the part of the United States toward such claimants. The matter of payment of these claims is for settlement between the claimants and the Yugoslav Government.

The United States has not disinterested itself in the fate of such claimants, and it has urged the Yugoslav Government on different occasions to preserve the rights of claimants who were not American citizens at the time their losses occurred. The United States cannot do more than urge.

In May 1962 the State Department announced that the United States and Yugoslavia have agreed to begin negotiations with a view to settling claims of American citizens against Yugoslavia for the taking by Yugoslavia of their property under the nationalization law of December 1958, and other measures of the Yugoslav Government. The claims to be included in the negotiations are those which have arisen since July 19, 1948, the date of the last settlement between the two Governments.

When the amendments to the War Claims Act were before the Senate in the fall of 1962, a provision was included to include claimants who were not citizens of the United States at the time of their losses. This was eliminated in conference.

The Senate receded, "with the understanding that in the event there remains a balance in the war claims fund after the payment in full of claims provided for under the bill, consideration would be given to legislation providing for payment to these categories of persons. The committee of the conference recommended that the Foreign Claims Settlement Commission should proceed to make an estimate of the amount of claims that would be involved." (H. Rept. 2513, 87th Cong.)

WHY SHOULD THE U.S. AID PROGRAM BE PAYING DUTY ON THE PRODUCTS OF ITS LOANS AND GRANTS?

Mr. GRUENING. Mr. President, I submit, for appropriate referral, an amendment to S. 1276, a bill to amend further the Foreign Assistance Act of 1961, as amended.

My amendment is simple. It is designed to correct what I consider an abuse which has occurred in some of the countries receiving foreign economic assistance grants and loans. In some of the countries, articles purchased in this country with U.S. dollars loaned or granted to those countries under our AID program, are subject to customs or other import duties when imported from the United States into those countries. In effect, those countries are diverting a portion of our aid dollars away from their economic development and into paying for the general operating expenses of the governments of those countries.

In effect, this is hidden partial underwriting of the budgets of those countries in a manner determined by them and not by the United States. If we are giving development grants or loans to a particular nation, every dollar of that grant or loan should be applied to the particular project aided. We should not permit a single dollar of it to be diverted, in this indirect manner, to any other uses decided upon by the government aided.

In order to give my colleagues an opportunity to join with me in this amendment, I ask unanimous consent that the

amendment be printed in the RECORD, and lie at the desk until the close of business August 30, 1963.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Foreign Relations; and, without objection, the amendment will be printed in the RECORD and held at the desk, as requested by the Senator from Alaska.

The amendment is as follows:

On page 8, between lines 17 and 18 insert the following new section:

"Sec. 302. Section 620 of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof the following new subsection:

"(1) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act."

NO U.S. AID FOR GOVERNMENTS THAT WAGE OR WOULD WAGE AGGRESSIVE WAR

Mr. GRUENING. Mr. President, I submit, for appropriate reference, an amendment to S. 1276, a bill to amend further the Foreign Assistance Act of 1961, as amended.

This too is a simple amendment. The amendment would cut off foreign economic assistance to any nation which is arming itself for aggression against any nation which we also are aiding.

We find in the Middle East an extremely explosive situation. Egypt is engaged in an arms race seeking to make itself militarily capable of carrying on an aggressive war with its neighbors. In fact, at this very moment, more than 28,000 Egyptian troops are fighting in Yemen, and have been kept there despite promises to the United States to remove them. While the United States under its aid program is pouring millions of dollars into Egypt to build up its economy and relieve its people's poverty the Egyptian Government is squandering millions in an aggressive war in another country. Yet we continue to give Egypt foreign economic assistance, thus freeing Egypt's normal resources for diversion into arms bartered from Communist nations.

But the situation is worse than this.

Because Egypt is arming itself, its neighbors against which it has openly made threats must divert much needed revenues from their economic development into arms. We are aiding Jordan with many millions. We have aided Israel substantially to assist in its economic development. Israel and Jordan would need far less if they were not forced by Egypt's arming of itself to do likewise.

The amendment which I am offering was adopted in the other body yesterday.

I ask unanimous consent that this amendment be printed at this point in my remarks and lie on the desk until the close of business on August 30, 1963.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Foreign Relations; and, without objection, the amendment will be printed in the RECORD, and held at the desk, as requested by the Senator from Alaska.

The amendment is as follows:

On page 8, between lines 17 and 18, insert the following new section:

"Sec. 302. Section 620 of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof the following new subsection:

"(1) No loan or grant shall be made under any provision of this Act to any country, or to any recipient therein, unless such country shall have agreed to exempt from all customs duties or other import taxes levied by such country any articles procured in the United States or any of its territories with the proceeds of such loan or grant, including any amounts thereof loaned by the original recipient to borrowers within such country."

TRANSFER OF EXECUTIVE POWER OF PRESIDENT—AMENDMENT

Mr. JACKSON submitted an amendment, intended to be proposed by him, to the bill (H.R. 4638) to promote the orderly transfer of the executive power in connection with the expiration of the term of office of a President and the inauguration of a new President, which was referred to the Committee on Government Operations and ordered to be printed.

ADMINISTRATION OF AGING—ADDITIONAL COSPONSORS OF BILL

Mr. McNAMARA. Mr. President, at its next printing, I ask unanimous consent that the names of the Senator from Alaska [Mr. GRUENING], and the Senator from Rhode Island [Mr. PELL] be added as cosponsors of the bill (S. 2000) to provide assistance in the development of new or improved programs to help older persons through grants to the States for community planning and services and for training, through research, development, or training project grants, and to establish within the Department of Health, Education, and Welfare an operating agency to be designated as the "Administration of Aging."

The VICE PRESIDENT. Without objection, it is so ordered.

THE RAILROAD DISPUTE—ADDITIONAL COSPONSOR OF AMENDMENT

Mr. BARTLETT. Mr. President, I ask unanimous consent that the name of the junior Senator from Minnesota [Mr. McCARTHY] be added to the amendment to Senate Joint Resolution 102 submitted by the junior Senator from California [Mr. ENGLE].

The VICE PRESIDENT. Without objection, it is so ordered.



United States
of America

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Congressional Record

PROCEEDINGS AND DEBATES OF THE 88th CONGRESS, FIRST SESSION

Vol. 109

WASHINGTON, FRIDAY, AUGUST 23, 1963

No. 132

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Revelation 21: 7: He that overcometh shall inherit all things; and I will be his God, and he shall be my son.

O Thou who art the source of strength and courage, of light and hope in these days that are shrouded in darkness, grant that we may know the secret of victorious and joyous living as we look wistfully and anxiously toward the future.

We pray that Thou wilt deliver and lift mankind out of its atheistic and agnostic tempers of mind. Fill us with a real and radiant faith in the Lord God omnipotent who reigns as the Supreme Ruler of the universe.

Enable us by Thy grace to gain for ourselves and others the mastery over all trials and tribulations and may the spirit of our blessed Lord be the strength of our souls, His truth our shield, and His companionship our joy.

May integrity of character, fidelity to duty, and obedience to Thy will be the cardinal and crowning virtues in our lives.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. OLIVER P. BOLTON. Mr. Speaker, reserving the right to object, may I inquire what general debate we will have today?

Mr. ALBERT. The only general debate will be special orders.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CALL OF THE HOUSE

Mr. O'BRIEN of New York. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 131]

Bass	Keith	Pilcher
Davis, Tenn.	Keogh	Powell
Dulski	McDade	Roberts, Ala.
Edwards	Matthews	Shelley
Elliott	Miller, Calif.	Smith, Va.
Grant	Nix	Thompson, La.
Hanna	O'Brien, Ill.	Willis
Harvey, Mich.	O'Neill	Wright
Henderson	Osment	

The SPEAKER. On this rollcall 406 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1963

The SPEAKER. The unfinished business is the reading of the engrossed copy of the bill, H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Clerk will read the engrossed copy of the bill.

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the engrossed copy of the bill be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ADAIR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ADAIR. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ADAIR moves to recommit the bill (H.R. 7885) to the Committee on Foreign Affairs

with instructions to report the same to the House forthwith with the following amendments:

Page 5, immediately after line 4, insert the following:

"Sec. 106. Section 202(a), which relates to authorization, is amended by striking out 'and \$1,500,000,000 for each of the next four succeeding fiscal years,' and inserting in lieu thereof '\$1,500,000,000 for the fiscal year 1963, \$900,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years.'"

And renumber the following sections accordingly.

Page 10, strike out lines 6 through 10, inclusive, and insert in lieu thereof the following:

"(b) Section 252, which relates to authorization, is amended as follows:

"(1) In the first sentence, strike out 'fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year' and insert in lieu thereof 'fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$450,000,000.'"

"(2) Immediately after '1963' the second time it appears therein, insert the following: 'and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964.'"

Page 11, line 2, strike out "\$200,000,000" and insert in lieu thereof "\$150,000,000".

Page 11, line 16, strike out "\$1,225,000,000" and insert in lieu thereof "\$1,000,000,000".

Mr. MORGAN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. ADAIR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 222, nays 188, not voting 23, as follows:

[Roll No. 132]

YEAS—222

Abbitt	Ayres	Bolton,
Abele	Baker	Oliver P.
Abernethy	Baring	Bow
Adair	Bates	Bray
Alger	Battin	Brock
Anderson	Becker	Bromwell
Andrews	Beermann	Brotzman
Arends	Belcher	Brown, Ohio
Ashbrook	Bell	Broyhill, N.C.
Ashmore	Bennett, Mich.	Broyhill, Va.
Auchincloss	Berry	Bruce
Avery	Betts	Burleson

14831

Burton
Byrnes, Wis.
Cannon
Casey
Cederberg
Chamberlain
Chelf
Chenoweth
Clancy
Clausen,
Don H.
Clawson, Del
Cleveland
Collier
Colmer
Corbett
Cramer
Cunningham
Curtin
Curtis
Dague
Davis, Ga.
Derounian
Derwinski
Devine
Dole
Dorn
Dowdy
Downing
Dwyer
Ellsworth
Findley
Fisher
Flynt
Ford
Foreman
Forrester
Fountain
Gathings
Gavin
Glenn
Goodell
Goodling
Griffin
Gross
Grover
Gubser
Gurney
Hagan, Ga.
Haley
Hall
Halleck
Harris
Harrison
Harsha
Harvey, Ind.
Henderson
Herlong
Hoeven
Hoffman
Horan
Horton
Hosmer

Huddleston
Hull
Hutchinson
Ichord
Jarman
Jennings
Jensen
Johansen
Jonas
Jones, Mo.
Kilburn
Kilgore
King, N.Y.
Knox
Kornegay
Kunkel
Kyl
Laird
Landrum
Langen
Latta
Lennon
Lipscomb
Lloyd
McClory
McCulloch
McIntire
McLoskey
McMillan
MacGregor
Mahon
Marsh
Martin, Calif.
Martin, Nebr.
May
Meador
Michel
Miller, N.Y.
Milliken
Mills
Minshall
Moore
Morton
Mosher
Murray
Natcher
Nelsen
Norblad
O'Konski
Passman
Pelly
Perkins
Pillion
Pirnie
Poage
Poff
Pool
Quie
Quillen
Reid, Ill.
Reifel
Rhodes, Ariz.

Rich
Riehlman
Rivers, S.C.
Roberts, Tex.
Robison
Rogers, Tex.
Roudebush
Roush
Rumsfeld
St. George
Saylor
Schadeberg
Schenck
Schneebell
Schweiker
Scott
Selden
Sennner
Short
Shriver
Sibal
Sikes
Siler
Skubitz
Smith, Calif.
Smith, Va.
Snyder
Springer
Stafford
Stephens
Stinson
Stubblefield
Taft
Talcott
Taylor
Teague, Calif.
Thomson, Wis.
Tollefson
Tuck
Tupper
Tuten
Utt
Van Pelt
Waggonner
Wallhauser
Watson
Watts
Weaver
Weltner
Westland
Whalley
Wharton
Whitener
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Ind.
Winstead
Wydler
Wyman
Younger

NAYS—188

Addabbo
Albert
Ashley
Aspinall
Baldwin
Barrett
Barry
Beckworth
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling
Bolton,
Frances P.
Bonner
Brademas
Brooks
Broomfield
Brown, Calif.
Buckley
Burke
Burkhalter
Byrne, Pa.
Cahill
Cameron
Carey
Celler
Clark
Cohelan
Conte
Cooley
Corman
Daddario
Daniels
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Downing
Duncan
Dwyer
Edmondson
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Fino
Flood
Fogarty
Fraser
Frelinghuysen
Friedel
Fulton, Pa.
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gary
Gialmo
Gibbons
Gilbert
Gill
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hagen, Calif.
Halpern
Hansen
Harding
Hardy
Hawkins
Hays
Healey
Hébert
Hechler
Hemphill

Duncan
Edmondson
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Fino
Flood
Fogarty
Fraser
Frelinghuysen
Friedel
Fulton, Pa.
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gary
Gialmo
Gibbons
Gilbert
Gill
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hagen, Calif.
Halpern
Hansen
Harding
Hardy
Hawkins
Hays
Healey
Hébert
Hechler
Hemphill

Holifield
Holland
Joelson
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kee
Kelly
King, Calif.
Kirwan
Kluczynski
Lankford
Leggett
Lesinski
Libonati
Lindsay
Long, La.
Long, Md.
McDowell
McFall
Macdonald
Madden
Mailliard
Martin, Mass.
Mathias
Matsunaga
Miller, Calif.
Minish
Monagan
Montoya
Moorhead
Morgan
Morris
Morrison
Morse
Moss
Multer
Murphy, Ill.
Murphy, N.Y.

Nedzi
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olson, Mont.
Olson, Minn.
Patman
Patten
Pepper
Philbin
Pike
Powell
Price
Pucinski
Purcell
Rains
Randall
Reid, N.Y.
Reuss
Rhodes, Pa.
Rivers, Alaska
Rodino

Rogers, Colo.
Rogers, Fla.
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Rostenkowski
Roybal
Ryan, Mich.
Ryan, N.Y.
St Germain
St. Onge
Secret
Sheppard
Shipley
Sickles
Sisk
Slack
Smith, Iowa
Staebler
Staggers
Steed

Stratton
Sullivan
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Trimble
Udall
Ullman
Van Deerlin
Vanik
Vinson
White
Wickersham
Wilson,
Charles H.
Young
Zablocki

NOT VOTING—23

Bass
Davis, Tenn.
Dulski
Edwards
Elliott
Grant
Hanna
Harvey, Mich.
Keith
Keogh
McDade
Matthews
Nix
O'Brien, Ill.
O'Neill
Osmer

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Willis for, with Mr. Keogh against.
Mr. Grant for, with Mr. Osmer against.
Mr. Thompson of Louisiana for, with Mr. McDade against.
Mr. Harvey of Michigan for, with Mr. Hanna against.
Mr. Keith for, with Mr. Wright against.
Mr. Pilcher for, with Mr. Edwards against.

Until further notice:

Mr. Bass with Mr. Schwengel.
Mr. O'Brien of Illinois with Mr. Roberts of Alabama.
Mr. Shelley with Mr. Nix.
Mr. O'Neill with Mr. Dulski.
Mr. Elliott with Mr. Davis of Tennessee.

Mr. GROVER changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

Mr. MORGAN. Mr. Speaker, acting under the instructions of the House, on behalf of the Committee on Foreign Affairs, I report back to the House the bill, H.R. 7885, with an amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Mr. ADAIR moves to recommit the bill (H.R. 7885) to the Committee on Foreign Affairs with instructions to report the same to the House forthwith with the following amendments:

Page 5, immediately after line 4, insert the following:

"Sec. 106. Section 202(a), which relates to authorization, is amended by striking out 'and \$1,500,000,000 for each of the next four succeeding fiscal years,' and inserting in lieu thereof, '\$1,500,000,000 for the fiscal year 1963, \$900,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years.'"

And renumber the following sections accordingly.

Page 10, strike out lines 6 through 10, inclusive, and insert in lieu thereof the following:

"(b) Section 252, which relates to authorization, is amended as follows:

"(1) In the first sentence, strike out 'fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year' and insert in lieu thereof 'fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each

such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$450,000,000.'

"(2) Immediately after '1963' the second time it appears therein, insert the following: 'and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964.'"

Page 11, line 2, strike out "\$200,000,000" and insert in lieu thereof "\$150,000,000".

Page 11, line 16, strike out "\$1,225,000,000" and insert in lieu thereof "\$1,000,000,000".

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on passage of the bill.

Mr. ADAIR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 224, nays 186, answered "present" 1, not voting 23, as follows:

[Roll No. 133]

YEAS—224

Addabbo
Albert
Arends
Ashley
Aspinall
Auchincloss
Ayres
Baldwin
Barrett
Barry
Bates
Beckworth
Blatnik
Boggs
Boland
Bolling
Bolton,
Frances P.
Brademas
Brooks
Broomfield
Brown, Calif.
Buckley
Burke
Burkhalter
Byrne, Pa.
Byrnes, Wis.
Cahill
Cameron
Cannon
Carey
Celler
Clark
Cleveland
Cohelan
Conte
Cooley
Corbett
Corman
Daddario
Daniels
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Downing
Duncan
Dwyer
Edmondson
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Fino
Flood
Fogarty
Fraser
Frelinghuysen
Friedel

Fulton, Pa.
Fulton, Tenn.
Gallagher
Garmatz
Gary
Gialmo
Gibbons
Gilbert
Gill
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Hagen, Calif.
Halleck
Halpern
Hansen
Harding
Hardy
Hawkins
Hays
Healey
Hébert
Hechler
Holifield
Holland
Horton
Hosmer
Joelson
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kee
Kelly
King, Calif.
Kirwan
Kluczynski
Kunkel
Lankford
Leggett
Lesinski
Libonati
Lindsay
Lloyd
Long, Md.
McDowell
McFall
Macdonald
MacGregor
Madden
Mahon
Mailliard
Martin, Mass.
Mathias
Matsunaga
May
Meador
Miller, Calif.
Miller, N.Y.
Mills

Minish
Monagan
Montoya
Moorhead
Morgan
Morrison
Morse
Morton
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olson, Mont.
Olson, Minn.
Ostertag
Patman
Patten
Pepper
Perkins
Philbin
Pike
Pirnie
Powell
Price
Pucinski
Purcell
Quie
Rains
Randall
Reid, N.Y.
Reuss
Rhodes, Pa.
Riehlman
Rivers, Alaska
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Rostenkowski
Roybal
Ryan, Mich.
Ryan, N.Y.
St Germain
St. Onge
Schneebell
Schweiker
Schwengel
Selden
Sennner
Sheppard
Sibal
Sickles
Sisk
Slack
Smith, Iowa
Springer
Staebler

Stafford
Staggers
Stratton
Stubblefield
Sullivan
Thompson, N.J. Vinson
Thompson, Tex. Wallhauser
Thornberry
Toll
Trimble

Tupper
Udall
Ullman
Van Deerlin
Vanik
Watt
Weltner
Whalley

White
Wickersham
Widnall
Wilson,
Charles H.
Wylder
Young
Zablocki

NAYS—186

Abbott
Abele
Abernethy
Adair
Alger
Anderson
Andrews
Ashbrook
Ashmore
Avery
Baker
Baring
Battin
Becker
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Betts
Bolton,
Oliver P.
Bonner
Bow
Bray
Brock
Bromwell
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Bruce
Burleson
Burton
Casey
Cederberg
Chamberlain
Chelf
Chenoweth
Clancy
Clausen,
Don H.
Clawson, Del.
Collier
Colmer
Cramer
Cunningham
Curtin
Curtis
Dague
Davis, Ga.
Derounian
Derwinski
Devine
Dole
Dorn
Dowdy
Ellsworth
Findley
Fisher
Flynt
Foreman

Forrester
Fountain
Fuqua
Gathings
Gavin
Glenn
Goodell
Goodling
Gross
Gubser
Gurney
Hagan, Ga.
Haley
Hall
Harris
Harrison
Harsha
Harvey, Ind.
Hemphill
Henderson
Herlong
Hoeven
Hoffman
Horan
Huddleston
Hull
Hutchinson
Ichord
Jarman
Jennings
Jensen
Johansen
Jonas
Jones, Mo.
Kilburn
Kilgore
King, N.Y.
Knox
Kornegay
Kyl
Laird
Landrum
Langen
Latta
Lennon
Lipscomb
Long, La.
McClary
McCulloch
McIntire
McLoskey
McMillan
Marsh
Martin, Calif.
Martin, Nebr.
Michel
Milliken
Minshall
Moore
Morris
Mosher
Murray
Neisen

Norblad
O'Konski
Passman
Pelly
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Reifel
Rhodes, Ariz.
Rich
Rivers, S.C.
Rogers, Fla.
Rogers, Tex.
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Roush
Rumsfeld
St. George
Saylor
Schadeberg
Schenck
Scott
Secrest
Shipley
Short
Shriver
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Siler
Skubitz
Smith, Calif.
Smith, Va.
Snyder
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Stephens
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Taft
Talcott
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thomson, Wis.
Tollefson
Tuck
Tuten
Utt
Van Pelt
Waggoner
Watson
Weaver
Westland
Wharton
Whitener
Whitten
Williams
Wilson, Bob
Wilson, Ind.
Winstead
Wyman
Younger

Mr. Nix with Mr. McDade.
Mr. Dulski with Mr. Roberts of Alabama.
Mr. Hanna with Mr. Davis of Tennessee.
Mr. Edwards with Mr. Elliott.

Mr. MINISH changed his vote from "nay" to "yea."

Mr. GRIFFIN. Mr. Speaker, I have a live pair with the gentleman from Michigan [Mr. HARVEY]. If he were present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. WATSON. Mr. Speaker, I was opposed to this foreign-aid bill because I believe as the Clay Committee has reported in its appraisal of our foreign-aid program that we are attempting "too much for too many."

It is impossible for any nation regardless of its wealth to continue indefinitely to support most of the countries of the world and the extent of our national debt and decreasing gold reserves present dramatic proof that our financial condition cannot support a continuation of such great foreign spending programs. In my opinion, our foreign aid should be severely restricted with assistance given to those nations willing to take a stand for democratic government and those with an ability to make proper utilization of the funds supplied them.

There has been a continuing of the absence of selectivity in the recipients of our foreign aid. We have found both economic and military assistance being given simultaneously to countries on both sides of international quarrels as well as aid going to Communist-dominated countries like Yugoslavia and Poland.

Additionally, Mr. Speaker, there is a proper concern about the accumulation of unexpended balances from prior appropriations. As of June 30, 1963, we find such balances to be estimated at \$6.8 billion and it is difficult to see the necessity or advisability of authorizing additional foreign aid expenditures when several such exorbitant unexpended balances now exist.

Another matter which should disturb every responsible legislator is the fact that we are being called upon to authenticate or approve long-term foreign aid commitments by the executive department when congressional approval was not sought in the initial phases of such agreements. I fail to see any logic or justification in the argument advanced that Congress is breaking faith with foreign countries when we fail to rubber stamp those Executive commitments to which we were not a party. Such agreements should have prior congressional approval before being entered into by the Executive.

Mr. Speaker, of the most serious concern not only to members of Congress but the American people is our continuation of aid to Communist governments, which is being given under the pretense of preventing a further Communist buildup or wooing them away from the Soviet's control. Actual experience reveals that neither objective has been accomplished but instead our

aid to Communist-dominated countries has merely served to perpetuate its dictatorial control over the people and does not provide any measure of personal or political benefit to the people.

Certainly I am, as is every other American, desirous of giving assistance, both economic and military, to the friendly nations of the world who need such help, but I am convinced that the multibillion-dollar foreign aid program has contributed far less than its cost to our national interest and security.

In conclusion, Mr. Speaker, I believe very strongly that this aid program must be limited to those friendly nations which can absorb and utilize those funds effectively and should in no wise be given to Communist-dominated countries. Additionally we must withhold all aid from nations which would use our funds for territorial expansion and we must provide adequate safeguards to prevent the use of foreign aid to finance Government-owned facilities which would compete with private enterprise.

Mr. RYAN of New York. Mr. Speaker, during the debate on this bill I have been reminded of the story with which we are all familiar of the constituent who demanded to know: "What have you done for me lately?"

In this annual debate on the foreign aid bill it might be well to ask ourselves if we too are not guilty of a "what have you done for us lately?" attitude.

Each year the program comes up, and Members ask for a list of successes or accomplishments. The administration representatives dutifully prepare lists of successes and then the critics retort: "We know all that, but what about now?"

This sort of dialog obscures the real purposes of foreign assistance and the kind of aid program upon which we are now embarked.

The basic purpose of foreign assistance is to assist nations to achieve independence, freedom, and self-sustaining economic growth. We seek neither satellites nor domination. Our aid is aimed at encouraging independence.

Many of the nations, which have received economic assistance in the past, no longer receive aid. The record of successes has been well documented. We also know of the failures—they have been well documented, too.

The important point about this week's debate is that, in order to understand this program, we should not talk simply in terms of success and failure, good and bad, friend and enemy.

It is very easy to rise and denounce this bill; it is easy to discover mistakes; it is easy to criticize and say we are being played for suckers.

But the purpose of this debate should be to discuss the full value and ramifications of the present aid program.

Victories in the area of foreign aid are really the absence of defeat. We win if a country remains independent and does not go Communist.

We are embarked upon a long-range program of development assistance. The 1960's have been called the "decade of development."

The two words "decade" and "development"—need emphasis. We are thinking in terms of 10 years, and accomplish-

ANSWERED "PRESENT"—1

Griffin

NOT VOTING—23

Bass
Davis, Tenn.
Dulski
Edwards
Elliott
Grant
Hanna
Harvey, Mich.

Keith
Keogh
McDade
Matthews
Nix
O'Brien, Ill.
O'Neill
Osmer

Pilcher
Roberts, Ala.
Shelley
Thompson, La.
Willis
Wright

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Griffin for, with Mr. Harvey of Michigan against.

Mr. Keogh for, with Mr. Willis against.

Mr. Shelley for, with Mr. Thompson of Louisiana against.

Mr. Bass for, with Mr. Pilcher against.

Mr. O'Neill for, with Mr. Grant against.

Until further notice:

Mr. O'Brien of Illinois with Mr. Osmer.

Mr. Wright with Mr. Keith.

ments should be measured over this period.

And what is involved is development, the basic development of economics, often in nations many hundreds of years behind the West.

• How much foresight would we have attributed to a British investor in 1870 who put his money into the United States, as many did, and said, "I will give them 5 or 10 years to become an industrial nation"?

It might be well in viewing the progress of other nations—many of which lack the resources, the trained manpower, and the domestic tranquility of 19th century America—to remember some of our own history.

Development will take many years. The process is slow.

The remarkable fact is the speed at which many nations are emerging into the 20th century. Years are compressed into months as projects are completed, agricultural production jumps, diseases are conquered, and more trained persons contribute to their country.

The task requires patience and sacrifice on the part of the American people. But surely it is in our interest to spend—and in a majority of cases loan—less than 1 percent of our gross national product for this effort.

Certainly no nation in the history of the world has such a record for generosity. It is a record of which we can be proud.

As a result of such programs as foreign assistance, we are gaining in the struggle against totalitarianism.

I do not believe communism will win. And I do not believe in the men of little faith who say it will.

We have heard a great deal of talk about what we are doing to our grandchildren. I would certainly not want my grandchildren to grow up in a world where the richest nation—having more than half the world's wealth—ignored the needs of the two-thirds of the world who lived in poverty, disease and hunger. It might not be a very stable world. And it would be a dubious legacy for our grandchildren to pass on to succeeding generations.

Mr. Speaker, the great leaders in our history have had faith in our country—in the wisdom and generosity of our people. They have been men and women of vision.

If we are true to our great heritage, democracy will triumph, and the legacy of freedom will be passed on to succeeding generations in America and the world.

Mr. GLENN. Mr. Speaker for the past 5 years I have voted for foreign aid but with more and more misgivings. Today, I have cast my vote against foreign aid for several reasons, the first being that I can no longer justify in good conscience the giving of aid to foreign governments when we withheld aid to deserving American citizens in times of need.

I am referring specifically to disaster conditions within my own district in the wake of last year's violent coastal storm. This storm raged up the eastern seaboard and along the New Jersey coast leaving thousands of persons either

homeless or faced with heavy costs of replacing and repairing severe storm damage.

In the Atlantic and Cape May County portion of my district, these damages were particularly disastrous, and a great majority of those whose homes were destroyed or severely damaged by the storm were elderly people—men and women living on small pensions or social security; men and women who in many cases had invested lifetime savings in homes for retirement years.

Now, when disaster strikes in practically any portion of the world—be it flood, famine, earthquake, or any of nature's other violent outbursts—the United States gives aid in the form of housing and dollars, or whatever else may be needed.

This is a commendable philosophy, but unfortunately our charity does not begin at home. In the aftermath of last year's storm no relief was extended to needy victims of the disaster in rebuilding or repairing their homes save for the offer of emergency small business loans at 3 percent interest to finance the rebuilding or repair of their homes battered or flooded by violent winds or tides.

There is, of course, no insurance available for flood protection. Homeowners have no choice but to obtain the emergency loans which many will be repaying for the remainder of their lives or forsake their storm-ravaged dwellings.

By any yardstick, this was a disaster area. Up and down the Jersey coast thousands of persons suffered great hardship and staggering financial losses, yet no relief was forthcoming. The charity which our Federal Government always hands out to the less fortunate across the seas just did not apply to American citizens whose hard-earned tax dollars have supported foreign aid throughout the years.

Yes, I will admit to being bitter—and with valid reason, too. Since this disastrous storm, I have spoken with these stricken families and received letters from many others. I know firsthand their hardships and financial crises resulting from this storm, and if we cannot afford to offer a helping hand of aid to disaster-struck American citizens, I am certain we cannot afford foreign aid handouts to people of other lands, deserving though their needs may be.

Now, I am opposed to foreign aid for other reasons, too—reasons which I will briefly cite here—for I know they have been thoroughly detailed in debates over this issue during the present, as well as past, considerations of foreign aid legislation.

Since the end of World War II, foreign aid has cost the U.S. taxpayers more than \$120 billion, and still has, in my opinion, failed to accomplish its intended objectives of shoring up the bonds of friendship, understanding, and cooperation between the United States and other nations of the world community.

As the Honorable OTTO E. PASSMAN, of Louisiana, distinguished veteran chairman of the House Appropriations Subcommittee, which deals directly with the annual multi-billion-dollar appropriations for foreign aid, pointed out:

Of the aggregate amount of our aid, \$100 billion, in round figures, has been given out on a unilateral basis, going into 111 foreign nations and entities, including Communist, Communist-leaning, and so-called neutralist countries alike. In addition to this, indirect aid has been extended by the United States through capital investments, exceeding \$5.1 billion in five different international financial institutions, which have, in turn, disbursed assistance totaling more than \$7.5 billion.

But, even so, after all this money and all these years—and despite the seriously damaging drain the program is making on our economy—the trend for expanding foreign aid continues upward, rather than heading downward.

This year, for example, the United States is giving economic aid to at least 73 countries and 7 entities and, fantastic though it is, military assistance to 70 countries. This program not only is uncontrolled, but it is uncontrollable; and it is imperative, in our own national interest, that it be drastically curtailed and tightly administered.

I have during this session of Congress given considerable exhaustive study to the foreign aid issue, and I find that its negative factors far outweigh its positive arguments.

Without question, foreign aid has served to undermine the dollar since we made a series of strategems—all futile—which have been tried to stem the outflow of our gold. These attempts have been unsuccessful for our foreign aid program is a one-way street. The goods on services go out, the U.S. Treasury pays the bill, and the United States receives nothing of a tangible commercial nature in return.

As Mr. PASSMAN pointed out:

So great has been America's outpouring of wealth through foreign aid that many of the recipient nations have accumulated dollars far in excess of their needs. Consequently, they demand gold in exchange for the dollars, and in the past 10 years our gold reserves have been reduced from more than \$23 billion to less than \$16 billion. Over the same period, other free world countries increased their gold holdings from \$13 billion to nearly \$25 billion and their short-term dollar credits from less than \$11 billion to \$25 billion. For these dollar credits, those countries can demand gold, and if such a demand should come, the United States could not meet it.

If such a demand should be made, we would indeed be in serious trouble. We would have no recourse but to devalue the dollar with a resultant chaotic upset to the world of finance. Yet in these days of crisis the use of this extreme measure is never out of mind and is even talked about in committee hearings.

Beyond this, it is my feeling—a conviction shared at least privately by many of my colleagues—that foreign aid has made the dollar a symbol of international handouts, a substitute for initiative and effort, and an endless drain on the American taxpayer. Also, the foreign aid has constituted not only an added tax on our producers, but also a subsidy to our foreign competitors with the result that our prices have become so high that we cannot now compete successfully in world trade without the Federal Government subsidizing our exports by as much as 30 percent.

And, last, despite the mountainous foreign aid expenditures our position in the

world has not improved. Indeed, it has become increasingly precarious. Certainly, by now we have proven that dollar diplomacy will not work, that we can not buy friendship or cooperation with dollars.

In view of these factors, I have voted against foreign aid with a clear conscience.

Mr. JONES of Missouri. Mr. Speaker, for the first time in the 15 years I have been a Member of the House, I have voted against the annual foreign aid authorization bill, and have done so most reluctantly, because I am not against a reasonable foreign aid program, efficiently and effectively administered. Many times in the past I have voted for these authorizations, with the same kind of reluctance, hoping that I would later have the opportunity of reducing the appropriation to the level which I felt was necessary and justified. I expect to give the same careful study and consideration to the appropriation bill that I have given to the authorization bill, but in view of the information which I already have, I am prepared to vote against the appropriation if it exceeds \$3 billion and I am hopeful the Appropriations Committee can assure us that even this sum is not justified and is not needed to carry out the best interests of this Nation. It is regrettable when partisan politics enter into consideration of a bill of the importance the foreign aid bill is to the security of this country, but unfortunately both parties engaged in such politics. To mention just one specific instance, I would refer to the amendment offered by my colleague, the gentleman from Missouri, the Honorable DURWARD HALL, representing the Seventh District, who offered an amendment to reduce and limit the contributions of the United States to the special programs operated by the United Nations, to not more than 33.3 percent. I have advocated such a reduction and limitation for many years, and in my remarks yesterday cited one specific instance of where we have paid as much as 90 percent of the cost of operating a program only to find that the administrators of the program were using our funds to buy commodities—wheat—which the United States had in great surplus, from other nations, giving as a reason therefor, our price was too high. For several years I have expressed the view that any time this Nation is inclined to pay more than 50 percent of the cost of any program, that we should operate the program ourselves; let the United States bear the entire cost of the program and get the full credit for any benefits therefrom. I think this is a sound policy and one which should have been adopted by the Department of State many years ago. I believe the Hall amendment, if offered by a Democrat, would have been adopted.

Mr. Speaker, I do not look upon the foreign aid program as a partisan program, and I do not look upon the opposition to the program as evidenced by the vote which recommitment of the bill to the committee, or the small margin by which this bill was passed as necessarily being a reflection upon the Kennedy adminis-

tration. Rather, in my opinion, it is a protest against the way the program has been administered by the State Department over the past several years, under both Republican and Democratic administrations. It is not difficult to read the facts from the RECORD that some Democrats who vote for the program when a Democratic administration is in power, voted against it when the Republicans were in power; and that some Republicans who voted against the bill today voted for it when President Eisenhower was in power, and this despite the fact that former President Eisenhower, as well as former President Truman both advocate a continuation of the program, although I believe that both of these former executives would agree that the program should be administered in the most efficient as well as the most effective manner, and that we should profit by our mistakes of the past.

In closing, Mr. Speaker, I would hope that those career bureaucrats in the Department of State, and more especially in the AID program would realize that there is great dissatisfaction in Congress over the manner in which this program has been administered, and that Congress is going to demand a more effective program, and the elimination of the great waste which has brought such discredit that Congress is fed up with many features of the program. It is unfortunate, Mr. Speaker, when Members like myself, who can see the need for continuing the program in many areas, find it necessary to take such drastic action as voting against the entire bill in order to impress the bureaucrats that we mean business.

Mr. LINDSAY. Mr. Speaker, I think I have made my feelings on the foreign aid bill pretty clear during the course of debate, as well as earlier in a special order, and in testimony before the Foreign Affairs Committee 2 months ago.

The Clay Committee came out with a sound report. It reflected the thinking of many of us. Each year I, among many others, have pressed for greater selectivity in the foreign aid program, decreased emphasis on the heavy amounts of military assistance, increased priority to loans instead of grants, and tighter administration.

The Foreign Affairs Committee reported out a bill that was tighter than any previous bill in the past on this subject. It reached compromises in every title of the bill. I was pleased that it accepted a proposal offered by me in testimony before the committee designed to provide greater opportunity for the private sector in the American economy to participate in and gradually take a greater share of American aid. The reported bill had the support of the ranking Republican Member, the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON], and most of the more senior Members of the minority side.

I was particularly impressed with the argument stated on the floor during debate by the gentleman from Massachusetts [Mr. MORSE]. The gentleman from Massachusetts [Mr. MORSE] has demonstrated a sharp eye for economies and the elimination of the unnecessary

and the wasteful from foreign aid programs and in all other programs.

During the course of floor debate a series of other amendments were adopted by the Committee, most of which were against the wishes of the majority members that I have mentioned.

Today, a motion to recommit was offered, which makes a reduction to the extent of \$160 million in the Development Loan Fund; \$150 million in the Alliance for Progress; \$50 million in the contingency fund; and \$225 million in military assistance—a total of \$585 million. The bill is reduced thereby to \$3.502 billion, and it is expected that the Appropriations Committee will reduce this figure to well under \$3 billion.

In the course of amendments on the floor, I supported an amendment to reduce the military assistance program by \$100 million. I also supported the Broomfield amendment. But these across-the-board slashes contained in a motion to recommit strike me as beyond reasonableness.

I supported President Eisenhower each year the foreign aid bill was introduced during the Eisenhower years. The tightening process that he began has been continued, and I cannot in good conscience reverse myself in the present instance.

Foreign aid remains an important—though we hope diminishing—aspect of foreign policy. It should receive a high degree of bipartisan support. In the tradition of Vandenburg, that obligation has always been a special one for Republicans and should not be forgotten. Hence I will vote against the motion to recommit and for the bill on final passage.

Mr. ANDERSON. Mr. Speaker, I rise in support of the amendment to require congressional approval of all proposed foreign aid projects costing \$100 million or more.

The Clay Committee report, of which we have already heard much, declares that in many respects the planning and administration of our aid program has not been as effective as we and the American people whom we represent have every right to expect, considering the tremendous cost of the program.

In their excellent presentation, the minority members of the Foreign Affairs Committee have particularized this charge and pointed out how this condition will be perpetuated in the present bill. They have also directed the attention of the House to several usurpations by the executive branch of congressional powers. I heartily concur with the gentlewoman from New York [Mrs. ST. GEORGE], who in the discussion of the rule commended the minority for their perceptive analysis of the situation. It remains for us to act upon the suggestions made by these gentlemen by enacting this and related amendments to the bill.

The present amendment, it seems to me, is well-calculated to put a brake on the liberties which the executive branch has been taking with our function and to prevent a continuation of a particular practice which I find specially disturbing. I refer to the use of American

tax dollars—the fruits of our system of private enterprise—for the purpose of encouraging State socialism in the developing economies of certain nations, particularly in Africa and Asia.

The prime example of what I am speaking about is, of course, the proposed Bokaro steel mill in India, a billion dollar operation—the tab for which is to be picked up by the American taxpayer. I say “proposed” steel mill, and I fervently hope that it is no more than that, but despite careful questioning by committee members, it did not emerge too clearly in the hearings how deeply the administration has committed us to this venture.

The Indian Embassy has been kind enough to furnish me with iron-steel production figures for the last two calendar years. In 1961, the private sector produced some 2,694,093 metric tons, and the public sector produced 1,258,802 metric tons. In 1962, the private sector produced some 2,830,323 metric tons—an increase of 144,000 metric tons over the preceding year. The public sector in 1962 produced 1,850,958 metric tons—an increase of 608,000 over the preceding year.

Thus, we see a promising privately owned steel industry being outstripped in production by a state-owned competitor. And American funds are sought to facilitate the process. The wonder of it all is, not that the Indians seek to do this, but that there are Americans who are willing to see it done.

This is precisely the kind of practices which the Clay Committee opposed, and in testimony before the Foreign Affairs Committee, the head of the AID indicated that he was in agreement with this judgment. But he went on to say that due to differing historical, cultural, and economic forces at work in recipient nations, it would be unwise for the United States to encourage the free enterprise system in every such nation. Certainly, one need not be a gifted observer to perceive substantial differences between the Republic of India and the United States, but I can see none and I have heard none advanced which is so insurmountable as to militate against free enterprise in India.

Here is a nation which already has a private steel industry and the United States is being asked to throttle it. An imposing array, ranging from the President of the United States down to a pair of aspiring pundits in one of the local papers, ardently support this project. The pundits, writing yesterday, seemed to feel that the dubiousness which has already been expressed by Members of Congress arises from some anti-Nehru bias which is alleged to inhere on the Hill. And they warned that if we refused to shell out for this project, India would be forced into the arms of Russia—an interesting and seldom-heard argument in foreign relations debates.

Mr. Speaker, the more I read in the press, the more firmly convinced I become that the amendment under consideration here is essential for the preservation of our national self-respect.

As I understand it, the major reasons advanced in support of our foreign aid program are two:

First, there is some sort of a moral obligation upon us in this country to share our bounty with those less fortunate. It has always been interesting for me to note that exponents of this position failed to observe that our wealth is the product of good hard work by ourselves and our forebears—no one gave it to us on a silver platter. I also note that the humanitarian impulse of the moralists seldom extends to the American taxpayer and the crushing burden of debt which is being piled on the shoulders of generations yet unborn.

Second—and somewhat more soundly, I think—it is argued that the Nation is engaged in a great struggle with the disciples of Marx who are seeking by every means at their command to extend their sway over the face of the globe. In part, this war is being waged economically: The less-fortunate peoples of the world must be helped to achieve some minimal degree of prosperity so that they will be less easy prey for the blandishments of the Marxists. And in part, it is being waged ideologically: The superiority, the vitality of our institutions must be demonstrated to these peoples. They must be afforded opportunities to see that a politically and economically free society offers more to each individual than does one which is subjected to government controls.

And so I ask, How do we advance these economic and ideological fronts by encouraging the spread of socialist institutions? I think it is clear that we do not advance either.

But, it is said, there is not sufficient private capital in India to finance this venture. And I say, and I have reason to believe that people across the Nation are saying, then let us work out an arrangement to get the capital to private developers in India. Surely this cannot be too difficult to do, and it certainly cannot be any more expensive than the present scheme. Let us, instead of spotlighting socialism, make Bokaro a showcase of private enterprise, and thus win a round on both the ideological and economic fronts.

And the first step to accomplishment of this is the adoption of the present amendment.

Mr. ZABLOCKI. Mr. Speaker, during the debate the other day on the Foreign Assistance Act, the gentleman from Missouri [Mr. CURTIS] raised a question which indicated that there is some apparent confusion about the amount of our foreign assistance funds which are used for procurement in the United States. This confusion arises, I think, for the following reasons:

Expenditures under the foreign assistance program during any period of time include expenditures for which funds were committed, that is, obligated in previous years, and expenditures for which funds were obligated during the immediate year. It is obvious that changes in procurement policy primarily affect funds obligated after the changes are adopted. Therefore, there will necessarily be a considerable period of time before actual payout under the foreign assistance program will fully reflect the policies which restrict funds to expenditure in the United States.

For some time, the administration has been taking steps to increase the position of aid funds which are spent in the United States. There is no doubt that the rate of actual expenditure of aid funds in the United States has been increasing. However, since actual current expenditures reflect funds committed in previous years as well as in the current year, the percentage of procurement in the United States today is not as high as the percentage of procurement in the United States which will be spent in the future under funds now being obligated.

To make an evaluation of the effect of current foreign aid procurement policies, it is necessary to analyze its impact on current commitments to be spent in the future.

The percentage of procurement statistics demonstrate this lag between policy and effect clearly. In 1961 an estimated 50 percent of foreign assistance expenditures were made in the United States; in 1962, 63 percent; and in 1964, the estimate is 70 percent. However, the percentage of new money committed, that is obligated, which will be spent in the United States, was an estimated 81 percent in 1963 and will go up to 85 percent in 1964. The lag between commitment and expenditure is evident.

I have in my hand, and will insert in the RECORD, a copy of the latest Agency procurement policy issued on July 5 of this year. Although we can all see that prior procurement policy actions have been extremely successful in reducing the effect of foreign aid spending on our balance of payments, the goal which the President and AID have set is even greater. That target is to restrict non-U.S. spending to \$500 million by fiscal year 1965.

To repeat, we must keep in mind that funds committed under old policies in prior years are being expended now. New funds now being committed of which 85 percent is for spending in the United States will not make their impact on the statistics until actually paid out.

COMMODITY PROCUREMENT SOURCE AND ORIGIN POLICY

The President has recently written to AID along with other agencies requesting a review of steps which could be taken to further relieve the burden of Government programs on the U.S. balance of payments. Specifically, the President requested an examination of what cutbacks in the aid program would be necessary to provide significant relief to the U.S. foreign deficit.

For some years it has been the target of this agency to reduce AID payments abroad to not more than 20 percent of total expenditures. It now appears that this target will be reached under fiscal year 1963 obligations. However, this agency is still making an estimated \$770 million of payments offshore this year, and it is now our agreed target to reduce this amount to \$500 million in fiscal year 1965.

EXISTING POLICIES

To reach this target will require a continued and concerted effort throughout the agency. Existing policies requiring the procurement of U.S. goods and services for AID-financed projects where possible must continue to be carefully and thoroughly applied. This is also true of existing policy to maximize the contributions of participating countries to the local cost of AID-financed projects and activities, including the over-sea living and operational expenditures of

AID technicians and contractors. Cash transfers must be reduced to the absolute minimum possible. Except for negligible amounts or as specifically waived by the Administrator, any necessary AID financing of local costs, whether on a budget support or project basis, should be introduced into the recipient country through financing of current commodity imports from eligible sources.

NEW POLICIES

As a further measure toward increasing the share of U.S.-produced goods and services in the AID program, this agency will, effective immediately, cease to finance goods which the United States is itself a consistent net importer except under exceptional circumstances. Such consistent U.S. net imports include crude oil, petroleum fuel, tin, rubber, wool, sugar, and the additional items appearing on the attached list prepared by the Assistant Administrator for Material Resources. The list is obviously subject to revision from time to time and must take into account any adverse effects on U.S. industry. It is contemplated that an inter-agency committee, with possible inclusion of membership of representatives of the Departments of Commerce and Labor (with the Assistant Administrator for Material Resources and Program Coordination Staff for AID) will be established to advise the Assistant Administrator for Material Resources on additions to or deletions from the list. The exceptional circumstances under which these items may be included in AID programs are:

1. Goods released from Government-held stocks or cases where the supplier agrees to accept an equivalent amount of goods released from Government-held stocks or strategic materials.

2. Goods acquired under barter contracts for surplus agricultural commodities under Department of Agriculture barter regulations and usual marketing criteria; or for stockpile surpluses under similar or related criteria and procedure.

3. Purchases of petroleum products subject to U.S. import quota, either in the United States, or offshore under arrangements which have the effect of treating the amount financed as an import into the United States for purposes of the U.S. import quota.

4. Cases where the regional Assistant Administrator, with the concurrence of the Assistant Administrator for Material Resources, determines that essential program purposes would be sacrificed if the net import item were not financed.

The principles of competitive procurement and of AID encouragement of the incipient industrial exports of less developed countries are to be maintained to the extent possible. The policy of limited worldwide procurement of goods of which the United States is also an exporter will therefore be continued for nonproject assistance financed with development grants or supporting assistance funds. However, in issuing procurement authorizations the commodity categories should be selected with strong emphasis on those on which U.S. exporters can normally compete successfully, giving secondary consideration to administrative convenience as a criterion of selection.

It is an AID purpose that assistance should result in expanded U.S. exports and in such shifts in trade patterns in favor of the United States as do not undermine other U.S. policy purposes.

Furthermore, policy with regard to eligible commodities is modified, effective immediately, to exclude from AID financing all goods which contain components imported from excluded sources, the delivered cost of which exceeds 30 percent of the supplier's lowest f.o.b. or f.a.s. export price at point of export. Exceptions may be approved by the Assistant Administrator for Material Resources.

The pattern of commodity financing will be kept closely under review. Further revision of procurement policy may be necessary if the half-billion-dollar target is to be met.

In addition the disbursement of AID funds to international organizations is to be related to the disbursement needs of the organization. In cooperation with the Treasury, 10 has already taken steps to insure this with regard to the U.N. Special Fund and UNICEF. Program coordination will work closely with the Bureau of International Organizational Affairs, State, to insure comparable arrangements as feasible in other cases. The regional administrators will consider similar arrangements with regard to contributions within their responsibility.

Finally, the Assistant Administrator for Latin America is requested to join with Treasury in securing arrangements with regard to the Social Progress Trust Fund which will reduce the drain from this source on the U.S. balance of payments. The aim of these arrangements should be substantially to confine all disbursements from the Trust Fund during fiscal year 1964 and subsequently to payment for goods and services of U.S. source.

GENERAL LEAVE TO EXTEND

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. PRICE'S remarks will appear hereafter in the Appendix.]

THE FOREIGN AID BILL

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ROUSH. Mr. Speaker, today I shall cast a "no" vote on the foreign aid bill. It is not an easy decision to make in view of worldwide commitments that have been made. However, it is my conviction that we are spending too much, in too many places; that we mistakenly believe we can buy friendship; or that we can, by gift or loan, persuade a nation to reject one political philosophy and accept ours. It just does not work that way. It is my conviction that we encourage, through our aid programs in other countries, socialism and I, for one, reject the theory of socialism. Through our aid we encourage strong dominating Federal control in other countries and certainly we do not want this for our own country.

I am opposed to building competing industry such as the Bokaro Steel Mill in India with U.S. taxpayer dollars. I am convinced that military aid to many countries is being used to police their own internal problems and that this is not our problem. I am convinced that aid should not be given to any Communist country either directly or indirectly. I am also convinced that, if we are to give aid to a country, it should be a country which is on our side. Being neutral and playing both sides against the mid-

dle is not being on our side. I also believe a nation should be politically stable before any aid is given. This we are not doing.

Mr. Speaker, our great mistake has been that we have been led astray by the early success of the Marshall plan. It was appropriate. It was timely. But the same formula cannot be applied today. The ingredients are not the same. Our own economy has changed. We are dealing with nations with no history of economic success. We are dealing with politically unstable nations and the outpouring of our dollars cannot solve their problems and it is my opinion it is only adding to ours.

EXPORTS TO THE SOVIET BLOC

(Mr. LIPSCOMB asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. LIPSCOMB. Mr. Speaker, many Members of Congress and millions of Americans have been greatly concerned about the policy of the administration on control of exports to the Soviet bloc. It has been known that certain spokesmen have espoused practically eliminating all controls on sales of goods to the Communists short of actual war materials. Many have been wondering when an out-and-out move toward this end would occur, and the speculation has been heightened since the conferences on the proposed test ban treaty.

I believe we have the answer. And that the answer is frightening and one that must be viewed with alarm.

The Department of Commerce, in conjunction with other departments of Government, has just reached a decision to allow shipment from the United States to the U.S.S.R. of highly automated mining machinery valued at an estimated \$10 million. According to reports the Soviet order is for 30 of the machines which are known as "continuous miners." They are similar to but larger than equipment used to mine coal in the United States. According to these reports, the company which would manufacture these highly automated, powerful machines, at the insistence of the State Department, filled a large order for coal mining equipment for the Russians during World War II.

The Department of Commerce advises that the mining machinery will be used for the mining of potash which it states is used almost exclusively in the manufacture of potassium fertilizers. While potash is used basically for fertilizers, it also has important uses in the chemical field, including the manufacture of gunpowder, drugs, glass, detergents, dyes, textiles, and other products.

Just last year the Congress in a near unanimous action voted to strengthen the Export Control Act. A major purpose of the amendments to the act was to require the administration to place greater emphasis on economic factors in considering applications to ship goods and information to the Soviet bloc. This was done over strong objections from the State Department, who, according to the debate, "begged and pleaded" the conferees on the bill to drop the section proposing to require denial of licenses in

those cases where proposed exports would make a significant contribution not only to the military but also to the economic potential of bloc nations which would prove detrimental to the security and welfare of the United States.

Is it claimed by the Commerce Department that this mining machinery would not contribute to the economic potential of the U.S.S.R.? Certainly not. In fact, the Department says in its letter to me, which I received this morning:

In view of the size of the order and the productivity of the equipment, there was little doubt but that the export would make a significant contribution to the economic potential of the Soviet Union.

The Department goes on to state that the decision to issue the license was because potassium fertilizer can be characterized as "peaceful goods."

What is not stated of course is the fact that potash has important chemical uses, including the manufacture of gunpowder, nor the fact that it is no trick at all for the Soviets to turn so-called peaceful goods into items of oppression and control, or into products to export or dump as part of the U.S.S.R. economic offensive.

And certainly it is generally known and understood that products and goods of all kinds which build up the economy and economic potential of a nation make that nation stronger in a military sense. It is for this very reason that the Export Control Act was amended to make it clear that prohibitions on sending goods were to be applied even though they could not be clearly characterized as contributing directly to the military potential of the U.S.S.R.

In my opinion there can be no other conclusion than that this action is directly contrary to what the Congress specifically said last year should not be done.

When reports of this license application appeared, indicating that the question was at that time pending before the Department of State, I wrote to the State Department asking whether such an application for this mining machinery was pending and expressing the opinion that if so the license application should be denied because of the significance of such export to the economic and military potential of the U.S.S.R. I should add here that though the Export Control Act is administered by the Commerce Department, the Department of State plays a highly significant role in establishing policies followed in administering the act.

I am setting forth the reply received from the State Department, indicating that my letter had been forwarded to the Department of Commerce. Set forth below also is the letter I received from the Office of Export Control of the Department of Commerce advising that my letter to the State Department had been received, and a copy of the letter received today in response to my request to the Office of Export Control to be advised as soon as a decision was made concerning the application.

DEPARTMENT OF STATE,
Washington, July 24, 1963.

DEAR CONGRESSMAN LIPSCOMB: Thank you for your letter of July 16, concerning a report that the U.S.S.R. is interested in plac-

ing an order for automated mining machinery valued at \$10 million with a firm in Pittsburgh. Certain export license applications for such machinery have been received by the Department of Commerce and are currently under consideration. I am sending your letter to Mr. F. D. Hockersmith, Director, Office of Export Control, Department of Commerce, for a report on the status of those cases since the matter falls within the jurisdiction of the Department of Commerce. Mr. Hockersmith's telephone number is code 112, extension 4293.

You will hear directly from the Department of Commerce on the matter.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

U.S. DEPARTMENT OF COMMERCE,
BUREAU OF INTERNATIONAL COMMERCE,
OFFICE OF EXPORT CONTROL,

Washington, D.C., August 2, 1963.

Hon. GLENARD P. LIPSCOMB,
House of Representatives,
Washington, D.C.

DEAR MR. LIPSCOMB: As you have been informed by the Assistant Secretary of State in his letter to you of July 24, 1963, your letter of July 16, addressed to Secretary Rusk has been referred to this office for reply. Your letter inquired as to the status of a reported pending license application concerning the proposed exportation by a Pittsburgh firm of mining machinery to the U.S.S.R.

Such an application is presently pending in the Department of Commerce. Your view that this application should be denied will be brought to the attention of Dr. Jack Behrman upon his return. I am sure that it will receive careful consideration.

Sincerely yours,

WILSON E. SWEENEY,
Acting Director.

U.S. DEPARTMENT OF COMMERCE,
BUREAU OF INTERNATIONAL COMMERCE,
OFFICE OF EXPORT CONTROL,

Washington, D.C., August 21, 1963.

Hon. GLENARD P. LIPSCOMB,
House of Representatives,
Washington, D.C.

DEAR MR. LIPSCOMB: In your letter of August 15 to Mr. Sweeney of this office, you asked to be advised as soon as a decision was made with regard to the proposed exportation by a Pittsburgh firm of mining machinery to the U.S.S.R. The Department has just decided to authorize the export to which you refer. It is anticipated that the approval will be announced in the daily License List of August 21, 1963.

The machinery in question, which involves several export license applications, is for the mining of potash which is used almost exclusively in the manufacture of potassium fertilizers. While the Soviet Union is far short of its goals in the production of potassium fertilizers for its own indigenous use, nevertheless it is also an exporter of such fertilizers.

The case was one of considerable interest. In view of the size of the order and the productivity of the equipment, there was little doubt but that the export would make a significant contribution to the economic potential of the Soviet Union. Accordingly, the question of whether such a contribution would be detrimental to the U.S. security and welfare had to be pursued. It was studied in great detail and, of course, advice was sought from other interested U.S. Government departments and from industry. Our decision to license was heavily weighted by the fact that potassium fertilizer can best be characterized as "peaceful goods." Increased use throughout the world of potassium fertilizer will undoubtedly increase

food production. It is our conviction that increased food production throughout the world, thereby relieving hunger and human suffering, is consistent with and in furtherance of U.S. overall objectives.

Sincerely yours,

FORREST D. HOCKERSMITH,
Director.

I firmly believe that this license approval should be withdrawn by the Department of Commerce and hope that the Congress and the public will express themselves to the Department concerning whether or not they believe this proposed export is in the best interest of our security and welfare.

I want to add that while the license to ship \$10 million worth of highly automated mining machinery to the Soviet Union is one of the most serious examples that has come to my attention, it is by no means the only example of issuance of a license which should cause concern.

In July, the Department of Commerce issued a license to ship to East Germany a quantity of precision control instruments which it was stated were for use in "air conditioning." Upon inquiring, I was advised that the instruments were to be used for temperature and humidity control on various types of ships and vessels under construction in East German shipyards. It was claimed the instruments in question were "unsophisticated controls for space heating and air conditioning, which do not meet any of the current strategic criteria," whatever that may mean. On further checking, I found the license was for a total of 380 instruments that would be used in the construction of a number of vessels that were going to the U.S.S.R. Included are a passenger ship for 750 people, a passenger ship for 300 persons, 6 fishing vessels, 7 motor freighters, and a scientific research vessel, all to go to the U.S.S.R. It has also been confirmed that the very instruments in question have applications aboard naval ships as controls for cooling electronic and other military equipment.

On August 12, the Department of Commerce granted a license authorizing shipment of technical data to the U.S.S.R. This data, the Department of Commerce states, is to be used in connection with installation and operation of oil-water separator equipment at the Gujarat refinery in India being constructed by the Indian Government in collaboration with the U.S.S.R. This refinery is part of a company in the public sector of the Indian economy, meaning it is owned by the Government.

There of course continues to be many other export licenses granted to authorize shipment of such items as petroleum drilling equipment to Yugoslavia, electronic and construction equipment to Yugoslavia, and many other items to the U.S.S.R. and other bloc countries.

In addition to the significance of allowing the shipment such as the automated mining equipment to the U.S.S.R. and its meaning to a buildup of the Soviet economic potential, granting a license such as this has other far-reaching significance. If such a shipment is allowed it would set a precedent, practically opening the gates for any item which conceivably could be claimed to

Commission asking for suspension of the market news service inaugurated August 1 by the U.S. Department of Agriculture.

There is serious question whether the U.S. Government has statutory authority to enter into the business of collecting and disseminating news in competition with private news agencies.

Deeply involved is the broad principle of a free press and the danger of censorship implicit in the Department's news service rules.

The service can be terminated by the USDA. The Department reserves the right to cancel at any time the connection of any and all subscribers who "abuse" the service by misrepresentation of reports, or for any other reason when in its sole judgment, such cancellation is desirable.

According to the ANPA this raises the possibility of censorship in its most odious form.

As newspaper publisher myself, I am especially concerned lest this become the first step toward an expanding role of Government in controlling the distribution of news.

I believe it would be in the public interest to ask responsible officials of the Department of Agriculture to appear before the Committee on Agriculture in public hearings to get the facts.

Sincerely yours,

PAUL FINDLEY,
Representative in Congress.

Here is the text of a statement on this issue by the American Newspaper Publishers Association, dated July 25, 1963:

ANPA PETITIONS FCC TO SUSPEND AGRICULTURE DEPARTMENT MARKET NEWS SERVICE

ANPA filed a petition July 22 with the Federal Communications Commission asking for suspension of the market news service to be inaugurated August 1 by the U.S. Agriculture Department.

Specifically, petition calls for suspension or rejection of the new A.T. & T. tariff which establishes the service. All contracts for the service must be between the subscriber and A.T. & T., subject to Agriculture Department approval.

ANPA petition argues there is no statutory authority permitting the U.S. Government to enter the business of collecting and disseminating news, in competition with private news agencies. ANPA also maintains that the Government would be permitted to exercise censorship "in one of its most odious forms," since the Agriculture Department could deny the service to a subscriber at any time for alleged "misrepresentation of reports, or for any other reason when in its sole judgment such cancellation is desirable."

Petition was also filed in this matter July 22 by P.A.M. News Corp. (Ridder newspapers).

Text of ANPA petition follows:

"The American Newspaper Publishers Association (ANPA), 750 Third Avenue, New York 17, N.Y., pursuant to the provisions of 1.463 of the rules, hereby petitions the Commission to suspend and set for hearing or reject seventh revised page 41 of A.T. & T. Tariff FCC No. 208, published to become effective August 1, 1963.

"In support whereof, petitioner states:

"1. The above-named page, effective August 1, 1963, was filed under A.T. & T. Transmittal No. 7576, dated July 1, 1963, which states:

"This filing is being made in compliance with the decision and orders of the Federal Communications Commission adopted January 28, 1963, FCC 63-66 (34 FCC 217) and May 27, 1963, FCC 63-491 (34 FCC 1094) in dockets Nos. 11645 and 11646."

"2. However, this particular tariff page was not filed to comply with any decision or order of the Commission but was filed to establish for the first time an entirely new type of service not heretofore furnished.

"3. On May 20 and July 10, 1963, the U.S. Department of Agriculture announced the

establishment of a New Market News Service and a copy of these two announcements are attached hereto as attachments A and B. Also, the Department of Agriculture recently issued a bulletin describing the new service more fully and a copy of this bulletin (AMS 510) entitled 'A New Market News Service' is attached as attachment C. It is this New Market News Service that the new A.T. & T. tariff page purports to establish although this fact is not disclosed in the A.T. & T. transmittal letter as should have been done under the Commission's rules (sec. 61.33).

"4. Petitioner requests that this new tariff page be suspended or rejected.

"5. This is a new venture of the U.S. Government into the business of collecting and disseminating news in competition with private news agencies. Petitioner knows of no statutory authority by which the U.S. Department of Agriculture may expend Federal tax funds for this purpose.

"6. The highly improper nature of the new service is characterized by the following conditions imposed upon the service:

SERVICE CAN BE TERMINATED BY USDA

The new service is available to all who want it, and no application need be made to USDA to receive service. However, USDA reserves the right to cancel at any time the connection of any and all subscribers who abuse the service by misrepresentation of reports, or for any other reason when, in its sole judgment, such cancellation is desirable. (See p. 4 of attachment C.)

"7. This provision would permit U.S. Government censorship in one of its most odious forms. Any newspaper seeking to subscribe to this new service could be denied service for any reason. Any newspaper already subscribing could have its service canceled without notice or reason. Editorials written by a newspaper that the Department of Agriculture didn't like would, under the above-quoted provision be grounds for denial or cancellation of service.

"8. Thus, this news service has transcendent importance. If it is not halted now, it could lead to further ambitious attempts by this and other U.S. Government agencies to expand and enter into competition with private news agencies. An expansion of this concept would result in a government-controlled news service such as presently exists in some other countries including the Soviet Union, where the so-called news service Tass is government owned and operated.

"9. The tariff violates sections 201, 202, and 214 of the act and section 61.69(b) of the rules reading as follows:

"(b) When tariffs or supplements are issued on less than statutory notice, under permission, decision, order or regulation of the Commission, strict compliance with all conditions named therein and all rules and regulations of the Commission not expressly waived will be required; otherwise they will be rejected."

Wherefore petitioner requests the Commission either to suspend or reject the tariff page referred to above.

Here is a comment on this problem as it appeared in the August 19 Journal of Commerce:

THE AMERICAN TASS

(By Eric Ridder)

What gets me—now that we're well into the 1970's and I look back ruefully at the past decade—is that it only took 5 years to kill the independent American press and that the execution was carried out with such a minimum of malice.

It really came to a head in 1965 (get the date, 1965) when the major Federal departments decided at a Washington meeting to establish a single wire service for the rapid collection and interdepartmental dissemination of current information in widely scattered fields. There was, after all, a certain

logic to it. Quite a number of agencies had been collecting their own information for years. Why shouldn't all these activities be combined into one giant circuit?

They were, and in no time at all a large assemblage of reporters, teletype operators and other personnel was woven into a wire system slightly larger than the combined networks of the Associated Press and United Press International. There were some growing pains at first, but by 1967 it was plain that the new Federal News Service (FNS) was second to none, its coverage then extending into stock prices, business annual reports, and (seemingly for the enlightenment of the Department of Justice) even into homicide and other local police matters.

The Service grew so rapidly that it was virtually inevitable that before 1967 was out a bright and highly influential young Government official should suggest, first to the Bureau of the Budget and then to Congress, that "this service is being provided with the taxpayers' money and should be made available to anyone who is willing to pay for it and will not abuse the use of it."

The proposition was promptly challenged as a move to set up "an American Tass" (a reference to the Soviet Government's news service monopoly). AP and UPI objected strenuously that it constituted an unwarranted interference with free enterprise.

But these objections got nowhere. The stage had been already been set back in the summer of 1963 when the Department of Agriculture offered a crop and market reporting service to anyone willing to pay A.T. & T. a rate for the wire service sufficient to return the company a profit. This, too, had been challenged, among others by the American Newspaper Publishers Association, for it was plain that the probable effect of this would be to put a commercial service in the same field (the PAM News Corp.) out of business. USDA had been quite unmoved by this eventuality. So was the Federal Communications Commission. When it saw that another Federal agency had been named respondent in the publishers' petition it backed off at once with the explanation that propriety of USDA's wire service to non-Government individuals was "not cognizable by the Commission."

So the point was made and carried in 1965 that if any fight were to be won on the subject, it should have been won in 1963 when the issue first came out into the open in earnest. Moreover, there had been other precedents in the field of electric power. As in the USDA case earlier, the Government then went ahead and arranged with A.T. & T. to distribute its service to anyone who would pay for it and not mishandle the news. Billings and collections would be up to A.T. & T. itself. The Government sincerely hoped that private news services would not suffer, but left the plain implication that if they did, it was their own hard luck.

A pause followed and lasted until certain newspaper and broadcasting media, struggling hard for survival, cancelled their regular news service contracts and subscribed to FNS, which offered lower rates.

The effect of this was to reduce the funds available to the private wire service. As the quality and scope of their services began to decline the whole thing began to snowball. By 1969 both AP and UPI were out of business. Though somewhat bewildered at first by the swiftness of these events, FNS found itself a monopoly.

Like BBC in England, FNS tried to be objective. It was, up to a point, but there were times (especially during elections years) when it could not quite forget which side of its bread the butter was on. Administration critics got rather short shrift. Scandals involving the administration went largely unreported because they did not quite qualify as constructive news. Some editors learned of them and reacted vigorously, but the facts

came hard since few were given much encouragement to dig them out as was demonstrated on June 1, 1970, when lightning suddenly struck.

Angered by discovery of irregularities, in Washington that FNS had ignored for months, a well-known newspaper serving a market of over a million readers opened an attack on administration laxity and charged FNS with silent complicity in the matter, simultaneously recalling earlier predictions that it would turn out to be "an American Tass."

The same bright young Government official (older now, and presumably more resourceful) was stung by this into recalling the half-forgotten proviso to the effect that FNS would be withdrawn from anyone "mis-handling" the news. He promptly invoked it.

The next day readers of this newspaper found it shorn of all international national and even regional news. Having only a few reporters left (FNS was by then even reporting sports and theater news) it could present only a few scraps of local gossip and was obviously not long for this world.

This lesson was not lost on the rest of the press nor on radio and TV stations. After a cautious study of the ruin to which their excontemporary's brashness had brought him, they opted for the safety of conformity.

FNS thus survived unchallenged, except by a rather worrisome unofficial system all-too familiar to dictators. Known popularly as the grapevine, this proved an inexhaustible source of the wildest rumors. It upset everybody, perhaps most of all the administration itself, but continued to spread like wildfire despite the most relentless attempts to stamp it out.

TOO TRUE TO BE GOOD

To some readers the American Tass [see above] may seem pure fantasy. In actual fact it's far from it.

The Department of Agriculture has already launched a wire service competitive with that of PAM News Corp. Its information is gathered at the taxpayer's expense then offered gratis to anyone who wants it and is willing to pay what it costs A.T. & T. to include them in its circuit and realize a small profit.

Since PAM, a commercial enterprise, must charge not only for the use of wires, operators, and tickers but for newsgathering costs that USDA charges off to the taxpayers, the result is intolerable pressure on the commercial service. Few forms of free enterprise can stand up for long under this type of competition.

How has this come about? And how was it that the Federal Communications Commission, which is usually so discriminating in specifying who should start this service or that and what the kiddies ought to be watching on TV, refused to do anything about it?

Let us get that out of the way first. When the American Newspapers Publishers' Association and PAM took the issue to FCC the Commission took one look at who wanted to offer the news service (USDA) and concluded that since it was a Federal agency the issue was "not cognizable by the Commission."

Well, I'm not going to indulge in the losing litigants time-honored right to "cuss the judge," but there are other aspects of the issue that I think you will find as disturbing as I do.

There follow pertinent paragraphs of the American Newspaper Publishers' Association and PAM News Corp. and the decision of the FCC in connection therewith. A beautiful brochure has been printed and is being used by A.T. & T. salesmen to promote this service.

A background statement issued by the De-

partment of Agriculture says in one paragraph:

"According to USDA's Agricultural Marketing Service, the new system will not bring in any revenue to the Federal Government, and will not result in any additional cost to the Federal Government."

And another paragraph:

"Under this plan, subscribers apply directly to the company that owns the teletype circuits, which handles all the work of contracts, billings, collections, etc., without cost or income to the Federal Government. The plan is designed to increase access to information, particularly to detailed specialized information, detail on local markets, and other information already being collected and summarized."

Two more paragraphs:

"The private common carrier that owns the teletype system leased by the U.S. Department of Agriculture has been obligated to protect the confidentiality of information flowing over that system, until the information was released by the USDA's Agricultural Marketing Service."

"Therefore, it required written authorization to provide this extension of service to private subscribers. The idea was discussed of having the Agricultural Marketing Service approve each application. It was being rejected as being time-consuming and unnecessary. Instead, a catchall reservation of the right of the USDA to cancel service was included in the authorizing letter."

I wonder what a "catchall" reservation is?

A sentence in the next paragraph:

"Since it is impossible to foresee what illegal use or flagrant abuses might be made by individual subscribers, the reservation also includes the right to cancel service to individual subscribers."

I wonder who determines what "flagrant abuses" are?

Another sentence:

"In fact, even aside from the news media the USDA does not expect that it will be necessary to cancel service to any individual subscribers."

Isn't it nice to know that the USDA doesn't expect that it will be necessary to cancel service.

In a letter dated August 9, 1963, addressed to Senator KENNETH B. KEATING, Mr. G. R. Grange, Deputy Administrator, Marketing Services says as follows:

"The PAM News Corp. relays to its customers Federal-State market news reports plus supplemental market information which it collects directly. Whether the direct connections to our leased wire circuit will adversely affect its business may depend on the value which its customers place on the supplemental information they receive from the PAM News Corp. Press associations, newspapers, radio and television stations, business firms, and all other interested persons may, if they desire, have access to the market news circuit. We have no basis for making it available to some and denying it to others, as long as there is no false or illegal use of the Federal-State market news reports."

As I remarked earlier, if you will weigh these words against the projections drawn in the American Tass, I don't think you'll find the latter overly fanciful. Perhaps you'll feel as I feel, recalling the title of one of Shaw's plays, "It Is Just Too True To Be Good."

(Mr. JOHANSEN (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. JOHANSEN'S remarks will appear hereafter in the Appendix.]

FAILURE OF THE HOUSE TO PASS AIRTIGHT BAN ON AID TO COUNTRIES TRADING WITH CUBA, AS PROPOSED IN THE CRAMER AMENDMENT, WILL COME BACK TO HAUNT THE CONGRESS BECAUSE THE AMENDMENT PASSED LEAVES A GAPING LOOPHOLE

(Mr. CRAMER (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CRAMER. Mr. Speaker, because of the misrepresented effect of the amendment banning aid to countries trading with Cuba, written into the foreign aid bill, H.R. 7885, just passed by the House, and because of the manner in which my amendment, putting teeth into this foreign aid ban was defeated by a tie vote of 162 to 162, and then only after the chairman in a seldom predated action voted to create the teller tie, I believe it my duty to clarify the RECORD.

The amendment as passed is a meaningless, halfhearted attempt to give the public the impression that Congress is insisting on stopping aid to countries that trade with Cuba when this is not the case on the record.

The House had an opportunity to cut off aid to countries trading with Cuba by adopting my amendment to the Fascell-Rogers amendment.

In order to put the issue in focus, I reprint hereafter the Fascell-Rogers amendment as passed and my amendment which failed by a tie vote.

The Fascell-Rogers amendment is as follows:

Page 14, line 10, strike out "graph:" and insert in lieu thereof "graphs:".

Page 14, line 10, strike out the quotation marks and immediately after line 10 insert the following:

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance, (ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

My amendment added this sentence to the Fascell-Rogers amendment:

The restrictions contained in this section may not be waived pursuant to any authority contained in this Act or in any other provision of law.

It is obvious from a careful analysis of the action of the House in refusing my amendment and passing the watered-down aid ban amendment of Fascell-Rogers, that the House in effect did nothing that is not already accomplished under present law.

Under present law, the President has discretion to cut off or withhold aid to any country if he determines it to be "in the national interest"—for whatever reason he and the State Department decide. This is inherent in the aid program. It is specifically spelled out under section 614 of the Foreign Assistance Act of 1961.

Section 614 specifically provides:

The President may authorize in each fiscal year the use of funds made available for use under this Act—when the President determines that such authorization is important to the security of the United States.

Thus, it is obvious that the President can waive the provisions of the Fascell-Rogers amendment and permit aid to go to countries when he cares to so exercise that discretion.

As a matter of fact, that is the loophole that has resulted in 50 percent of the ships going to Cuba to continue to be free world ships. The President used section 614 to get around the amendment—similar to the Fascell-Rogers amendment, passed in the fiscal 1962 foreign aid appropriations bill—to even permit Greece to ship oil to Cuba.

Thus, my amendment was to make the aid ban on countries trading with Cuba mandatory, because the experience under the 1962 ban—similar to the Fascell-Rogers ban—proved that the President and the State Department would exercise their discretion to waive that amendment under section 614 in a manner that defeated the purpose of the amendment.

My amendment would have removed the discretion contained in section 614 and thus make such a ban airtight. This is the only way to stop trading with Cuba by friendly foreign aid recipient nations.

I think the House missed its only real opportunity to cut off such trade when it failed to pass my amendment. I shall be watching with special interest the trading that continues between Cuba and foreign aid recipients in 1963 and 1964 under the watered-down Fascell-Rogers amendment, which I believe will be the final and clinching proof of my position.

WHERE ARE COMMUNISTS ON THE RUN?

(Mr. SCHADEBERG (at the request of Mr. FINDLEY) was granted permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. SCHADEBERG. Mr. Speaker, I have listened intently to the entire debate on the Foreign Assistance Act and the one major argument given time and time again was that we needed to pass this bill in order to prevent the spread of communism. The argument was substantiated even by the suggestion that we now have the Communists on the run. Had not there been so much talk on the bill which I feared might make the debate on this \$4½ billion bill—a

most serious matter for the taxpayers who must pay for it—a circus rather than the important consideration it is, I would have asked time during the debate to ask for some evidence to substantiate the argument.

I might ask just where are the Communists on the run?

In Cuba, with missiles in place to protect the Communist government of Castro from those who, loving freedom, want to take back the country stolen from them?

In Cuba where there is in process the building of a submarine base?

In Cuba which has been turned into a Western Hemisphere base for subversion schools and propaganda mills, munition depots and radar monitoring stations?

In Venezuela where terrorism and sabotage are on the increase?

In British Guiana where the first Communist toehold on the Latin American Continent is forming?

In Laos where Averell Harriman's troika regime is pulling the country straight down the drain for a Communist takeover?

In Korea where the "truce" is broken from time to time?

In Berlin where the wall is daily beefed up and Communist guards still shoot unarmed civilians?

On the high seas where our military forces trace the movement of freedom fighters to head them off before touching their native soil they desire to reclaim?

In Russia and East Europe where thousands of Congolese and other Africans are being trained for the next round of rebellion in Africa?

In Yemen where Soviet engineers are rolling out an airstrip on a staging point for Africa and points west?

In Africa's Golden Horn where Soviet experts are building a new port for Soviet trawlers submarines and warships?

In the United States where Gus Hall and his tribes infiltrate the campuses of our Nation's universities and the Communist Party announces, as top priority, its effort to increase racial turmoil and violence both North and South?

In Haiti where the pot is boiling with increased ferocity?

All this after spending nearly \$110 billion in 18 years for foreign aid to fight communism.

The argument that we need the foreign aid program to combat communism would have more merit if part of the money that has been requested had not gone into the support of Communist countries which are part of the bloc against which we are waging the cold war.

It would have more merit if our present foreign policy was not one of accommodation and appeasement, for the purpose—using the President's own words—"to make the world safe for diversity," which simply means to make the world safe for communism—coexistence on an equal basis.

It would have more merit if our military policy was not one which is built on the premise that in order to keep the peace we must have a nuclear stale-

mate, for example, disarm ourselves down to the level of the enemy.

The argument would have more merit if we had not abandoned the Monroe Doctrine and helped dig the grave in which we buried it.

I make one other observation. The argument that we must be humanitarian and thus continue this multibillion-dollar gift business, lacks respect for the will of the people as to how their money for aid should be spent.

In the hearing before the subcommittee a representative of a large church body—I will not mention either his name or the name of the denomination in whose behalf he allegedly appeared since I am sure he did not appear for this lobby purpose as a result of the direct vote of the members of its respective denomination—testified upon questioning that the giving of his denomination for foreign aid—foreign mission—averaged out to \$1.50 per member per year. This is what people voluntarily gave. This bill represented a request for foreign aid amounting to \$100 for every family of four—not a voluntary but a mandatory gift which they would be forced to give because the Government would tax them for it. Can we justify forcing our citizens to participate in a giving for foreign aid purposes and this to the tune of \$25 a year for every member of the family, large or small?

ONE-MILLIONTH CARLOAD OF LETTUCE SHIPPED FROM SALINAS VALLEY, CALIF.

(Mr. TALCOTT asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include a newspaper article.)

Mr. TALCOTT. Mr. Speaker, this week the Salinas Valley shipped its millionth carload—railroad carload—of head lettuce. This is a lot of lettuce. It means a lot of things to many people. It is only one of many fresh fruit and vegetable crops grown in, and shipped from the Salinas Valley. It has helped to provide a bountiful sustenance for many persons throughout the United States—most of the produce is shipped to the Eastern States. It has provided many good jobs for many thousands of persons of all skill levels, callings, trades and professions throughout the United States. It has contributed more to the raising of the standard of living of as many people as any other industry.

The obligation of helping to feed the United States, and much of the world, will continue. We are proud of our record. We are anxious to discharge our obligation even better.

Needless to say the abrupt discontinuance of the bracero method for providing the necessary supplemental labor to harvest crops will cause chaos and disruption to this small but important and productive industry.

I share the following newspaper article from the Salinas Californian with my colleagues primarily to acquaint them with the importance of this industry to the residents of every congressional district in the United States.

MILESTONE IN LETTUCE IS REACHED

The one-millionth carload of lettuce rolled out of the Salinas Valley this morning, bedecked with bunting and loaded with produce representing some 400 Salinas Valley growers.

Each of the lettuce cartons is carefully wrapped in foil, and bound for New York where it will be sold in a special auction, with the proceeds going to the American Red Cross.

The iceberg lettuce was donated by members of the Growers Shipper Vegetable Association of Central California, which represents growers in the Monterey-Santa Cruz-San Benito County areas.

The millionth car was launched on its way by Charles Paul, director of the California Department of Agriculture; members of the California State Legislature, and other dignitaries, including Pamela Gamble, last year's Miss California.

IMPORTANT MILESTONE

At the brief but historic ceremony, the shipment of the millionth car was hailed as an important milestone by J. J. Crosetti, president of the Grower-Shipper Association.

Crosetti said: "The Salinas Valley today typifies the important role which all of California's agricultural areas play in the lives of every man, woman, and child in the United States."

He added that, "from California's comparatively limited valleys and foothills, containing less than 3 percent of the Nation's farms, our State's growers provide over 42 percent of the Nation's fruits and nuts; 43 percent of the Nation's vegetables and over 25 percent of the entire Nation's supply of food."

FIRST SHIPMENT RECALLED

Today's 1,000,000th carload in the ultra-modern PFE mechanical reefer was a far cry from the first shipment of iced lettuce which left the Salinas Valley in 1921. A shipment which ended in disaster when the car ran out of ice before it reached its destination.

The very chore of icing that first car gave birth to an anecdote still going around Salinas. It is said the growers' order for 10 cakes of ice was doubted by the owner of the local iceplant. He thought the order must have meant 10 pounds, and insisted upon seeing the car before delivering the ice.

Within a few years, however, there were no doubts about the demands on ice production. Before the advent of mechanical vacuum coolers, Salinas made and used more ice than the city of New York.

NEW RECORD SET

By 1937, the district shipped 26,000 cars to set a new record for shipments from one district in one season. By the early fifties, these shipments had grown to 40,000 cars a year.

Although the area is a major producer of other vegetables, having shipped to date over 150,000 cars of mixed vegetables with no less than 50 different varieties in a single car, lettuce is still king. And though today, shipments from Salinas must share the market with many new growing areas, the Salad Bowl of the World still accounts for 40 percent of the Nation's lettuce with about 85 percent of its shipments going out of State.

Jack Bias, executive vice president of the Grower-Shipper Vegetable Association, summarized it all very nicely as he watched the millionth carload move out of the railroad yards on its way to New York.

"That carload represents more than the 999,999 cars which have preceded it," he said. "It represents the economy of this area, the economy of California's millions of jobs and the major source of food for even more millions of Americans. It symbolizes

something that all of us should be very proud to be a part of. For it represents California agriculture which * * * even in this world of rockets and space technology * * * is still our No. 1 industry."

EXTENSION OF PUBLIC LAW 78

(Mr. GONZALEZ was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GONZALEZ. Mr. Speaker, a major struggle has developed on the question of once again extending Public Law 78, which permits Mexican nationals to enter this country to perform agricultural labor on a seasonal basis.

Long before coming here, I felt that the bracero program was wrong—the moral concept was wrong, and the impact it had on American agricultural workers was wrong.

My efforts against extension of the bracero law began with the hearings on H.R. 2009, a bill that this House defeated on May 29 by a vote of 154 to 178. Shortly thereafter, the Senate was given S. 1703, a bill exactly like H.R. 2009, except that it provided for a 1-year extension of Public Law 78. This month, that bill passed the Senate, but only after it had been amended so that domestic workers are guaranteed the same conditions as Mexican nationals. The House will get S. 1703, but without that amendment. I hope that this House will again defeat extension of Public Law 78, despite the heavy lobbying effort now being exerted in its behalf. For this law is a shameful piece of legislation, a blight on our conscience—it is a disgrace which we have once rejected, and are now called upon to reject again. Let us confirm our judgment that no good can come from a law which is unjust.

(Mr. KASTENMEIER (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. KASTENMEIER'S remarks will appear hereafter in the Appendix.]

(Mr. MOORHEAD (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. MOORHEAD'S remarks will appear hereafter in the Appendix.]

(Mr. RYAN of Michigan (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD in three instances.)

[Mr. RYAN of Michigan's remarks will appear hereafter in the Appendix.]

[Mr. RYAN of Michigan's remarks will appear hereafter in the Appendix.]

[Mr. RYAN of Michigan's remarks will appear hereafter in the Appendix.]

TO SET THE RECORD STRAIGHT

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. ASHBROOK] is recognized for 45 minutes.

Mr. ASHBROOK. Mr. Speaker, it has been an amazing thing to watch the complete smear and distortion job which has been done by liberal news media on the Young Republican National Convention which was held in San Francisco, June 25-28, 1963. It is of course to be expected because there are bad tidings at home for the pseudoliberal element in contemporary politics. Harbingers of change are evident everywhere and the liberals just cannot get used to it, whether they be liberals in the Democratic Party or the Republican Party. In truth, it is amazing to see how similar the tactics are for those who profess to be Republicans and their liberal counterparts in the other party. You can read what Governor Rockefeller, the ADA, the official Democratic newspaper, Drew Pearson, former Young Republican Chairman Len Nadasdy, and the AFL-CIO are saying without changing the copy. It carries the same tune all of the way through.

Charges have been hurled which need to be answered. The record should be set straight. To be fair, it must be admitted that the non-Republican liberal community has received grist for their propaganda mills through the irresponsible statements of GOP spokesmen who should know better such as the Governor of New York and former Chairman Nadasdy. It has been alleged that radicals took over the Young Republican movement. The tactics of these unknown radicals have been depicted as roughshod, totalitarian, Birch inspired and controlled, fantastic—well, just about every extreme adjective which can be imagined. Pleas of unity have scattered to the winds. This buttresses the opinions I have had for many years. As long as the minority liberal faction in the Republican Party can either run things or have disproportionate voice, unity is fine. If the overwhelming conservative majority ever appears to exert its rightful voice and looks like it might have its say, unity goes to the winds and the liberal element attacks its own with all of the passion of the opposition party.

Chairman Donald "Buz" Lukens, our new YR National Chairman, has been singled out for particular attack. Of course, he was not supposed to win and it did create a traumatic experience for those who were preparing to toast the supposed winner. Chairman Nadasdy, in fact, told reporters he was "in a state of shock." In Nadasdy's case, it can't be said that his shock moved him to make unfortunate utterances on the spur of the moment which he would now regret. In his particular case, he had been using the old scare technique line even before the convention so his regrettable and untrue charges in the post-convention period were out of the same cloth. Newspaper reports from his native State of Minnesota carried his "grave" warnings about the dangers

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

AUGUST 26, 1963

Read twice and referred to the Committee on Foreign Relations

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1963".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Chapter 1 of part I of the Foreign Assistance
8 Act of 1961, as amended, is hereby redesignated "POLICY"
9 and section 101, which relates to short title, is hereby
10 deleted.

11 SEC. 102. Section 102 of the Foreign Assistance Act of

1 1961, as amended, which relates to statement of policy, is
2 amended as follows:

3 (a) In the last sentence of the seventh paragraph, strike
4 out "should emphasize long-range development assistance"
5 and insert in lieu thereof "shall emphasize long-range de-
6 velopment assistance".

7 (b) Immediately after the seventh paragraph, insert the
8 following:

9 "The Congress further declares that, in order to assure
10 that each program of assistance under this part is admin-
11 istered in such a manner as will most effectively carry out
12 the policies stated in this section, each request for authoriza-
13 tion of funds for such program shall be accompanied by a
14 detailed statement setting forth—

15 " (1) the purposes of such program,

16 " (2) the specific objectives of such program, and

17 " (3) the priorities assigned to such purposes and
18 objectives,

19 which will be adhered to in the administration of such
20 program."

21 (c) The eighth paragraph is amended to read as fol-
22 lows:

23 "It is the sense of the Congress that in the administra-
24 tion of these funds great attention and consideration should
25 be given to those countries which share the view of the United

1. States on the world crisis and which do not, as a result of
2 United States assistance, divert their own economic resources
3 to military or propaganda efforts directed against the United
4 States or against other countries receiving aid under this
5 Act, whether or not such efforts are supported by the Soviet
6 Union or Communist China.”

7 (d) Immediately after the tenth paragraph insert the
8 following:

9 “It is the sense of the Congress that, in the administra-
10 tion of programs of assistance under chapter 2 of this part,
11 every possible precaution should be taken to assure that such
12 assistance is not diverted to short-term emergency purposes
13 (such as budgetary purposes, balance-of-payments purposes,
14 or military purposes) or any other purpose not essential to
15 the long-range economic development of recipient countries.
16 It is further the sense of the Congress that short-term emer-
17 gency purposes such as those referred to in the preceding
18 sentence should be met, to the extent possible, through inter-
19 national institutions (such as the International Monetary
20 Fund) which are equipped to condition assistance on im-
21 mediate economic and monetary reform.”

22 (e) The first sentence of the last paragraph is amended
23 by inserting “(including private enterprise within such
24 countries)” immediately after “countries”.

25 (f) Immediately after the first sentence of the last para-

1 graph insert the following new sentence: "In particular, the
2 Congress urges that other industrialized free-world countries
3 increase their contributions and improve the forms and terms
4 of their assistance so that the burden of the common undertak-
5 ing, which is for the benefit of all, shall be equitably borne
6 by all."

7 CHAPTER 2—DEVELOPMENT ASSISTANCE

8 TITLE I—DEVELOPMENT LOAN FUND

9 SEC. 103. The second sentence of section 201 (b) of
10 the Foreign Assistance Act of 1961, as amended, which
11 relates to considerations to be taken into account in making
12 loans from the development loan fund, is amended as
13 follows:

14 (a) Strike out clauses (1) and (2) and insert in lieu
15 thereof the following: "(1) whether financing could be ob-
16 tained in whole or in part from other free-world sources on
17 reasonable terms, including private sources within the United
18 States, (2) the economic and technical soundness of the
19 activity to be financed, including the capacity of the recipient
20 country to repay the loan at a reasonable rate of interest,".

21 (b) Strike out "and" at the end of clause (5).

22 (c) Insert immediately before the period at the end of
23 such second sentence the following: ", and (7) the economic
24 development plans of the requesting country, which plans

1 should specifically provide for appropriate participation by
2 private enterprise and include an analysis of current human
3 and material resources, together with a projection of the
4 ultimate objectives of the plans with respect to the overall
5 economic development of such country”.

6 SEC. 104. Section 202 (a) of the Foreign Assistance Act
7 of 1961, as amended, which relates to authorizations for the
8 Development Loan Fund, is amended by inserting im-
9 mediately before the period at the end thereof the following:
10 “: *Provided further*, That, in order to effectuate the purposes
11 and provisions of sections 102, 201, 601, and 602 of this
12 Act, not less than 50 per centum of the funds appropriated
13 pursuant to this subsection for the fiscal years ending June
14 30, 1965 and June 30, 1966 respectively shall be available
15 only for loans made for purposes of economic development
16 through private enterprise”.

17 SEC. 105. Section 201 (d) of the Foreign Assistance
18 Act of 1961, as amended, which relates to interest rates on
19 development loans, is amended by inserting immediately
20 after “in no event” the following: “less than 2 per centum
21 per annum nor”.

22 SEC. 106. Section 202 (a), which relates to authoriza-
23 tion, is amended by striking out “and \$1,500,000,000 for
24 each of the next four succeeding fiscal years,” and inserting

1 in lieu thereof “, \$1,500,000,000 for the fiscal year 1963,
2 \$900,000,000 for the fiscal year 1964, and \$1,500,000,000
3 for each of the next two succeeding fiscal years,”.

4 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
5 COOPERATION

6 SEC. 107. Title II of chapter 2 of part I of the Foreign
7 Assistance Act of 1961, as amended, which relates
8 to development grants and technical cooperation, is amended
9 as follows:

10 (a) Section 211 (a), which relates to general authority,
11 is amended—

12 (1) by striking out “and” at the end of clause (5)
13 contained in the second sentence thereof; and

14 (2) by inserting immediately before the period at
15 the end of the second sentence the following: “, and (7)
16 whether such activity could be financed through a de-
17 velopment loan available under title I of this chapter”.

18 (b) In section 212, which relates to authorization,
19 strike out “1963” and “\$300,000,000” and substitute
20 “1964” and “\$217,000,000”, respectively.

21 (c) Amend section 214, which relates to American
22 schools and hospitals abroad, as follows:

23 (1) In subsection (a) strike out “use, in addition
24 to other funds available for such purposes, funds made

1 available for the purposes of section 211 for” and sub-
2 stitute the word “furnish”.

3 (2) In subsection (b) strike out “to use” and “for-
4 eign currencies accruing to the United States Govern-
5 ment under any Act, for purposes of subsection (a)
6 of this section and for” and substitute “to furnish” be-
7 fore the word “assistance”.

8 (3) Add the following new subsection:

9 “(c) There is hereby authorized to be appropriated to
10 the President for the purposes of this section, for the fiscal
11 year 1964, \$12,000,000, to remain available until expended.
12 Of the sums authorized to be appropriated under this sub-
13 section, not to exceed \$2,200,000 shall be available for
14 direct dollar costs in carrying out subsection (b) and
15 \$2,000,000 shall be available solely for the purchase of
16 foreign currencies accruing to the United States Government
17 under any Act.”

18 TITLE III—INVESTMENT GUARANTIES

19 SEC. 108. Title III of chapter 2 of part I of the Foreign
20 Assistance Act of 1961, as amended, which relates to
21 investment guaranties, is amended as follows:

22 (a) Amend section 221 (b), which relates to general
23 authority, as follows:

24 (1) In the first sentence after “wholly owned” in-

1 sert “(determined without regard to any shares, in
2 aggregate less than 5 per centum of the total of issued
3 and subscribed share capital, required by law to be held
4 by persons other than the parent corporation) ”.

5 (2) In paragraph (1) strike out “\$1,300,000,000”
6 in the proviso and substitute “\$2,500,000,000”.

7 (3) In paragraph (2) strike out “\$180,000,000”
8 in the third proviso and substitute “\$300,000,000”.

9 (4) In paragraph (2) strike out “1964” in the
10 fourth proviso and substitute “1965”.

11 (b) Amend section 222 (a), which relates to general
12 provisions, by striking out “section 221 (b)” and substi-
13 tuting “sections 221 (b) and 224”.

14 (c) Amend section 222 (b), which relates to general
15 provisions, by striking out “section 221 (b)” in both places
16 it appears and substituting “sections 221 (b) and 224”.

17 (d) Amend section 222 (d), which relates to general
18 provisions, to read as follows:

19 “(d) Any payments made to discharge liabilities under
20 guaranties issued under sections 221 (b) and 224 of this
21 part, sections 202 (b) and 413 (b) (4) of the Mutual
22 Security Act of 1954, as amended, and section 111 (b) (3)
23 of the Economic Cooperation Act of 1948, as amended (ex-
24 clusive of informational media guaranties), shall be paid first
25 out of fees referred to in section 222 (b) as long as such fees

1 are available, and thereafter shall be paid out of funds, if any,
2 realized from the sale of currencies or other assets acquired
3 in connection with any payments made to discharge liabilities
4 under such guaranties as long as such funds are available,
5 and thereafter shall be paid out of funds heretofore appro-
6 priated for the purpose of discharging liabilities under the
7 aforementioned guaranties, and thereafter out of funds real-
8 ized from the sale of notes issued under section 413 (b) (4)
9 (F) of the Mutual Security Act of 1954, as amended, and
10 section 111 (c) (2) of the Economic Cooperation Act of
11 1948, as amended, and finally out of funds hereafter made
12 available pursuant to section 222 (f).”

13 (e) Amend section 222 (e), which relates to general
14 provisions, to read as follows:

15 “(e) All guaranties issued prior to July 1, 1956, all
16 guaranties issued under sections 202 (b) and 413 (b) (4)
17 of the Mutual Security Act of 1954, as amended, and all
18 guaranties heretofore or hereafter issued pursuant to this
19 title shall be considered contingent obligations backed by
20 the full faith and credit of the Government of the United
21 States of America. Funds heretofore obligated under the
22 aforementioned guaranties (exclusive of informational media
23 guaranties) together with the other funds made available
24 for the purposes of this title shall constitute a single reserve

1 for the payment of claims in accordance with section 222 (d)
2 of this part.”

3 (f) Amend section 222 by adding at the end thereof the
4 following new subsection:

5 “(g) In making a determination to issue a guaranty
6 under section 221 (b), the President shall consider the pos-
7 sible adverse effect of the dollar investment under such
8 guaranty upon the balance of payments of the United
9 States.”

10 (g) Amend section 224, which relates to housing
11 projects in Latin American countries, as follows:

12 (1) In subsection (b) strike out “\$60,000,000”
13 and substitute “\$150,000,000”.

14 (2) Strike out subsection (c).

15 TITLE VI—ALLIANCE FOR PROGRESS

16 SEC. 109. Title VI of chapter 2 of part I of the Foreign
17 Assistance Act of 1961, as amended, which relates to the
18 Alliance for Progress, is amended as follows:

19 (a) Amend section 251, which relates to general
20 authority, as follows:

21 (1) In subsection (b), amend the next to the last
22 sentence thereof by inserting immediately after “reason-
23 able terms” the following: “(including private sources
24 within the United States), the capacity of the recipient

country to repay the loan at a reasonable rate of interest.”.

(2) In subsection (e) strike out “economical” and substitute “economically”.

(3) In subsection (f) strike out “Agency for International Development” and substitute “agency primarily responsible for administering part I”.

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out “fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year” and insert in lieu thereof “fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$450,000,000,”.

(2) Immediately after “1963” the second time it appears therein, insert the following: “and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964.”.

(c) Section 252, which relates to authorization, is amended by adding at the end thereof the following new sentence: “In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this

1 section for the fiscal years ending June 30, 1965 and June
2 30, 1966 respectively shall be available only for loans made
3 for purposes of economic development through private enter-
4 prise.”

5 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
6 PROGRAMS

7 SEC. 110. Section 302 of the Foreign Assistance Act
8 of 1961, as amended, which relates to international organiza-
9 tions and programs, is amended by striking out “1963” and
10 “\$148,900,000” and substituting “1964” and “\$136,050,-
11 000”, respectively.

12 CHAPTER 4—SUPPORTING ASSISTANCE

13 SEC. 111. Section 402 of the Foreign Assistance Act
14 of 1961, as amended, which relates to supporting assistance,
15 is amended by striking out “1963” and “\$415,000,000”
16 and substituting “1964” and “\$380,000,000”, respectively.

17 CHAPTER 5—CONTINGENCY FUND

18 SEC. 112. Section 451 of the Foreign Assistance Act
19 of 1961, as amended, which relates to the contingency fund,
20 is amended by striking out “1963” and “\$300,000,000” and
21 inserting in lieu thereof “1964” and “\$150,000,000”,
22 respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504 (a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,000,000,000, which", respectively.

(b) In section 510 (a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) At the end of such chapter, add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal

1 security requirements or for programs described in section
2 505 (b) of this chapter.”

3 PART III

4 CHAPTER 1—GENERAL PROVISIONS

5 SEC. 301. Section 601 (b) of the Foreign Assistance Act
6 of 1961, as amended, which relates to encouragement of pri-
7 vate enterprise, is amended as follows:

8 (a) Strike out “and” at the end of paragraph (3).

9 (b) Strike out the period at the end of paragraph (4)
10 and insert in lieu thereof a semicolon.

11 (c) At the end thereof add the following new para-
12 graphs:

13 “(5) utilize, wherever practicable, the services of
14 United States private enterprise (including, but not
15 limited to, the services of experts and consultants in tech-
16 nical fields such as engineering) ; and

17 “(6) take appropriate steps to discourage nationali-
18 zation, expropriation, confiscation, seizure of ownership
19 or control, of private investment and discriminatory or
20 other actions having the effect thereof, undertaken by
21 countries receiving assistance under this Act, which di-
22 vert available resources essential to create new wealth,
23 employment, and productivity in those countries and
24 otherwise impair the climate for new private investment

essential to the stable economic growth and development of those countries.”

SEC. 302. Section 611 (b) of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by striking out “circular A-47 of the Bureau of the Budget” and substituting “the Memorandum of the President dated May 15, 1962”.

SEC. 303. Section 611, of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by adding to the end thereof the following subsection:

“(e) The President shall establish such procedures as he may deem necessary to assure to the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made in accordance with the same standards applicable to contracts made by the Federal Government for similar construction within the United States.”

SEC. 304. Section 620 (a) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba, is amended as follows:

(a) Insert “(1)” immediately after “(a)”.

(b) Insert immediately after the second sentence thereof

1 the following new sentence: "No funds provided under this
2 Act shall be used to make any voluntary contribution to
3 any international organization or program for financing proj-
4 ects of economic or technical assistance to the present Gov-
5 ernment of Cuba."

6 (c) At the end thereof add the following new para-
7 graphs:

8 "(2) Except as may be deemed necessary by the Presi-
9 dent in the interest of the United States, no assistance shall
10 be furnished under this Act to any government of Cuba, nor
11 shall Cuba be entitled to receive any quota authorizing the
12 importation of Cuban sugar into the United States or to
13 receive any other benefit under any law of the United States,
14 until the President determines that such government has
15 taken appropriate steps according to international law stand-
16 ards to return to United States citizens, and to entities not
17 less than 50 per centum beneficially owned by United States
18 citizens, or to provide equitable compensation to such citizens
19 and entities for property taken from such citizens and en-
20 tities on or after January 1, 1959, by the Government of
21 Cuba.

22 "(3) No funds authorized to be made available under
23 this Act (except under section 214) shall be used to furnish
24 assistance to any country which has failed to take appro-

1 priate steps, not later than 60 days after the date of enact-
2 ment of the Foreign Assistance Act of 1963—

3 “(A) to prevent ships or aircraft under its registry
4 from transporting to Cuba (other than to United States
5 installations in Cuba) —

6 “(i) any items of economic assistance,

7 “(ii) any items which are, for the purposes of
8 title I of the Mutual Defense Assistance Control
9 Act of 1951, as amended, arms, ammunition and
10 implements of war, atomic energy materials, petro-
11 leum, transportation materials of strategic value, or
12 items of primary strategic significance used in the
13 production of arms, ammunition, and implements of
14 war, or

15 “(iii) any other equipment, materials, or com-
16 modities,

17 so long as Cuba is governed by the Castro regime; and

18 “(B) to prevent ships or aircraft under its registry
19 from transporting any equipment, materials, or com-
20 modities from Cuba (other than from United States
21 installations in Cuba) so long as Cuba is governed by
22 the Castro regime.”

23 SEC. 305. Section 620 (e) of the Foreign Assistance Act

1 of 1961, as amended, which relates to suspension of assist-
2 ance, is amended as follows:

3 (a) In clause (2), immediately after "operational con-
4 ditions," insert "or has taken other actions,".

5 (b) Strike out "equitable and speedy compensation for
6 such property in convertible foreign exchange" and insert
7 in lieu thereof "speedy compensation for such property in
8 convertible foreign exchange equivalent to the full value
9 thereof".

10 SEC. 306. Section 620 (f) of the Foreign Assistance Act
11 of 1961, as amended, which relates to prohibitions against
12 furnishing certain assistance to Communist countries, is
13 amended by inserting immediately before the period after
14 "Union of Soviet Socialist Republics" the following: "(in
15 cluding its captive constituent republics)".

16 SEC. 307. Section 620 of the Foreign Assistance Act
17 of 1961, as amended, which relates to prohibitions against
18 furnishing assistance to Cuba and certain other countries,
19 is amended by adding at the end thereof the following new
20 subsections:

21 " (i) No assistance shall be provided under this or any
22 other Act, and no sales shall be made under the Agricultural
23 Trade Development and Assistance Act of 1954, to any
24 country which the President determines is engaging in or
25 preparing for aggressive military efforts directed against—

1 “(1) the United States,

2 “(2) any country receiving assistance under this
3 or any other Act, or

4 “(3) any country to which sales are made under
5 the Agricultural Trade Development and Assistance
6 Act of 1954,

7 until the President determines that such military efforts or
8 preparations have ceased and he reports to the Congress
9 that he has received assurances satisfactory to him that
10 such military efforts or preparations will not be renewed.
11 This restriction may not be waived pursuant to any au-
12 thority contained in this Act.

13 “(j) No assistance under this Act shall be furnished to
14 Indonesia unless the President determines that the furnish-
15 ing of such assistance is in the national interest of the United
16 States. The President shall keep the Foreign Relations
17 Committee and the Appropriations Committee of the Senate
18 and the Speaker of the House of Representatives fully and
19 currently informed of any assistance furnished to Indonesia
20 under this Act.

21 “(k) Until the enactment of the Foreign Assistance
22 Act of 1964 or other general legislation, during the calendar
23 year 1964, authorizing additional appropriations to carry
24 out programs of assistance under this Act, no assistance
25 shall be furnished under this Act to any country for con-

1 construction of any productive enterprise with respect to which
2 the aggregate value of such assistance to be furnished by
3 the United States will exceed \$100,000,000. No other
4 provision of this Act shall be construed to authorize the
5 President to waive the provisions of this subsection.

6 “(l) No assistance shall be provided under this Act
7 after December 31, 1964, to the government of any less
8 developed country which has failed to enter into an agree-
9 ment with the President to institute the investment guaranty
10 program under section 221 (b) (1) of this Act, providing
11 protection against the specific risks of inconvertibility under
12 subparagraph (A), and expropriation or confiscation under
13 subparagraph (B), of such section 221 (b) (1).

14 “(m) No assistance shall be furnished under this Act
15 for the construction or operation of any productive enter-
16 prise in any country unless the President determines that
17 similar productive enterprises within the United States are
18 operating at a substantial portion of their capacity and that
19 such assistance will not result in depriving such United
20 States enterprises of their reasonable share of world markets.
21 The President shall keep the Foreign Relations Committee
22 and the Appropriations Committee of the Senate and the
23 Speaker of the House of Representatives fully and currently
24 informed of assistance furnished under this Act for the
25 construction or operation of productive enterprises in all

1 countries, including specifically the numbers of such enter-
2 prises, the types of such enterprises, and the locations of
3 such enterprises.

4 “(n) No assistance shall be furnished under section
5 201, 211, or 251 of this Act to the government of any
6 country which does not agree to permit such reviews, in-
7 spections, and audits by the United States as the President
8 may require for the purpose of ascertaining whether such
9 assistance is being administered within the recipient country
10 to carry out the purposes for which it was furnished.”

11 CHAPTER 2—ADMINISTRATIVE PROVISIONS

12 SEC. 308. Chapter 2 of part III of the Foreign Assist-
13 ance Act of 1961, as amended, which relates to administra-
14 tive provisions, is amended as follows:

15 (a) Amend section 624, which relates to statutory offi-
16 cers, as follows:

17 (1) In subsection (a) (2) strike out “two shall
18 have the rank of Deputy Under Secretaries” and sub-
19 stitute “one shall have the rank of Deputy Under Secre-
20 tary”.

21 (2) In subsection (a) (3) strike out “nine” and
22 substitute “ten”.

23 (3) In subsection (b) strike out “paragraphs (2)
24 and” and substitute “paragraph”.

1 (b) Amend section 626 (b), which relates to experts,
2 consultants, and retired officers, as follows:

3 (1) Strike out the entire first sentence.

4 (2) In the second sentence strike out "Nor shall
5 such service" and substitute "Service of an individual as
6 an expert or consultant under subsection (a) of this
7 section shall not".

8 (c) In section 631, which relates to missions and staffs
9 abroad, add the following new subsection (c) :

10 “(c) The President may appoint any United States
11 citizen who is not an employee of the United States Govern-
12 ment or may assign any United States citizen who is a United
13 States Government employee to serve as Chairman of the
14 Development Assistance Committee or any successor Com-
15 mittee thereto of the Organization for Economic Cooperation
16 and Development upon election thereto by members of said
17 Committee, and, in his discretion, may terminate such ap-
18 pointment or assignment, notwithstanding any other provision
19 of law. Such person may receive such compensation and
20 allowances as are authorized by the Foreign Service Act of
21 1946, as amended, not to exceed those authorized for a chief
22 of mission, class 2, within the meaning of said Act, as the
23 President may determine. Such persons may also, in the
24 President's discretion, receive any other benefits and per-

1 quisites available under this Act to chiefs of special missions
2 or staffs outside the United States established under this
3 section.”

4 (d) Amend section 635, which relates to general author-
5 ities, by adding the following new subsection (k) :

6 “(k) Any cost-type contract or agreement (including
7 grants) entered into with a university, college, or other
8 educational institution for the purpose of carrying out pro-
9 grams authorized by part I may provide for the payment
10 of the reimbursable indirect costs of said university, college,
11 or other educational institution on the basis of predetermined
12 fixed-percentage rates applied to the total, or an element
13 thereof, of the reimbursable direct costs incurred.”

14 (e) Amend section 636, which relates to provisions on
15 uses of funds, by adding at the end thereof the following new
16 subsection:

17 “(h) In carrying out programs under this Act, the
18 President shall take all appropriate steps to assure that, to
19 the maximum extent possible, (1) countries receiving as-
20 sistance under this Act contribute local currencies to
21 meet the cost of contractual and other services rendered in
22 conjunction with such programs, and (2) foreign currencies
23 owned by the United States are utilized to meet the costs
24 of such contractual and other services.”

1 (f) Amend section 637 (a) , which relates to administra-
2 tive expenses, by striking out “1963” and “\$53,000,000”
3 and substituting “1964” and “\$54,000,000”, respectively.

4 CHAPTER 3—MISCELLANEOUS PROVISIONS

5 SEC. 309. Section 644 (f) of the Foreign Assistance Act
6 of 1961, as amended, which relates to definition of defense
7 services, is amended by inserting “including orientation”
8 after “training” the first time it appears.

9 SEC. 310. Section 645 of the Foreign Assistance Act
10 of 1961, as amended, which relates to unexpended balances,
11 is amended to read as follows:

12 “SEC. 645. UNEXPENDED BALANCES.—Unexpended
13 balances of funds made available pursuant to this Act, the
14 Mutual Security Act of 1954, as amended, or Public Law
15 86-736 are hereby authorized to be continued available for
16 the general purposes for which appropriated, and may at
17 any time be consolidated, and, in addition, may be consoli-
18 dated with appropriations made available for the same gen-
19 eral purposes under the authority of this Act.”

20 PART IV—AMENDMENTS TO OTHER LAWS

21 SEC. 401. The Act to provide for assistance in the
22 development of Latin America and in the reconstruction of
23 Chile, and for other purposes (Public Law 86-735, 22
24 U.S.C. 1942 et seq.) , is amended as follows:

1 (a) In section 2 strike out “\$500,000,000” and sub-
2 stitute “\$700,000,000”.

3 (b) Insert following the enacting clause “That this
4 Act may be cited as ‘the Latin American Development and
5 Chilean Reconstruction Act’ ”.

6 SEC. 402. (a) Section 101 (f) of the Agricultural Trade
7 Development and Assistance Act of 1954, as amended, is
8 amended to read as follows:

9 “(f) obtain rates of exchange applicable to the
10 sale of commodities under such agreements which are not
11 less favorable than the highest of exchange rates legally
12 obtainable from the Government or agencies thereof in
13 the respective countries.”

14 (b) Section 105 of such Act is amended by adding at
15 the end thereof the following new sentence: “The President
16 shall utilize foreign currencies received pursuant to this title
17 in such manner as will, to the maximum extent possible,
18 reduce any deficit in the balance of payments of the United
19 States.”

20 (c) Section 202 of such Act is amended by striking
21 out “economic development” and inserting in lieu thereof
22 “economic and community development”.

23 SEC. 403. (a) Section 571 (a) of the Foreign Service
24 Act of 1946, as amended, is amended by changing the final

1 period to a colon and adding the following: "*Provided, That*
2 in individual cases when personally approved by the Secre-
3 tary further extension may be made."

4 (b) Section 911 (2) of the Foreign Service Act of 1946,
5 as amended, is amended by inserting immediately after "on
6 authorized home leave;" the following: "accompanying him
7 for representational purposes on authorized travel within the
8 country of his assignment or, at the discretion of the Sec-
9 retary, outside the country of his assignment, but in no case
10 to exceed one member of his family;"

11 (c) Title IX of the Foreign Service Act of 1946, as
12 amended, is amended by striking out section 921 (d), re-
13 lating to use of Government vehicles, and by inserting im-
14 mediately after section 913 the following new section:

15 "USE OF GOVERNMENT OWNED OR LEASED VEHICLES

16 "SEC. 914. Notwithstanding the provisions of section 5
17 of the Act of July 16, 1914, as amended (5 U.S.C. 78),
18 the Secretary may authorize any principal officer to approve
19 the use of Government owned or leased vehicles located at
20 his post for transportation of United States Government
21 employees and their dependents when public transportation
22 is unsafe or not available."

23 (d) Title X of the Foreign Service Act of 1946, as

1 amended, is amended by adding at the end thereof the follow-
2 ing:

3 “PART I—EDUCATIONAL FACILITIES

4 “SEC. 1081. Whenever the Secretary determines that
5 educational facilities are not available, or that existing educa-
6 tional facilities are inadequate, to meet the needs of children
7 of American citizens stationed outside the United States
8 engaged in carrying out Government activities, he is author-
9 ized, in such manner as he deems appropriate and under
10 such regulations as he may prescribe, to establish, operate,
11 and maintain primary schools, and school dormitories and
12 related educational facilities for primary and secondary
13 schools, outside the United States, or to make grants of funds
14 for such purposes, or otherwise provide for such educational
15 facilities. The provisions of the Foreign Service Buildings
16 Act, 1926, as amended, and of paragraphs (h) and (i) of
17 section 3 of the Act entitled ‘An Act to provide certain basic
18 authority for the Department of State’, approved August 1,
19 1956 (5 U.S.C. 170h (h) and 170h (i)), may be utilized
20 by the Secretary in providing assistance for educational
21 facilities. Assistance may include, but shall not be limited
22 to, hiring, transporting, and payment of teachers and other
23 necessary personnel.”

1 SEC. 404. The Act entitled "An Act to provide certain
2 basic authority for the Department of State", approved
3 August 1, 1956 (5 U.S.C. 170f-170t), is amended by in-
4 serting immediately after section 12 the following new
5 section:

6 "SEC. 13. There is hereby established a working capital
7 fund for the Department of State, which shall be available
8 without fiscal year limitation, for expenses (including those
9 authorized by the Foreign Service Act of 1946, as amended)
10 and equipment, necessary for maintenance and operation
11 in the city of Washington and elsewhere of (1) central
12 reproduction, editorial, data processing, audiovisual, library
13 and administrative support services; (2) central supply
14 services for supplies and equipment (including repairs),
15 and (3) such other administrative services as the Secretary,
16 with the approval of the Bureau of the Budget, determines
17 may be performed more advantageously and more economi-
18 cally as central services. The capital of the fund shall consist
19 of the amount of the fair and reasonable value of such supply
20 inventories, equipment, and other assets and inventories on
21 order, pertaining to the services to be carried on by the
22 fund, as the Secretary may transfer to the fund, less the
23 related liabilities and unpaid obligations, together with any

1 appropriations made for the purpose of providing capital.
2 Not to exceed \$750,000 in net assets shall be transferred
3 to the fund for purposes of providing capital. The fund
4 shall be reimbursed, or credited with advance payments,
5 from applicable appropriations and funds of the Department
6 of State, other Federal agencies, and other sources author-
7 ized by law, for supplies and services at rates which will
8 approximate the expense of operations, including accrual
9 of annual leave and depreciation of plant and equipment of
10 the fund. The fund shall also be credited with other receipts
11 from sale or exchange of property or in payment for loss or
12 damage to property held by the fund. There shall be trans-
13 ferred into the Treasury as miscellaneous receipts, as of the
14 close of each fiscal year, earnings which the Secretary deter-
15 mines to be excess to the needs of the fund. There is hereby
16 authorized to be appropriated such amounts as may be
17 necessary to provide capital for the fund.”

18 SEC. 405. The first sentence of the first section of the
19 Act entitled “An Act to authorize participation by the
20 United States in parliamentary conferences of the North
21 Atlantic Treaty Organization”, approved July 11, 1956
22 (70 Stat. 523), is amended to read as follows: “That not
23 to exceed eighteen Members of Congress shall be appointed

1 to meet jointly and annually with representative parliamen-
2 tary groups from other NATO (North Atlantic Treaty
3 Organization) members, for discussion of common problems
4 in the interests of the maintenance of peace and security in
5 the North Atlantic area.”

Passed the House of Representatives August 23, 1963.

Attest:

RALPH R. ROBERTS,

Clerk.

88TH CONGRESS
1ST SESSION

H. R. 7885

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

August 26, 1963

Read twice and referred to the Committee on
Foreign Relations

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

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HIGHLIGHTS: Senate committee reported bill to prohibit registration of pesticides under protest. Senate committee voted to report (Oct. 18) foreign aid authorization bill. Senate committee reported bill for establishment of Ozark National Rivers recreation area. Sen. Proxmire expressed concern over possible sale of wheat to Russia. Sen. McCarthy inserted item supporting a sale of wheat to Russia. Both Houses received President's report on operation of trade agreements program.

SENATE

- 1. PESTICIDES.** The Agriculture and Forestry Committee reported with amendment S. 1605, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to provide for labeling of economic poisons with registration numbers to eliminate registration under protest (S. Rept. 573). p. 18839
- 2. RECREATION.** The Interior and Insular Affairs Committee reported with amendment S. 16, to provide for the establishment of the Ozark National Rivers, Mo., recreation area which would include certain national forest lands (S. Rept. 575). p. 18839
- 3. FOREIGN AID.** The Foreign Relations Committee (on Oct. 18, during adjournment)

voted to report (but did not actually report) H. R. 7885, the foreign aid authorization bill for 1964. The "Daily Digest" includes a table comparing funds requested by the President, authorized by the House, and approved by the committee. p. D824

4. WATER RESOURCES; RESEARCH. The Interior and Insular Affairs Committee reported with amendment S. J. Res. 49, to authorize Interior to carry out a program for control of phreatophytes along the Pecos River channel, N. Mex. and Tex. (S. Rept. 572). p. 18839
5. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 26, to authorize construction of the Dixie reclamation project, Utah (S. Rept. 574). p. 18839
6. MILITARY CONSTRUCTION. The Armed Services Committee reported with amendment H. R. 6500, to authorize construction at military installations (S. Rept. 571) p. 18839
7. FOREIGN TRADE. Both Houses received from the President the annual report on the operation of the trade agreements program (H. Doc. 170)(pp. 18837-8, 18955-6). The President stated that U. S. exports have reached a new high of \$20.9 billion (\$4.5 billion more than our imports), that there was "further freeing of trade in agriculture, helping U.S. farm exports to hold their own at the \$5 billion mark", that the next round of negotiations under the GATT can "lead to an expansion of free world trade in all products and in all directions" and can "help deal with the problem of agricultural protectionism and the dilemma of hunger and glut," and that the U. S. will continue to press for the removal of all restrictions that hinder our exports.
8. WHEAT; FOREIGN TRADE. Sen. Proxmire expressed concern over possible sale of wheat to Russia, contended that she needed wheat "in order to keep its heavy commitments to its satellites in Eastern Europe and Cuba," and inserted a table on Soviet exports and imports of grain from 1958 to 1962. pp. 18851-2
Sen. McCarthy inserted an article stating that the National Catholic Rural Life Conference endorsed a sale of wheat to Russia and Soviet satellite countries at its recent board of directors meeting. p. 18898
9. TRANSPORTATION. Sen. Lausche expressed concern that the Great Lakes-St. Lawrence Seaway "is presently realizing only a modest proportion of available traffic despite abundant economic activity," and stated that the Seaway has provided a less expensive rate for the farmers' produce, particularly grain. pp. 18849-50
10. WATER RESOURCES; WILDLIFE. Sen. Gruening discussed the effects of water resource development projects on the development and maintenance of waterfowl. pp. 18928-9
11. CIVIL DEFENSE. Received from the Defense Department a report on property acquisitions of emergency supplies and equipment by the Office of Civil Defense. p. 18838
12. ELECTRIFICATION. Received from the Federal Power Commission a publication, "All-Electric Homes, Annual Bills, January 1, 1963." p. 18838

Digest of CONGRESSIONAL PROCEEDINGS

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HIGHLIGHTS: Senate passed bills to: Prohibit registration of pesticides under protest; establish Ozark National Rivers recreation area. Senate committee reported foreign aid authorization bill. Sen. Proxmire inserted Berle article opposing increased foreign trade with Russia. Sen. Saltonstall criticized increased wool imports. House committee voted to report bill to implement International Coffee Agreement.

SENATE

1. PESTICIDES. Passed as reported S. 1605, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to provide for labeling of economic poisons with registration numbers to eliminate registration under protest. pp. 19080-3
2. FOREIGN AID. The Foreign Relations Committee reported with amendment H. R. 7885, the foreign aid authorization bill (S. Rept. 588). p. 19028
Sen. Gruening submitted amendments intended to be proposed to the bill. p. 19028
3. RECREATION. Passed as reported S. 16, to provide for the establishment of the Ozark National Rivers, Mo., recreation area which would include certain national forest lands. pp. 19075-8
4. MILITARY CONSTRUCTION. Passed as reported H. R. 6500, to authorize construction at military installations. Conferees were appointed. pp. 19046-53, 19084-95

5. WATER RESOURCES. Passed as reported S. J. Res. 49, to authorize Interior to carry out a program for control of phreatophytes along the Pecos River channel, N. Mex. and Tex. pp. 19099-100
Sen. Burdick inserted an editorial and article commending the Bureau of Reclamation for water resource development work in N. Dak. and throughout the U. S. pp. 19035-6
6. FOREIGN TRADE. Sen. Saltonstall expressed concern over the economic effects of increased imports on domestic industries, particularly the wool industry, and urged that these economic factors be taken into consideration by our representatives in future trade negotiations. pp. 19056-9
Sen. Javits stated that the President has notified American industry that almost the entire U. S. tariff list would be subject to major reductions in the forthcoming GATT negotiations, and he inserted several articles discussing the negotiations. pp. 19034-5
Sen. Lausche stated that he was "apprehensive about the purpose and possible results of the Soviet-proposed United Nations International Trade Conference which is scheduled to meet in Geneva early next year," and raised several questions he felt should be explored before such a conference is held. p. 19030
7. DAIRY IMPORTS. Sen. Proxmire inserted a newsletter stating that Secretary Freeman has announced that several dairy exporting nations have agreed to a temporary limit on dairy shipments to the U. S., and that if these arrangements do not hold imports to the indicated levels, action will be initiated under Sec. 22 of the Agricultural Adjustment Act for more effective controls. p. 19061
8. WHEAT; FOREIGN TRADE. Sen. Proxmire inserted an article by A. A. Berle, Jr., stating that while he thought the "wheat deal justifiable" with Russia, he was opposed to expanded trade with Russia, and raising a question as to whether or not enlarged trade would "merely give the Soviet Union more resources to fight our friends and ourselves." pp. 19066-8
9. LANDS. The Interior and Insular Affairs Committee reported with amendments H. R. 2073, to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa (S. Rept. 589). p. 19028
10. TRANSPORTATION. Sen. Mansfield urged that boxcars owned by western railroads, and now being used by eastern railroads, be returned immediately so that they would be available for shipment of agricultural commodities. p. 19030
11. ELECTRIFICATION. Sen. Metcalf commended the installation of electric power facilities in the Yaak Valley, Mont., and inserted an article, "What Low-Cost Power Means to Western Montana." pp. 19037-9
12. FOREIGN AGRICULTURE. Sen. McGee inserted an article reviewing failures in the Communist world, including references to agriculture. pp. 19041-2
Sen. Curtis inserted an address by the Chinese Ambassador to the United States discussing relations between Russia and Communist China, including a comparison of agricultural policies in the two countries. pp. 19064-6
13. PERSONNEL; PAY. Sen. Lausche expressed his opposition to proposed Federal pay increases. pp. 19030-1
14. WILDLIFE. Sen. Yarborough urged that the U. S. take the lead in convening an International Conference to initiate cooperative action furthering worldwide wildlife conservation. pp. 19042-4

88TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 588

FOREIGN ASSISTANCE ACT OF 1963

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

ON

H.R. 7885

TO AMEND FURTHER THE FOREIGN ASSISTANCE
ACT OF 1961, AS AMENDED, AND FOR
OTHER PURPOSES



OCTOBER 22, 1963.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1963

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FOREIGN ASSISTANCE ACT OF 1963

OCTOBER 22, 1963.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany H.R. 7885]

The Committee on Foreign Relations, to whom was referred the bill H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having considered the same, reports the bill favorably with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to authorize appropriations for those parts of the foreign assistance program which are on an annual basis. These are development grants, international organizations and programs, supporting assistance, contingency fund, military assistance, and AID administrative expenses. For these purposes the bill authorizes total appropriations for fiscal year 1964 of not to exceed \$2,288,050,000, a reduction of \$302,250,000 from the administration's request. As approved by the committee, the bill will support an appropriation of \$4,202,365,000 for the total program, compared to \$4,529,615,000 requested by the administration.

The bill also makes several major alterations in legislative directives concerning the foreign aid program.

2. WHAT THE BILL PROVIDES

The table on page 2 compares the appropriations authorized by the committee in the bill with the authorization and appropriations requests of the executive branch for fiscal year 1964 and with the amounts authorized by the House of Representatives.

Foreign Assistance Act of 1963

	Administration request		House bill	Senate Foreign Relations Committee
	Authorization	Appropriation		
Pt. I—Economic assistance:				
Ch. 2—Development assistance:				
Title I—Development loans.....	(1)	\$1,060,000,000	\$900,000,000	(2)
Title II:				
Development grants (sec. 212).....	\$257,000,000	257,000,000	217,000,000	\$225,000,000
Schools and hospitals (sec. 214(c)).....	(5)	21,600,000	10,000,000	(5)
Schools and hospitals (foreign currency) (sec. 214(d)).....	(5)	4,690,000	2,000,000	(5)
Title VI—Alliance for Progress.....	(3)	650,000,000	450,000,000	4650,000,000
Ch. 3—International organizations.....	136,050,000	136,050,000	136,050,000	136,050,000
Ch. 4—Supporting assistance.....	435,000,000	435,000,000	380,000,000	400,000,000
Ch. 5—Contingency fund.....	300,000,000	300,000,000	150,000,000	175,000,000
Pt. II—Military assistance.....	1,405,000,000	1,405,000,000	1,000,000,000	1,300,000,000
Pt. III—Administration:				
Ch. 2—Administrative expenses:				
AID (sec. 637(a)).....	57,250,000	57,250,000	54,000,000	52,000,000
State (sec. 637(b)).....	(5)	3,025,000	(5)	(5)
Pt. IV—Other laws: Latin American development.....	200,000,000	200,000,000	200,000,000	175,000,000

¹ Existing law authorizes \$1,500,000,000 for each of fiscal years 1963 through 1966, with unappropriated portions additive to following years.

² No change in existing law.

³ 1962 act authorized \$600,000,000 for each of fiscal years 1963 through 1966 with unappropriated portions lapsing. Fiscal year 1964 request includes authorization for carryover of unappropriated portions. Total authorization request is thus \$675,000,000 (\$75,000,000 unappropriated against authorization for fiscal year 1963 plus \$600,000,000 authorized for fiscal year 1964.)

⁴ Committee approved carryover of unappropriated portions of prior authorizations to extent of \$50,000,000. See footnote 3.

⁵ Existing law authorizes "such amounts as may be necessary from time to time."

⁶ No change in existing law.

In addition, the bill contains these major provisions:

(1) A separate, continuing authorization is established for the appropriation of funds to assist American-sponsored schools, libraries, and hospitals abroad. Assistance to such schools and libraries has hitherto been made available from general economic aid funds.

(2) The ceiling on the total face amount of specific risk guarantees that may be outstanding at any one time is raised from \$1.3 billion to \$2.5 billion, and the ceiling on the total face amount of guarantees for housing projects in Latin America is raised from \$60 million to \$150 million.

(3) The Trade Expansion Act of 1962 is amended to authorize the President to extend most-favored-nation treatment to any Communist country or area when he determines that such action is important to the U.S. national interest and would promote the independence of that country or area from domination or control by international communism and reports this determination to Congress. The purpose of this amendment is to enable the President to extend most-favored-nation treatment to imports from Poland and Yugoslavia.

(4) Loan terms are hardened by a requirement of minimum interest of 2 percent and maximum maturity of 35 years including a grace period of 5 years during which there will be a minimum interest of three-fourths of 1 percent and no repayment of principal.

(5) Tighter restrictions are imposed with respect to aid to economically developed countries, to countries whose ships and aircraft engage in trade with Cuba, to projects which compete with private enterprise, to projects which cost more than \$100 million, and to Latin American governments which have come to power through illegal means.

- (6) Fish are made available for the food-for-peace program.
- (7) The importance of private enterprise as a factor in economic development is reemphasized.
- (8) The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (the Hickenlooper amendment), designed to protect American business abroad from expropriation or discrimination, are tightened and broadened.

3. COMMITTEE ACTION

On April 2, the President sent to the Congress a message on foreign aid (H. Doc. 94, 88th Cong., 1st sess.) and on April 4 Senator Fulbright introduced by request the administration bill, S. 1276, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The committee formally opened hearings on the bill on June 11 with the appearance of Secretary of State Dean Rusk. In all, the committee held 9 days of hearings in both public and executive sessions. These have been published in one volume, with deletions for security purposes, and are available to Members of the Senate and the general public. The complete executive hearings, as well as other classified data submitted by the executive branch, are available to Senators in the committee room.

Following Secretary Rusk, the committee heard testimony from Secretary of Defense Robert S. McNamara; the Chairman of the Joint Chiefs of Staff, Gen. Maxwell D. Taylor; and the Administrator of the Agency for International Development (AID), David E. Bell.

In addition to the executive branch witnesses the committee heard testimony from Senator Jacob K. Javits, of New York, Senator Kenneth B. Keating, of New York, Senator Jack Miller, of Iowa, Senator Vance Hartke, of Indiana, and Senator John Sherman Cooper, of Kentucky.

The committee also heard testimony from a number of public witnesses, including Gen. Lucius D. Clay, Chairman of the President's Committee To Strengthen the Security of the Free World, and George Meany, the president of the AFL-CIO and a member of the Clay Committee. Other public witnesses included representatives of:

The Cooperative League of the U.S.A.

League of Women Voters.

International Economic Policy Association.

National Council of the Churches of Christ in the U.S.A.

Citizens Foreign Aid Committee.

Standard Oil Co. of New Jersey.

Chamber of Commerce of the United States.

Church of the Brethren.

Committee for a Review of Our China Policy.

John Andresen & Co.

General Board of Christian Social Concerns of the Methodist Church.

Kingdom of Yemen.

Rolled Zinc Manufacturers Association.

Citizens Committee for UNICEF.

National Council on the Facts of Overpopulation.

National Congress of Parents and Teachers.

Women's International League for Peace and Freedom.

In addition, statements were received for the record from:

American Farm Bureau Federation.

Friends Committee on National Legislation.

American Association of University Women.

Hamilton A. Long, New York City.

National Farmers Union.

Americans for Democratic Action.

As in past years, the nongovernmental testimony was predominantly favorable to the foreign assistance program, though several specific suggestions were made for changes.

On July 15 the committee began marking up the bill in executive session. During this meeting and subsequent meetings on July 16, 18, 19, 22, 23, and 30, August 2, October 2, 3, 8, 9, 10, 11, 15, 16, 17, and 18 the committee considered the bill section by section, along with amendments proposed by Members of the Senate, and also heard additional testimony from the executive branch. On October 18, the committee voted to report favorably the House bill (H.R. 7885) with an amendment in the nature of a substitute.

4. COMMITTEE COMMENTS

To a limited extent, the effectiveness of the foreign aid program depends upon the provisions of the legislation enacted by the Congress. Beyond the necessarily broad specifications of the law the success of the program depends upon the skill and sophistication, the judgment and farsightedness of those in the executive branch who administer the program. In this respect the enactment of the annual foreign aid bill is an act of faith in the wisdom of its executors.

In the past the committee has been disappointed by certain aspects of the foreign aid program. There have been instances of failure and inefficiency in the field, administrative and organizational shortcomings, imbalances in the kinds and amounts of aid extended to certain countries, overgenerosity to some recipients and the neglect of other, more deserving recipients, the proliferation of aid programs—especially military aid programs—to an ever growing number of countries, and inexplicable delays in terminating assistance to countries which no longer need it or which have failed to make productive use of it.

These disappointments have been outweighed in the past by evidence submitted to the committee that, despite failures, the foreign aid program has been generally successful in strengthening the security and advancing the interests of the United States and the free world. So long—and only so long—as the program appears to be achieving its broad objectives, the committee will continue to endorse the act of faith which this legislation embodies.

The committee believes that significant improvements in the foreign aid program have been achieved in recent years. It is impressed with the high degree of concentration which has been achieved for both economic and military assistance and it generally concurs with the executive branch in the areas which have been selected for concentration. The committee has repeatedly recommended greater selectivity in the past and it notes with satisfaction that 80 percent of all economic assistance now goes to only 20 countries and that military assistance is even more concentrated.

The committee is less impressed with the case made by the executive branch for the maintenance of U.S. aid programs, even on a small scale, in virtually every underdeveloped country in the free world and in a few developed or relatively developed countries. The committee sees little merit in aid programs whose sole or major justification is the maintenance of a U.S. "presence" or the demonstration of U.S. "interest." It is equally unenthusiastic about aid programs, both military and economic, whose major purpose is to provide an alternative to Soviet bloc aid.

The committee gave attention to the impact of the foreign aid program on the balance of payments and on the budget. Taking the program as a whole, only about 10 percent of foreign aid expenditures are reflected in the balance of payments. The remainder—almost all of the military and about 80 percent of the economic—is spent in the United States. The impact on the budget is more direct. However, foreign aid in fiscal 1964 will account for only about 4 or 5 percent of all U.S. Government expenditures. If the program did not exist, other expenditures, particularly military, would need to be increased. Furthermore, a considerable part of the program, in regard to its effect both on the balance of payments and on the budget, is properly considered as an investment rather than a cash outflow with no return. More than half of economic assistance is in the form of dollar repayable loans. Beyond this, to the degree that the program is successful in stimulating economic development abroad, it can be expected to create expanded opportunities for private trade in the future.

The committee is encouraged by administrative and organizational improvements in the Agency for International Development. More economical and efficient administration has been achieved in some of the overseas aid missions and there has been a reduction in the total number of AID employees overseas. The committee notes with approval that there has been an increasing consolidation of the administrative support for missions in the field for AID, the U.S. Information Agency, and the Department of State. The committee hopes that this trend will be continued, not only in the field but also in Washington, and that more will be done to consolidate the preparation and administration of assistance programs as between AID and the Department of State in Washington. Finally, the committee wishes to express its confidence in the Administrator of the Agency for International Development, David E. Bell.

Nevertheless, the committee believes that major changes remain to be made in the foreign aid program. In fact, the committee gave serious consideration to an amendment which would have terminated the program in its present form June 30, 1965 so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects. Specifically, the committee believes that countries which can take care of themselves should be eliminated from the program, that even more selectivity among countries should be introduced, and that prompt and serious consideration should be given to a

greatly increased utilization of multilateral agencies, such as the International Bank for Reconstruction and Development and its subsidiaries notably the International Development Association.

FREE WORLD AID PROGRAMS

Significant, although not yet adequate, progress has been made in securing the participation of the developed nations of the free world in a coordinated program of assistance to the less developed nations. Largely as a result of the Marshall plan and other U.S. assistance, the free nations of Western Europe recovered their economic strength after World War II and went on to achieve unprecedented heights of prosperity and productivity. They are now capable of carrying out major foreign aid programs of their own in cooperation with the United States. Most of them have acknowledged their responsibility to do so. Their commitment thus far, however, has been more impressive in principle than in practice although the level of their participation has been rising.

The flow of bilateral foreign aid funds from other industrialized countries is currently on the order of \$2 billion a year in net expenditures. This amount, in the judgment of the committee, is well below their capacity. Moreover, the effort is an uneven one, with some nations, notably France, mounting major foreign aid programs and others making only token contributions. In addition, the terms of aid offered by some of our free world partners are markedly illiberal.

A successful foreign aid effort on the part of the rich nations of the free world must be a cooperative effort. The United States joined the Organization for Economic Cooperation and Development and its Development Assistance Committee in 1961 in the hope and expectation that these bodies would generate greatly expanded free world economic cooperation, both in trade between the members themselves and in their common obligation to the less developed nations. Although the optimism of 1961 has been proven excessive, the committee continues to hope and expect that our free world partners will join with us in an adequate cooperative program of assistance to the underdeveloped countries of Asia, Africa, and Latin America. Our efforts thus far toward this objective have not been a failure. Neither have they been a success. In summary, it can be said that the other developed countries have made only modest contributions in an area where success requires great and generous contributions.

The overall objective of foreign aid is to help create conditions in the world under which free societies can survive and prosper. Our partners in Europe and elsewhere have no less at stake in the attainment of this objective than does the United States. It is fundamentally a political objective, one which is rooted in the vital interests of the free societies, both as separate nations and as an interdependent community.

INTERNATIONAL DEVELOPMENT AGENCIES

The principal international financial institutions providing capital assistance to the developing countries are the International Bank for Reconstruction and Development and its affiliates, the International Development Association and the International Finance Corporation; the Inter-American Development Bank; and the Development Fund

and European Investment Bank of the European Economic Community.

These institutions have made a modest but constructive contribution to developing countries. Their total commitments, however, were only \$1.2 billion in 1962 and their net disbursements for that year were only \$421 million.

The international agencies possess certain assets which it is difficult, if not impossible, to attain in bilateral aid programs. They are unusually qualified to make or deny a loan on its financial and developmental merits. As Eugene Black remarked to the Board of Governors of the World Bank last year in discussing the Bank and the International Development Association:

Because they are known to have no ulterior motive, they can exert more influence over the use of a loan than is possible for a bilateral lender; they can insist that the projects for which they lend are established on a sound basis, and—most important—they can make their lending conditional upon commensurate efforts being made by the recipient country itself.

In view of the positive advantages of development lending through international institutions, the committee strongly recommends that the executive branch give careful consideration to using the authority contained in section 205 of the Foreign Assistance Act whereby up to 10 percent of development loan funds may be lent to the International Development Association for relending.

5. SUBSTANTIVE PROVISIONS OF THE BILL

PART I

SHORT TITLE AND POLICY (SEC. 101)

The bill repeals section 101 of the Foreign Assistance Act, which provides that Part I of that Act may be cited as the "Act for International Development of 1961." The bill (sec. 201) likewise repeals section 501 of the Act, which provides that Part II may be cited as the "International Peace and Security Act of 1961." Both of these parts—one dealing with economic assistance and the other with military assistance—are in the same act which is designated in its entirety as the "Foreign Assistance Act of 1961." It is unnecessary and confusing to cite acts within acts, and the separate titles are therefore repealed.

The bill also makes some changes in the statement of policy in section 102 of the act. The statement now says, among other things, that assistance "should emphasize long-range development assistance as the primary instrument of * * * growth." The word "should" is changed to "shall" to conform to other clauses in the same sentence setting forth various criteria for economic assistance.

A second change in the policy statement is designed to emphasize the role of foreign private enterprise. The last paragraph of the policy statement in the existing law urges "that all other countries able to contribute join in a common undertaking to meet the goals" of economic development. This sentence is amended to include a reference to private enterprise within such other countries.

Finally, a new paragraph is added to the policy statement to deal with the situation in Vietnam.

This new paragraph reads as follows :

It is the sense of the Congress that assistance authorized by this act should be extended to or withheld from the Government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.

This new paragraph reflects the committee's conviction that stabilization of the political situation in Vietnam is of the utmost importance for winning the war against the Communist guerrillas. The committee takes note of the fact that there is still pending before it Senate Resolution 196 calling for discontinuance of aid to South Vietnam unless the Vietnamese Government puts needed reforms into effect. If the political situation in South Vietnam deteriorates further to the detriment of the war effort, the committee will be disposed to give further consideration to the more drastic steps called for by Senate Resolution 196.

CHAPTER 2. DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND (SEC. 102)

Development loans

The bill adds a new subsection to section 201 of the Foreign Assistance Act of 1961, which deals with the general authority of the Development Loan Fund.

The new subsection requires, as a condition precedent for development loans, a finding by the President that the project for which the loan is requested is taken into account in the economic development of the requesting country, including an analysis of current human and material resources, a projection of the ultimate objectives of the project with respect to the overall economic development of the requesting country, and specifically providing for appropriate participation by private enterprise.

The amendment is designed to insure that the projects for which development loans are made are directly relevant to economic development, and especially that such projects can be supported by the borrowing country's available human and material resources. The committee hopes through this amendment to avoid situations in which loans are made for projects beyond the technical and managerial capacities of the borrowing country.

It is also the intention of this amendment to encourage the greatest feasible participation of private enterprise in such projects, where appropriate.

International Development Association

Section 205 of the existing law authorizes the President to lend up to 10 percent of the funds made available for development loans to the International Development Association. The authority is permissive and is conditioned upon a determination by the President that such a procedure would more effectively serve the purposes of economic development.

The committee noted with concern that none of this authority has been used. In the few years of its existence, the International De-

velopment Association has compiled a commendable record of lending on easy terms and conditions for economic development projects in underdeveloped countries. It has long been the committee's view that the long-term objectives of the United States are better served through multilateral rather than bilateral assistance in many cases. Fewer short-term political considerations are involved, and multilateral agencies are frequently able to insist on more stringent economic conditions. In addition, when it acts through a multilateral agency, the United States pays only a part, instead of all, of the cost involved.

The committee expresses the strong hope that the administration in the coming year will take advantage of the authority of section 205 to channel development loans through IDA.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION (SEC. 103)

The bill authorizes \$225 million for development grants and technical cooperation outside of Latin America. (An additional \$75 million is authorized for Latin American development grants and technical cooperation under the provisions governing the Alliance for Progress.) The authorization of \$225 million compares with \$257 million requested by the President and \$300 million authorized for fiscal year 1963. The appropriation for 1963 was \$225 million. As in previous years, the funds for fiscal year 1964 are authorized to remain available until expended.

Development grants are used primarily for technical assistance in the development of human resources necessary for economic and social development. The focus of development grant aid is on programs designed to raise the educational, technical, managerial, and professional levels of developing societies. It is used to improve the institutions necessary for development; to advance programs of social reform; to conduct surveys and research aimed at relating human and material resources to development prospects; and to assist in the creation of comprehensive development plans. Special emphasis is placed on programs of education, public administration, health, and agriculture.

Regional programs

Increased development grants are proposed by the executive branch for Africa for fiscal year 1964. This reflects the primary need for the development of human resources in most African countries. Many of the development grant and technical cooperation programs in Africa have been initiated since 1960 as new nations have gained independence. The African programs are concentrated on education, agriculture, health, and public administration. In several countries assistance is being provided for the creation of economic planning agencies. The largest African development grant program is in Nigeria, where almost a half of the U.S. grants are used for strengthening educational institutions.

Development grants proposed by the executive branch for the Near East and south Asia for fiscal year 1964 are at a somewhat higher level than those provided for fiscal year 1963. Development grants in these regions have declined slightly since fiscal year 1962, partially because certain projects then financed by grant aid are now being financed from development loans. One-fourth of all development grant funds in the Near East and south Asia go to Afghanistan.

In the Far East, proposed development grants for fiscal year 1964 are at approximately the same level as those provided in fiscal year 1963. Several country programs have been reduced in the past 3 years, with especially sharp drops in Korea, Taiwan, and Vietnam. In Vietnam the emphasis of U.S. assistance has been shifted to security-related programs. Educational, agricultural, and health programs each absorb approximately one-fifth of U.S. development grants for the Far East. Development grant funds would also be available for regional programs in such fields as health, education, and economic productivity.

Technical assistance

The development of human resources is the highest priority need of most of the countries which receive U.S. aid. In 40 countries, most of which are in the early stages of development, development grant and technical assistance programs account for more than 50 percent of total U.S. assistance. In 18 of these countries, U.S. aid consists entirely of technical assistance.

In more advanced countries, such as India and Pakistan, most U.S. assistance is through loan programs, and development grants for technical assistance comprise only a small fraction of U.S. aid.

The committee regards technical assistance as a transitional form of aid, designed to help lay the foundations for economic development. It should emphasize high priority needs of developing countries. The committee shares the view of the Clay Committee that "such programs should be of specific and limited duration, fixed as they are started and scheduled for completion or turnover to the recipient country." The committee notes with satisfaction that technical assistance was ended in Japan in fiscal year 1961; in Israel, Spain, and Greece in fiscal year 1962, and in Lebanon in fiscal year 1963. It is the expectation of the committee that the termination of other technical assistance programs will prove feasible in fiscal year 1964.

In accordance with the committee's views that technical assistance programs should be of fixed and limited duration, section 211(a) of the Act, which deals with general authority for development grants and technical cooperation, is amended to specify that no program of technical assistance shall be undertaken in the absence of a prior commitment by the recipient country to accept responsibility for the continuation and financing of the program at the end of a period of not to exceed 7 years unless the program is scheduled for earlier completion. In specifying 7 years as a mandatory maximum period for contributions by the United States to any specific technical assistance activity, the committee emphasizes that it regards this period as an outside limitation on U.S. participation. In general, the committee expects technical assistance programs to be terminated in a considerably shorter time, with 3 years to be regarded as a reasonable average period. This does not mean that all technical assistance activities in a given country are to come to an end within the stated time period, but that no specific activity is to be continued beyond the limit.

Under section 621 of the Act the executive branch is required in providing technical assistance to "utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies

with primary responsibilities for domestic programs in such fields." Under this provision AID has signed interagency agreements with the Housing and Home Finance Agency, the Department of Labor, the Federal Home Loan Bank Board, and other agencies, for the temporary assignment of experts from these agencies to AID. The committee recommends continuing and expanded cooperation with the domestic agencies.

The committee also recommends continuing and expanded use of nongovernmental resources for technical assistance programs. Valuable contributions have been made by American industry, universities, and service organizations, but substantially greater support for technical assistance programs can and should be enlisted from these nongovernmental sources, especially the colleges and universities.

American schools and hospitals abroad (sec. 103(c))

Section 214(a) of the existing law authorizes the use of development grant and technical cooperation funds to aid American-sponsored schools and libraries abroad.

Section 214(b) authorizes the use of foreign currencies for this purpose as well as to help American-sponsored hospitals abroad, without regard to the provisions of the Battle Act (Mutual Defense Assistance Control Act of 1951).

The bill makes four changes in the existing law, the combined effect of which is to authorize a separate appropriation of dollars for aid to hospitals, as well as to schools and libraries.

The authorization for appropriations in the bill is a continuing one for such amounts as may be necessary from time to time.

Under this authority, the administration intends to seek an appropriation for fiscal 1964 of \$21.6 million, of which \$17.8 million would be for schools and libraries and \$3.8 million for hospitals. In addition, there is a foreign currency requirement of \$4.7 million equivalent for hospitals.

In point of fact, there are only two hospitals involved. One is the hospital ship sponsored by Project HOPE, which it is contemplated to aid in the amount of \$1.6 million. The other is a 300-bed children's hospital in Krakow, Poland, which is being built by the American Research Hospital in Poland, Inc., according to plans originally prepared under the supervision of CARE. Since 1960, approximately \$4.3 million in Polish zlotys has been appropriated to finance the project and an additional \$3.9 million in zlotys will be requested for fiscal 1964. The 1964 dollar appropriation of \$2.2 million will be needed to finance imported equipment. It is hoped that the hospital will be completed by June 1964, the 600th anniversary of the establishment of the University of Krakow. When completed, it will be owned and operated by the Polish Ministry of Health, in close cooperation with the university and the American Research Hospital in Poland, Inc., a joint Polish-American medical group.

Under the authority to aid American-sponsored schools and libraries abroad, eight schools have been receiving assistance at the rate of \$5.5 to \$6 million a year. These are the American University in Beirut, American University of Cairo; Robert College in Istanbul; Athens College, American Farm School, Anatolia College, and Pierce College, all in Greece; and the Escuela Agrícola Panamericana, in Honduras.

Several years ago, Congress made a basic policy decision that Amer-

ican-sponsored schools abroad are worthy of assistance from the U.S. Government because of the role they play not only in providing badly needed technical training but also in spreading American ideals and culture. Under this policy, assistance has been extended on a year-to-year basis.

Under the authority provided by the bill, assistance can be programmed over a longer period and can be fitted into the long-term financial plans of the institutions in question. The appropriation requested by the administration will make possible a substantial increase in aid, much of which will go for capital improvements. It is hoped that while these works are in progress the institutions in question can find other sources of financing and can put themselves on a sound long-term financial footing.

The administration was not able to present a firm program of aid to schools and libraries for fiscal 1964. At the time of the committee's hearings, a survey mission was still in the field. In any event, the language of the authorizing bill is sufficiently flexible to allow the widest discretion to Congress in fixing the precise amount in the appropriation bill. It may also be noted that requests which have already been received for assistance substantially exceed the proposed appropriation.

TITLE III—INVESTMENT GUARANTEES (SEC. 104)

The bill increases substantially the limits in existing law on the face amount of various kinds of guarantees which may be issued against certain risks facing private foreign investment. It also broadens slightly the businesses eligible for guarantees, tightens slightly the standards for payment; and makes some technical changes in the bookkeeping provisions.

There are three types of guarantees of private foreign investment issued by the U.S. Government:

1. Specific risk guarantees under authority of section 221(b)(1) of the Foreign Assistance Act. These may cover currency convertibility, loss from expropriation or confiscation, or loss due to war, revolution, or insurrection. The ceiling in the existing law on the face amount of such guarantees is \$1.3 billion. This is raised by the bill to \$2.5 billion. As of September 30, guarantees outstanding under this section amounted to \$915 million, leaving \$385 million in issuing authority under the ceiling in existing law. However, applications in various stages of processing totaled more than \$3 billion—a reflection of the rapidly increasing interest of private business in the guarantee program.

2. Extended risk guarantees under authority of section 221(b)(2) of the Foreign Assistance Act. These, in turn, are of two types: guarantees against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk; and coverage up to 75 percent of any nonhousing investment against such risks as the President may determine. Individual loan guarantees are limited to \$25 million, and individual guarantees of other types are limited to \$10 million. Existing law provides that no payment may be made under these guarantees for any loss arising out of fraud or misconduct for which the investor is responsible. This is broadened by the bill to except negligence as well as fraud or misconduct. The

total face amount of guarantees issued under this authority is limited to \$180 million, and the authority to issue such guarantee is limited to June 30, 1964. This time limit is extended by the bill to June 30, 1965.

3. Latin American housing guarantees under authority of section 224 of the Foreign Assistance Act. These may be issued for pilot or demonstration housing projects of types similar to those insured by the Federal Housing Administration and suitable to conditions in Latin America. The same risks may be covered as under the extended risk guarantees described above. Existing law limits the outstanding face amount of such guarantees to \$60 million. The bill would increase this limit to \$150 million. As of the end of April, only \$1,260,000 of the existing authority had been used, but the committee was informed that the administration anticipated fully utilizing the increased authority in the coming fiscal year.

Under existing law, entities eligible to receive guarantees are "United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens." In addition, the specific risk and extended risk guarantees (but not Latin American housing guarantees) may be issued to "any wholly owned foreign subsidiary of any such corporation." The bill broadens this to allow specific and extended risk guarantees to be issued to foreign subsidiaries which are at least 95 percent owned by the parent corporation and in which the balance of the shares is required by law to be held by persons other than the parent corporation. Some guarantees have been refused to foreign subsidiaries in cases where, for example, the foreign law requires that at least some local nationals be directors, and that directors be shareholders. The amendment would make it possible to issue guarantees in these cases.

The other changes which the bill makes in the investment guarantee provisions of the existing law are as follows:

The existing law (secs. 222 (d) and (e)) sets up a priority list of the order in which funds from various sources are to be used to make payments under guarantees when that becomes necessary and also provides rather complicated accounting regulations for governing obligations under the guarantee program. The procedures are considerably simplified by the bill which provides that all guarantees "shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America." This language recognizes what the committee believes to be the existing situation. The order in which funds are to be drawn down in making payments under guarantees is adjusted accordingly. Under the bill, this order will be: (1) fees; (2) funds realized from the sale of assets acquired under the guarantees; (3) funds heretofore appropriated for discharging liabilities under the guarantees; (4) funds realized from the sale of notes under the old provisions of the Economic Cooperation Act of 1948 and the Mutual Security Act of 1954; and finally, (5) new appropriations. This order differs from the existing law only in that funds reserved against presently outstanding guarantees have been merged with other funds into a single reserve.

Finally, the bill makes a technical amendment by striking out section 224(c) of the act, and transferring the references in that section to other sections. Section 224(c) applies specified provisions of the act to Latin America housing guarantees. The bill amends those pro-

visions to include in them a reference to Latin American housing guarantees; so section 224(c) becomes unnecessary.

The committee gave serious consideration to several proposals which were before it to make assistance contingent upon the conclusion of an investment guarantee agreement with the country receiving assistance. The committee rejected these proposals because it felt that they would probably not accomplish their purpose of increasing the number of investment guarantee agreements, and because it was favorably impressed with the progress which has been made in negotiating new agreements. The United States now has investment guarantee agreements with 57 developing countries, and 19 of these agreements have been negotiated in the last 2 years. This is substantially accelerated progress, and the committee commends the executive branch on it. The committee hopes that the executive branch will continue to bend every effort to promote the investment guarantee program.

TITLE V—DEVELOPMENT RESEARCH

Population growth (sec. 105)

Section 241 of the act, which authorizes the President to carry out programs of research on processes and techniques of economic development, is amended by the addition of a provision authorizing the use of research funds to conduct studies of the problems of controlling population growth and to provide assistance to cooperating countries in carrying out programs of population control.

Because of the profound impact of population growth on economic development, the committee considers it appropriate to provide explicit authority for the conduct of research and technical assistance activities in this field. It is the view of the committee that population growth must be regarded as a critical factor in the development prospects of countries which receive development assistance from the United States.

No less than general education and technical, administrative, and managerial competence, the capacity of a country to maintain a reasonable balance between population and resources is a vital factor in its prospects for successful economic development. It is a well-known fact that in many less-developed countries rapid population growth has substantially or entirely negated the benefits of U.S. economic assistance. Even in some countries where economic growth has been impressive, per capita income levels have remained virtually stagnant as a result of mushrooming increases in population.

Substantial progress has been made in recent years in defining the preconditions of economic growth. To a great extent our economic assistance has been refocused on those countries which have largely fulfilled these preconditions. The one vital criterion of successful development which has been neglected is that of population control. The purpose of the committee's amendment to title V of the act is to encourage research into appropriate measures to correct this omission.

TITLE VI—ALLIANCE FOR PROGRESS (SEC. 106)

The bill makes both substantive and technical changes in the existing law concerning the Alliance for Progress.

Existing law (sec. 252) authorizes appropriation of not to exceed \$600 million in each of the fiscal years 1963 through 1966, all of which is to be used only for dollar repayable loans, except for \$100 million of the 1963 funds.

The bill amends the authorizing language so that any portion up to \$50 million of the annual authorization of \$600 million unappropriated in 1 fiscal year may be carried over and added to the authorization for the following year. For fiscal year 1963, there was appropriated only \$525 million against the authorization of \$600 million. Under the language of the bill, \$50 million of the unappropriated amount of \$75 million could be added to the authorization for subsequent years, so that for fiscal 1964 there would be a total authorization of \$650 million. This is the amount which the executive branch has requested as an appropriation.

The bill also provides that not to exceed \$75 million of the amount authorized to be appropriated for fiscal 1964 may be used for assistance on other than dollar repayable terms. This is a reduction from the amount of \$100 million which was available for this purpose in fiscal 1963 and which was requested by the executive branch for fiscal 1964.

Under the committee action, there will be authorized \$575 million in Alliance for Progress loans (compared to the administration request of \$550 million) and \$75 million in other aid (compared to the administration request of \$100 million).

It is impossible to be precise about the need for loan funds or the level at which the Alliance for Progress lending program can or should be carried out in fiscal 1964. This level is contingent upon many factors which are beyond the control of the United States and upon many developments which cannot be clearly foreseen. The administration has made an educated guess that it will need a minimum of \$602 million and a maximum of \$722 million in Alliance for Progress loan funds in fiscal 1964.

It may be that this estimate is too high, in which case the funds will not be used. It may be that the estimate is too low, in which case opportunities for furthering the Alliance will be missed. Neither the administration nor the committee can give the Senate ironclad assurance on this point.

The uncertainty is partly a result of the shift in emphasis of the aid program from grants to loans in recent years. No bank can accurately predict the amount of its loans in any given future period. The uncertainty is also partly due to the fact that the Alliance is dealing with economic development in countries where statistics are less reliable, economics less sophisticated, and politics less predictable than was the case with the countries of Western Europe during the Marshall Plan. It was then possible to forecast with a high degree of accuracy not only the gross amounts of money required but even the quantities of various commodities.

An approach can be made to this method of calculation with respect to a few Latin American countries where economic planning has reached a fairly advanced stage. In these cases, there are reasonably good estimates of total foreign exchange needs and of non-AID sources for meeting these needs (Export-Import Bank, Inter-American Development Bank, International Bank for Reconstruction and

Development, Western Europe, private investment, the country's own resources, etc.). But for most countries, the estimates at best have to be highly tentative. And for many, political instability means that the estimates have to be even more tentative.

This is admittedly an unsatisfactory situation for those who want to know in advance where every dollar is going, but, in the opinion of the committee, there is no other way to conduct the program so long as it is to be on a loan basis and keyed to the performance of Latin American countries.

With the grant programs, one can be more precise, because it is possible to plan grants in advance (but even in this case, it should be borne in mind that these plans are illustrative and are subject to change).

All of the grant programs are essentially technical assistance. Emphasis is to be placed on the northeast of Brazil and Central America.

The Central American regional program is administered through AID's Regional Office for Central America and Panama (ROCAP), located in Guatemala. In 1964, ROCAP will carry on a number of projects to provide assistance in regional economic planning, the development of regional agricultural marketing systems, the improvement of regional communications and transport facilities, etc.

The committee attaches great importance to the movement for Central American integration and hopes that it will continue to receive the full support of the U.S. Government.

A special word also needs to be said about areawide regional programs in Latin America. These include a wide variety of regional training activities through such institutions as the Inter-American Police Academy in the Canal Zone, the Caribbean Organization, the Center for Latin American Monetary Studies in Mexico City, and the Inter-American Institute of Agricultural Sciences in Costa Rica. It also includes support for the Regional Technical Aids Center in Mexico City, where scientific and technical works are translated and published in Spanish; assistance to the Pan American Health Organization's malaria eradication and potable water supply program; an advisory tax service; and support for several types of cooperatives.

Technical changes

The bill makes two technical changes in section 251(e) and (f) of the Act.

Section 251(e), which deals with allocations or other set-asides of amounts exceeding \$100,000, requires as one of the prerequisites for such action receipt of an application "together with sufficient information and assurances to indicate reasonably that the funds will be used in an economical and technically sound manner." The bill changes the word "economical" in this phrase to "economically" to conform with the same standards applied to the Development Loan Fund in section 201(e) of the act.

Section 251(f) of the act requires the Agency for International Development to provide assistance to the Commerce Committee for the Alliance for Progress as determined by the President. The bill changes the law to refer to the "agency primarily responsible for administering part I" instead of to the Agency for International Development. At the moment, AID is the agency primarily responsible for administering part I—that is, the part of the act dealing with eco-

conomic assistance. The change is made to conform to other references in the act.

Aid for Latin American cooperatives (sec. 106(a)(3) and sec. 106(c))

The committee has long been impressed with the constructive role which cooperatives can play, not only in promoting economic growth, but also in contributing to the democratic development contemplated by the Alliance for Progress. In order to give special emphasis to the importance which the committee assigns to the role of cooperatives, special provision is made in this bill for the use of certain foreign currencies available to the United States in Latin America to assist the cooperative movement.

First, a new subsection is added to section 251 of the Act, which contains the general authority for the Alliance for Progress. This new subsection provides that the President "shall, when appropriate, assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress."

Second, a new provision is inserted in section 253 of the Act, which relates to Alliance for Progress fiscal provisions, to make foreign currencies available for this purpose. The foreign currencies involved are those which have accrued as a result of loans which are repayable in foreign currencies. Most of these loans were made by the Development Loan Fund between 1958 and 1961. Since the latter date, all development loans have been repayable in dollars. However, as a result of earlier development loans, the United States now has about \$7 million in Latin American currencies. This amount is expected to increase, as a result of repayments, to about \$60 million over the next 5 years. The President is authorized to reserve up to \$25 million of these currencies in any fiscal year, for loans to cooperatives. These funds will be available for this purpose without regard to section 612 of the act, or of any other act which makes foreign currencies available only as specified in appropriations acts.

The foreign currencies to which this amendment applies can be used not only for loans to individual cooperatives but also to provide seed capital, should that prove desirable, to a central inter-American cooperative finance institution for relending.

Governmental change by coup d'etat (sec. 106(d))

The committee has been gravely concerned over the number of elected governments in Latin America which have been overthrown by force in recent months. The Charter of the Organization of American States declares in article 5(d) that "the solidarity of the American States and the high aims which are sought through it requires a political organization of those states on the basis of the effective exercise of representative democracy."

The Conference of Foreign Ministers of the American Republics at Santiago, Chile, in August of 1959 declared that "the existence of antidemocratic regimes constitutes a violation of the principles on which the Organization of American States is founded, and endangers the living together in peaceful solidarity in the hemisphere * * *", and, "* * * The governments of the American Republics should be derived from free elections."

The forcible overthrow of duly elected governments is a step entirely out of harmony with the principles of the inter-American system and of the Alliance for Progress. It is difficult to see how the economic and social goals of the Alliance can be achieved in the face of such political instability. Thus, assistance furnished to irregular governments is unlikely to accomplish the purposes of the Alliance for Progress.

Furthermore, such assistance may very well encourage ambitious militaristic forces elsewhere in the hemisphere to believe that they too can carry out coups d'etat with impunity and continue to receive American aid and otherwise to participate in the Alliance for Progress. It is important that vigorous steps be taken to dispel this dangerous delusion. The Alliance for Progress is threatened from both left and right in Latin America. The United States has gone to considerable lengths to protect the Alliance from the threat from the left represented by Castroite subversion and infiltration. It is equally important that the Alliance be protected from the threat from the right represented by the forces of the ultraconservative traditional oligarchies.

Finally, there is at stake here the credibility of the United States, whose ambassadors, speaking for this Government, have repeatedly warned Latin American military leaders that the United States would look with disapproval on the overthrow of constitutional governments. If our word is to be believed in the future, we must follow through on these warnings by concrete steps to express disapproval.

For these reasons, the committee has adopted an amendment which prohibits any assistance under the Foreign Assistance Act to any country in the Alliance for Progress "in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections." There is an exception to this prohibition in cases in which the President determines that withholding assistance would be contrary to the national interest. This exception is included because the committee believes that the President should have flexibility in utilizing the foreign aid program as an instrument of American foreign policy. It is also included because, although the committee strongly disapproves of the overthrow of constitutional governments, the committee does not consider itself wise enough to foresee clearly every situation which may arise in the future.

CHAPTER 3. INTERNATIONAL ORGANIZATIONS AND PROGRAMS (SEC. 107)

The bill authorizes the appropriation of \$136,050,000 for the support of certain international organizations and programs through voluntary contributions on a grant basis. (Assessed contributions to international organizations are charged to Department of State appropriations.) This sum is the full amount requested by the executive branch. It compares with an authorization and appropriation of \$148,900,000 for fiscal year 1963.

It is proposed to use the following amounts for the programs indicated:

- (1) United Nations Expanded Technical Assistance program and Special Fund, \$59 million;

- (2) United Nations economic assistance to the Congo, \$5 million;
- (3) United Nations Relief and Works Agency for Palestine Refugees, \$17.2 million;
- (4) United Nations Children's Fund, \$12 million;
- (5) World Food Program of the U.N. and the Food and Agriculture Organization, \$2 million;
- (6) International Atomic Energy Agency operational program, \$1.25 million;
- (7) World Health Organization special programs, \$0.5 million;
- (8) Indus waters, \$30.3 million;
- (9) U.N. peacekeeping operations, \$3.84 million.

It will be noted that the total of these items is only \$131,090,000, as against the authorization of \$136,050,000. However, some of the figures are subject to further negotiation, and it might become desirable to increase the U.S. contributions to certain programs in order to match increased contributions from other countries.

UNITED NATIONS EXPANDED TECHNICAL ASSISTANCE PROGRAM AND SPECIAL FUND

The largest contribution proposed under this chapter is \$59 million to the United Nations Expanded Technical Assistance Program and Special Fund. This program of technical assistance provides experts, fellowships, and demonstration supplies and equipment to less developed countries, using the specialized agencies of the United Nations and the International Atomic Energy Agency to execute the projects in their particular fields of competence.

The Special Fund finances and carries out essential preinvestment activities, such as surveys and feasibility studies, applied research, and manpower training and technical education. These projects generally cost over a quarter of a million dollars each and have a duration of 4 or 5 years.

The United States is pledged to contribute to the expanded technical assistance and Special Fund programs at a level of 40 percent of total contributions.

UNITED NATIONS ECONOMIC ASSISTANCE TO THE CONGO

The proposed \$5 million for assistance to the Congo through the United Nations Fund for the Congo for fiscal year 1964 compares with an estimated \$39,495,000 for fiscal year 1963. This considerable decrease reflects a decision to shift the major portion of U.S. aid to the Congo to a bilateral basis under the category of "Supporting assistance."

The situation in the Congo has changed greatly in the past year. Because of substantial progress in unifying the country's administration, U.S. support for the United Nations peacekeeping activities can be reduced in favor of a program to help the unified government establish a stable economic base.

The United States is attempting to persuade friendly governments to share the task of economic assistance to the Congo through bilateral programs under the coordinating authority of a United Nations execu-

tive staff. Emphasis will be placed on securing expertise in the fields of internal security, foreign exchange control, coordination of international aid, and the administration of public finances.

It is expected that the voluntary United Nations Fund for the Congo, which is now the principal source of funds for U.N. technical assistance projects in the Congo, will be phased out over the next few years.

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

The proposed U.S. contribution of \$17.2 million for Palestine refugee relief for fiscal year 1964 is unchanged from the estimated contribution for fiscal year 1963.

The committee notes with regret that no progress has been made in the past year toward the settlement of the Palestine refugee problem. While the committee recognizes that in the absence of such progress there is no acceptable alternative to continued support of the U.N. program, it believes that vigorous new efforts must be made to make as many as possible of the refugees self-supporting.

INDUS WATERS

The Indus waters project calls for free world contributions of more than \$1 billion over a 10-year period to divert waters and to replace these through a system of dams, reservoirs, and link canals. The International Bank for Reconstruction and Development (IBRD), which administers the funds, has indicated that it will call up a U.S. contribution now estimated at \$30.3 million during fiscal year 1964 to finance new and continuing construction works. This increase over the \$24.6 million called up in fiscal year 1963 reflects the accelerating pace of construction under the plan.

PERCENTAGE OF U.S. CONTRIBUTIONS

The committee gave serious consideration to an amendment limiting with certain exceptions U.S. contributions to United Nations agencies or programs to the percentage at which the United States is assessed for the United Nations regular budget. This assessment is now 32.02 percent.

The committee refrained from adopting such an amendment mainly because progress has been made in reducing the percentage of the U.S. contribution to many of the United Nations programs. However, the committee is not satisfied with the present level of U.S. contributions. If substantial progress is not made in achieving further reductions in the percentage of these contributions, the committee will again consider the desirability of enacting a statutory limitation.

CHAPTER 4. SUPPORTING ASSISTANCE (SEC. 108)

The bill authorizes the appropriation of \$400 million for supporting assistance for fiscal year 1964, a reduction of \$35 million from the amount requested by the executive branch. The funds are to remain available until expended. The amount authorized compares with an authorization of \$415 million and an appropriation of \$395

million for fiscal year 1963. The executive branch reduced its request in this category for fiscal year 1964 below that for fiscal year 1963 despite the shift of the major portion of U.S. aid to the Congo from the category of international organizations and programs to that of supporting assistance.

Supporting assistance programs, for the most part, are designed to promote the economic and political stability of countries which are compelled to bear military burdens disproportionate to their resources. Most of these countries are on the frontier of areas dominated by the Soviet Union or Communist China. Supporting assistance is also provided to certain countries, such as Jordan, which would face economic collapse in the absence of such assistance.

Supporting assistance is directed toward immediate political and security objectives. The request for fiscal year 1964 is intended to serve four major purposes: (1) to strengthen the military-economic position of a few countries on the borders of the Communist bloc—mainly Vietnam, Korea, and Thailand; (2) to maintain economic and political stability in others—mainly Congo, Laos, and Jordan—which are in periods of political and economic instability or whose economies are simply not viable at this stage; (3) to provide an alternative to excessive dependence on Communist bloc aid for five countries in Asia, the Near East, and Africa; (4) to assure access to some oversea U.S. military bases and facilities.

Most of the supporting assistance funds are intended to strengthen the military-economic positions in Vietnam, Korea, and Thailand. The program in Vietnam is designed to supply essential imports and to advance rural relief and development activities including the strategic hamlet program. Supporting assistance programs for Korea are intended to finance raw materials and capital goods imports which maintain current production and contribute to long-range economic development. In Thailand, the United States and Thai Governments have agreed to a 50-50 cost sharing project for strengthening internal security forces and improving both military and civilian mobility in the threatened northeastern part of the country.

Most supporting assistance designated for the maintenance of economic stability is intended for the Congo, Laos, and Jordan. Supporting assistance to the Congo will be used to finance the importation from the United States of raw materials, machinery, and spare parts. In Laos, the United States is cooperating with other free world countries to finance essential import requirements. Jordan remains heavily dependent on supporting assistance, which is used to finance about half of the country's budget.

Despite the small increase over last year's appropriation in the amount of supporting assistance funds proposed for fiscal year 1964—which is attributable to the shifting of aid to the Congo to this category—the overall trend is toward somewhat lower levels of assistance and substantially greater concentration.

Supporting assistance has been ended or reduced in a number of countries. In the past 2 years it has been terminated in the Republic of China, Greece, Pakistan, Iran, and Tunisia. In Korea, supporting assistance-type grants have declined from \$320 million in fiscal year 1956 to \$90 million in fiscal year 1962 and further reductions are planned.

The committee urges the executive branch to make further efforts to reduce the overall level and the number of recipients of supporting assistance. At the same time, the committee recognizes the necessity for relatively high levels of supporting assistance in gravely threatened countries such as Vietnam. The committee further recognizes the appropriateness of supporting assistance in special or unforeseen circumstances. It has been necessary, for example, to abandon plans for the discontinuance of this kind of aid in Thailand because of the increased threat of Communist subversion in the northeastern part of the country. The Congo represents a special case, a country whose need for supporting assistance is attributable to the success of the United Nations effort to unify the country, making it possible for the unified administration to take the initial steps of nation building.

CHAPTER 5. CONTINGENCY FUND (SEC. 109)

The bill authorizes the appropriation of \$175 million for a contingency fund for nonmilitary purposes that the President determines to be of importance to the national interest. This is a reduction of \$125 million from the amount requested by the executive branch. The amount authorized for fiscal year 1963 was \$300 million and the appropriation for fiscal year 1963 was \$250 million. Quarterly reports are submitted to the Congress on the uses of the contingency fund.

The purpose of the contingency fund is to permit prompt action to meet unanticipated political and security needs. The Administrator of the Agency for International Development, David E. Bell, explained this year's request as follows:

In the 6 years of its existence, the contingency fund has expedited reactions to Communist attack and subversion. It has offered help and encouragement when needed most to free world countries with political and economic crises. Our ability to respond quickly and effectively to natural disasters has continued a longstanding American tradition and won friends for the United States throughout the world.

It is impossible to state definitively the amount needed for the contingency fund. In fiscal year 1962 the \$275 million provided by Congress was inadequate and it was necessary to transfer military assistance funds to meet urgent requirements. The amount provided for fiscal year 1963 was considerably in excess of needs and the unused funds have been returned to the Treasury. It is quite possible that even the reduced amount proposed for this year will again exceed requirements, but the committee is persuaded of the need for an adequate contingency fund to meet unanticipated needs that may arise, principally for supporting assistance.

The principal use of the contingency fund has been for quick response to changing Communist pressures in southeast Asia. In fiscal year 1962, substantial contingency funds were channeled into Vietnam, Thailand, Laos, and Cambodia in response to mounting Communist military action in Vietnam and Laos. In fiscal year 1963 contingency funds were used to expand and help equip the Thai border police and for other internal security activities.

A second major use of the contingency fund has been to meet emergency economic needs of politically vulnerable countries. Con-

tingency funds are also used for disaster relief and for rapid assistance to countries which seem likely to become dangerously dependent on Soviet bloc assistance.

While the amount requested in this category seemed excessive in the light of recent experience, the committee believes that a contingency fund of no less than \$175 million for fiscal year 1964 is essential to the overall purposes of the foreign aid program. The President must be empowered to act swiftly and with flexibility to meet unanticipated emergencies.

The committee endorses the view expressed by the Clay Committee on the need for an adequate contingency fund. The Clay Committee states in its report:

In making our recommendations for present reductions, we recognize that future emergencies and unknown challenges are likely to arise. The President of the United States must have the flexibility to meet such contingencies and nothing in this report should be construed to limit him from doing so as future circumstances require. It is for this reason that we strongly favor the provision of an ample contingency fund in the annual aid appropriation.

PART II

CHAPTER 2. MILITARY ASSISTANCE (SEC. 202)

The bill authorizes an appropriation of not to exceed \$1,300 million for military assistance for fiscal year 1964. This is a reduction of \$105 million from the amount requested by the executive branch. This compares with an authorization 2 years ago of \$1.7 billion for each of the following 2 fiscal years. The appropriation for military assistance for fiscal year 1963 was \$1,325 million. The executive branch expects recoveries of \$150 million of previously appropriated funds in the coming year, which, when added to the proposed authorization, would make possible a military assistance program of \$1,450 million.

The committee also reduced from \$57.5 to \$50 million the limitation in the existing law (sec. 511(a)) on the total value of grant programs of defense articles for the American Republics. In addition, the committee bill authorizes the use of \$25 million of this amount for assistance to an international military force under the control of the Organization of American States.

Both of these changes are a reflection of the committee's growing concern over the scope and nature of the military assistance program in Latin America. In the past, the committee has sought to encourage the formation of an OAS military force which could perform peace-keeping functions in the hemisphere. The committee is aware of the problems involved in the organization of such a force, but it is disappointed that the officials with responsibility in this area have not shown as much ingenuity in finding ways to bring such a force into being as they have in finding reasons why the proposal is impractical.

Military assistance is directed toward immediate security requirements rather than long-term economic needs. Military assistance to India, for example, was initiated in fiscal year 1963 in response to the

Chinese Communist invasion. Military assistance to Vietnam has been greatly expanded in the last 2 years in response to mounting Communist guerrilla warfare in that country. South Vietnam is of course the outstanding recipient of U.S. military assistance.

Military assistance is concentrated in countries which border the Communist bloc and which are continually threatened by invasion or subversion. Over two-thirds of military assistance for the coming year is planned for nine countries on the periphery of the Communist bloc from Greece to Korea.

In addition to purely military activities, the military assistance program, as called for by the act (sec. 505(b)), contributes in many countries to public works and other activities useful to economic development. These civic action programs consist of such projects as the construction of roads, communications, and sanitation facilities, and public health and vocational education programs. Local armed forces, supported by U.S. military assistance, provide the labor for these projects, which are planned and financed with the cooperation of local authorities and the Agency for International Development.

An important aspect of the military assistance program is the training of foreign military personnel. Approximately 164,000 foreign nationals have been trained in the United States since the beginning of the program; another 53,000 have been trained at U.S. installations overseas; and additional thousands have been trained in their own countries by U.S. teams and technical representatives. In many instances military officers trained under the U.S. military assistance program have added a useful impetus toward needed technological change and economic reform. However, the committee is disappointed by the number who have not shown the expected dedication to constitutional processes in their home countries. This seems to indicate that if the program is to be continued, a more careful selection process is called for.

COST-SHARING ARRANGEMENTS

U.S. military assistance to Western Europe and Japan has declined substantially in recent years. Present programs in Europe consist entirely of the discharge of past commitments and cost-sharing arrangements, with the exception of the programs in Spain and Portugal. The current request provides approximately \$77 million for fiscal year 1964 for the U.S. share of NATO infrastructure such as airfields, communications facilities, transmission and storage facilities for petroleum products, and military training installations. Military assistance to Japan has declined from approximately \$76 million in fiscal year 1961 to a fraction of this amount and has been shifted to a cost-sharing basis with no new grant aid commitments.

The committee regards the financing of NATO infrastructure under this legislation as unwise, misleading, and inappropriate. This program, which is essentially a cost-sharing arrangement for the sustenance of the NATO alliance, is not properly a form of foreign aid but rather a part of the national defense program of the United States. In the following exchange with Senator Sparkman, Secre-

tary of Defense McNamara indicated his agreement with the committee's viewpoint:

Senator SPARKMAN. Why is the \$77 million figure carried in this bill rather than in the same bill that carries your NATO expenditures?

Secretary McNAMARA. Senator Sparkman, I think that is an excellent question. I have asked myself that many times.

In researching the record I learned that it is carried in this bill because it appeared to be the intent of Congress that it be financed in the military assistance program.

To be quite frank with you, I think that more logically it should be financed by the other portion of the defense budget.

Senator SPARKMAN. I think this committee has raised the question many times over the last several years as to why the whole military program is carried in the foreign aid bill rather than as part of our defense budget. I won't go into that now. It seems to me that it certainly ought to be moved out of this bill. I don't mean at the present time but in future planning.

Secretary McNAMARA. Senator Sparkman, may I simply say that if Congress wishes that done, we would be very happy to do it. I think there is much reason to make that change.

Senator SPARKMAN. I don't know that the whole Congress would agree on it, but certainly so far as I am concerned I would like to see it done, and I believe this committee would like to see it done.

The committee strongly urges the executive branch in future years to transfer its requests for funds for NATO infrastructure from the foreign aid bill to the national defense budget.

The committee is dissatisfied with certain aspects of U.S. military assistance to Europe. It is the belief of the committee that the United States continues to carry a disproportionate share of the burden of the defense of Europe. Between 1960 and 1962 the total defense expenditures of the Western European nations increased from \$14.3 billion to \$17.3 billion. The latter figure represents approximately one-third of the defense budget of the United States in recent years. It seems clear that the contributions of our European allies to the common defense effort are inadequate both in relation to the burden borne by the United States and in relation to their own resources.

Under these circumstances, the committee believes that U.S. contributions to NATO cost-sharing programs should be further reduced in the next few years. A major opportunity to do so will occur when current cost-sharing agreements are renegotiated in 1964. In addition, the committee believes that U.S. military assistance to European countries based on past commitments should be reduced as rapidly as possible and in some instances phased out entirely. The committee further recommends vigorous efforts by the executive branch to persuade our European allies to increase their military budgets and to make substantially greater contributions of both military and economic assistance to the underdeveloped countries.

THE FUTURE OF MILITARY ASSISTANCE

The Department of Defense contemplates a phased reduction of U.S. military assistance to a level of \$1 billion by fiscal year 1968. A phased reduction to this level is also advocated by the Clay Committee. The Committee on Foreign Relations endorses this objective as both desirable and feasible. It recognizes that the military assistance program makes a vital contribution to the security of the United States and that military assistance, dollar for dollar, probably contributes more to U.S. defense than corresponding expenditures under our own defense budget. The committee further recognizes that a substantial military assistance program is almost certain to be necessary for the foreseeable future. At the same time, the committee regards each single military aid program as a temporary and extraordinary measure which should be reduced or terminated as soon as the military danger is removed or the recipient country develops the economic capacity to sustain its own defense.

MILITARY ASSISTANCE SPECIAL AUTHORITY (SEC. 202(b))

The bill extends for 1 more year—that is, through the fiscal year 1964—the special authority contained in section 510 of the act whereby the President may draw down Department of Defense stocks and use Department of Defense services up to a total of \$300 million for purposes of military assistance. The value of the articles and services used under this authority is to be reimbursed from subsequent military assistance appropriations.

This authority was first introduced into the program in 1961, in order to give the President additional flexibility in moving rapidly to meet unforeseen contingencies, and it has since been extended on an annual basis.

When we first sought the authority granted by section 510—Secretary McNamara told the committee—

I went on record before the Congress that such authority would not be used except as a last resort. The fact that, for 2 years, we have been able to cope with all emergencies without recourse to that authority bears witness, I think, of our good faith; but it does not in any way preclude the possibility of a future emergency in which the protection of our security interests might be seriously jeopardized by lack of the flexibility provided by section 510.

It seems to the committee that this is a persuasive argument to extend the authority for an additional year.

PART III

CHAPTER 1. GENERAL PROVISIONS

ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION
(SEC. 301(a))

The bill makes three changes in section 601(b) of the Act which sets forth several policies the President is to follow in order to encourage

and facilitate participation by private enterprise to the maximum extent practicable in achieving the purposes of the Act.

One of these policies is that the President "wherever appropriate" is to "carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation * * *" (sec. 601 (b) (4)). The phrase "wherever appropriate" is changed to read "to the maximum extent practicable."

A new policy is added, which directs the President to "take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries."

The main point involved here is that, aside from legal problems and questions of compensation, nationalization is unwise from a purely economic point of view if it diverts resources from other more productive purposes and if it results in discouragement of new private investment. The question of compensation for nationalized property is not directly related to this limited point and is dealt with in section 620(e) of the Act.

Finally, the President is directed to "utilize wherever practicable the services of U.S. private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering)."

The law already contains many provisions emphasizing that the foreign assistance program should be administered as far as possible through normal commercial channels of trade and through private facilities. This is not only in keeping with traditional American methods, but as a general rule is both cheaper and more efficient. Particularly in the field of major engineering services, the committee hopes that AID will avail itself more of the services of private firms and will not try to build up its own engineering staff to the degree that would be required if all of AID's engineering work were done by AID personnel.

PLANS AND COST ESTIMATES (SEC. 301(b))

The bill makes a technical correction in section 611(b) of the Act. Section 611(a) requires the completion of engineering, financial, and other plans, where necessary, as a precondition to the obligation of more than \$100,000 in economic assistance. Section 611(b) requires that these plans, to the extent that they involve water or related land resource developments, include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A-47 of the Budget Bureau. This circular for several years was the controlling document in regard to calculating benefits and costs for water and land resource developments in the United States. It has since been superseded by a Memorandum of the President dated May 15, 1962, and section 611(b) is accordingly amended to refer to

the Memorandum of the President instead of the Budget Bureau circular.

USE OF FOREIGN CURRENCIES (SEC. 301(C))

Section 612 of the Act, which relates to use of foreign currencies, is amended so as to make these currencies available, in certain cases, for sale to U.S. citizens for travel or other purposes.

Foreign currencies accruing under Public Law 480 are already available for sale to American tourists under the provisions of section 104(s) of that law in appropriate circumstances. The amendment in this bill to section 612 of the Foreign Assistance Act will also make available foreign currencies accruing as a result of the foreign aid program. These foreign assistance currencies will be available, not only for tourists, but for other uses by U.S. citizens.

The amendment applies only to those foreign currencies which are in excess of the needs of the U.S. Government and which are not prohibited from sale to U.S. citizens or committed to other uses by prior agreements with the other country concerned. The dollars received from the sale of these currencies will be deposited in the Treasury as miscellaneous receipts.

To the extent that excess foreign currencies can be sold to U.S. citizens for dollars, to pay for the foreign travel or other activities of those citizens, the balance-of-payments position of the United States will be improved. This is the purpose of this amendment.

SHIPPING TO CUBA (SEC. (d)(1))

The bill makes two changes in section 620(a) which prohibits assistance to the present Government of Cuba and to any country which furnishes assistance to that Government.

The main purpose of the bill's amendment to section 620(a) is to deal with the problem of free world shipping in the Cuban trade. The bill prohibits assistance (except under sec. 214) to any country which, by failing to take such steps as are appropriate, permits ships or aircraft under its registry to carry to or from Cuba any military personnel, or any items of primary strategic significance, the shipment of which is embargoed to the Communist bloc under title I of the Battle Act.

Assistance is also prohibited if the country concerned, through failure to take appropriate steps, permits the carriage of any other equipment, materials, or commodities to or from Cuba, unless the President determines that the furnishing of assistance is important to the security of the United States and reports such determination to the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House.

Countries receiving assistance have 60 days after the enactment of the Foreign Assistance Act of 1963 to take appropriate steps. The prohibition applies so long as Cuba is governed by the Castro regime or any other Communist regime, and the prohibitions may not be waived pursuant to any other authority or law. In the case of non-strategic materials, the prohibition does not apply with respect to the fulfillment of firm commitments made by the United States prior to the date this bill becomes law. Neither does the prohibition apply to military sales which are made by the United States under the Foreign

Assistance Act. These sales, mainly to Western Europe, amount to about \$1 billion a year, and are an important plus factor in the U.S. balance of payments.

The committee regards this amendment as another step to isolate further the Castro regime in Cuba. Substantial progress has been made in this direction, but the committee is disappointed that a few countries continue to receive assistance from the United States while their ships continue to carry goods to and from Cuba, thereby lightening the burden which Cuba represents to the Soviet Union and contributing to the sustenance of the Castro regime.

EXPROPRIATION OF AMERICAN PROPERTY (SEC. 301(d)(2))

This section of the bill makes several changes in section 620(e) of the Foreign Assistance Act (the Hickenlooper amendment) which requires suspension of assistance in cases in which American property has been expropriated without prompt and adequate compensation.

The existing law covers not only nationalization, expropriation, and seizure of ownership or control, but also discriminatory taxes, other exactions, and "restrictive maintenance or operational conditions, which have the effect of" nationalization, expropriation, or seizure of control. This is broadened to include "other actions" having the same effect.

The committee has added the phrase "other actions" because it has been concerned over recurring reports of actions which certain governments are either proposing or initiating and which can perhaps best be described as creeping expropriation. These other actions include, for example, unusually high taxes which are perhaps not discriminatory in a technical sense but which are tantamount to confiscation or which at least raise a serious question of their confiscatory effect. The committee intends for confiscation to be construed broadly and not in a narrow technical sense.

The committee has also been concerned about the attitude which certain foreign governments have taken toward existing contracts with American companies, even though these contracts may have been negotiated several years ago in good faith by an earlier regime. To meet this problem the committee has added a new subparagraph which brings section 620(e) into play whenever a foreign government—

has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by the United States citizens.

Under the existing law, assistance is suspended when a country which has taken the actions described in the preceding paragraphs fails to provide "equitable and speedy compensation for such property in convertible foreign exchange * * *." This is changed so as to require "speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof * * *."

The bill also adds a provision which authorizes the Foreign Claims Settlement Commission, upon request of the President, to evaluate property which has been expropriated or subjected to other discriminatory actions and to make an advisory report to the President. The Commission is to act within 90 days of the President's request. Its

advisory report is to be made available to the owner of the property, but is not to be otherwise published unless authorized by the President. Appropriations as may be necessary are authorized to enable the Commission to carry out this new function.

In view of the injection of the Commission into the process, the provisions of the present law relating to the deadline for suspension of assistance are amended. The deadline is now 6 months after the expropriation or other discriminatory action. The bill retains this deadline, but provides that, in case the matter is referred to the Foreign Claims Settlement Commission, the deadline is to be 20 days after the report of the Commission is received. If the President does refer the matter to Commission he must do so soon enough so that the matter can be settled within the overall 6 months time limit.

Finally, the existing law provides only for the termination of assistance furnished under the Foreign Assistance Act of 1961, as amended. The committee bill provides also for the termination of assistance under any other act, in the circumstances described by section 620(e). This would extend the sanctions of the section to such activities and agencies as Public Law 480, the Export-Import Bank, and the Peace Corps.

The committee has been gratified by the experience under section 620(e) since it was made a part of the law last year. At least one major expropriation case has been settled which, in the committee's judgment, probably would not have been settled in the absence of section 620(e). Several other expropriations or discriminatory actions have been avoided. In only one case has the section operated to suspend assistance.

The revisions which the committee now proposes tighten the existing law somewhat, broaden its provisions, and provide the President in his discretion with the resources and experience of the Foreign Claims Settlement Commission.

ASSISTANCE TO ECONOMICALLY DEVELOPED COUNTRIES (SEC. 301(d)(3))

This section adds a new provision to the Foreign Assistance Act prohibiting grant assistance to any economically developed nation "capable of sustaining its own defense burden and economic growth." Exceptions are provided in the case of firm commitments made before July 1, 1963, and in the case of additional military orientation and training expenses up to \$1 million per country.

Grant assistance to developed countries has been substantially reduced and in many cases eliminated, but the process has not gone as fast as the committee thinks it should. The committee recognizes, however, that there are some cases of prior commitments, mainly in regard to military assistance, which have not yet been entirely fulfilled. These include, among others, a military assistance cost-sharing agreement with Norway.

The committee also recognizes the value of limited military orientation and training programs for officers of developed countries. These programs are an important factor in sales of military equipment amounting to approximately \$1 billion a year, and are in reality a "business expense" of the Defense Department. The amendment makes an exception for programs of this nature. Further, it will not preclude financing of military training and orientation courses

by the Defense Department under other appropriations if considered desirable and possible.

The question arises as to what is an "economically developed nation capable of sustaining its own defense burden and economic growth." The committee believes this to be a matter of reasonable judgment. The amendment is intended to cover the countries of Western Europe, among others.

In view of the specific U.S. base rights in Spain and Portugal the committee does not intend this amendment to apply to these two countries. However, the committee is strongly of the view that the United States has been generous in its grants-in-aid to Spain and Portugal and that in the future these programs should be progressively reduced with a view toward termination.

Neither does the committee intend the amendment to apply to NATO cooperative enterprises involving the furnishing of military and technological information, licenses of government-owned or controlled inventions, and liaison by members of the Armed Forces.

COMPETITION WITH PRIVATE ENTERPRISE (SEC. 301(d)(3))

The committee bill includes a prohibition on assistance for projects "establishing or otherwise assisting government-owned manufacturing, utility, merchandising, or processing enterprises in any country or area, except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

The committee agrees with the conclusion of the Clay Committee that—

The United States should not aid a foreign government in projects establishing government-owned industrial and commercial enterprises which compete with existing private endeavors. While we realize that in aiding foreign countries we cannot insist upon the establishment of our own economic system, despite its remarkable success and progress, we should not extend aid which is inconsistent with our beliefs, democratic tradition, and knowledge of economic organization and consequences. Moreover, the observation of countless instances of politically operated, heavily subsidized, and carefully protected inefficient state enterprises in less developed countries makes us gravely doubt the value of such undertakings in the economic lives of these nations. Countries which would take this route should realize that while the United States will not intervene in their affairs to impose its own economic system, they too lack the right to intervene in our national pocketbook for aid to enterprises which only increase their costs of government and the foreign assistance burden they are asking us to carry.

At the same time, the committee realizes that there are instances in which needed goods or services either are not or cannot be adequately provided by private businesses. In such instances, it may be appropriate to assist in the establishment of government-owned enterprises. The question of what is "adequate" is a matter of judgment and will have to be determined in individual cases by the responsible officials

of the executive branch. The committee intends the word to be construed so as to promote the most efficient use of limited resources for investment in projects designed to contribute to economic growth. The committee notes in addition that relatively little assistance has in fact been extended by AID to government-owned enterprises competing with private firms, but the committee felt it desirable to make certain as nearly as possible that this does not occur in the future.

CHAPTER 2. ADMINISTRATIVE PROVISIONS

STATUTORY OFFICERS (SEC. 302(a))

The bill downgrades one AID executive from the rank of Deputy Under Secretary to the rank of Assistant Secretary and upgrades the Deputy Inspector General, Foreign Assistance.

Section 624(a) of the Act now provides for 12 top AID officials to be appointed by the President by and with the advice and consent of the Senate. Of these 12, 1 now has the rank of an Under Secretary, 2 the rank of Deputy Under Secretaries, and 9 the rank of Assistant Secretaries.

The bill amends section 624(a) so that of the 12 top AID officials, 1 would have the rank of an Under Secretary, 1 the rank of a Deputy Under Secretary, and 10 the rank of Assistant Secretaries.

Section 624(b) of the Act now provides, among other things, that the President may fix the order of succession among the officials with the rank of Deputy Under Secretary and Assistant Secretary. Since there will be only one official with the rank of Deputy Under Secretary under the bill, section 624(b) is amended to provide that the President may fix the rank of succession only among the officials with the rank of Assistant Secretary.

It should be noted that the legislation deals with the ranks of AID officials in terms equivalent to ranks of officials in Government departments—Under Secretary, Deputy Under Secretary, and Assistant Secretary. The equivalent titles used by AID are Administrator, Deputy Administrator, and Assistant Administrator. Under the bill, there will be only 1 Deputy Administrator instead of 2, and there will be 10 Assistant Administrators instead of 9.

Finally, the bill makes the Deputy Inspector General, Foreign Assistance subject to Senate confirmation and fixes his salary at \$20,000 a year. This official is now appointed by the President without Senate confirmation and is paid \$19,500 a year.

EXPERTS, CONSULTANTS, AND RETIRED OFFICERS (SEC. 302(b))

The bill amends section 626(b) of the Act to make it consistent with Public Law 87-849, approved October 23, 1962, which made major changes in the laws relating to conflict of interest. As the Act stands, section 626(a) authorizes the employment of experts, consultants, and retired officers in connection with the foreign assistance program, and section 626(b) exempts persons so employed from the provisions of the conflict-of-interest laws (principally, 5 U.S.C. 99 and 18 U.S.C. 281, 283, and 284).

Public Law 87-849 repealed 5 U.S.C. 99 outright and replaced sections 281, 283, and 284 of title 18 with new and broader provisions.

The new law also stipulated that exemptions provided to these sections by other laws (which would include the Foreign Assistance Act) would no longer be applicable to officers or employees of the executive branch.

Therefore, in order to make the Foreign Assistance Act consistent with Public Law 87-849, the bill repeals the provision of section 626(b) of the act which provides this exemption. It also makes a conforming technical amendment to preserve the exemption of such experts, consultants, and retired officers from certain provisions of the Civil Service Retirement Act and from other laws dealing with the reemployment of retired personnel.

MISSIONS AND STAFFS ABROAD (SEC. 302(C))

The bill adds a new subsection (c) to section 631 of the Act which deals with the missions and staffs abroad.

The effect of the proposed new subsection would be to enable the United States to pay the salary (presently \$25,000 a year) and allowances of a chief of mission class 2 to a U.S. citizen serving as Chairman of the Development Assistance Committee of the Organization for Economic Cooperation and Development.

The Development Assistance Committee is the most active of the many committees which have been organized as a part of the OECD. Its members are Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, the United Kingdom, and the United States. The U.S. representative on the Committee is Seymour Rubin, former General Counsel of the AID agency.

The Committee elects a person to serve as Chairman who is not a member of the Committee. The Chairman is therefore responsible to the Committee rather than to a government which is a member of the Committee or to the Secretary General of the OECD.

The Committee has elected as Chairman Mr. Willard Thorp, former Assistant Secretary of State and more recently director of the Merrill Center for Economics, Amherst College. Mr. Thorp has been acting as Chairman in a consultative capacity at a per diem rate of \$75. This provision of the bill will make it possible to secure his services permanently.

The United States has properly put great emphasis on the Development Assistance Committee as one of the instruments for increasing the assistance which other developed countries are furnishing underdeveloped countries. The role of the Chairman in the Committee's work is of great importance, and it was at U.S. initiative that the Chairman was separated from the OECD Secretariat so that he is responsible solely to the Committee. Aside from the work of presiding over Committee meetings, the Chairman has important duties in talking to governments and in encouraging them to increase their assistance efforts.

If the chairman of the committee is not paid by the government of the country of which he is a national, the alternative is to pay him as a member of the OECD Secretariat. This would raise two problems: (1) The level of salaries in the OECD Secretariat is too low to attract an outstanding American (the OECD Secretary General, for example, receives a salary of only 82,500 francs—about \$16,500—a year). If the chairman of DAC were paid substantially more, it would be diffi-

cult to avoid a drastic upward revision in the whole Secretariat salary scale. Inasmuch as the United States pays 25 percent of the OECD budget, this could well be more expensive in the long run than the proposal involved in this bill. (2) If the DAC chairman were a member of the Secretariat, it would be difficult to preserve his position as responsible solely to the committee.

It might be pointed out in this connection that there is ample precedent for the detail of U.S. officials to international organizations. Authority for such detail has been contained in the Foreign Assistance Act and its predecessors for many years. What is unique about the present provision is the level of salary to be paid and the fact that it embraces a U.S. citizen who is not a Government employee.

Without the authority provided in this section, the person elected to serve as chairman of the DAC would have to be appointed as a regular Foreign Service officer at a maximum salary of \$19,650. In the judgment of the executive branch, in which the committee concurs, this would be insufficient to attract a person with the prestige and ability to develop DAC to its maximum potential.

LOAN TERMS (SEC. 302(d)(1))

The committee bill contains an amendment which fixes minimum terms for loans made under part I, which deals with economic assistance. The existing law leaves the question of these terms to the discretion of the President, and under current practice the softest terms are three-fourths of 1 percent interest and a maximum maturity of 40 years, with a grace period of 10 years as to repayment of principal.

Under the terms of the amendment adopted by the committee the minimum interest rate will be three-fourths of 1 percent for the first 5 years and 2 percent thereafter. The grace period on repayment of principal will be reduced to 5 years from the date of disbursement, and repayment on an amortized basis will be required within 30 years after the grace period. Loans which may be made to the International Development Association under authority of section 205 are exempt from these new terms.

Although the amendment adopted by the committee represents a substantial hardening of loan terms compared to current U.S. practice, the terms required by the committee amendment are still substantially softer than those offered by any other free world capital exporting country. This was one of the reasons which led the committee to adopt the amendment. The committee is encouraged by recent moves on the part of some Western European countries, particularly the United Kingdom, to reduce interest rates and lengthen maturity. The executive branch should take every opportunity to urge our European friends to do even more in this respect.

Another reason the committee adopted this amendment is that it felt it could no longer justify three-fourths of 1 percent, 40-year loans in view of the U.S. budgetary and balance-of-payments position. The higher interest rates and shorter maturity required by this amendment will serve to reduce the long-term cost of the foreign aid program to the United States.

It should be made clear that the terms fixed in this amendment are minimum terms. In cases in which the borrowing country's capacity to repay permits, loan terms should be more realistic and should more nearly reflect, insofar as possible, the actual cost of the loan to the United States. Furthermore, the committee expects the executive branch to include renegotiation provisions in loan agreements so that interest rates may be raised as the economy of the borrowing country improves.

Historically, U.S. aid policy has evolved from a program of almost all grants through a program of soft loans repayable in foreign currencies into a program of dollar repayable loans. The amendment made by this section will carry this evolution a step further.

UNIVERSITY CONTRACTS (SEC. 302(d)(2))

The bill adds a new provision to the Foreign Assistance Act designed to simplify accounting and auditing procedures in connection with contracts between AID and educational institutions.

The new provision, which will be section 635(k) of the Act, will allow payment of a university's reimbursable indirect costs on the basis of a predetermined percentage of the direct costs. This is the same procedure which is now followed with regard to research and development contracts throughout the Government under authority of Public Law 87-638, approved September 5, 1962. Inasmuch as most of AID's contracts are for technical services, rather than for research and development, they are not covered by Public Law 87-638. The bill would fill this gap.

It should be noted in addition that the procedure authorized by the bill was in effect prior to 1956 when the Comptroller General ruled that it violated statutory prohibitions on cost-plus-a-percentage-of-cost contracts.

Under the post-1956 practice in AID and its predecessor agencies, university contracts provisionally set a percentage of direct costs as payment for indirect costs. When the actual indirect costs are subsequently determined by audit, the contract price is adjusted accordingly and a refund or an additional payment follows. The indirect costs currently vary from 30 to 50 percent of direct costs for on-campus work and from 15 to 35 percent for work abroad.

Under the new authority contained in the bill, the committee understands that AID will fix the predetermined percentage on the basis of a precontract audit of the university's operations or on the basis of prior experience with the university. In this connection, the Department of Defense undertakes a thorough periodic review of the overhead costs of most of the universities with whom it maintains a regular relationship, and these analyses are available to AID.

The new procedure will make it possible to determine the ultimate obligation of the Government with respect to this aspect of costs at the time of contract negotiation. It will also permit faster closeouts of contracts and will remove some uncertainty on the part of universities in their financial planning. Experience prior to 1956 indicated that predetermined percentage rates were quite close to rates based on audited costs and that overestimates and underestimates were not only quite small but tended to cancel each other.

PROJECTS OF MORE THAN \$100 MILLION (SEC. 302(d)(2))

The committee has added an amendment providing that no loan or grant in excess of \$100 million for the financing of any particular project can be made without the specific approval of Congress.

This amendment is designed to assure advance congressional review of these large projects.

There are not, in fact, many individual projects of this magnitude. Where one is seriously proposed, its magnitude alone would indicate the most careful review in which Congress should specifically participate.

It should be emphasized that the amendment applies only to individual projects. It does not apply to programs. The distinction is that the program in a country might embrace a number of individual projects, each of which would be less than \$100 million although collectively they might total substantially in excess of that amount.

Neither would the amendment apply to individual projects which are financed by an international consortium if the U.S. share of the financing is less than \$100 million, even though the total cost of the project is in excess of that.

ADMINISTRATIVE EXPENSES (SEC. 302(e))

The bill authorizes the appropriation of \$52 million for AID administrative expenses in fiscal year 1964. In fiscal year 1963 the authorization for this purpose was \$53 million and the appropriation was \$49.5 million.

AID administers assistance programs in 81 countries and territories: 24 in the Western Hemisphere, 30 in Africa, 16 in the Near East and south Asia, 9 in the Far East, and 2 in Europe.

Administrative functions involved in the implementation of these programs include: the establishment of program policies and standards; planning, reviewing, and directing the implementation of programs and projects; evaluating the effectiveness of programs; and providing such management and staff services as accounting, auditing, and reporting.

The need for increased funds for administrative expenses in fiscal year 1964 is due primarily to greatly expanded activities in Latin America under the Alliance for Progress and to mandatory salary increases under the Postal Service and Federal Employees Salary Act of 1962.

However, the committee reduced the administration's request by \$5,250,000 from \$57,250,000, primarily because of its belief that AID is overstaffed.

CHAPTER 3. MISCELLANEOUS PROVISIONS

DEFINITION OF "DEFENSE SERVICE" (SEC. 303)

The bill amends section 644(f) of the Act to make it clear that the term "defense service" as used in the Act includes orientation as well as training. The purpose is to remove doubts about the use of military assistance funds for the orientation of foreign military personnel undergoing training in the United States.

One of the purposes for which such personnel are brought to the United States is, in addition to military training in the strict sense, essentially political. Particularly in regard to underdeveloped countries, it is worthwhile to give officers a tour of the United States to show them something besides a military base.

The amendment in the bill will make it possible to serve these other purposes as well as the strict training purpose.

UNEXPENDED BALANCES (SEC. 304)

The bill amends section 645 of the Act which is a general section authorizing the continuation of unexpended balances and the consolidation of those balances with other funds made available for the same general purposes. The section now applies to funds made available pursuant to the Foreign Assistance Act or its predecessor, the Mutual Security Act of 1954, as amended.

The amendment would make this authority applicable also to unexpended balances of funds made available pursuant to Public Law 86-735, approved September 8, 1960, an act to provide for assistance in the development of Latin America and in the reconstruction of Chile. This act authorized appropriation of \$500 million for Latin American development assistance (of which \$394 million went to the Social Progress Trust Fund, \$6 million to the Organization of American States, and \$100 million to the International Cooperation Administration, predecessor AID) and \$100 million for Chilean reconstruction following the 1960 earthquakes.

These funds were authorized by the basic legislation to remain available until expended. The new authority provided by the bill applies only to their consolidation with other appropriations made available for the same general purposes under the Foreign Assistance Act. The funds involved are approximately \$53 million which is obligated but undisbursed out of the \$100 million appropriated to ICA for Latin American development assistance. Authority to consolidate these with similar funds will simplify government accounting.

It is also necessary to reenact the existing law in order to make possible the reappropriation of unobligated balances (amounting to about \$84 million) of past appropriations as well as the reuse of obligated funds which may subsequently be deobligated.

PART IV

AMENDMENTS TO OTHER LAWS

LATIN AMERICAN DEVELOPMENT (SEC. 401)

The bill inserts following the enacting clause of Public Law 86-735 the words: "That this Act may be cited as 'the Latin American Development Act.'" The purpose of this change is simply to give the act a name, which it has not previously had.

The bill amends section 2 of Public Law 86-735 by increasing the authorization for appropriations from \$500 to \$675 million. The authorization is on a no-year basis, with funds to remain available until expended. The initial authorization of \$500 million has been ex-

hausted and the purpose of this amendment is to authorize the appropriation of an additional \$175 million, mainly for the purpose of replenishing the Social Progress Trust Fund (SPTF) of the Inter-American Development Bank, with a small amount intended to provide further support to the Organization of American States (OAS) in its programs to promote development in Latin America.

The inter-American program for social progress is designed to foster improvements in the fields of housing, land reform, sanitation, water supply, education, and tax reforms. The primary instrument of this program is the Social Progress Trust Fund of the Inter-American Development Bank. A small portion is administered by the Organization of American States, which provides technical assistance in self-help fields of public administration, tax reform, and planning.

As of December 31, 1962, the SPTF had made 53 loans totaling \$320,562,000. The trust fund was created under a trust agreement between the United States and the Inter-American Development Bank. Under the trust agreement, the SPTF is commissioned to support the social reform efforts of Latin American countries which are prepared to initiate or expand effective institutional improvements and to employ their own resources prudently and efficiently. Countries participating in the Alliance for Progress are represented in the SPTF under a system of weighted voting. The United States has 41 percent of the voting strength. Loans are made on the basis of a two-thirds vote.

As of December 31, 1962, loans had been extended by the Social Progress Trust Fund for the following purposes: low-cost housing, \$152.7 million (48 percent); waterworks and sanitary facilities, \$103.7 million (32 percent); land settlement and improved land use, \$52 million (16 percent); advanced education, \$12 million (4 percent).

In signing the trust agreement under which the Inter-American Development Bank was vested with the responsibility for administering the Social Progress Trust Fund, it was the intent of the United States, and of the Bank, that the Fund would be used to encourage maximum self-help efforts on the part of the participating countries, and that the countries themselves would reform existing institutions and practices which impede economic and social progress, especially in the fields of ownership and use of land, education and training, health and housing, taxation and other aspects of the mobilization of domestic resources. It is clear, further, from the agreement that the performance of the borrowing countries is intended to be a primary criterion for the making of loans.

The record of the Bank so far in insisting on self-help efforts has been creditable, but the committee believes that much more can be done. It is essential that administrative and policy reforms be enacted into law; it is no less essential that these reforms actually be carried out. It is not enough, for example, for tax policy and tax administration improvements to be made a matter of record; these changes must be effectively put into practice.

It is the view of the committee that the Bank can and should demonstrate greater initiative in evaluating the overall performance of a country in bringing about basic reforms which facilitate the mobilization of domestic resources, and that such a countrywide evaluation should be used in determining whether a country is eligible

for any support from the Trust Fund. In addition, the committee urges that the commitment to basic reforms be incorporated into specific loan agreements, in addition to the narrow conditions which have been included in the past.

TRADE EXPANSION ACT (SEC. 402)

The bill amends section 231 of the Trade Expansion Act of 1962 to make it possible for the President to extend most-favored-nation treatment to Communist countries when he determines that such action would be important to the national interest and would promote the independence of the country in question. This amendment is aimed at Yugoslavia and Poland.

As the law now stands, section 231 of the Trade Expansion Act directs the President, "as soon as practicable," to withdraw most-favored-nation treatment "to products, whether imported directly or indirectly, of any country or area dominated or controlled by communism."

The amendment made by the bill would add a new subsection which would authorize the extension of trade agreements concessions to the products of such countries when the President determines that such action "would be important to the national interest and would promote the independence of such country * * * from domination or control by international communism." The President is also required to report his determination and the reasons for it to Congress.

The case for extending most-favored-nation treatment to Yugoslavia and Poland is persuasive.

In the case of Yugoslavia, a treaty commitment is involved. This is found in the Treaty of Commerce of 1881 between the United States and the Kingdom of Serbia, which is still in force between the United States and Yugoslavia as the successor state to Serbia. The mandate of section 231 of the Trade Expansion Act can be carried out with respect to Yugoslavia only by denouncing the entire treaty, something which, under the terms of the treaty itself, requires a year's notice. Because the Trade Expansion Act was passed late in 1962 and because the matter had been under further consideration by Congress this year, the President has delayed taking the drastic step of denouncing the treaty.

The Committee on Foreign Relations concurs in the view that the treaty ought not to be denounced. For 15 years, the basis of U.S. policy toward Yugoslavia has been to encourage and support trends in that country toward independence from the Soviet bloc. In terms of its limited objective, this policy has had a measure of success. The committee believes that the amendment contained in the bill, which would give the President flexibility in applying the sanction of section 231, would further contribute toward this end. The committee is more certain that failure to provide this flexibility would prejudice the attainment of the desired goal.

The case of Poland is somewhat different but, in the committee's view, no less persuasive. Most-favored-nation treatment was withdrawn from Poland in 1952 with the abrogation of a 1931 Treaty of Friendship, Commerce, and Navigation. This action was taken under section 5 of the Trade Agreements Extension Act of 1951 which directed the President, "as soon as practicable," to withdraw most-

favored-nation treatment from the Soviet Union and from "any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement."

With the advent of the Gomulka regime in October 1956, however, the situation in Poland changed and U.S. policy toward Poland began to change accordingly. In December 1956, Poland was made eligible for Public Law 480 sales when Secretary Dulles formally determined that Poland was a "friendly nation" within the meaning of section 107 of Public Law 480. In April 1958, President Eisenhower determined that most-favored-nation treatment should be restored "at an appropriate time." In February 1960, it was decided that this time would be when a settlement was reached with Poland on a group of U.S. claims arising from nationalization. During the course of the claims negotiations, a commitment was made to Polish representatives that most-favored-nation treatment would be extended following a claims settlement. The claims settlement was reached in July 1960 when Poland agreed to pay \$40 million over a 20-year period. In November of that year, most-favored-nation treatment was restored to Poland in an action that became effective December 16, 1960.

It seems clear that withdrawal of most favored nation treatment at this time would lead to a suspension of Polish payments under the claims settlement. Moreover, the Polish Government has indicated that it is unwilling to consider a settlement of outstanding dollar bonds until it has assurances that most-favored-nation treatment will be continued.

It may be noted that in 1962, U.S. imports from Yugoslavia amounted to \$48.3 million and U.S. exports to Yugoslavia were \$154.1 million, of which an estimated \$131 million were financed by the U.S. Government under AID programs, Public Law 480, and Export-Import Bank loans. In the case of Poland, U.S. imports in 1962 were \$45.6 million, and U.S. exports were \$94.5 million, of which an estimated \$64 million were financed by the U.S. Government.

But the most compelling reason for the amendment made by this section of the bill is to give the President an additional instrument of foreign policy which he can use, if it seems desirable, in an effort to encourage nationalism and independence in the Communist world and to take advantage of new situations which may develop.

LOANS OF PUBLIC LAW 480 CURRENCIES (SEC. 403(a))

The bill amends section 104(e) of Public Law 480 (the Agricultural Trade Development and Assistance Act) in three respects.

First, it increases from 25 to 50 percent the limitation on foreign currencies available for loans to private businesses. The currencies in question are those which accrue under agreements for the sale of surplus agricultural commodities.

Second, it broadens the purposes for which these loans may be made to include the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, U.S. industrial as well as agricultural products.

Third, it broadens the categories of entities eligible for such loans to include cooperatives as well as business firms.

The purpose is to encourage the use of Public Law 480 currencies for private business and trade development and also to provide another

means for helping the cooperative movement which is just beginning in many underdeveloped countries and which holds great promise as a means of achieving economic development and social reform.

INCLUSION OF FISH IN PUBLIC LAW 480 (SEC. 403 (b) AND (c))

The committee adopted an amendment to section 106 of Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954) to make it possible to include fish in the food-for-peace program upon a finding by the Secretary of the Interior that a domestically produced fishery product is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars. The amendment applies only to titles I and IV of Public Law 480, and will therefore not make fish available for grant programs under title II. For purposes of title I, which authorizes sales for foreign currencies, the amendment will become effective January 1, 1965.

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

The effective date for purposes of title I is postponed until January 1, 1965, because the present authority under title I extends through December 31, 1964, and was intended to include only surplus agricultural products at the time it was enacted.

PROJECT HOPE

The Senate passed, on June 1, 1961, Senate Resolution 154, calling on the President to establish a White Fleet to carry out humanitarian and educational objectives of U.S. foreign policy.

The *Hope* has been chartered and operated for the past 2 years with Federal assistance within the framework of the White Fleet resolution. However, the operation has been relatively costly and has required U.S. tax dollars.

Two private voluntary organizations have recently been chartered which would undertake White Fleet missions at no cost to the United States, but have asked for the use of two small coastal vessels now in the mothball fleet and under the authority of the Maritime Administration. One of these organizations is American, chartered in Hawaii; the other is British.

Under section 607 of the Foreign Assistance Act, AID can assume jurisdiction of a mothball fleet ship and transfer it to a private non-profit organization if this is in the interest of the United States. The practice up to this point has been to restrict the transfer of materials under section 607 only to American-chartered voluntary organizations which have been accredited by AID's Advisory Committee on Voluntary Organizations.

The committee feels that there should be discretion with the Administrator to transfer vessels which are excess to the needs of the United States to voluntary organizations chartered under the government of a friendly nation, the purposes of which organization fall within the general framework contemplated by the Senate in its

passage of Senate Resolution 154 on June 1, 1961, calling for the establishment of a White Fleet.

The committee feels that such transfer of a vessel should be at no cost to the United States, that the operation of such a vessel should not be dependent upon U.S. funds, and that the vessel should be returned to the United States upon request in case of a national emergency.

The committee strongly feels that initiatives taken by voluntary groups under friendly governments which will carry forth the objectives of the White Fleet resolution should be encouraged and that section 607 of the Foreign Assistance Act should be utilized for this purpose.

6. CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FOREIGN ASSISTANCE ACT OF 1961

PART I

CHAPTER 1—[SHORT TITLE AND] POLICY

[SEC. 101. SHORT TITLE.—This part may be cited as the “Act for International Development of 1961”.]

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful

activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and [should] *shall* emphasize long-range development assistance as the primary instrument of such growth.

It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

The Congress further declares that in the administration of programs of assistance under this Act the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will

assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political condition in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

[Finally, the] The Congress urges that all other countries (*including private enterprise within such countries*) able to contribute join in a common undertaking to meet the goals stated in this part. It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.

It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed,

(3) whether the activity gives reasonable promises of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

(d) Funds made available for this title shall not be loaned or re-loaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set aside that it is in the national interest to use such funds pursuant to multilateral plans.

(f) *No assistance shall be furnished under this title unless the President determines that the project for which such assistance is requested is taken into account in the economic development of the requesting country, including an analysis of current human and material resources, together with a projection of the ultimate objectives of the project with respect to the overall economic development of such country, and specifically provides for appropriate participation by private enterprise.*

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms

and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriations of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which

the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished. *No program of technical assistance shall be undertaken under this title unless prior to the commencement thereof the recipient country shall have agreed to accept responsibility for the continuation and financing of such program after the expiration of such reasonable time, which shall not exceed seven years, as shall be specified in the agreement, or unless such program is scheduled for completion within such time.*

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

(c) Not to exceed \$1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1963] 1964 to carry out the purposes of section 211 not to exceed [\$300,000,-000] \$225,000,000, which shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—(Repealed, 1962.)

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to [use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for] furnish assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized [to use], notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), [foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for] to furnish assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

(c) *There is hereby authorized to be appropriated to the President, in addition to other funds available for such purposes, such amounts as may be necessary from time to time to carry out the purposes of this section, which amounts shall remain available until expended.*

(d) *The President is authorized to use, in addition to other funds available for such purposes, foreign currencies accruing to the United States Government under any Act, for purposes of this section.*

* * * * *

TITLE III. INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to the United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned (*determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation*) foreign subsidiary of any such corporation—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof.

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed ~~[\$1,300,000,000]~~ \$2,500,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed

\$10,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of [fraud or misconduct] *fraud, misconduct, or negligence* for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$180,000,000: *Provided further*, That this authority shall continue until June 30, [1964] 1965.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under [section 221(b)] *sections 221(b) and 224* is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under [section 221(b)] *sections 221(b) and 224*, under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and under section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b) (3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to [section 221(b)] *sections 221(b) and 224* of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

[(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111(c) (2) of the Economic Cooperation Act of 1948, as amended, and out of funds made available pursuant to this title.]

(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds theretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 431(b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111(c) (2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f).

[(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties) shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaran-

ties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).¹

(e) *All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part.*

(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term “investment” includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

(b) the term “expropriation” includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project.

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private home-ownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations

created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstrations private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed **[\$60,000,000]** *\$150,000,000*.

[(c) The provisions of section 222 (a), (b), (d), (e) and (f) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221 (b) (2).]

* * * * *

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—(a) The President is authorized to use funds made available for this part to carry out programs of research into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

(b) *Funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control.*

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historical, economic, political and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of the Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities

being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

(c) The authority of section 614 (a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an [economical] *economically* and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b) (4) of this Act, the [Agency for International Development] *agency primarily responsible for administering part I* or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

(g) *In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.*

SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year which sums are authorized to remain available

until expended: *Provided, That any unappropriated portion, not to exceed \$50,000,000, of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year. The funds appropriated pursuant to this section [and which], except for not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, and not to exceed \$75,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.*

SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. *All receipts in foreign currencies from loans made under this title or for non-military assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall, notwithstanding the provisions of section 612 of this Act or the provisions of any other Act, be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000 in any fiscal year) and for such periods as he shall determine to be necessary to provide for the programs authorized by said subsection (g). Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.*

Sec. 254. RESTRICTIONS ON ASSISTANCE.—*None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest.*

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of

the total amount contributed for such purpose (including assessed and audited local costs) for each year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year [1963] 1964 to carry out the purposes of this chapter not to exceed [\$148,900,000] \$136,050,000.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provision of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1963] 1964 to carry out the purposes of this chapter not to exceed [\$415,000,000] \$400,000,000 which shall remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1963] 1964 not to exceed [\$300,000,000] \$175,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable

to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programming and the obligation of funds under this section.

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PART II

CHAPTER 1—[SHORT TITLE AND] POLICY

[SEC. 501. SHORT TITLE.—This part may be cited as the “International Peace and Security Act of 1961”.]

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest possible to further the defense of the North Atlantic area.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in [the fiscal years 1962 and 1963] *fiscal year 1964* to carry out the purposes of this part, not to exceed [\$1,700,000,000 for each such fiscal year, which sums] \$1,300,000,000, *which* shall remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programing and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interest of the United States, such articles which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reim-

bursement from funds made available for use under this part, if such country or international organization agrees to pay not less than the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m) (1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due. No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however*, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.

SEC. 508. REIMBURSEMENT.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year [1963] 1964 the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the

Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year **[1963]** 1964 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed **[\$57,500,000]** \$50,000,000, of which \$25,000,000 may be available during each fiscal year for assistance to an international military force under the control of the Organization of American States: Provided, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed friendly countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments extracted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; [and]

(4) [wherever appropriate] *to the maximum extent practicable* carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons [.] ;

(5) *take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and*

(6) *utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering).*

SEC. 602. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities

purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

* * * * *

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions,

the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.

* * * * *

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.

SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I, II, and VI of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in [circular A-47 of the Bureau of the Budget] *the Memorandum of the President dated May 15, 1962*, with respect to such computations.

(c) To the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

* * * * *

SEC. 612. USE OF FOREIGN CURRENCIES.—(a) Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the

United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

(b) *In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury shall make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts.*

* * * * *

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 for foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

* * * * *

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

* * * * *

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under Part 1 of this Act to newly independent countries shall,

to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) (1) No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(2) *No funds authorized to be made available under this Act shall be used to furnish assistance (except under sec. 214) to any country which, by failing (beginning not later than 60 days after enactment of the Foreign Assistance Act of 1963) to take such steps as are appropriate:*

(a) *permits the further carriage by any ship or aircraft under its registry, to or from Cuba, so long as it is governed by the Castro Regime or any other Communist Regime, of any military personnel, or any arms, ammunition, and implements of war, atomic energy materials, petroleum, or any articles, materials, or supplies, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war, contained on the list maintained by the Administrator pursuant to title I of the Mutual Defense Assistance Control Act of 1951, as amended; or*

(b) *permits the further carriage by any ship under its registry, to or from Cuba, so long as it is governed by the Castro Regime or any other Communist Regime, of any other equipment, materials or commodities, unless the President determines that the furnishing of such assistance is important to the security of the United States and reports such determination to the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives; Provided, however, That this subparagraph (b) shall not apply with respect to the fulfillment of firm commitments of the United States made prior to the date of enactment of this paragraph, nor to military sales under section 508.*

The restrictions contained in this paragraph (2) may not be waived pursuant to any other authority contained in this Act or any other provision of law.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such govern-

ment, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this *or any other Act* when the government of such country or any **governmental** *government* agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) *has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or*

[(2)] (3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, *or has taken other actions*, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such **[action** or after the date of enactment of this subsection, whichever is later] *action or, in the events of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received*) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including **[equitable and]** speedy compensation for such property in convertible foreign exchange, *equivalent to the full value thereof*, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be **[,]**; and such suspension shall continue until **[he]** *the President* is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection),

the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international Communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Peoples Republic of Albania,
Peoples Republic of Bulgaria,
Peoples Republic of China,
Czechoslovak Socialist Republic,
German Democratic Republic (East Germany),
Estonia,
Hungarian Peoples Republic,
Latvia,
Lithuania,
North Korean Peoples Republic,
North Vietnam,
Outer Mongolia-Mongolian Peoples Republic,
Polish Peoples Republic,
Rumanian Peoples Republic,
Tibet,
Federal Peoples Republic of Yugoslavia,
Cuba, and
Union of Soviet Socialist Republics.

(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under the Act shall be furnished to such government until appropriate reimbursement is made to the United States for sum so diverted.

(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.

(i) *No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its*

own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under Part II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000.

(j) No assistance under this Act shall be furnished for projects establishing or otherwise assisting government-owned manufacturing, utility, merchandising, or processing enterprises in any country or area, except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

* * * * *

SEC. 624. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;

(2) **two** shall have the rank of Deputy Under Secretaries **one shall have the rank of a Deputy Under Secretary** and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and

(3) **nine** *ten* shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in **paragraphs (2) and** *paragraph (3)* of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d) (1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, *who shall be appointed by the President by and*

with the advice and consent of the Senate, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of **[\$19,500]** \$20,000 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, and programs being conducted by United States Government agencies under Public Law 86-735, as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, and Public Law 86-735, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act, and Public Law 86-735 and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a

confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

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SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) [Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service.] [Nor shall such service] *Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay for annuities.*

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by an agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

* * * * *

SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625 (d), as the President shall determine to be appropriate.

(c) *The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor Committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section.*

* * * * *

SEC. 634. REPORT AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant

to section 201(a), the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress charged with considering legislation, appropriations or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) At the end of each fiscal year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the fiscal year under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may

be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101 (a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; [and]

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government

Corporation Control Act, as amended (31 U.S.C. 841 et seq.) [.] ; and

(6) *in the case of loans under Part I (except under section 205), shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 per centum per annum during the five-year period following the date on which the funds are initially made available under the loan, and not lower than 2 per centum per annum thereafter, and (B) repayment on an amortized basis, beginning not later than five years after the date any funds are initially made available under the loan, and ending not later than thirty years following the end of such five-year period.*

(h) A contract or agreement which entails commitments for the expenditure of funds available under titles II, V, and VI of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

(k) *Any cost-type contract or agreement (including grants) entered into with a university, college or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred.*

(l) *No loan or grant in excess of \$100,000,000, and no agreement obligating or committing the United States to make a loan or grant in excess of \$100,000,000, for the financing of any particular project shall be made or entered into under part I unless such loan, grant or commitment shall have been specifically submitted to the Congress and specifically approved by Congress.*

* * * * *

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1963] 1964 not to exceed [\$53,000,000] \$52,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

* * * * *

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 644. DEFINITIONS.—As used in this Act—

(a) “Agency of the United States Government” includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) “Armed Forces” of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) “Commodity” includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) “Defense article” includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) “Defense information” includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) “Defense service” includes any service, test, inspection, repair, training *including orientation*, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) “Excess defense articles” mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

(h) “Function” includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) “Mobilization reserve” means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) “Officer or employee” means civilian personnel and members of the Armed Forces of the United States Government.

(k) “Services” include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(1) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carry-over, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations under this Act, the contract of production costs of such articles. Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supply agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

[SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act or the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.]

Sec. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

* * * * *

**PUBLIC LAW 86-735 [H.R. 13021], 74 STAT. 869, APPROVED
SEPTEMBER 8, 1960, AS AMENDED BY THE FOREIGN
ASSISTANCE ACT OF 1961, PUBLIC LAW 87-195 [S. 1983],
75 STAT. 424, APPROVED SEPTEMBER 4, 1961**

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Latin American Development Act."

STATEMENT OF POLICY

SEC. 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspirations of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of indi-

vidual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—

(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economies of the American Republics, and encourage the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republics through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

AUTHORIZATION

SEC. 2. In order to carry out the purposes of section 1 of this Act, there is hereby authorized to be appropriated to the President not to exceed **[\$500,000,000,] \$675,000,000** which shall remain available until expended and which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any

country in Latin America being subjected to economic or diplomatic sanctions by the Organization of American States. The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed \$100,000,000, which shall remain available until expended, for use, in addition to other funds available for such purposes, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

GENERAL PROVISIONS

SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration.

TRADE EXPANSION ACT OF 1962

* * * * *

CHAPTER 4—NATIONAL SECURITY

SEC. 231. PRODUCTS OF COMMUNIST COUNTRIES OR AREAS.

(a) The President shall, as soon as practicable, suspend, withdraw, or prevent the application of the reduction, elimination, or continuance of any existing duty or other import restriction, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under this title or under section 350 of the Tariff Act of 1930, to products, whether imported directly or indirectly, of any country or area dominated or controlled by Communism.

(b) *The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a), when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international Communism, and reports this determination and the reasons therefor to the Congress.*

SEC. 232. SAFEGUARDING NATIONAL SECURITY.

(a) No action shall be taken pursuant to section 201 (a) or pursuant to section 350 of the Tariff Act of 1930 to decrease or eliminate the duty or other import restriction on any article if the President determines that such reduction or elimination would threaten to impair the national security.

(b) Upon request of the head of any department or agency, upon application of an interested party, or upon his own motion, the Director of the Office of Emergency Planning (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate departments and agencies, to determine the effects on the national security of imports, of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their qualities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).

SECTIONS 104 AND 106 OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED (7 U.S.C. 1691 ET SEQ.)

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953 or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies, including principal and interest from loan repayments, which accrue under this title for one or more of the following purposes:

* * * * *

(e) For promoting balanced economic development and trade among nations, for which purposes not more than **[25 per centum]** *50 per centum* of the currencies received pursuant to each such agreement shall be available through and under the procedures established by such agency as the President shall direct for loans mutually agreeable to said agency and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms, *and cooperative enterprises*, for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural *and industrial* products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

* * * * *

SEC. 106. As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either privately or publicly owned, which is at the time of exportation or donation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture. The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act. *For the purposes of this title and title IV, the term "surplus agricultural commodity" shall include any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.*

* * * * *

88TH CONGRESS
1ST SESSION

[Report No. 588]

AUGUST 26, 1963

Read twice and referred to the Committee on Foreign Relations

OCTOBER 22, 1963

Reported by Mr. FULBRIGHT, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 ~~That this Act may be cited as the "Foreign Assistance Act~~
4 ~~of 1963".~~

CHAPTER 1—POLICY

7 SEC. 101. Chapter 1 of part I of the Foreign Assistance
8 Act of 1961, as amended, is hereby redesignated "POLICY"
9 and section 101, which relates to short title, is hereby
10 deleted.

1 SEC. 102. Section 102 of the Foreign Assistance Act of
2 1961 as amended, which relates to statement of policy, is
3 amended as follows:

4 (a) In the last sentence of the seventh paragraph, strike
5 out "should emphasize long-range development assistance"
6 and insert in lieu thereof "shall emphasize long-range de-
7 velopment assistance".

8 (b) Immediately after the seventh paragraph, insert the
9 following:

10 "The Congress further declares that, in order to assure
11 that each program of assistance under this part is admin-
12 istered in such a manner as will most effectively carry out
13 the policies stated in this section, each request for authoriza-
14 tion of funds for such program shall be accompanied by a
15 detailed statement setting forth—

16 "(1) the purposes of such program;

17 "(2) the specific objectives of such program; and

18 "(3) the priorities assigned to such purposes and
19 objectives;

20 which will be adhered to in the administration of such
21 program."

22 (c) The eighth paragraph is amended to read as fol-
23 lows:

24 "It is the sense of the Congress that in the administra-
25 tion of these funds great attention and consideration should

1 be given to those countries which share the view of the United
 2 States on the world crisis and which do not, as a result of
 3 United States assistance, divert their own economic resources
 4 to military or propaganda efforts directed against the United
 5 States or against other countries receiving aid under this
 6 Act, whether or not such efforts are supported by the Soviet
 7 Union or Communist China."

8 (d) Immediately after the tenth paragraph insert the
 9 following:

10 "It is the sense of the Congress that, in the administra-
 11 tion of programs of assistance under chapter 2 of this part,
 12 every possible precaution should be taken to assure that such
 13 assistance is not diverted to short-term emergency purposes
 14 (such as budgetary purposes, balance-of-payments purposes,
 15 or military purposes) or any other purpose not essential to
 16 the long-range economic development of recipient countries.
 17 It is further the sense of the Congress that short-term emer-
 18 gency purposes such as those referred to in the preceding
 19 sentence should be met, to the extent possible, through inter-
 20 national institutions (such as the International Monetary
 21 Fund) which are equipped to condition assistance on im-
 22 mediate economic and monetary reform."

23 (e) The first sentence of the last paragraph is amended
 24 by inserting "(including private enterprise within such
 25 countries)" immediately after "countries".

1 ~~(f)~~ Immediately after the first sentence of the last para-
 2 graph insert the following new sentence: "In particular, the
 3 Congress urges that other industrialized free-world countries
 4 increase their contributions and improve the forms and terms
 5 of their assistance so that the burden of the common under-
 6 taking, which is for the benefit of all, shall be equitably borne
 7 by all."

8 CHAPTER 2—DEVELOPMENT ASSISTANCE

9 TITLE I—DEVELOPMENT LOAN FUND

10 SEC. 103. The second sentence of section 201~~(b)~~ of
 11 the Foreign Assistance Act of 1961, as amended, which
 12 relates to considerations to be taken into account in making
 13 loans from the development loan fund, is amended as
 14 follows:

15 ~~(a)~~ Strike out clauses ~~(1)~~ and ~~(2)~~ and insert in lieu
 16 thereof the following: "~~(1)~~ whether financing could be ob-
 17 tained in whole or in part from other free-world sources on
 18 reasonable terms, including private sources within the United
 19 States, ~~(2)~~ the economic and technical soundness of the
 20 activity to be financed, including the capacity of the recipient
 21 country to repay the loan at a reasonable rate of interest,".

22 ~~(b)~~ Strike out "and" at the end of clause ~~(5)~~.

23 ~~(c)~~ Insert immediately before the period at the end of
 24 such second sentence the following: "and ~~(7)~~ the economic
 25 development plans of the requesting country, which plans

1 should specifically provide for appropriate participation by
2 private enterprise and include an analysis of current human
3 and material resources, together with a projection of the
4 ultimate objectives of the plans with respect to the overall
5 economic development of such country”.

6 SEC. 104. Section 202(a) of the Foreign Assistance Act
7 of 1961, as amended, which relates to authorizations for the
8 Development Loan Fund, is amended by inserting immedi-
9 ately before the period at the end thereof the following:
10 “: *Provided further*, That, in order to effectuate the purposes
11 and provisions of sections 102, 201, 601, and 602 of this
12 Act, not less than 50 per centum of the funds appropriated
13 pursuant to this subsection for the fiscal year ending June
14 30, 1965 and June 30, 1966 respectively shall be available
15 only for loans made for purposes of economic development
16 through private enterprise”.

17 SEC. 105. Section 201(d) of the Foreign Assistance
18 Act of 1961, as amended, which relates to interest rates on
19 development loans, is amended by inserting immediately
20 after “in no event” the following: “less than 2 per centum
21 per annum nor”.

22 SEC. 106. Section 202(a), which relates to authoriza-
23 tion, is amended by striking out “and \$1,500,000,000 for
24 each of the next four succeeding fiscal years,” and inserting
25 in lieu thereof “, \$1,500,000,000 for the fiscal year 1963,

1 \$900,000,000 for the fiscal year 1964, and \$1,500,000,000
2 for each of the next two succeeding fiscal years,"

3 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
4 COOPERATION

5 SEC. 107. Title II of chapter 2 of part I of the Foreign
6 Assistance Act of 1961, as amended, which relates to
7 development grants and technical cooperation, is amended
8 as follows:

9 (a) Section 211(a), which relates to general authority,
10 is amended—

11 (1) by striking out "and" at the end of clause (5)
12 contained in the second sentence thereof; and

13 (2) by inserting immediately before the period at
14 the end of the second sentence the following: "and (7)
15 whether such activity could be financed through a de-
16 velopment loan available under title I of this chapter".

17 (b) In section 212, which relates to authorization,
18 strike out "1963" and "\$300,000,000" and substitute
19 "1964" and "\$217,000,000", respectively.

20 (c) Amend section 214, which relates to American
21 schools and hospitals abroad, as follows:

22 (1) In subsection (a) strike out "use, in addition
23 to other funds available for such purposes, funds made
24 available for the purposes of section 211 for" and sub-
25 stitute the word "furnish".

~~(2)~~ In subsection ~~(b)~~ strike out “to use” and “for-
 eign currencies accruing to the United States Govern-
 ment under any Act, for purposes of subsection ~~(a)~~
 of this section and for” and substitute “to furnish” be-
 fore the word “assistance”.

~~(3)~~ Add the following new subsection:

~~“(c)~~ There is hereby authorized to be appropriated to
 the President for the purposes of this section, for the fiscal
 year 1964, \$12,000,000, to remain available until expended.
 Of the sums authorized to be appropriated under this sub-
 section, not to exceed \$2,200,000 shall be available for
 direct dollar costs in carrying out subsection ~~(b)~~ and
 \$2,000,000 shall be available solely for the purchase of
 foreign currencies accruing to the United States Government
 under any Act.”

TITLE III—INVESTMENT GUARANTIES

SEC. 108. Title III of chapter 2 of part I of the Foreign
 Assistance Act of 1961, as amended, which relates to in-
 vestment guaranties, is amended as follows:

~~(a)~~ Amend section 221(b), which relates to general
 authority, as follows:

~~(1)~~ In the first sentence after “wholly owned” in-
 sert “(determined without regard to any shares, in
 aggregate less than 5 per centum of the total of issued

1 and subscribed share capital, required by law to be held
2 by persons other than the parent corporation).”

3 ~~(2)~~ In paragraph ~~(1)~~ strike out “\$1,300,000,000”
4 in the proviso and substitute “\$2,500,000,000”.

5 ~~(3)~~ In paragraph ~~(2)~~ strike out “\$180,000,000”
6 in the third proviso and substitute “\$300,000,000”.

7 ~~(4)~~ In paragraph ~~(2)~~ strike out “1964” in the
8 fourth proviso and substitute “1965”.

9 ~~(b)~~ Amend section 222(a), which relates to general
10 provisions, by striking out “section 221(b)” and substi-
11 tuting “sections 221(b) and 224”.

12 ~~(c)~~ Amend section 222(b), which relates to general
13 provisions, by striking out “section 221(b); in both places
14 it appears and substituting “sections 221(b) and 224”.

15 ~~(d)~~ Amend section 222(d), which relates to general
16 provisions, to read as follows:

17 “~~(d)~~ Any payments made to discharge liabilities under
18 guaranties issued under sections 221(b) and 224 of this
19 part, sections 202(b) and 413(b)(4) of the Mutual
20 Security Act of 1954, as amended, and section 111(b)(3)
21 of the Economic Cooperation Act of 1948, as amended (ex-
22 clusive of informational media guaranties), shall be paid first
23 out of fees referred to in section 222(b) as long as such fees
24 are available, and thereafter shall be paid out of funds, if any,
25 realized from the sale of currencies or other assets acquired

1 in connection with any payments made to discharge liabilities
2 under such guaranties as long as such funds are available;
3 and thereafter shall be paid out of funds heretofore appro-
4 priated for the purpose of discharging liabilities under the
5 aforementioned guaranties; and thereafter out of funds real-
6 ized from the sale of notes issued under section 413(b)(4)
7 ~~(F)~~ of the Mutual Security Act of 1954, as amended; and
8 section ~~111(c)(2)~~ of the Economic Cooperation Act of
9 1948, as amended; and finally out of funds hereafter made
10 available pursuant to section 222(f).”

11 ~~(e)~~ Amend section 222(e), which relates to general
12 provisions, to read as follows:

13 “~~(e)~~ All guaranties issued prior to July 1, 1956, all
14 guaranties issued under sections 202(b) and 413(b)(4)
15 of the Mutual Security Act of 1954, as amended, and all
16 guaranties heretofore or hereafter issued pursuant to this
17 title shall be considered contingent obligations backed by
18 the full faith and credit of the Government of the United
19 States of America. Funds heretofore obligated under the
20 aforementioned guaranties ~~(exclusive of informational media~~
21 ~~guaranties)~~ together with the other funds made available
22 for the purposes of this title shall constitute a single reserve
23 for the payment of claims in accordance with section 222(d)
24 of this part.”

1 ~~(f)~~ Amend section 222 by adding at the end thereof the
2 following new subsection:

3 ~~“(g)~~ In making a determination to issue a guaranty
4 under section 221~~(b)~~, the President shall consider the pos-
5 sible adverse effect of the dollar investment under such
6 guaranty upon the balance of payments of the United
7 States.”

8 ~~(g)~~ Amend section 224, which relates to housing
9 projects in Latin American countries, as follows:

10 ~~(1)~~ In subsection ~~(b)~~ strike out “\$60,000,000”
11 and substitute “\$150,000,000”.

12 ~~(2)~~ Strike out subsection ~~(c)~~.

13 TITLE VI—ALLIANCE FOR PROGRESS

14 SEC. 109. Title VI of chapter 2 of part I of the Foreign
15 Assistance Act of 1961, as amended, which relates to the
16 Alliance for Progress, is amended as follows:

17 ~~(a)~~ Amend section 251, which relates to general
18 authority, as follows:

19 ~~(1)~~ In subsection ~~(b)~~, amend the next to the last
20 sentence thereof by inserting immediately after “reason-
21 able terms” the following: “(including private sources
22 within the United States); the capacity of the recipient
23 country to repay the loan at a reasonable rate of
24 interest,”.

1 ~~(2)~~ In subsection ~~(e)~~ strike out “economical” and
2 substitute “economically”.

3 ~~(3)~~ In subsection ~~(f)~~ strike out “Agency for Inter-
4 national Development” and substitute “agency primarily
5 responsible for administering part I”.

6 ~~(b)~~ Section 252, which relates to authorization is
7 amended as follows:

8 ~~(1)~~ In the first sentence, strike out “fiscal years
9 1963 through 1966, not to exceed \$600,000,000 for
10 each such fiscal year” and insert in lieu thereof “fiscal
11 years 1963, 1965, and 1966, not to exceed \$600,000,000
12 for each such fiscal year, and for use beginning in the
13 fiscal year 1964, not to exceed \$450,000,000.”.

14 ~~(2)~~ Immediately after “1963” the second time it
15 appears therein, insert the following: “and not to exceed
16 \$100,000,000 of the funds appropriated pursuant to
17 this section for use beginning in fiscal year 1964.”.

18 ~~(c)~~ Section 252, which relates to authorization, is
19 amended by adding at the end thereof the following new
20 sentence: “In order to effectuate the purposes and provisions
21 of sections 402, 251, 601, and 602 of this Act, not less than
22 50 per centum of the loan funds appropriated pursuant to this
23 section for the fiscal years ending June 30, 1965 and June
24 30, 1966 respectively shall be available only for loans made

1 for purposes of economic development through private enter-
2 prise."

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
4 PROGRAMS

5 SEC. 110. Section 302 of the Foreign Assistance Act
6 of 1961, as amended, which relates to international organi-
7 zations and programs, is amended by striking out "1963"
8 and "\$148,900,000" and substituting "1964" and "\$136,
9 050,000", respectively.

10 CHAPTER 4—SUPPORTING ASSISTANCE

11 SEC. 111. Section 402 of the Foreign Assistance Act
12 of 1961, as amended, which relates to supporting assistance,
13 is amended by striking out "1963" and "\$415,000,000"
14 and substituting "1964" and "\$380,000,000", respectively.

15 CHAPTER 5—CONTINGENCY FUND

16 SEC. 112. Section 451 of the Foreign Assistance Act
17 of 1961, as amended, which relates to the contingency fund,
18 is amended by striking out "1963" and "\$300,000,000" and
19 inserting in lieu thereof "1964" and "\$150,000,000",
20 respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated “POLICY” and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out “the fiscal years 1962 and 1963” and “\$1,700,000,000 for each such fiscal year, which sums” and substitute “fiscal year 1964” and “\$1,000,000,000, which”, respectively.

(b) In section 510(a), which relates to special authority, strike out “1963” in the first and second sentences and substitute “1964”.

(c) At the end of such chapter, add the following new section:

“SEC. 512. RESTRICTIONS ON MILITARY AID TO

1 AFRICA.—No military assistance shall be furnished on a
2 grant basis to any country in Africa, except for internal
3 security requirements or for programs described in section
4 505(b) of this chapter.”

5 PART III

6 CHAPTER 1—GENERAL PROVISIONS

7 SEC. 301. Section 601(b) of the Foreign Assistance Act
8 of 1961, as amended, which relates to encouragement of pri-
9 vate enterprise, is amended as follows:

10 (a) Strike out “and” at the end of paragraph (3).

11 (b) Strike out the period at the end of paragraph (4)
12 and insert in lieu thereof a semicolon.

13 (c) At the end thereof add the following new para-
14 graphs:

15 “(5) utilize, wherever practicable, the services of
16 United States private enterprise (including, but not
17 limited to, the services of experts and consultants in tech-
18 nical fields such as engineering); and

19 “(6) take appropriate steps to discourage nationali-
20 zation, expropriation, confiscation, seizure of ownership
21 or control, of private investment and discriminatory or
22 other actions having the effect thereof, undertaken by
23 countries receiving assistance under this Act, which di-
24 vert available resources essential to create new wealth,
25 employment, and productivity in those countries and

1 otherwise impair the climate for new private investment
2 essential to the stable economic growth and development
3 of those countries.”

4 SEC. 302. Section 611(b) of the Foreign Assistance
5 Act of 1961, as amended, which relates to completion of
6 plans and cost estimates, is amended by striking out “circular
7 A-47 of the Bureau of the Budget” and substituting “the
8 Memorandum of the President dated May 15, 1962”.

9 SEC. 303. Section 611, of the Foreign Assistance Act
10 of 1961, as amended, which relates to completion of plans
11 and cost estimates, is amended by adding to the end thereof
12 the following subsection:

13 “(c) The President shall establish such procedures as
14 he may deem necessary to assure to the maximum extent
15 practicable all contracts for construction outside the United
16 States made in connection with any agreement or grant
17 subject to subsection (a) of this section shall be made
18 in accordance with the same standards applicable to contracts
19 made by the Federal Government for similar construction
20 within the United States.”

21 SEC. 304. Section 620(a) of the Foreign Assistance Act
22 of 1961, as amended, which relates to prohibitions against
23 furnishing assistance to Cuba, is amended as follows:

24 (a) Insert “(1)” immediately after “(a)”.

25 (b) Insert immediately after the second sentence thereof

1 the following new sentence: "No funds provided under this
2 Act shall be used to make any voluntary contribution to
3 any international organization or program for financing proj-
4 ects of economic or technical assistance to the present Gov-
5 ernment of Cuba."

6 (c) At the end thereof add the following new para-
7 graphs:

8 "(2) Except as may be deemed necessary by the Presi-
9 dent in the interest of the United States, no assistance shall
10 be furnished under this Act to any government of Cuba, nor
11 shall Cuba be entitled to receive any quota authorizing the
12 importation of Cuban sugar into the United States or to
13 receive any other benefit under any law of the United States,
14 until the President determines that such government has
15 taken appropriate steps according to international law stand-
16 ards to return to United States citizens, and to entities not
17 less than 50 per centum beneficially owned by United States
18 citizens, or to provide equitable compensation to such citizens
19 and entities for property taken from such citizens and en-
20 tities on or after January 1, 1959, by the Government of
21 Cuba.

22 "(3) No funds authorized to be made available under
23 this Act (except under section 214) shall be used to furnish
24 assistance to any country which has failed to take appro-

1 puate steps, not later than 60 days after the date of enact-
2 ment of the Foreign Assistance Act of 1963—

3 “(A) to prevent ships or aircraft under its registry
4 from transporting to Cuba (other than to United States
5 installations in Cuba)—

6 “(i) any items of economic assistance,

7 “(ii) any items which are, for the purposes of
8 title I of the Mutual Defense Assistance Control
9 Act of 1951, as amended, arms, ammunition and
10 implements of war, atomic energy materials, petro-
11 leum, transportation materials of strategic value, or
12 items of primary strategic significance used in the
13 production of arms, ammunition, and implements of
14 war, or

15 “(iii) any other equipment, materials, or com-
16 modities,

17 so long as Cuba is governed by the Castro regime; and

18 “(B) to prevent ships or aircraft under its registry
19 from transporting any equipment, materials, or com-
20 modities from Cuba (other than from United States
21 installations in Cuba) so long as Cuba is governed by
22 the Castro regime.”

23 SEC. 305. Section 620(e) of the Foreign Assistance Act

1 of 1961, as amended, which relates to suspension of assist-
 2 ance, is amended as follows:

3 (a) In clause (2), immediately after "operational con-
 4 ditions," insert "or has taken other actions,".

5 (b) Strike out "equitable and speedy compensation for
 6 such property in convertible foreign exchange" and insert
 7 in lieu thereof "speedy compensation for such property in
 8 convertible foreign exchange equivalent to the full value
 9 thereof".

10 SEC. 306. Section 620(f) of the Foreign Assistance Act
 11 of 1961, as amended, which relates to prohibitions against
 12 furnishing certain assistance to Communist countries, is
 13 amended by inserting immediately before the period after
 14 "Union of Soviet Socialist Republics" the following: "(in-
 15 cluding its captive constituent republics)".

16 SEC. 307. Section 620 of the Foreign Assistance Act
 17 of 1961, as amended, which relates to prohibitions against
 18 furnishing assistance to Cuba and certain other countries,
 19 is amended by adding at the end thereof the following new
 20 subsections:

21 "(i) No assistance shall be provided under this or any
 22 other Act, and no sales shall be made under the Agricultural
 23 Trade Development and Assistance Act of 1954, to any
 24 country which the President determines is engaging in or
 25 preparing for aggressive military efforts directed against—

1 ~~“(1) the United States,~~

2 ~~“(2) any country receiving assistance under this~~
3 ~~or any other Act, or~~

4 ~~“(3) any country to which sales are made under~~
5 ~~the Agricultural Trade Development and Assistance~~
6 ~~Act of 1954,~~

7 until the President determines that such military efforts or
8 preparations have ceased and he reports to the Congress
9 that he has received assurances satisfactory to him that
10 such military efforts or preparations will not be renewed.
11 This restriction may not be waived pursuant to any au-
12 thority contained in this Act.

13 ~~“(j) No assistance under this Act shall be furnished to~~
14 ~~Indonesia unless the President determines that the furnish-~~
15 ~~ing of such assistance is in the national interest of the United~~
16 ~~States. The President shall keep the Foreign Relations~~
17 ~~Committee and the Appropriations Committee of the Senate~~
18 ~~and the Speaker of the House of Representatives fully and~~
19 ~~currently informed of any assistance furnished to Indonesia~~
20 ~~under this Act.~~

21 ~~“(k) Until the enactment of the Foreign Assistance~~
22 ~~Act of 1964 or other general legislation, during the calendar~~
23 ~~year 1964, authorizing additional appropriations to carry~~
24 ~~out programs of assistance under this Act, no assistance~~
25 ~~shall be furnished under this Act to any country for con-~~

1 struction of any productive enterprise with respect to which
2 the aggregate value of such assistance to be furnished by
3 the United States will exceed \$100,000,000. No other
4 provision of this Act shall be construed to authorize the
5 President to waive the provisions of this subsection.

6 “(1) No assistance shall be provided under this Act
7 after December 31, 1964, to the government of any less
8 developed country which has failed to enter into an agree-
9 ment with the President to institute the investment guaranty
10 program under section 221(b)(1) of this Act, providing
11 protection against the specific risks of inconvertibility under
12 subparagraph (A), and expropriation or confiscation under
13 subparagraph (B), of such section 221(b)(1).

14 “(m) No assistance shall be furnished under this Act
15 for the construction or operation of any productive enter-
16 prise in any country unless the President determines that
17 similar productive enterprises within the United States are
18 operating at a substantial portion of their capacity and that
19 such assistance will not result in depriving such United
20 States enterprises of their reasonable share of world markets.
21 The President shall keep the Foreign Relations Committee
22 and the Appropriations Committee of the Senate and the
23 Speaker of the House of Representatives fully and currently
24 informed of assistance furnished under this Act for the

1 construction or operation of productive enterprises in all
2 countries, including specifically the numbers of such enter-
3 prises, the types of such enterprises, and the locations of
4 such enterprises.

5 “~~(n)~~ No assistance shall be furnished under section
6 201, 211, or 251 of this Act to the government of any
7 country which does not agree to permit such reviews, in-
8 spections, and audits by the United States as the President
9 may require for the purpose of ascertaining whether such
10 assistance is being administered within the recipient country
11 to carry out the purposes for which it was furnished.”

12 CHAPTER 2—ADMINISTRATIVE PROVISIONS

13 SEC. 308. Chapter 2 of part III of the Foreign Assist-
14 ance Act of 1961, as amended, which relates to administra-
15 tive provisions, is amended as follows:

16 ~~(a)~~ Amend section 624, which relates to statutory offi-
17 cers, as follows:

18 ~~(1)~~ In subsection ~~(a)(2)~~ strike out “two shall
19 have the rank of Deputy Under Secretaries” and sub-
20 stitute “one shall have the rank of Deputy Under Secre-
21 tary”.

22 ~~(2)~~ In subsection ~~(a)(3)~~ strike out “nine” and
23 substitute “ten”.

1 ~~(3)~~ In subsection ~~(b)~~ strike out “paragraphs ~~(2)~~
2 and” and substitute “paragraph”.

3 ~~(b)~~ Amend section 626~~(b)~~, which relates to experts,
4 consultants, and retired officers, as follows:

5 ~~(1)~~ Strike out the entire first sentence.

6 ~~(2)~~ In the second sentence strike out “Nor shall
7 such service” and substitute “Service of an individual as
8 an expert or consultant under subsection ~~(a)~~ of this
9 section shall not”.

10 ~~(c)~~ In section 631, which relates to missions and staffs
11 abroad, add the following new subsection ~~(c)~~:

12 “(c) The President may appoint any United States
13 citizen who is not an employee of the United States Govern-
14 ment or may assign any United States citizen who is a United
15 States Government employee to serve as Chairman of the
16 Development Assistance Committee or any successor Com-
17 mittee thereto of the Organization for Economic Cooperation
18 and Development upon election thereto by members of said
19 Committee, and, in his discretion, may terminate such ap-
20 pointment or assignment, notwithstanding any other provision
21 of law. Such person may receive such compensation and
22 allowances as are authorized by the Foreign Service Act of
23 1946, as amended, not to exceed those authorized for a chief
24 of mission, class 2, within the meaning of said Act, as the

1 President may determine. Such persons may also, in the
 2 President's discretion, receive any other benefits and per-
 3 quisites available under this Act to chiefs of special missions
 4 or staffs outside the United States established under this
 5 section."

6 ~~(d)~~ Amend section 635, which relates to general author-
 7 ities, by adding the following new subsection ~~(k)~~:

8 ~~"(k)~~ Any cost-type contract or agreement ~~(including~~
 9 ~~grants)~~ entered into with a university, college, or other
 10 educational institution for the purpose of carrying out pro-
 11 grams authorized by part I may provide for the payment
 12 of the reimbursable indirect costs of said university, college,
 13 or other educational institution on the basis of predetermined
 14 fixed-percentage rates applied to the total, or an element
 15 thereof, of the reimbursable direct costs incurred."

16 ~~(e)~~ Amend section 636, which relates to provisions on
 17 uses of funds, by adding at the end thereof the following new
 18 subsection:

19 ~~"(h)~~ In carrying out programs under this Act, the
 20 President shall take all appropriate steps to assure that, to
 21 the maximum extent possible, ~~(1)~~ countries receiving as-
 22 sistance under this Act contribute local currencies to
 23 meet the cost of contractual and other services rendered in
 24 conjunction with such programs, and ~~(2)~~ foreign currencies

1 owned by the United States are utilized to meet the costs
2 of such contractual and other services."

3 (f) Amend section 637(a), which relates to administra-
4 tive expenses, by striking out "1963" and "\$53,000,000"
5 and substituting "1964" and "\$54,000,000", respectively.

6 CHAPTER 3—MISCELLANEOUS PROVISIONS

7 SEC. 309. Section 644(f) of the Foreign Assistance Act
8 of 1961, as amended, which relates to definition of defense
9 services, is amended by inserting "including orientation"
10 after "training" the first time it appears.

11 SEC. 310. Section 645 of the Foreign Assistance Act
12 of 1961, as amended, which relates to unexpended balances,
13 is amended to read as follows:

14 "SEC. 645. UNEXPENDED BALANCES.—Unexpended
15 balances of funds made available pursuant to this Act, the
16 Mutual Security Act of 1954, as amended, or Public Law
17 86-736 are hereby authorized to be continued available for
18 the general purposes for which appropriated, and may at
19 any time be consolidated, and, in addition, may be consoli-
20 dated with appropriations made available for the same gen-
21 eral purposes under the authority of this Act."

1 PART IV—AMENDMENTS TO OTHER LAWS

2 SEC. 401. The Act to provide for assistance in the
3 development of Latin America and in the reconstruction of
4 Chile, and for other purposes (~~Public Law 86-735, 22~~
5 ~~U.S.C. 1942 et seq.~~), is amended as follows:

6 (a) In section 2 strike out “\$500,000,000” and sub-
7 stitute “\$700,000,000”.

8 (b) Insert following the enacting clause “That this
9 Act may be cited as ‘the Latin American Development and
10 Chilean Reconstruction Act’ ”.

11 SEC. 402. (a) Section 101(f) of the Agricultural Trade
12 Development and Assistance Act of 1954, as amended, is
13 amended to read as follows:

14 “(f) obtain rates of exchange applicable to the
15 sale of commodities under such agreements which are
16 not less favorable than the highest of exchange rates
17 legally obtainable from the Government or agencies
18 thereof in the respective countries.”

19 (b) Section 105 of such Act is amended by adding at
20 the end thereof the following new sentence: “The President

1 shall utilize foreign currencies received pursuant to this title
 2 in such manner as will, to the maximum extent possible,
 3 reduce any deficit in the balance of payments of the United
 4 States."

5 ~~(c)~~ Section 202 of such Act is amended by striking
 6 out "economic development" and inserting in lieu thereof
 7 "economic and community development".

8 SEC. 403. ~~(a)~~ Section 571(a) of the Foreign Service
 9 Act of 1946, as amended, is amended by changing the final
 10 period to a colon and adding the following: "*Provided, That*
 11 in individual cases when personally approved by the Secre-
 12 tary further extension may be made."

13 ~~(b)~~ Section 911(2) of the Foreign Service Act of 1946,
 14 as amended, is amended by inserting immediately after "on
 15 authorized home leave;" the following: "accompanying him
 16 for representational purposes on authorized travel within the
 17 country of his assignment or, at the discretion of the Sec-
 18 retary, outside the country of his assignment, but in no case
 19 to exceed one member of his family;"

20 ~~(c)~~ Title IX of the Foreign Service Act of 1946, as
 21 amended, is amended by striking out section 921(d), re-
 22 lating to use of Government vehicles, and by inserting im-
 23 mediately after section 913 the following new section:

1 “USE OF GOVERNMENT OWNED OR LEASED VEHICLES

2 “SEC. 914. Notwithstanding the provisions of section 5
3 of the Act of July 16, 1914, as amended (5 U.S.C. 78),
4 the Secretary may authorize any principal officer to approve
5 the use of Government owned or leased vehicles located at
6 his post for transportation of United States Government
7 employees and their dependents when public transportation
8 is unsafe or not available.”

9 (d) Title X of the Foreign Service Act of 1946, as
10 amended, is amended by adding at the end thereof the follow-
11 ing:

12 “PART I—EDUCATIONAL FACILITIES

13 “SEC. 1081. Whenever the Secretary determines that
14 educational facilities are not available, or that existing educa-
15 tional facilities are inadequate, to meet the needs of children
16 of American citizens stationed outside the United States
17 engaged in carrying out Government activities, he is author-
18 ized, in such manner as he deems appropriate and under
19 such regulations as he may prescribe, to establish, operate,
20 and maintain primary schools, and school dormitories and
21 related educational facilities for primary and secondary
22 schools, outside the United States, or to make grants of funds
23 for such purposes, or otherwise provide for such educational

1 facilities. The provisions of the Foreign Service Buildings
2 Act, 1926, as amended, and of paragraphs ~~(h)~~ and ~~(i)~~ of
3 section 3 of the Act entitled 'An Act to provide certain basic
4 authority for the Department of State', approved August 1,
5 1956 (~~5 U.S.C. 170(h) and 170h(i)~~), may be utilized
6 by the Secretary in providing assistance for educational
7 facilities. Assistance may include, but shall not be limited
8 to, hiring, transporting, and payment of teachers and other
9 necessary personnel."

10 SEC. 404. The Act entitled "An Act to provide certain
11 basic authority for the Department of State", approved
12 August 1, 1956 (~~5 U.S.C. 170f-170t~~), is amended by in-
13 serting immediately after section 12 the following new
14 section:

15 "SEC. 13. There is hereby established a working capital
16 fund for the Department of State, which shall be available
17 without fiscal year limitation, for expenses ~~(including those~~
18 ~~authorized by the Foreign Service Act of 1946, as amended)~~
19 and equipment, necessary for maintenance and operation
20 in the city of Washington and elsewhere of ~~(1) central~~
21 reproduction, editorial, data processing, audiovisual, library
22 and administrative support services; ~~(2) central supply~~
23 services for supplies and equipment ~~(including repairs)~~;

1 and (3) such other administrative services as the Secretary,
2 with the approval of the Bureau of the Budget, determines
3 may be performed more advantageously and more economi-
4 cally as central services. The capital of the fund shall consist
5 of the amount of the fair and reasonable value of such supply
6 inventories, equipment, and other assets and inventories on
7 order, pertaining to the services to be carried on by the
8 fund, as the Secretary may transfer to the fund, less the
9 related liabilities and unpaid obligations, together with any
10 appropriations made for the purpose of providing capital.
11 Not to exceed \$750,000 in net assets shall be transferred
12 to the fund for purposes of providing capital. The fund
13 shall be reimbursed, or credited with advance payments,
14 from applicable appropriations and funds of the Department
15 of State, other Federal agencies, and other sources author-
16 ized by law, for supplies and services at rates which will
17 approximate the expense of operations, including accrual
18 of annual leave and depreciation of plan and equipment of
19 the fund. The fund shall also be credited with other receipts
20 from sale or exchange of property or in payment for loss or
21 damage to property held by the fund. There shall be trans-
22 ferred into the Treasury as miscellaneous receipts, as of the
23 close of each fiscal year, earnings which the Secretary deter-

1 mines to be excess to the needs of the fund. There is hereby
 2 authorized to be appropriated such amounts as may be
 3 necessary to provide capital for the fund."

4 SEC. 405. The first sentence of the first section of the
 5 Act entitled "An Act to authorize participation by the
 6 United States in parliamentary conferences of the North
 7 Atlantic Treaty Organization", approved July 11, 1956
 8 (70 Stat. 523), is amended to read as follows: "That not
 9 to exceed eighteen Members of Congress shall be appointed
 10 to meet jointly and annually with representative parliamen-
 11 tary groups from other NATO (North Atlantic Treaty
 12 Organization) members, for discussion of common problems
 13 in the interests of the maintenance of peace and security in
 14 the North Atlantic area."

15 That this Act may be cited as the "Foreign Assistance Act
 16 of 1963".

17 PART I

18 CHAPTER 1—POLICY

19 SEC. 101. Chapter 1 of part I of the Foreign Assistance
 20 Act of 1961, as amended, is amended as follows:

21 (a) In the chapter heading strike out the words "SHORT
 22 TITLE AND".

23 (b) Section 101, which relates to short title, is repealed.

24 (c) Amend section 102, which relates to statement of
 25 policy, by—

1 (1) striking out “should emphasize” in the last
2 sentence of the seventh paragraph and substituting “shall
3 emphasize”,

4 (2) striking out “Finally, the” in the first sentence
5 of the last paragraph and substituting “The”,

6 (3) inserting “(including private enterprise within
7 such countries)” immediately after “countries” in the
8 first sentence of the last paragraph thereof, and

9 (4) adding the following after such last paragraph:
10 “It is the sense of the Congress that assistance author-
11 ized by this Act should be extended to or withheld from
12 the government of South Vietnam, in the discretion of the
13 President, to further the objectives of victory in the war
14 against communism and the return to their homeland
15 of Americans involved in that struggle.”

16 CHAPTER 2—DEVELOPMENT ASSISTANCE

17 TITLE I—DEVELOPMENT LOAN FUND

18 SEC. 102. Section 201 of the Foreign Assistance Act
19 of 1961, as amended, which relates to general authority with
20 respect to development loans, is amended by adding at the
21 end thereof the following:

22 “(f) No assistance shall be furnished under this title
23 unless the President determines that the project for which
24 such assistance is requested is taken into account in the eco-
25 nomic development of the requesting country, including an

1 *analysis of current human and material resources, together*
 2 *with a projection of the ultimate objectives of the project with*
 3 *respect to the overall economic development of such country,*
 4 *and specifically provides for appropriate participation by*
 5 *private enterprise.”*

6 *TITLE II—DEVELOPMENT GRANTS AND TECHNICAL*

7 *COOPERATION*

8 *SEC. 103. Title II of chapter 2 of part I of the Foreign*
 9 *Assistance Act of 1961, as amended, which relates to devel-*
 10 *opment grants and technical cooperation, is amended as*
 11 *follows:*

12 *(a) In section 211, which relates to general authority,*
 13 *add the following at the end of subsection (a): “No program*
 14 *of technical assistance shall be undertaken under this title*
 15 *unless prior to the commencement thereof the recipient country*
 16 *shall have agreed to accept responsibility for the continuation*
 17 *and financing of such program after the expiration of such*
 18 *reasonable time, which shall not exceed seven years, as shall*
 19 *be specified in the agreement, or unless such program is*
 20 *scheduled for completion within such time.”*

21 *(b) In section 212, which relates to authorization,*

1 strike out "1963" and "\$300,000,000" and substitute
2 "1964" and "\$225,000,000", respectively.

3 (c) Amend section 214, which relates to American
4 schools and hospitals abroad, as follows:

5 (1) In subsection (a) strike out "use, in addition
6 to other funds available for such purposes, funds made
7 available for the purposes of section 211 for" and sub-
8 stitute the word "furnish".

9 (2) In subsection (b) strike out "to use" and
10 "foreign currencies accruing to the United States Gov-
11 ernment under any Act, for purposes of subsection (a)
12 of this section and for" and substitute "to furnish" before
13 the word "assistance".

14 (3) Add the following new subsections:

15 "(c) There is hereby authorized to be appropriated to
16 the President, in addition to other funds available for such
17 purposes, such amounts as may be necessary from time to
18 time to carry out the purposes of this section, which amounts
19 shall remain available until expended."

20 "(d) The President is authorized to use, in addition to
21 other funds available for such purposes, foreign currencies

1 *accruing to the United States Government under any Act, for*
 2 *purposes of this section."*

3 *TITLE III—INVESTMENT GUARANTIES*

4 *SEC. 104. Title III of chapter 2 of part I of the Foreign*
 5 *Assistance Act of 1961, as amended, which relates to invest-*
 6 *ment guaranties, is amended as follows:*

7 *(a) Amend section 221(b), which relates to general*
 8 *authority, as follows:*

9 *(1) In the first sentence after "wholly owned"*
 10 *insert "(determined without regard to any shares, in*
 11 *aggregate less than 5 per centum of the total of issued*
 12 *and subscribed share capital, required by law to be*
 13 *held by persons other than the parent corporation)".*

14 *(2) In paragraph (1) strike out "\$1,300,000,000"*
 15 *in the proviso and substitute "\$2,500,000,000".*

16 *(3) In paragraph (2) strike out "fraud or mis-*
 17 *conduct" in the second proviso and substitute "fraud,*
 18 *misconduct, or negligence".*

19 *(4) In paragraph (2) strike out "1964" in the*
 20 *fourth proviso and substitute "1965".*

21 *(b) Amend section 222(a), which relates to general*
 22 *provisions, by striking out "section 221(b)" and substi-*
 23 *tuting "sections 221(b) and 224".*

24 *(c) Amend section 222(b), which relates to general*

1 provisions, by striking out "section 221(b)" in both places
2 it appears and substituting "sections 221(b) and 224".

3 (d) Amend section 222(d), which relates to general
4 provisions, to read as follows:

5 "(d) Any payments made to discharge liabilities under
6 guaranties issued under sections 221(b) and 224 of this
7 part, sections 202(b) and 413(b)(4) of the Mutual Se-
8 curity Act of 1954, as amended, and section 111(b)(3) of
9 the Economic Cooperation Act of 1948, as amended (exclu-
10 sive of informational media guaranties), shall be paid first
11 out of fees referred to in section 222(b) as long as such fees
12 are available, and thereafter shall be paid out of funds, if
13 any, realized from the sale of currencies or other assets ac-
14 quired in connection with any payments made to discharge
15 liabilities under such guaranties as long as such funds are
16 available, and thereafter shall be paid out of funds heretofore
17 appropriated for the purpose of discharging liabilities under
18 the aforementioned guaranties, and thereafter out of funds
19 realized from the sale of notes issued under section 413(b)
20 (4)(F) of the Mutual Security Act of 1954, as amended,
21 and section 111(c)(2) of the Economic Cooperation Act
22 of 1948, as amended, and finally out of funds hereafter made
23 available pursuant to section 222(f)."

1 (e) Amend section 222(e), which relates to general
2 provisions, to read as follows:

3 “(e) All guaranties issued prior to July 1, 1956, all
4 guaranties issued under sections 202(b) and 413(b)(4)
5 of the Mutual Security Act of 1954, as amended, and all
6 guaranties heretofore or hereafter issued pursuant to this
7 title shall be considered contingent obligations backed by the
8 full faith and credit of the Government of the United States
9 of America. Funds heretofore obligated under the afore-
10 mentioned guaranties (exclusive of informational media
11 guaranties) together with the other funds made available
12 for the purposes of this title shall constitute a single reserve
13 for the payment of claims in accordance with section 222(d)
14 of this part.”

15 (f) Amend section 224, which relates to housing proj-
16 ects in Latin American countries, as follows:

17 (1) In subsection (b) strike out “\$60,000,000”
18 and substitute “\$150,000,000”.

19 (2) Strike out subsection (c).

20 TITLE V—DEVELOPMENT RESEARCH

21 SEC. 105. Section 241 of the Foreign Assistance Act of
22 1961, as amended, which relates to development research, is
23 amended by inserting “(a)” after the section heading and by
24 adding at the end thereof the following new subsection:

1 “(b) Funds made available to carry out this section may
2 be used to conduct research into the problems of controlling
3 population growth and to provide technical and other assist-
4 ance to cooperating countries in carrying out programs of
5 population control.”

6 TITLE VI—ALLIANCE FOR PROGRESS

7 SEC. 106. Title VI of chapter 2 of part I of the Foreign
8 Assistance Act of 1961, as amended, which relates to the
9 Alliance for Progress, is amended as follows:

10 (a) Amend section 251, which relates to general
11 authority, as follows:

12 (1) In subsection (e) strike out “economical” and
13 substitute “economically”.

14 (2) In subsection (f) strike out “Agency for
15 International Development” and substitute “agency
16 primarily responsible for administering part I”.

17 (3) Add the following new subsection (g):

18 “(g) In order to carry out the policies of this Act, the
19 President shall, when appropriate, assist in promoting the
20 organization, implementation, and growth of the cooperative
21 movement in Latin America as a fundamental measure to-
22 ward the strengthening of democratic institutions and prac-
23 tices and economic and social development under the Alliance
24 for Progress.”

1 (b) Amend section 252, which relates to authorization,
2 as follows:

3 (1) Insert the following after the words "available
4 until expended": ": Provided, That any unappropriated
5 portion, not to exceed \$50,000,000, of the amount au-
6 thorized to be appropriated for any such fiscal year
7 may be appropriated in any subsequent fiscal year dur-
8 ing the above period in addition to the amount otherwise
9 authorized to be appropriated for such subsequent
10 fiscal year. The funds appropriated pursuant to this
11 section".

12 (2) Strike out "and which" before ", except for".

13 (3) Insert following "1963" the second time it
14 appears the words "and not to exceed \$75,000,000 of
15 the funds appropriated pursuant to this section for use
16 beginning in fiscal year 1964".

17 (c) Amend section 253, which relates to fiscal provisions,
18 by inserting immediately after the first sentence thereof the
19 following new sentence: "All receipts in foreign currencies
20 from loans made under this title or for nonmilitary assistance
21 purposes under the Mutual Security Act of 1954, as amended,
22 or any Act repealed thereby, shall, notwithstanding the pro-
23 visions of section 612 of this Act or the provisions of any
24 other Act, be available, in addition to other funds available for
25 such purposes, for loans on such terms and conditions as the

1 *President may specify to carry out the purposes of subsection*
 2 *(g) of section 251 of this title, and the President may, not-*
 3 *withstanding the provisions of any other Act, reserve such*
 4 *currencies in such amounts (not to exceed \$25,000,000 in*
 5 *any fiscal year) and for such periods as he shall determine*
 6 *to be necessary to provide for the programs authorized by said*
 7 *subsection (g)."*

8 *(d) After section 253, which relates to fiscal provisions,*
 9 *insert the following new section:*

10 *"SEC. 254. RESTRICTIONS ON ASSISTANCE.—None of*
 11 *the funds made available under authority of this Act may*
 12 *be used to furnish assistance to any country covered by*
 13 *this title in which the government has come to power through*
 14 *the forcible overthrow of a prior government which has been*
 15 *chosen in free and democratic elections unless the President*
 16 *determines that withholding such assistance would be con-*
 17 *trary to the national interest."*

18 *CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND*
 19 *PROGRAMS*

20 *SEC. 107. Section 302 of the Foreign Assistance Act of*
 21 *1961, as amended, which relates to international organiza-*
 22 *tions and programs, is amended by striking out "1963" and*
 23 *"\$148,900,000" and substituting "1964" and "\$136,-*
 24 *050,000", respectively.*

1 *CHAPTER 4—SUPPORTING ASSISTANCE*

2 *SEC. 108. Section 402 of the Foreign Assistance Act of*
 3 *1961, as amended, which relates to supporting assistance, is*
 4 *amended by striking out “1963” and “\$415,000,000” and*
 5 *substituting “1964” and “\$400,000,000”, respectively.*

6 *CHAPTER 5—CONTINGENCY FUND*

7 *SEC. 109. Section 451 of the Foreign Assistance Act of*
 8 *1961, as amended, which relates to the contingency fund, is*
 9 *amended by striking out “1963” and “\$300,000,000” and*
 10 *substituting “1964” and “\$175,000,000”, respectively.*

11 *PART II*

12 *CHAPTER 1—POLICY*

13 *SEC. 201. Chapter 1 of part II of the Foreign Assistance*
 14 *Act of 1961, as amended, is hereby redesignated “Policy”*
 15 *and section 501, which relates to short title, is hereby deleted.*

16 *CHAPTER 2—MILITARY ASSISTANCE*

17 *SEC. 202. Chapter 2 of part II of the Foreign Assistance*
 18 *Act of 1961, as amended, which relates to military assist-*
 19 *ance, is amended as follows:*

20 (a) *In section 504(a), which relates to authorization,*
 21 *strike out “the fiscal years 1962 and 1963” and “\$1,700,-*
 22 *000,000 for each such fiscal year, which sums” and substitute*
 23 *“fiscal year 1964” and “\$1,300,000,000, which”, respec-*
 24 *tively.*

25 (b) *In section 510(a), which relates to special author-*

1 *ity, strike out "1963" in the first and second sentences and*
 2 *substitute "1964".*

3 *(c) In section 511, which relates to restrictions on*
 4 *military aid to Latin America, strike out "\$57,500,000"*
 5 *and substitute "\$50,000,000, of which \$25,000,000 may be*
 6 *available during each fiscal year for assistance to an inter-*
 7 *national military force under the control of the Organization*
 8 *of American States".*

9 *PART III*

10 *CHAPTER 1—GENERAL PROVISIONS*

11 *SEC. 301. Chapter 1 of part III of the Foreign Assist-*
 12 *ance Act of 1961, as amended, which relates to general pro-*
 13 *visions, is amended as follows:*

14 *(a) Section 601(b), which relates to encouragement of*
 15 *private enterprise, is amended as follows:*

16 *(1) At the end of paragraph (3), strike out "and".*

17 *(2) In paragraph (4), strike out "wherever appro-*
 18 *priate" and insert in lieu thereof "to the maximum ex-*
 19 *tent practicable", and strike out the period at the end*
 20 *thereof and substitute a semicolon.*

21 *(3) Add the following new paragraphs at the end*
 22 *thereof:*

23 *"(5) take appropriate steps to discourage nationali-*
 24 *zation, expropriation, confiscation, seizure of ownership*
 25 *or control, of private investment and discriminatory or*

1 *other actions having the effect thereof, undertaken by*
2 *countries receiving assistance under this Act, which di-*
3 *vert available resources essential to create new wealth,*
4 *employment, and productivity in those countries and*
5 *otherwise impair the climate for new private investment*
6 *essential to the stable economic growth and development*
7 *of those countries; and*

8 *“(6) utilize wherever practicable the services of*
9 *United States private enterprise (including, but not*
10 *limited to, the services of experts and consultants in*
11 *technical fields such as engineering).”*

12 *(b) Section 611(b), which relates to completion of plans*
13 *and cost estimates, is amended by striking out “circular*
14 *A-47 of the Bureau of the Budget” and substituting “the*
15 *Memorandum of the President dated May 15, 1962”.*

16 *(c) Section 612, which relates to use of foreign cur-*
17 *rencies, is amended as follows:*

18 *(1) Insert “(a)” after the section heading.*

19 *(2) Add at the end thereof the following new sub-*
20 *section:*

21 *“(b) In order to provide for the foreign currency needs*
22 *of United States citizens for travel or other purposes, the*
23 *Secretary of the Treasury shall make available for sale for*
24 *United States dollars to such citizens, at United States em-*
25 *bassies or other convenient locations, foreign currencies ac-*

1 quired by the United States through operations under this
 2 Act, the Mutual Security Act of 1954, as amended, or any
 3 Act repealed thereby, or the Agricultural Trade Develop-
 4 ment and Assistance Act of 1954, as amended, which (1)
 5 he determines to be in excess of the needs of departments and
 6 agencies of the United States for such currencies, and (2)
 7 are not prohibited from such use or committed to other uses
 8 by agreement heretofore entered into with another country.
 9 United States dollars received from the sale of foreign cur-
 10 rencies under this subsection shall be deposited in the Treas-
 11 ury as miscellaneous receipts.”

12 (d) Section 620, which relates to prohibitions against
 13 furnishing assistance to Cuba and certain other countries, is
 14 amended as follows:

15 (1) Subsection (a) is amended as follows:

16 (i) Insert “(1)” immediately after “(a)”.

17 (ii) Add the following new paragraph (2) at
 18 the end thereof:

19 “(2) No funds authorized to be made available
 20 under this Act shall be used to furnish assistance (ex-
 21 cept under section 214) to any country which, by fail-
 22 ing (beginning not later than sixty days after enactment
 23 of the Foreign Assistance Act of 1963) to take such steps
 24 as are appropriate:

25 “(a) permits the further carriage by any ship

1 or aircraft under its registry, to or from Cuba, so
2 long as it is governed by the Castro regime or any
3 other Communist regime, of any military person-
4 nel, or any arms, ammunition, and implements of
5 war, atomic energy materials, petroleum, or any
6 articles, materials, or supplies, transportation ma-
7 terials of strategic value, and items of primary stra-
8 tegic significance used in the production of arms,
9 ammunition, and implements of war, contained on
10 the list maintained by the Administrator pursuant
11 to title I of the Mutual Defense Assistance Control
12 Act of 1951, as amended; or

13 “(b) permits the further carriage by any ship
14 under its registry, to or from Cuba, so long as it is
15 governed by the Castro regime or any other Com-
16 munist regime, of any other equipment, materials
17 or commodities, unless the President determines that
18 the furnishing of such assistance is important to the
19 security of the United States and reports such de-
20 termination to the Foreign Relations and Appropria-
21 tions Committees of the Senate and the Speaker of
22 the House of Representatives: Provided, however,
23 That this subparagraph (b) shall not apply with
24 respect to the fulfillment of firm commitments of the

1 *United States made prior to the date of enactment of*
2 *this paragraph, nor to military sales under section*
3 *508.*

4 *The restrictions contained in this paragraph (2) may not*
5 *be waived pursuant to any other authority contained in*
6 *this Act or any other provision of law.”*

7 *(2) Subsection (c) is amended to read as follows:*

8 *“(c) The President shall suspend assistance to the govern-*
9 *ment of any country to which assistance is provided under*
10 *this or any other Act when the government of such country*
11 *or any government agency or subdivision within such coun-*
12 *try on or after January 1, 1962—*

13 *“(1) has nationalized or expropriated or seized*
14 *ownership or control of property owned by any United*
15 *States citizen or by any corporation, partnership, or*
16 *association not less than 50 per centum beneficially*
17 *owned by United States citizens, or*

18 *“(2) has taken steps to repudiate or nullify existing*
19 *contracts or agreements with any United States citizen or*
20 *any corporation, partnership, or association not less than*
21 *50 per centum beneficially owned by United States citi-*
22 *zens, or*

23 *“(3) has imposed or enforced discriminatory taxes*
24 *or other exactions, or restrictive maintenance or opera-*

1 tional conditions, or has taken other actions, which have
2 the effect of nationalizing, expropriating, or otherwise
3 seizing ownership or control of property so owned,
4 and such country, government agency, or government sub-
5 division fails within a reasonable time (not more than six
6 months after such action, or, in the event of a referral to the
7 Foreign Claims Settlement Commission of the United States
8 within such period as provided herein, not more than twenty
9 days after the report of the Commission is received) to take
10 appropriate steps, which may include arbitration, to discharge
11 its obligations under international law toward such citizen
12 or entity, including speedy compensation for such property
13 in convertible foreign exchange, equivalent to the full value
14 thereof, as required by international law, or fails to take steps
15 designed to provide relief from such taxes, exactions, or con-
16 ditions, as the case may be; and such suspension shall con-
17 tinue until the President is satisfied that appropriate steps are
18 being taken, and no other provision of this Act shall be con-
19 trued to authorize the President to waive the provisions of this
20 subsection.

21 “Upon request of the President (within seventy days
22 after such action referred to in paragraphs (1), (2),
23 or (3) of this subsection), the Foreign Claims Settlement
24 Commission of the United States (established pursuant to
25 Reorganization Plan No. 1 of 1954, 68 Stat. 1279)

1 is hereby authorized to evaluate expropriated property, deter-
2 mining the full value of any property nationalized, expro-
3 priated, or seized, or subjected to discriminatory or other
4 actions as aforesaid, for purposes of this subsection and to
5 render an advisory report to the President within ninety
6 days after such request. Unless authorized by the President,
7 the Commission shall not publish its advisory report except
8 to the citizen or entity owning such property. There is
9 hereby authorized to be appropriated such amount, to remain
10 available until expended, as may be necessary from time to
11 time to enable the Commission to carry out expeditiously its
12 functions under this subsection.”

13 (3) Add the following new subsections at the end
14 thereof:

15 “(i) No assistance shall be furnished on a grant basis
16 under this Act to any economically developed nation capable
17 of sustaining its own defense burden and economic growth,
18 except (1) to fulfill firm commitments made prior to July 1,
19 1963, or (2) additional orientation and training expenses
20 under part II hereof during fiscal year 1964 in an amount
21 not to exceed \$1,000,000.

22 “(j) No assistance under this Act shall be furnished
23 for projects establishing or otherwise assisting government-
24 owned manufacturing, utility, merchandising, or processing
25 enterprises in any country or area, except where it clearly

1 appears that goods or services of the same general class are
 2 not or cannot be adequately provided by private businesses
 3 located within such country or area.”

4 CHAPTER 2—ADMINISTRATIVE PROVISIONS

5 SEC. 302. Chapter 2 of part III of the Foreign Assist-
 6 ance Act of 1961, as amended, which relates to administra-
 7 tive provisions, is amended as follows:

8 (a) Amend section 624, which relates to statutory offi-
 9 cers, as follows:

10 (1) In subsection (a)(2) strike out “two shall have
 11 the rank of Deputy Under Secretaries” and substitute
 12 “one shall have the rank of a Deputy Under Secretary”.

13 (2) In subsection (a)(3) strike out “nine” and
 14 substitute “ten”.

15 (3) In subsection (b) strike out “paragraphs (2)
 16 and” and substitute “paragraph”.

17 (4) In subsection (d)(1) after the words “Deputy
 18 Inspector General, Foreign Assistance,” where they first
 19 appear insert “who shall be appointed by the President
 20 by and with the advice and consent of the Senate,” and
 21 strike out “\$19,500” and substitute “\$20,000”.

22 (b) Amend section 626(b), which relates to experts,
 23 consultants, and retired officers, as follows:

24 (1) Strike out the entire first sentence.

(2) In the second sentence strike out "Nor shall such service" and substitute "Service of an individual as an expert or consultant under subsection (a) of this section shall not".

(c) In section 631, which relates to missions and staffs abroad, add the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

1 (d) Amend section 635, which relates to general au-
2 thorities, as follows:

3 (1) Amend section 635(g) by striking out the word
4 “and” at the end of subparagraph (4); by striking out the
5 period at the end of subparagraph (5) and inserting in lieu
6 thereof a semicolon and the word “and”; and by adding the
7 following new subparagraph:

8 “(6) in the case of loans under part I (except under sec-
9 tion 205), shall establish terms which shall include (A) in-
10 terest at a rate not lower than three-fourths of 1 per centum
11 per annum during the five-year period following the date on
12 which the funds are initially made available under the loan,
13 and not lower than 2 per centum per annum thereafter, and
14 (B) repayment on an amortized basis, beginning not later than
15 five years after the date any funds are initially made available
16 under the loan, and ending not later than thirty years follow-
17 ing the end of such five-year period.”

18 (2) Add the following new subsections:

19 “(k) Any cost-type contract or agreement (including
20 grants) entered into with a university, college, or other edu-
21 cational institution for the purpose of carrying out programs
22 authorized by part I may provide for the payment of the
23 reimbursable indirect costs of said university, college, or other
24 educational institution on the basis of predetermined fixed-

1 percentage rates applied to the total, or an element thereof,
2 of the reimbursable direct costs incurred.

3 “(l) No loan or grant in excess of \$100,000,000, and
4 no agreement obligating or committing the United States to
5 make a loan or grant in excess of \$100,000,000, for the
6 financing of any particular project shall be made or entered
7 into under part I unless such loan, grant, or commitment shall
8 have been specifically submitted to the Congress and specifi-
9 cally approved by Congress.”

10 (e) Amend section 637(a), which relates to admin-
11 istrative expenses, by striking out “1963” and “\$53,000,-
12 000” and substituting “1964” and “\$52,000,000”, respec-
13 tively.

14 CHAPTER 3—MISCELLANEOUS PROVISIONS

15 SEC. 303. Section 644(f) of the Foreign Assistance
16 Act of 1961, as amended, which relates to definition of de-
17 fense services, is amended by inserting “including orienta-
18 tion” after “training” the first time it appears.

19 SEC. 304. Section 645 of the Foreign Assistance Act
20 of 1961, as amended, which relates to unexpended balances,
21 is amended to read as follows:

22 “SEC. 645. UNEXPENDED BALANCES.—Unexpended
23 balances of funds made available pursuant to this Act, the
24 Mutual Security Act of 1954, as amended, or Public Law

1 86-735 are hereby authorized to be continued available for
2 the general purposes for which appropriated, and may at
3 any time be consolidated, and, in addition, may be consoli-
4 dated with appropriations made available for the same gen-
5 eral purposes under the authority of this Act."

6 *PART IV—AMENDMENTS TO OTHER LAWS*

7 *SEC. 401. The Act to provide for assistance in the devel-*
8 *opment of Latin America and in the reconstruction of Chile,*
9 *and for other purposes (Public Law 86-735, 22 U.S.C.*
10 *1942 et seq.), is amended as follows:*

11 (a) *Insert following the enacting clause "That this Act*
12 *may be cited as 'The Latin American Development Act'".*

13 (b) *In section 2 strike out "\$500,000,000" and substi-*
14 *tute "\$675,000,000".*

15 *SEC. 402. Section 231 of the Trade Expansion Act of*
16 *1962 (Public Law 87-794, approved October 11, 1962)*
17 *is amended as follows:*

18 (a) *Insert "(a)" before the words "The President*
19 *shall".*

20 (b) *Add the following new subsection:*

21 *"(b) The President may extend the benefits of trade*
22 *agreement concessions made by the United States to prod-*
23 *ucts, whether imported directly or indirectly, of a country*
24 *or area within the purview of subsection (a), when he deter-*

1 mines that such treatment would be important to the national
2 interest and would promote the independence of such country
3 or area from domination or control by international com-
4 munism, and reports this determination and the reasons
5 therefor to the Congress.”

6 SEC. 403. The Agricultural Trade Development and As-
7 sistance Act of 1954, as amended (7 U.S.C. 1691 (et seq.)),
8 is amended as follows:

9 (a) Section 104(e) is amended as follows:

10 (1) Strike out “25 per centum” and substitute “50
11 per centum”.

12 (2) Insert after the words “such firms” a comma
13 and the words “and cooperative enterprises,”.

14 (3) Strike out “United States agricultural prod-
15 ucts” and substitute “United States agricultural and
16 industrial products”.

17 (b) Section 106 is amended by adding at the end thereof
18 a new sentence as follows: “For the purposes of this title and
19 title IV, the term ‘surplus agricultural commodity’ shall
20 include any domestically produced fishery product if the
21 Secretary of the Interior has determined that such product
22 is at the time of exportation in excess of domestic require-
23 ments, adequate carryover, and anticipated exports for
24 dollars.”

1 (c) *The amendment made by subsection (b) of this*
2 *section shall not be effective for purposes of title I of the*
3 *Agricultural Trade Development and Assistance Act of*
4 *1954, as amended, until January 1, 1965.*

Passed the House of Representatives August 23, 1963.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

AUGUST 26, 1963

Read twice and referred to the Committee on
Foreign Relations

OCTOBER 22, 1963

Reported with an amendment

Senate

TUESDAY, OCTOBER 22, 1963

The Senate met, in executive session, at 12 o'clock meridian, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Eternal God, our Father, in the stillness of prayer, as the loud poundings of the Nation's builders cease, always we are conscious of a persistent knocking at our heart's door, and of a tender pleading Voice which steals into the emptiness of our self-content and our self-sufficiency, calling: "If any man will open the door, I will come in."

Solemnize us with the realization that only our hand on the inside can open the door that keeps Thee out of our lives, which, without Thee, are but vanity and vexation of spirit.

If Thou should come to us dressed drably as duty, may we earn at the last Thy "Well done." If Thou should come in the disappointment of hopes deferred, still keep our eyes upon the shining goals to which Thou art the way. If Thou comest in the white garments of truth, may we not fail to follow the road, though rough and steep.

As we fare forth in Thy fear, prosper us this day in all our toiling. So may we fulfill our daily tasks with honor bright, walking ever in the ways of Thy commandments.

In the Redeemer's name we ask it. Amen.

PROTOCOL TO AMEND CONVENTION ON INTERNATIONAL CIVIL AVIATION; CONVENTION ON EXTRADITION WITH SWEDEN; ADDITIONAL PROTOCOL TO THE TREATY OF EXTRADITION WITH BRAZIL; EXTRADITION CONVENTION WITH ISRAEL; CONSULAR CONVENTION WITH KOREA; CONSULAR CONVENTION WITH JAPAN

The VICE PRESIDENT. The six protocols and conventions shown on the Executive Calendar, which were taken up yesterday, are now before the Senate, for consideration en bloc, as in Committee of the Whole.

Without objection, the titles of the protocols and conventions will be printed in the RECORD, without being read.

The Senate, as in the Committee of the Whole, resumed the consideration of the protocol, Executive D (88th Cong., 1st sess.), to amend the Convention on International Civil Aviation; the convention, Executive E (87th Cong., 2d sess.) on extradition with Sweden; the additional protocol, Executive F (87th Cong., 2d sess.), to the Treaty of Extradition with Brazil; the extradition convention, Executive E (88th Cong., 1st sess.), with Israel; the consular convention, Ex-

ecutive B (88th Cong., 1st sess.), with Korea; and the consular convention, Executive I, (88th Cong., 1st sess.), with Japan.

The VICE PRESIDENT. Amendments to the text of the protocols and conventions are now in order.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, October 21, 1963, was dispensed with.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business, for the purpose of having a morning hour.

The VICE PRESIDENT. Without objection, it is so ordered.

TRANSACTION OF ROUTINE LEGISLATIVE BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there now be a morning hour, with statements in connection therewith limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 1523) to make certain changes in the functions of the Beach Erosion Board and the Board of Engineers for Rivers and Harbors, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 1959. An act to authorize the transportation of privately owned motor vehicles of Government employees assigned to duty in Alaska, and for other purposes;

H.R. 6001. An act to authorize the conveyance to the Waukegan Port District, Illinois, of certain real property of the United States;

H.R. 8667. An act authorizing additional appropriations for the prosecution of comprehensive plans for certain river basins;

H.R. 8677. An act to amend title 38, United

States Code, to set aside funds for research into spinal cord injuries and diseases; and

H.J. Res. 747. Joint resolution authorizing and requesting the President to proclaim November 19, 1963, as Gettysburg Address Centennial Day.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated:

H.R. 1959. An act to authorize the transportation of privately owned motor vehicles of Government employees assigned to duty in Alaska, and for other purposes; to the Committee on Government Operations.

H.R. 6001. An act to authorize the conveyance to the Waukegan Port District, Illinois, of certain real property of the United States; and

H.R. 8667. An act authorizing additional appropriations for the prosecution of comprehensive plans for certain river basins; to the Committee on Public Works.

H.R. 8677. An act to amend title 38, United States Code, to set aside funds for research into spinal cord injuries and diseases; to the Committee on Labor and Public Welfare.

H.J. Res. 747. Joint resolution authorizing and requesting the President to proclaim November 19, 1963, as Gettysburg Address Centennial Day; to the Committee on the Judiciary.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on the District of Columbia and the Committee on Finance were authorized to meet during the session of the Senate today.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). The Chair wishes to make the following announcement:

Under authority of Senate Resolution 163, agreed to by the Senate on July 11, 1963, the Vice President appoints the following Members of the Senate as the delegation to attend the meeting of the Commonwealth Parliamentary Association, to be held in Kuala Lumpur, Malaya, on November 4-11 next; namely, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. BARTLETT], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Hawaii [Mr. FONG].

Under further authority of the resolution, the Vice President designates the Senator from Arkansas [Mr. FULBRIGHT] as the chairman of the delegation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations, with an amendment:

H.R. 7885. An act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes (Rept. No. 588).

By Mr. JACKSON (for Mr. CHURCH), from the Committee on Interior and Insular Affairs, with amendments:

H.R. 2073. An act to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes (Rept. No. 589).

By Mr. PROUTY (for Mr. MORSE), from the Committee on Labor and Public Welfare, with amendments:

S. 569. A bill to amend the National Defense Education Act of 1958 in order to extend the provisions of title II relating to cancellation of loans under such title to teachers in private nonprofit elementary and secondary schools and in institutions of higher education (Rept. No. 590).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TALMADGE:

S. 2250. A bill for the relief of Elefterios Kostas Botsaris; to the Committee on the Judiciary.

By Mrs. NEUBERGER:

S. 2251. A bill to amend the Internal Revenue Code of 1954 to allow to individuals a credit against Federal income tax for State income taxes paid by them; to the Committee on Finance.

(See the remarks of Mrs. NEUBERGER when she introduced the above bill, which appear under a separate heading.)

By Mr. PEARSON:

S. 2252. A bill for the relief of Phoebus Tongas; to the Committee on the Judiciary.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENTS NOS. 231, 232, AND 233)

Mr. GRUENING. Mr. President, I am today resubmitting three amendments to the foreign assistance bill, H.R. 7885. These amendments had been previously introduced as amendments to the Senate bill, S. 1276, but since the Senate committee has now reported the House-passed bill, H.R. 7885, I have redrafted these amendments to make them applicable to the House bill.

The first amendment, formerly numbered 174, I introduce on behalf of myself and Senators JAVITS and MORSE. This amendment is identical to a provision contained in the House-passed bill. It would deny assistance to any country which the President determines is engaged in or preparing for aggressive military efforts directed against the United States or any nation receiving assistance from the United States.

The second amendment, formerly numbered 132, I introduce on behalf of myself and Senators SIMPSON, ERVIN, MOSS, CANNON, DOMINICK, MORSE, YARBOROUGH, BIBLE, and SMATHERS. This amendment would require that loans under the program should bear interest at the same rate as the United States must pay to borrow money.

The third amendment, formerly numbered 175, would require the country aided to agree not to levy import taxes on

goods imported which have been purchased with AID funds.

Mr. President, I ask unanimous consent that these three amendments be printed, lie at the desk, and be printed in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table; and, without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

AMENDMENT No. 231

On page 51, between lines 13 and 14 insert the following new subsection:

"(f) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act."

AMENDMENT No. 232

On page 50, delete beginning at line 8 through line 17, and between lines 3 and 4 insert the following new section:

"(6) In the case of loans under part I shall establish terms under which interest shall be at a rate not less than the rate arrived at by adding one-quarter of 1 per centum per annum to the rate which the Secretary of the Treasury determines to be equal to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date the application for the loan is approved and by adjusting the result so obtained to the nearest one-eighth of 1 per centum."

Renumber the remaining sections appropriately.

AMENDMENT No. 233

On page 51, between lines 13 and 14, insert the following new subsection:

"(f) No loan or grant shall be made under any provision of this Act to any country, or to any recipient therein, unless such country shall have agreed to exempt from all customs duties or other import taxes levied by such country any articles procured in the United States or any of its territories with the proceeds of such loan or grant, including any amounts thereof loaned by the original recipient to borrowers within such country."

RELIEVING THE STATES TAX SQUEEZE

Mrs. NEUBERGER. Mr. President, last Tuesday, the voters of Oregon, by a stunning 3½-to-1 referendum vote, repudiated a \$24 million a year State income tax increase enacted by the State legislature. Governor Hatfield has now called the Oregon Legislature into a special session to be devoted solely to budget reduction. Unhappily, the budget-cutting ax is expected to fall most heavily

upon critical welfare services and school fund appropriations.

Already the State public welfare administrator has announced cuts in welfare affecting food standards, medical care, and nursing care for the aged and underprivileged, to take effect November 1.

Doubtless the decision of the Oregon voters represented diverse, even conflicting, motives, but it is clear that the dominant sentiment reflected in the vote was that State income taxes were already as high as the citizens of Oregon were willing to pay or were capable of bearing.

As national legislators, we may be tempted to say that Oregon's fiscal woes merit our sympathy, but nothing more. This attitude would be a grave error. The plight of Oregon reflects a national crisis which threatens the very integrity of our Federal-State system, for if the State governments are unable to sustain the financial burden of their responsibilities, the Federal Government will inevitably be forced to fill the vacuum in essential services.

Oregon's crisis is dramatic, but it is by no means unique. For years our most distinguished officials and our most respected economists have been warning of the pending exhaustion of State fiscal resources.

Moreover, the efforts of State legislators to retain a progressive tax structure have long been clouded by the fear that industry and risk capital would tend to flee to neighboring States which choose to rely heavily upon regressive sales and other excise taxes.

Is there, then, no method by which Congress can alleviate the plight of States such as Oregon, without raising the specter of Federal control? I believe there is one such method, and it is this: that Congress allow a credit against Federal individual income-tax liability for State individual income-tax payments.

This is by no means a novel proposal. The tax credit idea has won support from such diverse figures as Orville Freeman, Walter W. Heller, George Meany, Robert H. Nathan, Harvey Brazier, Stanley H. Ruttenberg, Morton Grodzins, and John W. Gardner. Neither do we lack precedent for this precise technique of Federal relief to the State taxing structure. When, in 1926, the Federal Government determined to yield to the States the greater part of death tax revenues, Congress enacted an 80 percent Federal death tax credit for State taxes paid. Again, in 1935, Congress adopted a tax credit for State unemployment insurance taxes against the Federal unemployment insurance tax.

The individual income tax credit is admirably suited to serve two primary goals: First, the tax credit would relieve the acute pressure on the State tax-collection machinery, with no attendant increase in Federal control of State operations; second, a tax credit for State income taxes would stimulate State reliance upon progressive income taxes, thus encouraging uniform and progressive—rather than regressive—State taxation, and reducing the threat of interstate migration of industry and wealth.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Oct. 25, 1963
For actions of Oct. 24, 1963
88th-1st; No. 171

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HIGHLIGHTS: Senate made foreign aid authorization bill unfinished business. Reps. Wyman, Horton and Waggonner opposed wheat or corn sales to Communist countries. Rep. Findley inserted postcards from Ill. farmers opposing a wheat sale to Russia. Reps. Edmondson and Westland opposed proposed Land and Water Conservation Act. House subcommittee voted to report Ozark National Rivers recreation bill. Rep. Vanik charged manipulation in wheat futures causing increase in flour prices. Sen. McIntyre introduced and discussed bill to liberalize loans by national banks on forest tracts. Sen. Humphrey introduced and discussed wheat bill. Sen. Humphrey submitted and discussed measure to establish annual National Farmers Week.

SENATE

1. FOREIGN AID. Began consideration of H. R. 7885, the foreign aid authorization bill. Sen. Humphrey stated it is intended to continue consideration of the bill until action on it is completed, probably next week (pp. 19199-201, ~~19201~~). As reported, this bill includes provisions as follows: Authorizes the appropriation of \$225 million for development grants and technical cooperation. Amends Public Law 480 so as to increase from 25 to 50 percent the limitation on foreign currencies available for loans to private businesses for business development and trade expansion abroad, permit use of such loans to establish facilities for aiding in the utilization, distribution, etc., of industrial as well as agricultural products, permit loans to cooperatives as well as business firms, and permit the inclusion of fish in the food-for-peace program upon a finding by the Secretary of the Interior that a domestically produced fishery product is in surplus supply. Authorizes the appropriation of \$2 million for the World Food Program of the U.N. and the Food and Agriculture Organization. Prohibits aid to any country which permits ships and aircraft under its registry to carry cargo to or from Cuba. Prohibits aid to any country under this act, or any other act (including Public Law 480), which expropriates American property without prompt and adequate compensation. Authorizes the President to extend

most-favored-nation treatment to Communist countries when he determines that such action would be important to the national interest and would promote the independence of the country in question (the Committee report states this provision is aimed at Yugoslavia and Poland). Prohibits aid to any Latin American country in which the government has come to power through the forcible overthrow of a prior government chosen in free and democratic election, unless the President determines that withholding assistance would be contrary to the national interest.

Sens. Gruening and Dirksen submitted amendments intended to be proposed to this bill. p. 19157

SENATE continued on page 4

HOUSE

2. WHEAT; COMMODITY EXCHANGE. Rep. Vanik charged that manipulators in wheat futures have caused increased prices in flour and stated that "General Mills, Pillsbury and others announced price increases at 40 cents per hundred pounds on flour that was purchased and committed before the Canadian sale to the Soviets." p. 19218
3. FOREIGN TRADE. Rep. Findley inserted postcards from Illinois farmers opposing a wheat sale to Russia and he estimated "the mail shows more than 3 to 1 opposition." pp. 19226-7
Rep. Horton opposed selling corn to Hungary because of its "suppression of the Hungarian people." pp. 19222-3
Rep. Wyman suggested the desirability of obtaining a court order "to stop the sale to Communist nations of wheat and other agricultural products" and contended that a sale would be contrary to "the express and stated intention of the Congress as to national policy." p. 19221
Rep. Waggonner opposed wheat and corn sales to Communist countries because of their past deeds during the Hungarian Revolution and Cuban missile confrontation. pp. 19256-7
4. CONSERVATION. Reps. Edmondson and Westland opposed passage of the proposed land and water conservation fund for recreation activities because "the bill's provisions do violence to some of our Nation's oldest traditions and concepts regarding public lands and public waters." pp. 19218-9
5. RECREATION. The National Parks Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee with amendments H. R. 1803, to provide for the establishment of the Ozark National Rivers, Mo., recreation area which would include certain national forest lands. p. 19839
6. VOCATIONAL EDUCATION. The Rules Committee reported without amendment H. Res. 554, to send to conference H. R. 4955, to strengthen and improve the quality of vocational education and to expand vocational education opportunities. (H. Rept. 865). p. 19261
7. FARM LABOR. Rep. Talcott criticized "ad hoc committees with religious sounding names who are circularizing Congress with statements and resolutions in opposition to an extension of the bracero program" as not "knowing or understanding the problem of the farmer or the bracero or the domestic." p. 19227
Rep. Gubser opposed the appointment by the House Education and Labor Committee of Dr. Galarza to conduct an investigation into the recent Calif. bus accident involving Mexican farm laborers as having a conflict of interest in the case. pp. 19252-4
8. TERRITORIES. Received from Interior proposed legislation "to aid in the ad-

COMMITTEE MEETING ON WEDNESDAY NEXT

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the subcommittee considering the so-called arts bill of the Committee on Labor and Public Welfare be permitted to hold hearings on the afternoon of Wednesday, October 30.

The PRESIDING OFFICER. Without objection, it is so ordered.

DIXIE PROJECT, UTAH

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 26) to authorize the Secretary of the Interior, to construct, operate, and maintain the Dixie project, Utah, and for other purposes.

Mr. HUMPHREY. Mr. President, I move that S. 26 be returned to the calendar.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to consider Calendar No. 566, H.R. 7885.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Foreign Assistance Act of 1963".

PART I

Chapter 1—Policy

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is amended as follows:

(a) In the chapter heading strike out the words "SHORT TITLE AND".

(b) Section 101, which relates to short title, is repealed.

(c) Amend section 102, which relates to statement of policy, by—

(1) striking out "should emphasize" in the last sentence of the seventh paragraph and substituting "shall emphasize";

(2) striking out "Finally, the" in the first sentence of the last paragraph and substituting "The";

(3) inserting "(including private enterprise within such countries)" immediately after "countries" in the first sentence of the last paragraph thereof, and

(4) adding the following after such last paragraph:

"It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle."

Chapter 2—Development assistance

Title I—Development Loan Fund

SEC. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

"(f) No assistance shall be furnished under this title unless the President determines that the project for which such assistance is requested is taken into account in the economic development of the requesting country, including an analysis of current human and material resources, together with a projection of the ultimate objectives of the project with respect to the overall economic development of such country, and specifically provides for appropriate participation by private enterprise."

Title II—Development Grants and Technical Cooperation

Sec. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add the following at the end of subsection (a): "No program of technical assistance shall be undertaken under this title unless prior to the commencement thereof the recipient country shall have agreed to accept responsibility for the continuation and financing of such program after the expiration of such reasonable time, which shall not exceed seven years, as shall be specified in the agreement, or unless such program is scheduled for completion within such time."

(b) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$225,000,000", respectively.

(c) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".

(2) In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".

(3) Add the following new subsections:

"(c) There is hereby authorized to be appropriated to the President, in addition to other funds available for such purposes, such amounts as may be necessary from time to time to carry out the purposes of this section, which amounts shall remain available until expended."

"(d) The President is authorized to use, in addition to other funds available for such purposes, foreign currencies accruing to the United States Government under any Act, for purposes of this section."

Title III—Investment Guaranties

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "fraud or misconduct" in the second proviso and substitute "fraud, misconduct, or negligence".

(4) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111(c) (2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".

(2) Strike out subsection (c).

Title V—Development Research

SEC. 105. Section 241 of the Foreign Assistance Act of 1961, as amended, which relates to development research, is amended by inserting "(a)" after the section heading and by adding at the end thereof the following new subsection:

"(b) Funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control."

Title VI—Alliance for Progress

SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (e) strike out "economical" and substitute "economically".

(2) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(3) Add the following new subsection (g):

"(g) In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress."

(b) Amend section 252, which relates to authorization as follows:

(1) Insert the following after the words "available until expended": "Provided, That any unappropriated portion, not to exceed \$50,000,000, of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year. The funds appropriated pursuant to this section".

(2) Strike out "and which" before "except for".

(3) Insert following "1963" the second time it appears the words "and not to exceed \$75,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964".

(c) Amend section 253, which relates to fiscal provisions, by inserting immediately after the first sentence thereof the following new sentence: "All receipts in foreign currencies from loans made under this title or for nonmilitary assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall, notwithstanding the provisions of section 612 of this Act or the provisions of any other Act, be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000 in any fiscal year) and for such periods as he shall determine to be necessary to provide for the programs authorized by said subsection (g)."

(d) After section 253, which relates to fiscal provisions, insert the following new section:

"SEC. 254. RESTRICTIONS ON ASSISTANCE.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest."

Chapter 3—International organizations and programs

SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively.

Chapter 4—Supporting assistance

SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$400,000,000", respectively.

Chapter 5—Contingency fund

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended

by striking out "1963" and "\$300,000,000" and substituting "1964" and "\$175,000,000", respectively.

PART II

Chapter 1—Policy

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, hereby redesignated "Policy" and section 501, which relates to short title, is hereby deleted.

Chapter 2—Military assistance

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,300,000,000, which", respectively.

(b) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) In section 511, which relates to restrictions on military aid to Latin America, strike out "\$57,500,000" and substitute "\$50,000,000, of which \$25,000,000 may be available during each fiscal year for assistance to an international military force under the control of the Organization of American States".

PART III

Chapter 1—General provisions

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601(b), which relates to encouragement of private enterprise, is amended as follows:

(1) At the end of paragraph (3), strike out "and".

(2) In paragraph (4), strike out "wherever appropriate" and insert in lieu thereof "to the maximum extent practicable", and strike out the period at the end thereof and substitute a semicolon.

(3) Add the following new paragraphs at the end thereof:

"(5) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and

"(6) utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering)."

(b) Section 611(b), which relates to completion of plans and cost estimates, is amended by striking out "circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962".

(c) Section 612, which relates to use of foreign currencies, is amended as follows:

(1) Insert "(a)" after the section heading.

(2) Add at the end thereof the following new subsection:

"(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury shall make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as

amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts."

(d) Section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended as follows:

(1) Subsection (a) is amended as follows:

(i) Insert "(1)" immediately after "(a)".

(ii) Add the following new paragraph (2) at the end thereof:

"(2) No funds authorized to be made available under this Act shall be used to furnish assistance (except under section 214) to any country which, by failing (beginning not later than sixty days after enactment of the Foreign Assistance Act of 1963) to take such steps as are appropriate:

"(a) permits the further carriage by any ship or aircraft under its registry, to or from Cuba, so long as it is governed by the Castro regime or any other Communist regime, of any military personnel, or any arms, ammunition, and implements of war, atomic energy materials, petroleum, or any articles, materials, or supplies, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war, contained on the list maintained by the Administrator pursuant to title I of the Mutual Defense Assistance Control Act of 1951, as amended; or

"(b) permits the further carriage by any ship under its registry, to or from Cuba, so long as it is governed by the Castro regime or any other Communist regime, of any other equipment, materials or commodities, unless the President determines that the furnishing of such assistance is important to the security of the United States and reports such determination to the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives: *Provided, however,* That this subparagraph (b) shall not apply with respect to the fulfillment of firm commitments of the United States made prior to the date of enactment of this paragraph, nor to military sales under section 508.

The restrictions contained in this paragraph (2) may not be waived pursuant to any other authority contained in this Act or any other provision of law."

(2) Subsection (e) is amended to read as follows:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise

seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection."

(3) Add the following new subsections at the end thereof:

"(i) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000.

"(j) No assistance under this Act shall be furnished for projects establishing or otherwise assisting government-owned manufacturing, utility, merchandising, or processing enterprises in any country or area, except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

Chapter 2—Administrative provisions

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (a)(2) strike out "two shall have the rank of Deputy Under Secretaries" and substitute "one shall have the rank of a Deputy Under Secretary".

(2) In subsection (a)(3) strike out "nine" and substitute "ten".

(3) In subsection (b) strike out "paragraphs (2) and" and substitute "paragraph".

(4) In subsection (d)(1) after the words "Deputy Inspector General, Foreign Assistance," where they first appear insert "who shall be appointed by the President by and

with the advice and consent of the Senate," and strike out "\$19,500" and substitute "\$20,000".

(b) Amend section 626(b), which relates to experts, consultants, and retired officers, as follows:

(1) Strike out the entire first sentence.

(2) In the second sentence strike out "Nor shall such service" and substitute "Service of an individual as an expert or consultant under subsection (a) of this section shall not".

(c) In section 631, which relates to missions and staffs abroad, add the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

(d) Amend section 635, which relates to general authorities, as follows:

(1) Amend section 635(g) by striking out the word "and" at the end of subparagraph (4); by striking out the period at the end of subparagraph (5) and inserting in lieu thereof a semicolon and the word "and"; and by adding the following new subparagraph:

"(6) in the case of loans under part I (except under section 205), shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 per centum per annum during the five-year period following the date on which the funds are initially made available under the loan, and not lower than 2 per centum per annum thereafter, and (B) repayment on an amortized basis, beginning not later than five years after the date any funds are initially made available under the loan, and ending not later than thirty years following the end of such five-year period."

(2) Add the following new subsections:

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred.

"(1) No loan or grant in excess of \$100,000,000, and no agreement obligating or committing the United States to make a loan or grant in excess of \$100,000,000, for the financing of any particular project shall be made or entered into under part I unless such loan, grant, or commitment shall have been specifically submitted to the Congress and specifically approved by Congress."

(e) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$52,000,000", respectively.

Chapter 3—Miscellaneous provisions

SEC. 303. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which re-

lates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 304. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) Insert following the enacting clause "That this Act may be cited as 'The Latin American Development Act'".

(b) In section 2 strike out "\$500,000,000" and substitute "\$675,000,000".

SEC. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87-794, approved October 11, 1962) is amended as follows:

(a) Insert "(a)" before the words "The President shall".

(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a), when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

SEC. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 (et seq.)), is amended as follows:

(a) Section 104(e) is amended as follows:

(1) Strike out "25 per centum" and substitute "50 per centum".

(2) Insert after the words "such firms" a comma and the words "and cooperative enterprises".

(3) Strike out "United States agricultural products" and substitute "United States agricultural and industrial products".

(b) Section 106 is amended by adding at the end thereof a new sentence as follows: "For the purposes of this title and title IV, the term 'surplus agricultural commodity' shall include any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

(c) The amendment made by subsection (b) of this section shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965.

WALTER FRANCIS DILLINGHAM

Mr. FONG. Mr. President, a towering, dominant figure in Hawaii's history has passed from the scene. On Tuesday, Walter Francis Dillingham—builder extraordinary, outstanding civic leader and philanthropist—died in Honolulu at the age of 88. His was a life of unsurpassed activity and vigor, and a lifetime of deep-

ly dedicated service to the greater growth and prosperity of his island community. His unbounded energies and talents overflowed to industrial enterprises in the far corners of the globe.

A native son of Hawaii, he lived a life that spanned the full spectrum of Hawaiian history. He was born and raised under a monarchy; he saw the transition of his beloved islands to a republic, to an incorporated Territory under the American flag, and finally to the full stature of a State of the Union. He left his imprint on each period.

He was born in Honolulu on April 5, 1875 during the reign of King Kalakaua. His mother, Emma Louise Smith Dillingham, was the daughter of New England missionaries who came to Honolulu in 1833. His father, Benjamin Franklin Dillingham, arrived in Hawaii at the age of 21 from Cape Cod in 1865.

Walter Dillingham attended Punahou School in Honolulu and Newton High School in Massachusetts. Later, he attended Harvard University with the class of 1902.

In 1904, Walter's father suffered a severe illness and it became necessary for the son to take over the management of his father's business which was in a critical financial stage.

Although not yet 30 years of age, Walter carried the business through the trying financial period and within a few years, assured its success.

He became closely associated with Pacific coast finances, a relationship that proved valuable in the later promotion of many Hawaiian projects.

Throughout the years, he carried on the traditions inherited from his distinguished father, who was known as Hawaii's Empire Builder.

He married Louise Olga Gaylord on May 2, 1910.

During World War I, Walter, a member of the Officers Reserve, was called into the service. Stationed in Washington, D.C., he was detailed to organize training for the Motor Transport Corps.

At the beginning of World War II, the commanding general of the Hawaiian Islands assigned him to organize the Port of Honolulu Army, Navy, and civilian transportation, and, later, to headquarters office of food production for the islands.

All members of his family were in war service during World War II. His son Henry Gaylord, a captain in the U.S. Air Force, was killed in action in July 1945.

Upon his father's death in 1918, Walter succeeded to the presidency of Oahu Railway & Land Co. and other allied Dillingham interests.

The Hawaiian Dredging Co., Ltd., of which he was president for many years, promoted and carried out all major harbor developments and land reclamation projects in the Hawaiian Islands, including the opening up and development of Pearl Harbor and its naval station. He transformed duckponds and swamplands into house lots, commercial property, and parks; arid areas into rich sugar lands.

Before the start of World War II, by contract with the U.S. Government,

Hawaiian Dredging Co. was one of three contracting firms which developed military bases throughout the Pacific.

He practiced the philosophy that in an organization, men should work with, rather than for, management.

He was also connected with the early development of the Los Angeles Steamship Co., which later merged with Matson Navigation Co. He organized the Dillingham Transportation Building, Ltd., which in 1930 constructed a splendid office building in Honolulu as a tangible monument to his father.

He was the guiding hand at the helm of a score of enterprises. These firms laid much of the economic foundation upon which Hawaii grew and prospered in the 20th century. They ranged from banking, newspaper publishing, sugar and coffee production, trusts, insurance, shipping, interisland tug and barge service, dredging, land development, property management, ranching, shopping centers, office buildings, and many more.

In the postwar years, his vision scanned the horizons beyond Hawaiian shores. His firm performed Government jobs in the forward Pacific areas, in Asia and beyond, to as far as the Persian Gulf and the Suez Canal. Today his family corporation is building an airport in Malaya, modernizing an Australian railroad, and dredging an Indonesian harbor. Recently it exchanged 27 acres of Honolulu waterfront for a choice acre of downtown San Francisco and 118 acres of producing sugarcane for an apartment building in Dallas.

Years ago, during a cholera epidemic, he was drafted as an agent of the board of health. He did similar service during a bubonic plague. He led the fight against these dreaded diseases of old with the vitality that characterized his concern, down through the years, for ever greater advancement of the Hawaiian Islands.

His prowess as an athlete in his younger years was widely known, notably in polo. He helped organize and captained many victorious polo teams and played in a number of tournaments on the mainland.

Busy and full as his industrial career was, community service also occupied a large part of his life. His civic and philanthropic interests involved him closely with local and national youth groups, veterans' affairs, educational foundations, chambers of commerce, professional societies, and numerous Government boards and committees.

His philanthropies were numerous, widespread, and generous. The large and imposing Dillingham Transportation Building in downtown Honolulu, which he built, was given to the Kauaikeolani Children's Hospital. His magnificent Diamond Head mansion called La Pietra, where distinguished visitors from all over the world were entertained, has been given to Punahou School, his alma mater, the oldest American school west of the Rockies. He had been a trustee of Punahou for over 60 years and chairman of its board since 1945.

Even in his sunset years, Walter Dillingham maintained an active pace. Al-

most till the very end he moved about in the community he loved so dearly. He was at his office the day before he died.

It was less than 2 weeks ago that I greeted him and shook his hand at a testimonial dinner for Hawaiian Republican legislators, whom I addressed. He carried his fourscore and 8 years on a stalwart frame. He stood tall and erect, a giant among men in stature, as well as in achievements.

All the people of Hawaii mourn his passing. To his charming and gracious wife Louise, equally loved and respected by the people of Hawaii; to his sons, Lowell Smith and Benjamin Franklin II, who are carrying on in the finest tradition of the family; to his daughter, Elizabeth Louise—Mrs. Myron A. Wick, Jr.; to his respected and distinguished brother, Harold, and sister, Mrs. John P. Erdman; and to other members of this illustrious family, we extend our deepest sympathy and heartfelt condolences.

We say to them, mourn not too deeply, for a man like Walter Dillingham can never die. Too much of him lives on eternally. His memory is now enshrined forever in the hearts and minds of the people of Hawaii.

He was a giant whose equal we shall not soon see again. Fortunately for Hawaii and for the Nation we had such a man.

With deepest respect and affection, we say aloha and farewell to a beloved Keiki Hanau, O Ka Aina—son of the land—Walter Francis Dillingham.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

JURISDICTION OVER CERTAIN SUBMERGED LANDS IN GUAM, THE VIRGIN ISLANDS, AND AMERICAN SAMOA

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 567, H.R. 2073.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 2073) to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, to strike out all after the enacting clause and insert:

economy—into manufacturing, transportation, business, and the professions and services. Our industrial development has been due in great measure to the fact that we were able to steadily increase food production, thereby substituting increased skills and technology for farmworkers.

In the last decade, production per man-hour in agriculture increased 77 percent. A century ago one worker on the farm supplied food and fiber for less than five persons. By 1940 the figure had risen to 10. Now, just 23 years later, each farmworker supplies food and fiber for 28 persons.

Unfortunately, Mr. President, those who feed us so well do not themselves eat very high on the hog. Farm income has improved the past 2 years, but it still averages only 60 percent of nonfarm income. But while farmers are fewer in number and do not share equitably in the national income, they make a significant contribution to the total economy.

There are fewer than 15 million people living on our farms—only about 3 percent of the country population. The population of the State of California exceeds our national farm population.

Yet farmers create millions of jobs for fellow Americans. Ten million people have jobs storing, transporting, processing, and merchandising the products of agriculture. Six million have jobs providing the supplies farmers use. Thousands in rural communities across the land make their livings providing services required by farmers.

The investment in agriculture exceeds \$200 billion. That figure is comparable to about three-fourths of the value of current assets for all corporations in the country. It represents three-fifths of the value of all corporation stock on the New York Stock Exchange.

The investment in agriculture represents \$21,300 for each farmworker, as compared with a manufacturing investment of \$16,000 for each worker. In 1961, when our farmers had a gross income of nearly \$40 billion, they spent \$27 billion to operate their businesses.

Farmers spend over \$2 billion a year for trucks, tractors, machines, and other equipment. Farming uses more petroleum than any other single industry—more than \$2 billion is spent by farmers each year for fuel, lubricants, and equipment maintenance.

You could provide Los Angeles, San Francisco, Seattle, Portland, San Diego, and Chicago with electricity for a year and the kilowatt consumption would be about the same as the total needed to keep our farms going.

When people begin telling me, Mr. President, all the things the country is doing for agriculture, I ask them what would happen if this Nation lost three-fourths of the assets of all corporations, or three-fifths of the market value of all corporation stocks on the New York Exchange, or more than 16 million non-farm jobs.

The answers to these questions are, in part, the answers to what farm families are doing for the country.

Mr. President, the resolution I have introduced today—a resolution providing

for an annual National Farmers Week in the spring—would in a small way express a nation's gratitude to the men, women, and children who live and work on the Nation's family farms. I am hopeful the resolution will receive early consideration by the Judiciary Committee and that this body will see fit to pass it at an early date. I ask unanimous consent to have the joint resolution printed at this point in the RECORD.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the RECORD.

The joint resolution (S.J. Res. 128) providing for the establishment of an annual National Farmers Week, introduced by Mr. HUMPHREY (for himself and Mr. BURDICK), was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the seven-day period beginning on the first Sunday of April in each year is hereby designated as National Farmers Week, and the President is requested to issue annually a proclamation calling on the people of the United States to observe such week with appropriate ceremonies and activities.

FOREIGN ASSISTANCE ACT AMENDMENT (AMENDMENT NO. 234)

Mr. GRUENING. Mr. President, I submit an amendment to H.R. 7885—the Foreign Assistance Act—and ask that it be printed and lie on the desk, and I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

This amendment will merely put contracts with and grants to educational institutions under the foreign aid program on the same footing as contracts with and grants to educational institutions in our domestic programs.

I have previously spoken about this amendment when I introduced it as an amendment to S. 1276. This amendment has since been perfected in consultation with the National Association of College and University Business Officers and the Commission on International Education of the American Council on Education. I shall speak on this amendment at greater length next week.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 234) is as follows:

On page 50, delete lines 19 through 24 and on page 51 delete lines 1 and 2 and insert in lieu thereof the following:

“(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institutions on the basis of predetermined fixed-percentage rates (determined in accordance with a formula established by the Bureau of the Budget for determining costs), applied to the total, or

an element thereof, of the reimbursable direct costs incurred, provided that none of the funds provided herein shall be used to pay any recipient of a grant for the conduct of a research project an amount for indirect expenses in connection with such project in excess of 20 per centum of the direct costs.”

AMENDMENT TO FOREIGN ASSISTANCE ACT TO TERMINATE MILITARY AID TO LATIN AMERICAN COUNTRIES (AMENDMENT NO. 235)

Mr. GRUENING. Mr. President, on behalf of myself, and Senators ERVIN, NELSON, PROXMIRE, CANNON, MCGOVERN, MORSE, and SMATHERS, I submit an amendment to H.R. 7885—the foreign assistance bill. This amendment would provide for the termination of all military aid to all Latin American countries.

Recent events in Latin America emphasize the need for such an amendment. I intend to speak at length on this matter next week. I submit this amendment at this time so that my colleagues may have an opportunity to study it.

I ask unanimous consent that this amendment be printed and lie at the desk and also that it be printed in the RECORD at the conclusion of my remarks.

The VICE PRESIDENT. The amendment will be received and printed; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 235) is as follows:

Insert between lines 8 and 9 on page 41 the following:

“(d) Section 505(a) of the Foreign Assistance Act of 1961 (Public Law 87-195) is hereby amended by changing the period at the end thereof to a comma and adding the following proviso: ‘Provided, That, except (1) to the extent necessary to fulfill prior commitments and (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.’”

FOREIGN ASSISTANCE ACT OF 1963—AMENDMENT (AMENDMENT NO. 236)

Mr. DIRKSEN submitted an amendment, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. MORTON:
Letter addressed to him, written by Henry Ward, Commissioner, Department of Highways, Commonwealth of Kentucky, relating to the National Interstate and Defense Highway System.

By Mr. ROBERTSON:

Letter addressed to him, written by Lee W. Finch, senior vice president, Michigan National Bank, Grand Rapids, Mich., relating to the balance of payments.

By Mr. McGEE:

Remarks of Frank Stanton, president of CBS, delivered on October 16, 1963, at the second United States-Japan Conference on Cultural and Educational Interchange, Washington, D.C.

By Mr. BEALL:

Editorial entitled "America Abroad," published in the Baltimore Sun of October 23, 1963, dealing with defensive obligations of the United States around the world.

By Mr. THURMOND:

Editorial entitled "A Weird Insult From Norway," published in Life magazine on October 25, 1963.

Article entitled "5 Percent Loan Rate Set on Soviet Wheat," published in the New York Times on October 18, 1963; article entitled "Ship Walvers Seen in Sale of Wheat to Reds," published in the Washington (D.C.) Post on October 20, 1963; and article entitled "Food for Thought," published in the Washington Report on October 21, 1963.

By Mr. HARTKE:

Editorial broadcast of WANE radio, Fort Wayne, Ind., delivered on October 22, 1963, relating to United Nations Day.

By Mr. CASE:

Editorial entitled "Time To Be Counted," published in the Newark (N.J.) Evening News on October 18, 1963; editorial entitled "A Time Out for Decision," published in the New York Post on October 18, 1963; and editorial entitled "Which Way on Civil Rights?" published in the New York Times on October 23, 1963.

By Mr. RANDOLPH:

Article, "The Story Behind the Randolph-Sheppard Act," in the June 1961 issue of Braille Free Press Quarterly, written by David Krause.

By Mr. YARBOROUGH:

Article entitled "Tola Parents Proud of Their Six College Student Children," published in the Houston (Tex.) Post.

Column entitled "The Country Editor," written by H. M. Baggary and published in the Tulla (Tex.) Herald on October 10, 1963.

ALASKA DAY

Mr. BARTLETT. Mr. President, last Friday was Alaska Day.

October 18 marked the 97th anniversary of the transfer of Russian America from the ownership of the czar of all the Russias to the United States of America. On October 18, 1867, in a ceremony at Sitka, Alaska, Gen. L. H. Rousseau took formal possession of Alaska on behalf of President Andrew Jackson of the United States.

It was my great good fortune to be present at Sitka last Friday. Hundreds of people gathered in the former capital of Alaska from all sections of the 49th State. My colleague and friend, Representative RALPH J. RIVERS, had also gone to Sitka from Washington for this historic event. And, as has been the case for many years, the military participated actively. Present were Lt. Gen. Raymond J. Reeves, Commander in Chief, Alaska Command, as well as Maj. Gen. Ned D. Moore, Commanding General, U.S. Army, Alaska, Rear Adm. Fred E. Bakutis, commander of the 17th Naval District, and Rear Adm. George D. Synon, Commander of the 17th Coast Guard District, together with many other officers and military units. The people of Sitka are

especially appreciative of all that the military has done to make this annual celebration a success, and speaking in their behalf now as well as my own, I want to thank General Reeves. On Castle Hill Friday afternoon there was reenactment of the lowering of the Russian flag and raising of the Stars and Stripes. Then Gov. William A. Egan of Alaska delivered the only address in a brief but very impressive ceremony.

The history of Alaska is a fascinating study. The history of Alaska if, in fact, nothing less than the history of our Nation's relations with Soviet Russia; for it is in Alaska that the eastern expansion of Russia came face to face, or as we say now, eyeball to eyeball, with the western expansion of the United States. The experience which we gained in negotiating the sale of Russia in 1867 is as valid today as it was then.

Some will say the relatively new peril of communism has changed the face of the world, the ways of diplomacy. But I wonder. The more I read of the past, the more I am impressed with how little today is new, how much is the same.

An example of this, perhaps, is the hot line which President Kennedy and Chairman Khrushchev have agreed will provide instant communication between the White House and the Kremlin. I wonder how many Senators know that this proposal is not new; that it was first advanced by President Abraham Lincoln. Some of the reasons may be different, but the essential fact remains. In 1864, in the midst of the Civil War, the President in his annual message to the Congress, proposed the construction of an overland telegraph route from the east coast of America through Alaska and Siberia to the then capital, St. Petersburg, where it would connect with direct lines to the European capitals.

The construction of the project proposed by the Western Union Telegraph Co. was actually begun in 1865. Work crews began stringing lines from the Seward Peninsula in the region of Nome in that year. As a matter of fact, it was these Western Union employees who made the first gold strike on the Seward Peninsula. They were the forerunners of many, many thousands of sourdough miners who came to Nome at the turn of the century.

Gold was discovered in 1865 and then it was forgotten. It was not rediscovered until 1898.

A Western Union party ascended the Yukon River as far as Selkirk, Yukon Territory of Canada. In 1867 another party went up the Yukon as far as Fort Yukon. Meanwhile, similar parties were at work in Siberia.

It is sad to relate that all this work came for naught, for in 1866 the first transatlantic cable was laid successfully and as a result the overland system was no longer needed.

The sale of Alaska to the United States was negotiated and formally signed by treaty March 30, 1867. The Russians, however, we now know, had been interested in selling the territory for close to a decade.

In 1859 the subject was broached to the Russian minister to the United States

by Senator Gwin, of California, acting on behalf of President Buchanan. No firm offer was made but mention was made that the United States might be willing to pay as high as \$5 million.

The Russian Ambassador, Baron Edouard Stoeckel, in a confidential memo to his home government, said that this seemed to be a large sum, more than the colony was worth—more, in fact, he added, than the colony ever would be worth and certainly as much as the United States would ever be willing to give.

The baron was proved wrong on every point.

The baron, in his memo, pointed out the benefits which the czar would gain from the sale. The fur trade was declining in importance. The Russian-American company, which operated the colony and sold the furs, was in financial difficulties which seemed to be getting worse. Alaska could be seized by any strong naval power in time of war. No doubt, the baron meant Great Britain, a nation with whom the Russian Government had recently been at war. It was important to Russia that Britain not be allowed to obtain a dominant position in the Pacific. The baron recognized the truth that the nation which controls Alaska controls the Pacific Ocean, and he did not want it to fall into the hands of a great power. The United States was not then a great power but was strong enough to defend Alaska.

The strategic importance of Alaska is a fact which must never be forgotten, for if it is forgotten, it is only relearned at great cost. This was clearly and most expensively demonstrated at the beginning of the Second War when it was necessary to arm a defenseless Alaska at great speed.

There is another interesting document in the Russian archives from this period dealing with Alaska. It is thought to have been written by Admiral Popov February 7, 1860. The admiral stated that Russia might as well sell Alaska to America because America was bound and determined to have it in time by sale or otherwise.

By 1866 the Russians had decided to sell Alaska. They gave the minister a map with the frontiers outlined and told him not to take less than \$5 million.

In March of 1867 Stoeckel called on Secretary of State Seward and the negotiations began.

Having been instructed not to take less than \$5 million, Baron Stoeckel told Seward he could not possibly consider anything less than \$7 million.

After weeks of hard fought negotiations, Secretary of State Seward finally obtained Baron Stoeckel's concession: Russia would sell Alaska for \$7 million.

Because of various technicalities in negotiations, it became necessary for the United States to add an additional \$200,000 to the selling price.

America bought Alaska the way most of us buy used cars.

The treaty was signed at 4 a.m. March 30, 1867. It was a strange time to sign a treaty but Seward was anxious to complete the deal, especially so because

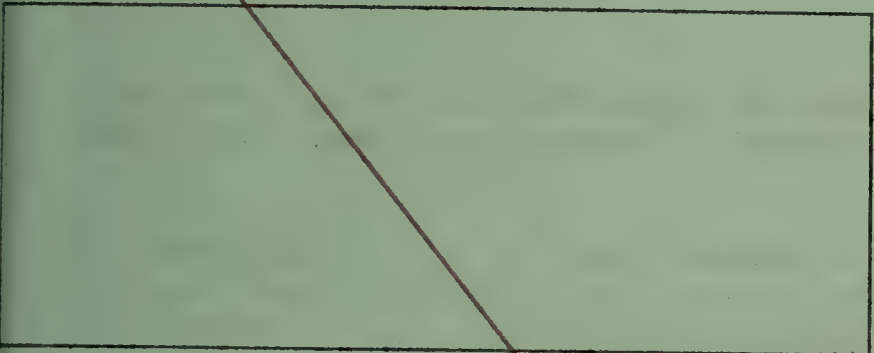
Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Oct. 29, 1963
For actions of Oct. 28, 1963
88th-1st; No. 172



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HIGHLIGHTS: Both Houses passed measure to continue appropriations to Nov. 30. Senate debated foreign aid authorization bill. Sen. Pell urged investigation of USDA market news service. House committee reported bill to implement International Coffee Agreement. Rep. Wyman stated attempt will not be made to obtain court injunction to prevent shipment of surplus agricultural products to Communist countries.

SENATE

1. APPROPRIATIONS. Both Houses passed without amendment H. J. Res. 782, to continue until passage of the 1964 appropriations or November 30, whichever occurs first, appropriations for Government agencies. The measure was passed by the House by a vote of 279 to 11. The measure will now be sent to the President. See Digest 95 for an explanation of the coverage of the measure. pp. 19332-3, 19341-8
2. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill. pp. 19315-32, 19333-9
Sens. Ellender and Javits submitted amendments intended to be proposed to this bill, H. R. 7885. pp. 19284-1
3. MARKET NEWS. Sen. Beall urged an investigation of the market news service of this Department and stated that the service "should be terminated immediately, and it should be made crystal clear that Congress will not permit other Federal

agencies to adopt similar activities." p. 19283

4. WHEAT. Sen. Pell supported the possible sale of wheat and other "soft" consumer goods to Russia and other Communist nations for "hard" currency and inserted an editorial in support of his position. p. 19307
5. RECREATION. Received from Interior a proposed bill to provide for the establishment of the Indiana Dunes National Lakeshore; to Interior and Insular Affairs Committee. pp. 19263-4
6. PERSONNEL; EXPENDITURES. Received from the Joint Committee on Reduction of Nonessential Federal Expenditures a report on Federal employment and pay for Sept. pp. 19264-7
7. STOCKPILING. Received from the Joint Committee on Reduction of Nonessential Federal expenditures a report on Federal stockpile inventories as of June 1963, including inventories of agricultural commodities. pp. 19267-76
8. TAXATION. Sen. Proxmire inserted a New York Times editorial critical of the tax bill and stating that the Administration "has made little effort to cut back in areas of conspicuous waste, like agriculture, or in the huge outlays for defense and space." pp. 19283-4
9. ECONOMIC FORECASTING. Sen. Proxmire inserted a New York Time's analysis by M. J. Rossant "pointing out the danger and difficulty of basing tax policy on economic forecasting." pp. 19284-5
10. INFORMATION. Sen. Simpson inserted the report of the freedom of information committee of Sigma Delta Chi, the Professional Journalistic Society, stating that "genuine freedom of information is at its lowest ebb today in the history of our Federal Government." pp. 19285-7
11. ELECTRIFICATION. Sen. Metcalf criticized an editorial in the Industrial News Review concluding that "there is no danger of a power shortage in Montana." pp. 19292-3
12. NATIONAL PARKS. Sen. Byrd, Va., expressed regret that Conrad L. Wirth expects to retire soon as Director of the National Park Service and commended his work in the field of recreation and natural resource conservation. pp. 19295-7

HOUSE

13. COFFEE. The Ways and Means Committee reported without amendment H. R. 8864, to carry out U.S. obligations under the International Coffee Agreement of 1962 (H. Repts. 870 and 870 pt. 2) pp. 19341, 19379
14. FOREIGN TRADE. Rep. Wyman criticized the administrations wheat-for-Russia policy but stated that a group of House members have concluded there is no legal basis for obtaining a court injunction against "export licenses for surplus agricultural products to Communist countries." p. 19375
Rep. Staebler inserted George Kennan's letter stating that "the insistence of the Congress that the Yugoslavs be denied even obsolete and surplus items for which they were willing to pay cash has been a major factor in causing them to turn again to Soviet sources of supply." p. 19365

METHODS AND EXPENSES OF CONDUCTING SCIENTIFIC WORK UNDER THE GOVERNMENT—1908

The Sundry Civil Act for 1908-09 required the Academy to report to the Congress a plan for consolidating all "scientific surveys" and all "chemical, testing, and experimental laboratories" of the Government so as to "prevent duplication of work and reduce expenditures without detriment to the public service." A report was made, finding that the actual duplication of work was of small magnitude, but that the duplication of organizations and facilities was considerable, and that a permanent board should be established to try to bring about a "rational correlation of allied branches of scientific work carried on by the Government." It is not clear what was done with this report by the Congress.

ADOPTION OF CENTIGRADE AND FAHRENHEIT SCALES—1916

The Academy appointed a committee on this subject in response to the requirement of a bill, H.R. 528.

CONGRESSIONAL MEDAL—1920

In response to a Senate joint resolution the Academy named a committee which reported adversely on a recommendation for the award of a congressional medal to an individual for his discoveries related to radio receiving.

METRIC SYSTEM—1922

At the request of a Senator, an Academy committee reported on a bill to fix the metric system of weights and measures as the single standard for certain uses. The Academy committee favored the bill.

MATHEMATICAL ASPECTS OF REAPPORTIONMENT—1929

An Academy committee appointed at the request of the Speaker of the House reported on the several mathematical methods of calculating the apportionment of Representatives among the States.

ADVICE ON CANCER RESEARCH—1937

A committee was appointed by the Academy at the request of a Senator to provide advice and suggestions with regard to a program of cancer research that would be authorized by a pending bill.

TAXATION OF FELLOWSHIPS—1954

At the request of the Assistant Secretary of the Treasury the Academy convened a representative meeting to discuss for officials of the Treasury and representatives of the Senate Finance Committee the question of proposed limitations of the tax-free status of fellowship awards for scholarly study. A statement was prepared on the basis of this meeting.

POLIOMYELITIS VACCINATION—1955

The chairman of the Subcommittee on Health and Science, House Committee on Interstate and Foreign Commerce, requested the Academy to name a panel of experts to discuss before the subcommittee the scientific aspects of a bill to defray the cost of poliomyelitis vaccination for certain groups. Afterwards the subcommittee chairman wrote to the President of the Academy, "a new standard of excellence has been established for the discussion of complex scientific problems before congressional committees."

CHEMICAL ADDITIVES IN FOOD—1957

A panel was appointed by the Academy at the request of the Subcommittee on Health and Science of the House Interstate and Foreign Commerce Committee to discuss with the subcommittee the problems associated with chemical additives in foods.

INTERNATIONAL GEOPHYSICAL YEAR—1958

At the request of the chairman of the House Committee on Interstate and Foreign Commerce the President of the Academy reported on the participation of the United

States in the International Geophysical Year and in the international programs generated by it.

INTERNATIONAL GEOPHYSICAL YEAR—1959

The Academy was represented with the National Science Foundation in a number of hearings on appropriations for U.S. participation in the International Geophysical Year.

COLOR ADDITIVES IN FOOD—1960

A panel was appointed by the Academy at the request of the House Committee on Interstate and Foreign Commerce to provide scientific information on the problem of safe tolerances for color additives known to be capable of inducing cancer in man or animal.

POLLUTION OF WATER, AIR, AND SOIL—1963

The chairman of the House Committee on Science and Astronautics requested the Academy to consider the feasibility of assuming responsibility for assembling and organizing information on the problem of pollution of water, air, and soil. Matter still under consideration.

These examples include only a few of the large number of inquiries answered by the Academy from individual Senators and Representatives, and of the large number of appearances by the President of the Academy and by especially designated members of the Academy before various House and Senate committees and subcommittees at their invitation to discuss pending legislation or other problems.

TEXT OF REMARKS BY THE PRESIDENT BEFORE THE NATIONAL ACADEMY OF SCIENCES, CONSTITUTION HALL, WASHINGTON, D.C., OCTOBER 22, 1963

I am happy to accept the invitation of the National Academy of Sciences to take part in this centennial celebration. It is impressive to reflect that 100 years ago, in the midst of a savage fraternal war, the U.S. Congress established a body devoted to the advancement of scientific research. Joseph Henry, to whom the development of American science owes so much, well said that the organization of this Academy marked "an epoch in the history of philosophical opinions in our country." It was, Henry added, "the first recognition by our Government of the importance of abstract science as an essential element of mental and material progress."

The recognition of the value of "abstract science" ran against the grain of our traditional preoccupation with application and technology. You will remember Tocqueville's famous chapter on "Why the Americans Are More Addicted to Practical Than to Theoretical Science." Tocqueville concluded that, the more democratic a society, "the more will discoveries immediately applicable to productive industry confer gain, fame, and even power on their authors."

But if I were to name a single thing which points up the difference this century has made in the American attitude toward science, it would certainly be the wholehearted understanding today of the importance of pure science. Science contributes to our culture in many ways, as a creative intellectual activity in its own right, as the light which has served to illuminate man's place in the universe, and as the source of understanding of man's own nature. We realize now that progress in technology depends on progress in theory—that the most abstract investigations can lead to the most concrete results—and that the vitality of a scientific community springs from its passion to answer science's most fundamental questions. I therefore greet this body with particular pleasure—for the range and depth of scientific achievement represented in this room constitute the seedbed of the Nation's future.

The last hundred years have seen a second great change—the change in the relationship

between science and public policy. To this new relationship, your own Academy has made a decisive contribution. For a century, the National Academy of Sciences has exemplified the partnership between scientists who accept the responsibility that accompanies freedom and a Government which encourages the increase of knowledge for the welfare of mankind. As a result in large part of the recommendations of this Academy, the Federal Government enlarged its scientific activities through such agencies as the Geological Survey, the Weather Bureau, the Bureau of Standards, and the Forest Service.

But it took the First World War to bring science into central contact with government policy, and it took the Second World War to make scientific counsel an indispensable function of government.

The relationship between science and public policy is bound to be complex. As the country has had reason to note in recent weeks, scientists do not always unite among themselves in their recommendations to the makers of policy. This is only partly because of scientific disagreements. It is even more because the big issues so often go beyond the possibilities of exact scientific determination. I know few significant questions of public policy which can be safely confided to computers. In the end, the hard decisions inescapably involve imponderables of intuition, prudence, and judgment.

In this last hundred years, science has thus emerged from a peripheral concern of government to an active partner. The instrumentalities devised in recent times have given this partnership continuity and force. The question on all our minds today is how science can best continue its service to the Nation in the years to come.

I would suggest that science is already moving to enlarge its influence in three general ways: in the interdisciplinary area; in the international area; and in the intercultural area. For science is the most powerful means we have for the unification of knowledge; and a main obligation of its future must be to deal with problems which cut across boundaries, whether boundaries between the sciences, boundaries between nations or boundaries between man's scientific and humane concerns.

As science, of necessity, becomes more interdisciplinary, so also, of necessity, it becomes more international. I am impressed to know that of the 670 members of this Academy, 163 were born in other lands. The great scientific challenges transcend national frontiers and national prejudices. In a sense this has always been true: the language of science is universal, and perhaps scientists have been the most international of all professions in their outlook. But the contemporary revolution in transport and communication has dramatically speeded the internationalization of science. And one consequence has been the increase in organized international cooperation.

Every time you scientists make a major invention, we politicians have to invent a new institution to cope with it—and almost invariably, these days, it must be an international institution. I am not just thinking of the fact that when you people figure out how to build a global satellite communication system, we have to figure out a global organization to manage it. I am thinking, as well, that scientific advance provided the rationale for the World Health Organization and the Food and Agriculture Organization—that splitting the atom leads not only to a nuclear arms race but to the establishment of the International Atomic Energy Agency—that the need for scientific exploration of Antarctica leads to an international treaty providing free access to the area without regard to territorial claims—that the scientific possibility of a World Weather Watch requires the attention of the World

Meteorological Organization—that the exploration of international oceans leads to the establishment of an Intergovernmental Oceanographic Commission. Recent scientific advances have not only made international cooperation desirable but have made international institutions necessary. The ocean, the atmosphere and outer space belong not to one nation or to one ideology but to all mankind.

As science carries out its tasks in the years ahead, it must enlist all its own disciplines, all nations prepared for the scientific quest and all men capable of sympathizing with the scientific impulse. Scientists alone can establish the objectives of their research. But society, in extending support to science, must take account of its own needs. As a layman, I can only suggest with diffidence what some of the major tasks might be on the scientific agenda. But you will forgive me if I venture to mention certain areas which, from the viewpoint of the maker of policy, might deserve your special concern.

First, I would suggest the question of the conservation and development of our natural resources. In a recent speech to the General Assembly of the United Nations, I proposed a worldwide program to protect land and water, forests and wildlife; to combat exhaustion and erosion; to stop the contamination of water and air by industrial as well as nuclear pollution; and to provide for the steady renewal and expansion of the natural bases of life. Malthus argued a century and a half ago that men, by using up all available resources would forever press on the limits of subsistence thereby condemning humanity to an indefinite future of poverty and misery. We can now begin to hope that Malthus was expressing, not a law of nature, but a limitation of scientific and social wisdom. The truth or falsity of his prediction will depend on our own actions, now and in the years to come.

The earth can be an abundant mother if we learn to use her with skill and wisdom—to tend her wounds, replenish her vitality, and utilize her potentialities. And the necessity is now urgent and worldwide; for few nations embarked on the adventure of development have the resources to sustain an ever-growing population and a rising standard of living. The United Nations has designated this the decade of development. We all stand committed to make this agreeable hope a reality. This seems to me the greatest challenge to science in our time: to use the world's resources to expand life and hope for the world's inhabitants.

While these are essentially applied problems, they require guidance and support from basic science. I solicit your help, and I particularly solicit your help in meeting a problem of universal concern: the supply of food to the multiplying mouths of our multiplying world. Abundance depends on the application of sound biological analysis to the problems of agriculture. If all the knowledge we already have were systematically applied, the world could greatly improve its performance in areas of low yield today. But this would not be enough, and the long-term answer to inadequate food production must lie in new research and new experimentation. And the successful use of new knowledge will require close cooperation with other nations. Already a beginning has been made: I think of the work in other countries of the Rockefeller and Ford Foundations, and the creation by the OAS of the Inter-American Institute of Agricultural Sciences in Costa Rica. I look forward eventually to the establishment of a series of international agricultural research institutes on a regional basis throughout the developing world.

Second, I would call your attention to a related problem—that is, the understanding and use of the resources of the seas. I re-

cently sent Congress a plan for a national oceanographic program, calling for the expenditure of more than \$2 billion over the next 10 years. This plan is the culmination of 3 years' effort by the Interagency Committee on Oceanography, and it results from recommendations made at my request by the National Academy.

Our goal is to investigate the world ocean, its boundaries, its properties, and its processes. To a surprising extent the sea has remained a mystery: ten thousand fleets still sweep over it in vain; we know less of the oceans at our feet than of the sky above our heads. It is time to change this—to use to the full our powerful new instruments of oceanic exploration—to drive back the frontiers of the unknown in the waters which encircle our globe. We need this knowledge for its own sake—and we need it to consider its bearings on our security and on the world's social and economic needs. It has been estimated, for example, that the yield of food from the seas could be increased 5 or 10 times through better knowledge of marine biology.

Here again the job can best be done by the nations of the world working together in international institutions. As all men breathe the same air, so a storm along Cape Cod may well begin off the shores of Japan. The world ocean is also indivisible; and events in one part of the great sea have astonishing effects in remote places. International scientific cooperation is indispensable if human knowledge of the ocean is to keep pace with human needs.

Third, there is the atmosphere itself—the atmosphere in which we live and breathe and which makes life on this planet possible. Scientists have studied the atmosphere for many decades; but its problems continue to defy us.

The reasons for our limited progress are obvious. Weather cannot be easily reproduced and observed in the laboratory. It must therefore be studied in all its unruliness wherever it has its way. Here, as in oceanography, new scientific tools have become available. With modern computers, rockets, and satellites, the time is ripe to harness a variety of disciplines for a concerted attack. And, even more than oceanography, the atmospheric sciences require worldwide observation and hence international cooperation.

Some of our most successful international efforts have involved study of the atmosphere. We all know that the World Meteorological Organization has been effective in this field. It is now developing a worldwide weather system to which nations the world over can make their contributions. Such cooperative undertakings can challenge the world's best efforts for decades to come.

Fourth, I would mention a problem which I know has greatly concerned many of you—that is, our responsibility to control the effects of our own scientific experimentation. For, as science investigates the natural environment, it also modifies it—and that modification may have incalculable consequences, for evil as well as for good. In the past, the problem of conservation has been mainly the problem of inadvertent human destruction of natural resources. But science today has the power for the first time in history to undertake experiments with premeditation which can irreversibly alter our biological and physical environment on a global scale.

The problem is difficult, because it is hard to know in advance whether the cumulative effects of a particular experiment will help or harm mankind. In the case of nuclear testing, the world is satisfied that radioactive contamination involves unnecessary risks—and we are all heartened that more than 100 nations have joined to outlaw testing in environments where the effects most directly threaten mankind. In other fields, we may

be less sure. We must, for example, balance the gains of weather modification against the hazards of protracted drought or storm.

The Government has the clear responsibility to weigh the importance of large-scale experiments to the advance of knowledge or to national security against the possibility of adverse and destructive effects. The scientific community must assist the Government in arriving at rational judgments and in interpreting the issues to the public. To deal with this problem, we have worked our formal procedures within the Government to assure expert review before potentially risky experiments are undertaken. And we will make every effort to publish the data needed to permit open examination and discussion of proposed experiments by the scientific community before they are authorized.

If science is to press ahead in the four fields I have mentioned, if it is to continue to grow in effectiveness and productivity, our society must provide scientific inquiry the necessary means of sustenance. Military and space needs, for example, offer little justification for much work in what Joseph Henry called abstract science. Though such fundamental inquiry is essential to the future technological vitality of industry and government alike, it is usually more difficult to comprehend than applied activity—and as a consequence often seems harder to justify.

If basic research is to be properly regarded, it must be better understood. I ask you to reflect on this problem and on the means by which in the years to come our society can assure continuing backing to fundamental research in the life sciences, the physical sciences, the social sciences, on natural resources, on agriculture, on protection against pollution and erosion. Together the scientific community, the government, industry and education must work out the way to nourish American science in all its power and vitality.

I would not close on a gloomy note. For ours is a century of scientific conquest and scientific triumph. If scientific discovery has not been an unalloyed blessing, if it has conferred on mankind the power not only to create but also to annihilate, it has at the same time provided humanity with a supreme challenge and a supreme testing. If the challenge and the testing are too much for humanity, then we are all doomed. But my own faith is plain and clear. I believe that the power of science and the responsibility of science have offered mankind a new opportunity not only for intellectual growth but for moral discipline—not only for the acquisition of knowledge but for the strengthening of nerve and of will.

We are bound to grope for a time as we grapple with problems without precedent in human history. But wisdom is the child of experience. In the years since man unlocked the power stored up within the atom, the world has made progress, halting but effective, toward bringing that power under human control. The challenge may be our salvation. As we begin to master the destructive potentialities of modern science, we move toward a new era in which science can fulfill its creative promise and help bring into existence the happiest society the world has ever known.

FOREIGN ASSISTANCE ACT OF 1963— AMENDMENTS (AMENDMENT NOS. 230, 231, 232, 233, 234, 235, AND 236)

Mr. ELLENDER submitted amendments, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. JAVITS submitted amendments (Nos. 228 and 229), intended to be proposed by him, to House bill 7885, *supra*, which were ordered to lie on the table and to be printed.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on October 25, 1963, he presented to the President of the United States the following enrolled bills:

S. 1064. An act to amend the act redefining the units and establishing the standards of electrical and photometric measurements to provide that the candela shall be the unit of luminous intensity; and

S. 1576. An act to provide assistance in combating mental retardation through grants for construction of research centers and grants for facilities for the mentally retarded and assistance in improving mental health through grants for construction of community mental health centers, and for other purposes.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. HAYDEN:

Address entitled "Perspectives on the Federal Budget," delivered by Kermit Gordon, Director of the Bureau of the Budget.

By Mr. BARTLETT:

Address on developing trade relationships between Alaska and Japan, delivered by Gov. William A. Egan, of Alaska, at Juneau, Alaska, on October 19, 1963.

By Mr. CASE:

Editorial entitled "The Bar's Responsibility Toward the Local Law Schools," published in the New Jersey Law Journal on August 29, 1963.

Column entitled "Heat is on in the Rights Bill Fight," written by Doris Fleeson and published in the Evening Star, Washington, D.C., on October 24, 1963.

By Mr. THURMOND:

Editorial entitled "A Confusion of Tongues," published in the State, Columbia, S.C., on October 25, 1963.

Editorial entitled "Trifling With Hideous Crime," published in the State, Columbia, S.C., on October 23, 1963; and editorial entitled "No Equal Justice," published in the News and Courier, Charleston, S.C., on October 23, 1963.

By Mr. HUMPHREY:

Article on high tariffs placed on American poultry, published in Life magazine of August 23, 1963.

By Mr. JAVITS:

Resolution by the Society for the Study of Social Problems dealing with the present civil rights crisis and civil rights legislation before Congress.

TOM CONNALLY

Mr. YARBOROUGH. Mr. President, we have just received the sad news of the passing away, this morning, of one of the alltime great Members of the Senate, Tom Connally.

The loss of Tom Connally is a loss to the whole peace-loving world. In his 36 years in Congress, his leadership helped to mold American domestic and foreign policy with a wisdom rarely seen.

As chairman of the Senate Foreign Relations Committee, he helped create

the United Nations, and was a leading influence in causing the United States to assume a leading role in the United Nations. He assumed the chairmanship of the Senate Foreign Relations Committee in July 1941, on the eve of the U.S. entry into the World War, and was a guiding power in the Government of the United States during the hard days of World War II and in connection with forging the instruments of victory. He was Vice Chairman of the American delegation to the United Nations Conference on International Organization, at San Francisco.

It was Tom Connally who sponsored ratification of the United Nations Charter in the Senate. He was a member of the American delegation to the first U.N. General Assembly meeting in 1946.

He was a great man. In 1952, after 24 years of distinguished service in the Senate, he decided, for health reasons, not to be a candidate for reelection. History and today's steady march toward a world at peace will prove him to be one of America's greatest Senators.

I was a young lawyer in Texas, more than 30 years ago when Tom Connally would come back to our State and would speak to his legions of friends at the crossroads, in the small towns, and in the cities. He would call thousands of them by their first names. He talked of the great goals and problems common to all mankind in a warm, simple way that made him loved and respected in a way exemplifying the finest in American statesmanship. Tom Connally looked like a Senator; he spoke like a Senator; he was a leader in the best traditions of our Government.

This is the way I will remember the beloved Tom Connally.

He was elected to the 65th Congress and to five succeeding Congresses, from March 4, 1917, to March 3, 1929; and in 1928 he was elected to the U.S. Senate, where he served from March 4, 1929, to January 3, 1953.

Mr. President, later in this session I hope to have more extensive remarks to make about this great Senator from Texas.

Mr. MANSFIELD. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I yield.

Mr. MANSFIELD. Mr. President, I would like to join the distinguished senior Senator from Texas [Mr. YARBOROUGH] in expressing deep sorrow at the passing of our late colleague, Senator Tom Connally, of Texas.

His contributions to his State and to the Nation, as well as to the deliberations of this body, have been many, and will be most enduring. He served with dignity as chairman of the Senate Committee on Foreign Relations. He was a strong asset to the party to which he belonged and to the Nation of which he was a citizen.

Although we have for some time anticipated this sad event, nevertheless we are deeply shocked at the news that Tom Connally has now gone to his reward.

On behalf of Mrs. Mansfield and myself, I extend to his family our deepest sympathy in this hour of sorrow.

Mr. MORSE. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I yield.

Mr. MORSE. It is with deep sadness, Mr. President, that I hear the announcement of the death of Tom Connally. He was a most valiant teacher of mine in the Senate. I worked with him for a good many years on many matters involving the foreign policy of this Republic.

Tom Connally was truly a great American. He has written on the pages of the history of the Senate a great record which will always be the greatest monument which possibly could be erected to his memory.

Tom Connally will live in American history. That is not true of most public servants. The record he made is a living one; it will live on for decades to come.

I join the Senator from Texas [Mr. YARBOROUGH] and the majority leader [Mr. MANSFIELD], in behalf of myself and Mrs. Morse, in extending to Tom Connally's family our deep sympathy.

Mr. YARBOROUGH. Mr. President, inasmuch as the Vice President of the United States, the former distinguished majority leader, and formerly my colleague from Texas, is now occupying the chair, and inasmuch as the rules of the Senate do not permit him to speak in the Senate, I wish to state that I know that in expressing our deep sympathy to the family of the late Senator Tom Connally, the Vice President would wish to join us in these remarks and in our expressions of appreciation for the outstanding services rendered by this very distinguished statesman.

Mr. FULBRIGHT. Mr. President, it was with sincere regret that I heard of the passing of former Senator Tom Connally, of Texas. His 36 years of service in the Congress particularly during the Second World War and Korean war periods, provided an example of statesmanship for all to follow. It was under his chairmanship that the Committee on Foreign Relations passed on the United Nations Charter, the North Atlantic Treaty, the Rio Treaty, the Japanese Peace Treaty and other measures which have helped shape today's world.

His influence went very deep in the work of this body. I had served 4 years on the committee when Senator Connally retired, but I remember him well as a charming, interesting, and colorful individual. He added a great deal to the interest of all Members of this body.

Perhaps the sentiments of his colleagues and the memory of him as a man are best summed up in the closing paragraph of the resolution commemorating his retirement in 1952:

Resolved, That the Committee on Foreign Relations expresses its warm affection for Senator Connally, and its deep appreciation for his devotion and outstanding service which he has rendered to the committee, to the Senate, to the United States, and to the entire free world by his great ability, initiative, and statesmanship.

DR. OLAUS J. MURIE

Mr. BARTLETT. Mr. President, Olaus J. Murie is gone; but as long as one person who knew this great American continues to live, affectionate memories of

a fine man will linger; and in his published works and in his contributions to the wilderness and to conservation and to the simple and good things of life, Olaus Murie has left an enduring monument.

Troubled by illness for many years, but resolutely following the outdoor life which he loved best whenever his health permitted him to do so, Olaus Murie died the other day in his beloved Wyoming. In commenting editorially on his passing, the Washington Post, said among other things:

Even in his advanced years, Dr. Murie walked through a forest with the graceful stride of a panther.

On first reading that sentence, I flatly rejected the contention that Olaus Murie was a man of advanced years. On reflection, I had to agree that as time is usually counted, he was certainly not a young man, being 74 or 75 at the time of his death. Yet to me and, I dare say, to everyone else who knew him, he was always young in heart and spirit.

Wyoming was home for Olaus Murie and his wife, Mardy. Alaska was surely their second home, and Mardy's first, almost. It was there she was raised, and it was there she and Olaus met. The story of their meeting and marriage in Alaska is recounted in Mardy's fascinating book "Two in the Far North," telling of their life in Alaska.

I knew Olaus Murie more than 40 years. To know him was to respect him and to admire him. His abiding interest in nature and his determination to save some of the wilderness unspoiled for the future were as marked characteristics of the man as was his gentle spirit. We shall miss him.

Mr. President, I ask unanimous consent to have printed in the RECORD, as part of my remarks, the editorial which was published in the Washington Post last Friday.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

To thousands of people who had hiked or camped with Olaus J. Murie or had talked with him on a mountain trail, he was Mr. Wilderness. Even in his advanced years, Dr. Murie walked through a forest with the graceful stride of a panther. His ears were attuned to every sound of the singing wilderness," as Sig Olson would say. He was a friend of every living thing and seemed to find his greatest enjoyment in introducing other human beings to the mysteries of the wilds.

Dr. Murie began his fascinating career as a sort of ambassador of the wilderness when he and his wife Margaret went to Alaska to study the caribou for the old U.S. Biological Survey. Later they studied the wolves of Alaska and many other wild animals in their natural habitats. He was an eminent authority on the elk and in 1949 led an expedition to New Zealand to study that species. His volume of "The Elk of North America" and various other books won him high distinction as a naturalist.

Yet it was to the unspoiled forests, streams and open spaces, rather than the world of books, that he belonged. At home with the natives of remote areas as well as with the wild life, he exemplified the

gentleness and natural wisdom that some sensitive people seem to derive from close association with the earth and its creatures.

As president and later as council chairman of the Wilderness Society, he was a tower of strength in many conservation endeavors. His interest in the preservation of natural beauty was pointedly demonstrated in 1954 when he came to Washington from his home in Moose, Wyo., to participate in the 175-mile C. & O. Canal hike led by Justice Douglas. At the age of 65, he hiked the entire distance even though he was ill at the time. His friends of that and many other expeditions will remember him as a highly civilized being who had acquired an aura of nobleness from the wilds that he loved so much.

SHIPBUILDING PRICES AND COSTS

Mr. BARTLETT. Mr. President, recently I had the privilege of reading the text of an address presented by the excellent and able president of the Shipbuilders Council of America, Edwin M. Hood, at the National Propeller Club Convention, at Baltimore. In the belief that my colleagues will likewise find Mr. Hood's statement of interest, I ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am delighted to have this opportunity to talk about U.S. shipyard selling prices and the cost factors that govern them. This subject, it seems to me, has been badly maligned in recent years. Why U.S. shipyard prices should be singled out as a prime target for distortion while most other U.S. industries are similarly at an economic disadvantage with respect to their foreign counterparts is never made quite clear.

At the outset, however, let me say most emphatically that shipyard prices in the United States have followed a general downward trend over the past 6 years while shipyard costs, in the same period, have steadily increased. This pattern is perhaps unique against the backdrop of the general inflationary pressures which have prevailed in our economy since 1953.

But, the dramatic trend of prices and costs in our industry has been completely obscured by the prominence given shipyard economics in foreign countries. Not only are price and cost comparisons cited, but the modernization of certain shipyard facilities in Europe is frequently used to create the illusion that U.S. yards, as one observer put it, are "steeped in antiquity."

In the limited time allotted to me, it is my purpose to expose these illusions for what they are and to place the U.S. shipyard price-cost balance in clear focus.

First, a few moments should be devoted to what has taken place with respect to foreign shipbuilding. It is little realized that your tax dollars—and mine—were used either directly or indirectly to reconstruct and rehabilitate foreign shipyards which were damaged or destroyed during World War II. Under mutual security and foreign aid programs, better than 1 billion U.S. dollars were spent in this endeavor. It is hardly necessary to add that the expenditure of an equivalent sum of money with U.S. shipyards would have greatly improved the economics of shipbuilding and ship repairing in this country.

But, modernized facilities can frequently be a mirage. Willy Schlieker's yard in Hamburg, Germany, which for a while was widely advertised as the most up-to-date and most automated shipyard in the world has been

bankrupt and its doors are now padlocked. William Denny & Co., the veritable Clydeside shipbuilder and manufacturer of a Hovercraft air cushion vessel which has been pictured as a forerunner of the merchant ships of the future, has reportedly within the month gone into voluntary liquidation. Earlier this year, the trade journals announced that the modern Swedish yard, Udvallavarvet AB, had gone into receivership and was taken over by the Swedish Government.

The experiences of these yards suggest that any modernization scheme—whether grandiose or modest—must be predicated on the expectation of a sufficient work volume to enable adequate use of the facilities and to justify the investment of hard cash. Those who downgrade the progress of U.S. shipyards and clamor for even more ambitious improvement programs, would make sense if they could offer some assurances that work volumes will increase to adequate levels in the future. To be sure, with prospects for more work, greater strides could be made.

Even so, U.S. shipyards have not been pennywise and pound-foolish. In the past 10 years, it is conservatively estimated that between \$250 and \$400 million have been spent for yard improvements. Supporting the higher estimate is the latest Census of Manufactures, published by the Department of Commerce, which shows that nearly \$40 million were spent for capital improvements in the shipyards in 1958 alone.

Most of the latter-day techniques such as optical lofting, automatic flame cutting, new welding processes, prefabrication, and so forth, are already being employed in our shipyards. Attention is also being given to the adoption of computerized operations, tape controls, and more. And, the U.S. shipyard industry leads the world in developing and building nuclear powered vessels. This accomplishment would not be possible without the capabilities and facilities to deal with the full spectrum of engineering and technical problems associated with the nuclear age.

But, in the great American tradition, if U.S. yards could see the potential for more work on the horizon, I am confident the necessary funds for greater improvements would be forthcoming. And, with it, shipyards would be in a position to pass on greater savings to the ship operator, the public treasury, and the taxpayer.

American ingenuity is numbered among our greatest national assets. That statement is not new to this distinguished audience. But, ingenuity and progress in our industry have come to be an absolutely necessary way of life. And, those who suggest that U.S. shipyards with built-in higher costs, as represented largely by our higher standard of living, can by some magical formula overcome the cost advantages of our foreign competitors are out of touch with the economic facts of life.

Shipyards produce mostly custom-built ships requiring an infinite number of skills and many months to complete. The opportunities for assembly line cost saving techniques are therefore limited. For one thing, a shipyard production run is small. And, series production in our industry usually involves an order for only two or five ships of similar design.

In spite of considerable investments in capital improvements and tremendous progress in utilizing new techniques, labor costs still remain a major item in determining the total cost of constructing a ship. To put this point in better focus, a comparison of average hourly shipyard labor costs, including all fringe benefits, prevailing in the principal shipbuilding nations of the world during the period 1959-62 is most enlightening.

example of diligence and bootstrap self-improvement.

Mr. President, I note that there has been some criticism of our assistance to Bolivia by persons who somehow find that anything that is associated with the present administration is suspicious. I would hope that in our eagerness to make political progress we will not condemn, out of political expediency, those who are not striving to become carbon copies of our political institutions but are making real progress toward and better—and a freer—life for themselves.

Mr. President, the Washington Post carried a thoughtful editorial on President Paz' visit to this country on October 25. I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BOLIVIA'S IMPORTANCE

"What you are attempting to do in your country," President Kennedy said in welcoming President Victor Paz Estenssoro, "is what I hope all of us in all of our countries in this hemisphere would try to do for our people." This was far more meaningful than the usual homilies exchanged at the time of state visits, and suggests why the presence in Washington of Bolivia's President is fitting and important.

Landlocked Bolivia is a poor country and it has known periods of wrenching instability. But long before the Alliance for Progress got underway, Bolivia committed itself to basic reform within a constitutional framework. Along with Mexico, Bolivia is an example of a revolutionary nation determined to remain the master of its own destiny.

Of course there are friendly disagreements with Bolivia and there are difficulties arising from Bolivia's dependence on tin sales. But few doubt that the government of President Paz is broadly responsive to popular demands for land reform, economic development, and improved educational opportunity. Beginning with the Eisenhower administration, the United States has granted extensive aid to Bolivia—a country with a socialist-oriented and nationalistic regime.

This history is the best answer to Cuban charges that the United States is by definition hostile to all revolutions. Surely Latin Americans will note that President Paz, in thanking the United States for its help, said that this country had "never demanded from us anything that might have tainted our national dignity and sovereignty."

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7385) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The VICE PRESIDENT. The amendment reported by the Committee on Foreign Relations is a complete substitute for the bill. Under Senate precedents, the committee substitute is treated as original text for the purpose of amendment. Amendments to the committee substitute are therefore amendments in

the first degree, and subject to amendment in one further degree.

The question is on agreeing to the committee substitute, which is open to amendment.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KUCHEL. One of the members of the minority has asked the minority leadership to object, at the moment, to the adoption of the committee amendment and the consideration of the bill as original text. Does the objection now have to be made by me in order to protect a Senator's right?

Mr. MORSE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Parliamentarian informs the Chair that all the precedents are uniform and that no objection would lie to the procedure announced by the Chair.

Mr. KUCHEL. If I heard the Presiding Officer correctly, I thought he said that the bill before the Senate would be considered as original text.

The VICE PRESIDENT. That is correct.

Mr. KUCHEL. It has been my understanding—

The VICE PRESIDENT. The committee substitute would be, under the Senate precedents, considered as an original bill for the purpose of amendment.

The Parliamentarian informs the Chair that no objection could lie to that procedure, because of the precedents of the Senate.

Mr. KUCHEL. Let me see if I understand the distinguished President of the Senate. The bill, as it came from the Foreign Relations Committee, has been extensively rewritten from the bill as it went to the Foreign Relations Committee of the Senate.

The VICE PRESIDENT. The substitute is in the form of one amendment, the Parliamentarian informs the Chair.

Mr. FULBRIGHT. In the nature of a substitute.

Mr. KUCHEL. Is there any right, under the rules, for a Senator to object to the announcement the Chair has just made?

The VICE PRESIDENT. The precedents of the Senate are uniform, and no objection lies.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HICKENLOOPER. Any amendment which any Member of the Senate offered to the bill as it was originally referred to the committee, with the committee reported to the Senate, would still be eligible as an amendment to the bill reported by the Senate Foreign Relations Committee, in the nature of a substitute. Is that correct?

The VICE PRESIDENT. Of course.

Mr. HICKENLOOPER. And any Member of the Senate would not be prejudiced in any way in connection with any amendment which he desired to offer to the original bill prior to any

possible adoption of the committee substitute. He would not be prejudiced at all, as I understand.

The VICE PRESIDENT. The Senator is correct. Under the precedents of the Senate, the substitute amendment reported by the Committee on Foreign Relations will be considered as an original bill for the purpose of amendment, and not as an amendment in the first degree. It is subject to amendment in two degrees.

An amendment proposed to the House text has precedence over the committee substitute or any amendment thereto. Such an amendment to the House bill may be proposed while an amendment is pending to the substitute and takes precedence as to a vote thereon.

When the House bill and the committee substitute have each been perfected, the vote will come on the committee substitute as amended, if any amendment be made. A majority vote against the committee substitute would restore the House text, in whatever form it might be when the vote was taken.

The House text would then be open to further amendment.

Mr. KUCHEL. The only reason why I ask the question is that one of my colleagues asked me to make the inquiry. My recollection is that when a Senator in charge of a bill presents to the Senate a committee substitute, he asks unanimous consent that the bill as amended be considered as original text. If I am correct in that recollection, I should like to know why the Chair's advice has been different in this situation.

The VICE PRESIDENT. This is not a parallel situation. The Senator from California has two different situations in mind. What the Senator has in mind is a case in which many amendments have been made by the committee. This involves only one amendment.

Mr. KUCHEL. I do not understand that this is only one amendment.

The VICE PRESIDENT. The Chair is stating the situation as he understands it.

Mr. KUCHEL. I appreciate that courtesy. All I am trying to do is to obtain information.

The VICE PRESIDENT. The Chair understands.

Mr. KUCHEL. I thank the Chair very much. My only suggestion is that if one of my colleagues does desire to offer an amendment, in any fashion, to the bill as it came from the House, I want to be sure he has the right to do so.

The VICE PRESIDENT. Under the precedents of the Senate, the substitute amendment reported by the committee will be considered as an original bill for the purpose of amendment.

Mr. KUCHEL. Suppose the amendment is a part of the House language. Would that still be subject to amendment?

The VICE PRESIDENT. Certainly.

Mr. KUCHEL. I thank the Chair for his gracious consideration.

Mr. MORSE. Mr. President, I believe the Chair has stated the situation correctly, and that the comments of the Senator from Iowa clarified the matter, but because of the procedural situation

and the fact that many Members of the Senate are not in the Chamber, the situation should be understood. Bills come from committees with committee amendments, and such committee amendments are usually agreed to en bloc, with the understanding that such action does not prevent any Member of the Senate from offering an amendment later.

The VICE PRESIDENT. The Chair is of the opinion that the Senator from California had in mind that situation. The Senator from Iowa correctly stated the situation, as did the Chair, in reading the statement furnished by the Parliamentarian.

Mr. MORSE. I think it will be helpful to have this statement, so that Senators who read the RECORD tomorrow, who are not now present, and who may ask questions, will know the situation. I think this is the proper procedure, as shown in the course of the debate, to make sure that there is nothing to prevent a Senator from offering an amendment to the amendment in the nature of a substitute that is now before the Senate, as reported to the Senate by the Foreign Relations Committee.

Is not the Senator from Oregon correct in that statement?

The VICE PRESIDENT. The Senator is correct. A complete substitute for the committee substitute may be offered, if a Senator desires to do so. Amendments to the committee substitute would be amendments in the first degree and would be subject to amendment in one further degree.

Mr. MORSE. With apologies to the Chair, because his statement is so clear it really needs no further clarification, but in order to leave no room for doubt in the mind of any Senator, it is correct to state that any Senator who wishes to offer an amendment changing in any part any section of the committee bill which has been brought to the floor of the Senate, and which now is the pending business, has the parliamentary right to do so during the course of the debate. Is that correct?

The VICE PRESIDENT. The Senator is eminently correct. Amendments to the committee substitute are amendments in the first degree and are subject to amendment in one further degree.

Mr. MORSE. Last Friday a group of Senators—not all—who are opposed to the bill thought the bill would come to the floor of the Senate in the ordinary form and not in the special form in which it has come to the Senate. They left instructions with some of us that if it did come to the floor in the usual form, objection should be raised to the adoption of the committee amendments en bloc. However, there is no doubt that we are following a perfectly proper procedure. All we have before us is the Foreign Relations Committee substitute for the House bill.

Mr. HICKENLOOPER. Mr. President, at the risk of repetition, in fact and in effect, with the action which is being taken, an original bill is before the Senate, because, to all intents and purposes, the committee amendment becomes original text. Is that correct?

The VICE PRESIDENT. The Senator is correct—for purposes of amendment, because the amendment reported by the committee is a complete substitute for the bill.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Without objection, it is so ordered.

PRINTING OF ADDITIONAL COPIES OF HEARINGS ON NUCLEAR TEST BAN TREATY

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the concurrent resolution (S. Con. Res. 58) to print additional copies of the hearings on the nuclear test ban treaty for the Committee on Foreign Relations, which was, in line 5, after "Relations" insert ", and one thousand additional copies be printed for the use of the Committee on Foreign Affairs, House of Representatives".

Mr. FULBRIGHT. The House added an amendment merely requesting an additional 1,000 copies of the hearings for its own use.

I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, it is my task today to commence the debate on the foreign assistance bill of 1963. I can start by assuring my colleagues that I intend to be very brief. Frankly, after some 15 years virtually everything has been said about the basic objectives and characteristics of foreign aid. And I am just as tired of rehearsing the fundamental points as my associates are of hearing them.

Moreover, there is no real reason for me to present a lengthy and detailed explanation of the bill which is before us. The committee report, a copy of which is on the desk of every Senator, does precisely that. It gives a complete résumé of the contents of the bill. It explains the actions taken by the committee. It points to the further concerns of committee members, and it demonstrates just how the existing foreign aid legislation has been amended. It has the further virtue that it may be read by Senators in less time than they might have to devote to listening to me were I to set forth an elaborate dissertation,

one replete with oratorical flourishes and exhortations.

On this occasion I believe it more useful to survey quite briefly where we have been, where we are now, and where—in my opinion—we should be going in the immediate future.

All of us in this Chamber are intensely aware of the many and varied criticisms directed at foreign aid. To hear some tell it, one would think that we had been spending our time over the last decade throwing away billions of dollars in a fruitless effort to repel the onrushing Communist hordes and to spray water on a world in flames. But let us look back over the record of the past 5 to 10 years and see whether this hyperbolic criticism even remotely resembles the truth.

The fact is, Mr. President, that the Communist bloc has been fought to better than a standstill during the cold war period of the last decade. The plight of Cuba is an obvious exception to any statement of that character, but I think it is equally obvious—or should be—that the very unfortunate situation on that island is largely attributable to factors which existed long before this country embarked on its foreign aid programs. The errors of the United States which compounded the underlying difficulties cannot be explained in terms of foreign aid. Indeed, they were not even all governmental in origin.

Since 1955, well over 50 countries—about half of them African—have gained independence and joined the United Nations. The remarkable fact is that not one of these new nations has succumbed to the Communist bloc, and it is not because the Communists did not make serious efforts to subvert these countries. It is also true that most of these areas have not turned toward close affiliation with the West. But, then, there was no logical reason to believe that they would. In any case, because of the very nature of the contest between the Communist bloc and the countries of the West, it is a clear gain for the latter whenever a new nation maintains its independence within the free world community.

Further, it must be noted that we are not merely holding our own at the points—such as Berlin—where the Communist bloc is exerting maximum pressure; we are seeing great ideological and political disarray within the bloc, as well as evidence that the Communists in many instances are being placed on the defensive. Where we are experiencing difficulties—and I have no intention of minimizing them—they are frequently attributable to factors which have little to do with the Communist challenge. Moreover, they do not lend themselves to short-term solutions.

I am not saying that all is right with the world. On the contrary, we are facing global problems which are extraordinarily complicated and difficult to resolve. Neither am I saying that foreign aid has been the single, or even the most important, determining factor which has brought us to the present stage in world affairs. What I am saying is that the outlook for our Nation

and for the free world is at least as bright as any of us a decade ago had a right to expect it might be. In addition, it is quite apparent that we might have been in a radically different situation if Presidents Eisenhower and Kennedy had not been given the foreign policy tools to work with through congressional action on the program now before us.

In short, I do not think that those who have been most vocal in their opposition to foreign aid over the years will find their position vindicated by the current posture of the United States in the world.

In that connection, I should like to digress to say a word about a remarkable speech made yesterday in Frankfurt by the new Chancellor of Germany, Dr. Erhard. I had the privilege of hearing him. I was both surprised and gratified by the character and generosity of his comments about the alliance with this country and, more particularly, about the movement toward the unification and close cooperation of the countries of Western Europe with the United States. Dr. Erhard paid a strong tribute to the efforts, the expenditures, and the contributions made by this country to the revival of Western Europe. He also recognized the responsibilities of his country and the other countries which are members of the Common Market and of the NATO alliance. He acknowledged their responsibilities in connection with assistance to the underdeveloped countries, and particularly in sharing more equitably the burdens of their own defense.

I believe the speech of Dr. Erhard yesterday was extremely encouraging. It had direct relationship to the effectiveness of the Marshall plan which, of course, was the primary program in that area, or the initial program in the overall effort.

When we read, daily, of the criticisms and shortcomings of the foreign aid program, we should balance them by recognizing the great accomplishments that have already been made, especially in Western Europe, and also be glad that a man like Dr. Erhard, the new leader of one of the strongest nations in that area, has seen fit to make the statements to which I have referred. I hope every Senator will take the time to read Dr. Erhard's speech.

One thing is very clear, Mr. President, the world today is fundamentally different from the world we faced 15 years ago. There have been basic changes within the Communist bloc. Western Europe is a vital and prosperous area well able to play a much more important role in shaping the future of the non-Communist world. The underdeveloped areas of Asia, Africa and Latin America have moved great distances from their former obscurity and are wrestling with well-advertised and intractable problems. Everywhere we look—at every continent outside our own—we see the world in process of rapid transition. It seems obvious that the foreign policy tools needed a decade and a half ago are no longer the instruments which are best applied to the present world scene.

It is true that the foreign aid program has undergone considerable changes during its 15-year existence. But it is also clear that the pace of change has tended to lag behind events. I strongly believe the administration should give the most serious consideration to a profound reappraisal of the world situation now taking shape, and of the nature of the foreign policy tools which will be required to deal with the situation as it is developing.

While I tend to share the view of many Members of this body that at least portions of the foreign aid program are threatening to become obsolescent, I do not believe that we are yet in a position to take drastic action. There is far more danger in being precipitate than in tolerating temporarily a degree of obsolescence. I think we should be extremely mindful of the Clay Committee's admonition against abrupt cutbacks in the program. The very use of the term "phasing out" should inhibit any hasty dismantling of a structure which—despite its shortcomings—has amply served the national interest.

At the same time, I would urge the administration not to delay embarking upon a full-scale reexamination of foreign aid requirements before the next session of Congress, which is approaching at alarming speed.

I have some suggestions of my own to contribute to this process. But, before giving them, I must emphasize that these are strictly my personal views. I am speaking only for myself, not for other committee members. The report on the bill speaks for the committee.

First, I believe the time is approaching when we should separate the military component of the foreign aid program from the economic and other elements. Some while back, we succeeded in establishing the procedure whereby the foreign military assistance program was reviewed in competition with our overall defense expenditures. There has long been merit in the more fundamental idea that military aid should be removed entirely from the foreign assistance legislation. I think the Foreign Relations Committee in the past has been reluctant to approve such a move, primarily because of fears that the military program would expand if considered in the context of the enormous Defense Department budget. However, I am now coming to the tentative position that the foreign aid program can no longer afford to carry this billion-dollar-plus burden.

My second point has to do with the general subject of development loans to the newly independent countries of the world. While I cannot pretend to any gift of prophecy, I suspect that within a relatively short period we shall be finding that a substantial number of underdeveloped countries will be unable to service or utilize efficiently many more large capital loans, even on highly flexible terms. Without in the slightest giving up on our long-term objective of assisting the underdeveloped nations toward economic growth and stability, it seems to me that a new tack will have to be taken by this country. I believe we should reduce substantially our bilateral development loan program, and look in-

creasingly toward the international financial institutions for the provision of capital loans. Such a change should prove an inducement to other countries to increase their contributions to the international institutions, so that more funds would be available without an increase in the total cost to the United States.

In this connection, as loans become more difficult to service, and the likelihood of repayment diminishes, there will probably be an even greater necessity for close scrutiny of the underdeveloped economies. A good deal of pressure will have to be asserted in the direction of lending preconditions involving economic and social reforms and other highly unpopular steps. Our interests might best be served by letting the impersonal and efficient international institutions absorb the resentment which inevitably accompanies the imposition of discipline, while we maintain our relationships and pursue our objectives with the underdeveloped countries through other means. With this in mind, I believe we would do well to start paying much more attention to the International Development Association and the Inter-American Development Bank, as well as to the World Bank and the Monetary Fund.

These international institutions have now had sufficient experience so that I believe we can judge their efficiency with much greater assurance than we could have done 5 or 8 years ago. They have performed an extraordinarily fine service. Our need to wait for the results to become clearly evident was one of the reasons why this suggestion could not have been made with any assurance a few years ago. However, in view of their excellent record, I think the time has now come when it is appropriate to give consideration to this approach.

My third point grows out of the preceding one. It concerns the means through which we maintain our relationships and our presence within the underdeveloped world. Here, I think we should give priority attention to the development of the human resources which are increasingly being seen as the necessary precursors to meaningful economic development. It thus seems to me that we should maintain technical assistance programs comparable in nature to those now going on, but at reduced levels. At the same time, we should preserve and give even more weight to the various methods of providing educational assistance. Along with these two programs, I believe we can also rely upon the Peace Corps and our Public Law 480 programs to give evidence of our interest, to establish our presence, and to preserve a degree of influence over developments in the newly independent areas.

Finally, I believe we should provide the President with a sizable contingency fund, large enough to give him the ability to act with maximum effect in a critical situation, for it is obvious that any new approach which contemplates the elimination of supporting assistance and, in time, of soft development loans will place heavy pressures on the administration charged with executing such an approach. It is quite apparent that these pressures would probably be severe dur-

ing the first transitional phase of any profound overhauling of the foreign aid program.

Mr. President, I have not offered these personal and very general recommendations for the future in any dogmatic spirit or with the belief that they will lead to a solution of all our problems with foreign aid. I am also well aware of the difficulties that would be experienced in efforts to give effect to such recommendations. However, I firmly believe that some such guidelines as these are prerequisites to a meaningful and fruitful change in our foreign assistance program, and I believe such a change must take place in the very near future.

Meanwhile, we must confront the foreign aid program as it stands. I think that our total congressional experience with the program leaves no room for doubt that we cannot tear up the blueprints before us and create a new structure on the floor of the Senate. Furthermore, I believe we might seriously jeopardize the national security if we were to slash deeply at the bill without reference to the existing framework, obligations, and objectives. There is also the compelling fact that substantial changes in the aid program have been made in recent times; and further changes have been carried out, consequent to the recommendations of the Clay Committee, which we have followed closely. I am personally persuaded that the reduced foreign aid program in roughly its present dimensions is currently a necessary element in our national security. As such, I believe it requires our support and final passage.

Mr. President, I am not normally given to employing military language in describing our foreign policy. However, in this case I believe we are now on the eve of marshaling our forces for a fresh attack on the problems confronting us in a very fluid period of world affairs. I do not believe that any commander worth his salt would pull the bulk of his forces out of the front lines in making his dispositions for a new assault. I believe that any large-scale departure from our present foreign aid arrangements at this time would pose unacceptable risks to our entire foreign policy position.

Mr. President, I yield the floor.

Mr. MORSE. Mr. President, we are starting one of the most historic debates that has occurred in my time in the Senate. The foreign aid bill which has been reported to the Senate by a voice vote from the Foreign Relations Committee of the Senate is not only a hodgepodge of meaningless compromises; it is also a body blow to the most vital defense weapon the American people possess; namely, their own economy.

It violates the oft-repeated professions of the Government of the United States that we support freedom around the world, and oppose tyranny and denial of self-government.

Enactment of the bill recommended by the Foreign Relations Committee would perpetuate the shocking waste and gross inefficiency which for years have characterized the administration of American

foreign aid, both military and economic. The American taxpayers are being "rooked" by our worldwide-flung giveaway foreign aid program. They should rise up and hold to a political accounting any Members of Congress who votes for this bill.

This bill raises such serious monetary and foreign policy questions affecting the welfare of the American people that it must be debated in great detail, section by section and paragraph by paragraph. The welfare of our country calls for its rewriting here on the floor of the Senate.

The apologists for the bill in committee have given to the American people, in their committee report, a great deal of language about the need for future changes in our foreign aid program. But it has not produced those changes; as usual it has expressed pious hopes that the administrators of the program will make the necessary changes in foreign aid sometime in the future. This is the same old snow job that the committee for some years past has got away with. It must not be allowed to do it this year.

UNFULFILLED RECOMMENDATIONS FOR CHANGES

Most of the committee report on this bill is a description of its provisions. But in three pages of "Committee Comments" there are briefly put down the many criticisms of foreign aid that were so strongly expressed in executive sessions of the committee.

When Members of the Senate are elevated to the high post of membership on the Foreign Relations Committee, they should be expected to have some measure of the courage of their convictions. Their convictions are outlined on pages 4, 5, and 6 of the committee report; but the committee has failed miserably to do its duty of writing those convictions into amendments recommended to the Senate.

What we have instead is a series of committee amendments that would produce another year of bloated, wasteful, uneconomic, and in many ways dangerous, American foreign aid. Almost every member of the committee has expressed the view that some part of the aid policy should be drastically changed. If the committee was unable to agree on what those changes should be, it should at least have reduced the amounts available for expenditure.

But it did not even do that. Instead, it reported the bill to the Senate with amendments that would make it one of the largest foreign aid programs since 1954.

At the very opening of its "Committee Comments" the Foreign Relations Committee seeks to disown responsibility for the foreign aid bill, even though it is also recommending that \$4.2 billion be spent on it. The committee report states:

To a limited extent, the effectiveness of the foreign aid program depends upon the provisions of the legislation enacted by the Congress.

I pause to point out that Congress is rarely so self-effacing, and it surely would not be in this case were it not for the general and well-known uprising against foreign aid that is going on all over the country.

But the committee continues:

Beyond the necessarily broad specifications of the law the success of the program depends upon the skill and sophistication, the judgment and farsightedness of those in the executive branch who administer the program. In this respect the enactment of the annual foreign aid bill is an act of faith in the wisdom of its executors.

There is the greatest instance of legislative buckpassing and irresponsibility that I have witnessed in 19 years in the Senate. The Foreign Relations Committee in those words is washing its hands of responsibility for foreign aid, except of course, for its endorsement of \$4.2 billion to be spent on it.

The Constitution does not place Congress, nor the Senate, nor even the Foreign Relations Committee, on Capitol Hill to perform acts of faith in the executive branch. If that is all we are going to do here with this foreign aid bill, then we might better merely turn all the pursestrings over to our friends downtown, and go home. We are doing no good here at all if we only perform acts of faith by giving administrators what they want to spend how they please, when at the same time we profess to oppose much of what is being done with the money.

As a member of the Foreign Relations Committee, I am ashamed of those words in the committee report. I do not intend to slough off my responsibilities that way. The success or failure of foreign aid and the foreign policies it is designed to achieve depends far more upon the skill, sophistication, judgment, and farsightedness of the Congress than it does upon all these qualities in its administrators. That foreign aid has been much of a failure as it has is really the fault of Congress. It is our fault because we have not done nearly enough nor gone nearly far enough to set forth the specific policies to govern its administration. It is we in Congress who provide the money; therefore, it is we in Congress who must set forth the way Federal funds are to be spent.

We cannot avoid being held to account for the success or failure of foreign aid, even if we do adopt the practice of the Foreign Relations Committee and decline to take a hand in correcting the abuses and mistakes we know to exist.

The committee report declares its disappointments in certain aspects of the program. It states:

There have been instances of failure and inefficiency in the field, administrative and organization shortcomings, imbalances in the kinds and amounts of aid extended to certain countries, overgenerosity to some recipients and the neglect of other, more deserving recipients, the proliferation of aid programs—especially military aid programs—to an ever growing number of countries, and inexplicable delays in terminating assistance to countries which no longer need it or which have failed to make productive use of it.

I think that is a serious indictment of foreign aid. Yet Senators will find not one ironclad legislative proposal from the Foreign Relations Committee to correct these failures. The only major recommendation of the committee is for more money than was used last year.

The report states:

The committee is less impressed with the case made by the executive branch for the

maintenance of U.S. aid programs, even on a small scale, in virtually every underdeveloped country in the free world and in a few developed or relatively developed countries.

But Senators will search in vain for any language proposed by the committee to correct this condition.

And again the report states:

The committee sees little merit in aid programs whose sole or major justification is the maintenance of a U.S. "presence" or the demonstration of U.S. "interest."

After seeing little merit in such aid, the committee might be expected to put a stop to it, but no such thing. This report is an advisory opinion, not a program for carrying out one of the biggest expenditures made by the U.S. Government.

Again the committee report states:

It (the committee) is equally unenthusiastic about aid programs, both military and economic, whose major purpose is to provide an alternative to Soviet bloc aid.

But the committee does not stop such aid.

Another committee conclusion is that aid extended through multilateral organizations is often more effective than bilateral aid because they can insist upon more conditions. But all the committee can do is ask the administration to give "careful consideration" to using the authority in section 205 whereby up to 10 percent of development loan funds may be lent to the International Development Association for relending.

Some of the committee's comments are directed to a justification of aid. It found some "significant improvements" in recent years, primarily the degree of concentration of aid in certain countries.

But the important finding was—

The committee believes that major changes remain to be made in the foreign aid program.

Why did the committee not make them? That is the question that the report raises.

Continuing, the committee report states:

In fact, the committee gave serious consideration to an amendment which would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects.

That is a nice expectation. That is an elegant form of "passing the buck." The way to revamp foreign aid is to revamp it. I am not too modest to point out that the amendment to which the committee report referred is my own. I ask unanimous consent to have it printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 8, between lines 17 and 18, insert the following:

"SEC. 302. Chapter I of part III is amended by adding at the end thereof a new section as follows:

"SEC. 620. (a) PROHIBITION ON FURNISHING OF ASSISTANCE SUBSEQUENT TO JUNE 30, 1965.—Notwithstanding any other provision of this Act, no assistance shall be furnished pursuant to this Act to any country or area (or enterprise therein) subsequent to June 30, 1965 unless—

"(1) Such country or area has requested such assistance and can show that it is pursuing the following economic, political, and military policies:

"(A) That it (i) is seriously and continuously engaged in measures of self-help, (ii) has taken appropriate steps to assure that its own private capital resources will be utilized within its own country or area, (iii) will encourage the development of the private enterprise sector of its own economy, (iv) has taken adequate steps, where appropriate and necessary, to bring about reforms in such fields as land distribution and taxation to enable its people fairly to share in the products of its development, and that the project or program for which economic aid is requested will contribute to the economic or social development of the country;

"(B) That it is promoting the maximum amount of individual freedom and is encouraging its people freely to choose their own government;

"(C) That it seeks to establish and maintain only such military force as may be adequate to prevent the internal overthrow of an elected government or to deter threatened external Communist attack;

"(2) The furnishing of such assistance is required by an irrevocable commitment made, or contractual obligation incurred, prior to the date of enactment of this section; or

"(3) In case of any such assistance extended in the form of loans, the interest rate thereon is not less than the average rate payable on obligations of the United States of comparable maturities.

"(b) The total number of countries or areas receiving assistance under this Act subsequent to June 30, 1965, shall not exceed fifty."

Mr. MORSE. Mr. President, adoption of this amendment would be a revamping of the foreign aid program. I think it would meet just about all the complaints the committee makes about foreign aid, except the complaint that not enough of our loan money is being channeled through international organizations. It would limit the number of countries receiving aid to 50 and would require them to demonstrate the value of the project, to show that their own capital was being usefully employed at home, show that it is taking steps to enable its people to join in economic progress, and show that it is not diverting resources into military adventures against its neighbors.

Some differences of opinion might be expressed within the committee as to the number of countries we are aiding at the present time. The figure of 107 has been discussed repeatedly in executive sessions but, depending upon how one would define "foreign aid," it is somewhere between 90 and 107. But 90 is too many; 80 is too many; 70 is too many. In my opinion we cannot justify more than 50. It is important to place the foreign aid program on such a footing that applicants come to us, and that we lay down the terms and conditions which must be met before we will spend the taxpayers' dollars for foreign aid in any country. The taxpayers are entitled to that protection.

One of the major criticisms I have against this aid bill is that Congress would fail, once more, to protect the legitimate rights of taxpayers with respect to a wise and efficient expenditure of their money. It was the clear duty of the Foreign Relations Committee this year, and it is the clear duty of Congress now, to revamp the foreign aid program so that the interests of taxpayers will be better protected than they will be if the bill recommended by the committee should become law.

It was said in the committee by a distinguished Senator, in his examination of various administration witnesses, that there are only eight countries this side of the Iron Curtain that are not receiving some form of foreign aid from the United States. I paraphrase him, but I believe accurately—and good naturedly, because he spoke good naturedly—when I say that he said on one occasion, "I am rather sure that if we do not do something about it, they will be getting it in another year."

For years we have been handing out the taxpayers' money as though it were only paper, instead of hard, cold, legal tender, and in many instances not getting a decent return on the money, but actually making things worse instead of better. It has been said many times that we do not buy friends with huge money gifts. Instead, we buy suspicion, distrust, and eventually enmity.

Mr. President, the people in the underdeveloped countries of the world tell us to our faces, when we engage in serious conversation with them, "We do not understand. We do not understand what you are hoping to get out of this." They do not realize that we believe in freedom, that we have been trying, on the basis of a dedicated interest in freedom, to really make them free. However, in instance after instance we have not been doing it effectively or efficiently; so we have lost a great deal of good will.

Then, too, they do not understand our professions about the loan program—many hundreds of millions of dollars loaned at three-quarters of 1 percent interest, when it is doubtful whether the interest covers the carrying cost of the so-called "loan," along with the 10-year grace period—when some of our allies make loans not at three-quarters of 1 percent interest but at 5 or 6 percent.

The Communist bloc Nations, in connection with some of their loans, likewise charge a fair rate of interest.

Mr. President, the American people are saying, "Enough is enough. We have had it." The time has come to revamp the bill.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MORSE. I am glad to yield.

Mr. PROXMIRE. Is it or is it not true that Russia in its foreign aid program provides loans at a low interest rate, sometimes at 2 percent, sometimes less?

Mr. MORSE. As I recall the evidence before our committee, there is a program of great variation on the part of Russia. Some of her interest rates go up to 5 percent and 6 percent.

Mr. PROXMIRE. But they do have some interest rates which are very low?

Mr. MORSE. I believe that perhaps some Communist countries give money for nothing. That would not be a persuasive argument with me that we should do likewise.

Mr. PROXMIRE. I understand that. I am only trying to develop the facts so that I can understand the situation. The Senator makes a strong argument, which appeals to me very much, and I wish to know what the facts are. Is it also true that the provision in the foreign aid bill this year is somewhat more strict than the provision of last year, inasmuch as it would provide for three-fourths of 1 percent interest for a 5-year period?

Mr. MORSE. Which was opposed by the administration.

Mr. PROXMIRE. With no payment on the principal in the first 5 years?

Mr. MORSE. With some modification of it over the 10-year grace period. Do not forget that the spokesmen for the administration testified against any change in interest rates.

Mr. PROXMIRE. Is it the information of the Senator from Oregon that some of this money is reloaned to persons within the country at higher interest rates?

Mr. MORSE. I believe the record is a little fuzzy on that point. I am not asking for a higher interest rate because the money may be reloaned. I am not going to interfere with rights of sovereignty, once a country gets the money. I merely say we have a duty to determine the terms and the conditions under which it is to receive the money.

As this debate continues in the next 2 or 3 weeks, there will be a considerably detailed discussion of the various proposals which, in my opinion, would amount to an attempt on our part to intervene economically in the affairs of other countries.

I am as much opposed to that as I am to military intervention, but I strongly support our laying down the terms and conditions that applicants must meet to get a loan, just as the Senator from Wisconsin and I have had the experience of going through. I will strike out the reference to the Senator from Wisconsin, because perhaps he has not had to do this, but over the years I have had to meet terms and conditions as I have tried to get loans. I have either met them or I have not received the loans. So far as I am concerned, this is only one aspect, but this aspect involves what I consider to be a duty on the part of the Congress to revamp the terms and conditions that have been applied in the past and are still being applied by the State Department in making funds available to the recipients of foreign aid.

Mr. PROXMIRE. Has the Senator made any calculation of the degree of the subsidy involved? It is my understanding that the Government pays 4 percent on its money at the present time—

Mr. MORSE. I do not think it is 4 percent yet. I think it is 3-point something.

Mr. PROXMIRE. It is close to 4 percent. It depends on the period of the loan. Certainly, 30- or 35-year money comes close to 4 percent. Possibly it would be more.

At any rate, what I am trying to get at is whether there is any arithmetical analysis of what such loans amount to in terms of subsidy.

Mr. MORSE. I do not have those figures, but I shall be glad to furnish them.

Mr. PROXMIRE. Such figures would be interesting. In looking at such loans, if a program involves repayment over many years, the interest costs are often startlingly high.

Mr. MORSE. That is correct. That is why the amendment I have offered would have required a revamping of the fiscal policies we are to follow in our relations with applicants. If the amendment were adopted, at the end of 1965, an applicant would have to follow those procedures if he sought a loan or a grant.

Let me say again, because the issue will arise again and again in the course of the debate, that I am not seeking an end to grants. I am seeking an end to most of them. I am seeking to change the ratio of grants to loans, so that the major expenditures will be in the form of loans and not grants.

In the early 1950's, when foreign aid appropriations were at their peak, the ratio of grants to loans was about 94 to 6 percent.

Mr. PROXMIRE. Ninety-four percent grant money.

Mr. MORSE. Ninety-four percent grant money.

The figures may be off a percentage point or 2, but in recent years they have been in the neighborhood of 60 or 64 percent grants, and the rest in loans. The ratio should be reversed. We should give consideration to whether or not we could have a good foreign aid program with 75 percent loans and 25 percent grants.

There will have to be various grant programs for such humanitarian purposes as food for the starving, malaria control, assistance for education, and all such programs that go specifically to the protection of human values. This great humanitarian Nation is not going to stop carrying out moral principles. We have been providing grants for services which ought to be based on loans, instead of grants.

Mr. FULBRIGHT. Mr. President, will the Senator yield on that point?

Mr. MORSE. I yield.

Mr. FULBRIGHT. Merely for the RECORD—I do not wish to disturb the Senator's argument—there was testimony in the hearing relating to this point. I think the Senator said 60 percent of the funds were for grants.

Mr. MORSE. Last year.

Mr. FULBRIGHT. The testimony appears in the House hearings on this particular point. Mr. Bell was testifying:

Mr. BERRY. With regard to our aid, which is nearly in the form of loans, now, isn't it?

Mr. BELL. I think the figure is over 60 percent, Mr. Berry.

Mr. BERRY. In the form of loans?

Mr. BELL. Yes, sir.

Mr. BERRY. On the other 40 percent—

Mr. BELL. A large part of the other 40 percent is the technical assistance which we give, in which we provide technicians. We pay their salaries and travel expenses and so on.

I point out that much of that grant goes to international agencies, such as UNICEF, in the United Nations.

Mr. MORSE. Yes; but the figures the Senator has just pointed out were challenged. Mr. Bell's figures were challenged from the standpoint of definition. What he calls loans, in my judgment, to the tune of hundreds of millions of dollars, are not loans at all. They are huge subsidies. Merely saying that something is a loan does not make it a loan. In my judgment, a so-called loan at three-quarters of 1 percent, with a 10-year grace period, is not a loan at all. Mr. Bell can call it a loan, but if anything is collected, all that is collected is a part of the service charge for shuffling the papers in connection with that grant.

That is a part of the problem in connection with the foreign aid program. There is a pattern of dogmas; and there are many people in the Department swallowing those dogmas. When Mr. Bell takes the witness stand and says the transactions are loans, it does not make them loans. He should show what the taxpayer gets out of it. The fact is that it is not very much.

I also point out that he was talking about economic aid, not the foreign aid program as a whole. That is what I am talking about. Take a look at military aid, to the tune of many hundreds of millions of dollars. The overwhelming percentage is grant, not loan. The overall foreign aid program is still substantially a grant program, and not a loan program. Take a look at the definition and then determine what it costs the American taxpayers.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. PROXMIRE. The Senator has taken the position that we recognize the necessity for a substantial grant program, but that the grant program has been too big in the past and should be reduced.

Does the Senator also argue that, from the standpoint of efficiency and the effectiveness of this money, it is likely to be used more efficiently and honestly if there is a loan program—a fairly hard-headed loan program—under which people are required to account for the money and make some kind of program and plans for repaying the money?

Mr. MORSE. I agree.

Mr. PROXMIRE. And if they are able to secure funds only if they find there is a sound, workable, economic opportunity available?

Mr. MORSE. That is a part of the position I take. I shall detail that theme in subsequent speeches. Suffice it to say now that I favor loans in the field of foreign aid. I think the administration of these loans ought to be handled through lending agencies such as the Inter-American Bank, of which I have always been an ardent advocate, and

other lending agencies that may be created.

I am also a project-by-project man and a government-by-government man. I look askance at a system under which the U.S. Government hands over money to government X, for example. I want to see a revamping of our program so that if a country wants a railroad, a road, or a harbor, the country makes an application for a loan in relation to that project, and the money is not merely handed over, but will be made available as progress is made on the construction of these projects.

We have had pretty good experience as to how the program works in this country, have we not?

Mr. PROXMIRE. I agree.

Is it not true that less graft and dishonesty may result where that kind of arrangement is in effect? We recognize that in many countries there must be grant programs, because it is the only kind they can have.

Mr. MORSE. I could not raise my right hand and swear and take the witness stand and give proof of a great deal of graft and dishonesty. It has not been in my province in investigations to seek such evidence.

Mr. PROXMIRE. I believe that is correct.

Mr. MORSE. All I can give the Senator is what has been reported to us, even by Government witnesses, from time to time, as well as by other qualified people who have had sad experiences in various parts of the world in connection with governmental dishonesty, corruption, and graft. Therefore, I give my impression as a member of the Committee on Foreign Relations. My impression is that there has been entirely too much of it, and we will not stop it until we revamp the terms and conditions and policies which shall prevail in connection with making American taxpayer money available for the so-called foreign aid program.

Mr. PROXMIRE. I believe the Senator has made an excellent answer. I should like to modify the implications of my question by agreeing that there has probably not been a great amount of graft or stealing. There has been some, and it has been proved or stipulated by authorities, but there has not been very much. I believe it is true that there has been a great amount of waste and inefficiency in connection with projects which have not worked out, projects which were not needed, and which, on the basis of careful analysis would probably have never been made if they had been required to be made on a hard-headed loan basis.

I find the Senator's argument persuasive, and I am delighted that he has made it.

Mr. FULBRIGHT. Mr. President, before the Senator from Oregon resumes his prepared speech, will he yield to me for a moment?

Mr. MORSE. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. Of course, I am very glad to have the Senator explain his point of view on the bill. However, to say that loans are not loans com-

pletely negates the idea of an understanding or explanation of the situation. The Senator says the fact that Mr. Bell or the administration calls them loans does not make them loans. I agree. Even if the Senator from Oregon says something, his saying it does not make it so. However, what are the facts? The facts are that as to the loans, the principal is repayable, regardless of whether or not interest is collected on them. The Senator says that a three-quarters of 1 percent interest rate does not make a loan a loan. I do not know, then, what a loan is. If there is an undertaking to repay the principal on a certain date, I do not understand that that is not a loan. It is not a bankable loan. It was not set up in order to make money. It was never intended to be, in the foreign aid bill. I do not pretend it to be, and no one else does.

It is not like loans from the International Bank for Reconstruction and Development. They are not set up in that fashion. However, they are loans, as distinguished from the grants that were made under the Marshall plan, when there was no expectation of having a repayment of the principal.

If all that the Senator is arguing is that the interest rate is too low, that is another matter. However, when the Senator says that calling them loans does not make them loans, I become completely lost. I do not know how we are going to enlighten the public by that kind of argument. What does the Senator call an undertaking by a company in South America or elsewhere to pay back an amount of money in 35 years at a low rate of interest? What does the Senator call it, if it is not a loan?

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill—H.R. 6500—to authorize certain construction at military installations, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON, Mr. RIVERS of South Carolina, Mr. PHILBIN, Mr. HÉBERT, Mr. ARENDS, Mr. NORBLAD, and Mr. BATES were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a joint resolution—House Joint Resolution 782—making continuing appropriations for the fiscal year 1964, and for other purposes, in which it requested the concurrence of the Senate.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill—H.R. 7885—to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, may I ask if the message from the House on continuing appropriations applies to the foreign aid program. Is that what the message refers to?

The PRESIDING OFFICER. The Chair does not understand that the Senator's inquiry is a proper parliamentary inquiry.

Mr. FULBRIGHT. I withdraw it.

Mr. MORSE. If it were, it could not come at a more auspicious time, and could not be a better example of serving notice on the American people that they had better direct all their attention for the time being upon the politicians whom they have elected to Congress, to hold them to an accounting as to whether or not they will support this continuing waste of taxpayer money.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MORSE. I would like to answer the Senator from Arkansas in a moment, but I yield to the Senator from Vermont.

Mr. AIKEN. I wonder whether the Senator would not agree that the time has come when we should stop adopting continuing resolutions and get busy on deciding whether we shall pass appropriation bills.

Mr. MORSE. I could not agree more with the Senator.

Mr. AIKEN. It seems that we are overworking the continuing resolution procedure and postponing the facing of issues.

Mr. MORSE. The American people ought to be told that if we do not pass a foreign aid bill until next February, it will not have any detrimental effect on the interests of the United States in the whole field of foreign policy.

The matter can go over until the entire bill is revamped. The idea that we are faced with a mad emergency situation requiring immediate legislation is an old game. The American people should prepare for a great barrage of scarecrow headlines about crisis after crisis, and as to what will happen unless Congress passes the foreign aid bill demanded by the administration. I have seen that happen year after year. There is a terrific lobby that will waste a great amount of paper designed to scare the American people into bringing pressure upon those of us who will not knuckle under and agree with the Pentagon, the State Department, the CIA, and the White House. The American people should get ready for it. It will be a terrific campaign.

Now I wish to reply to my good friend from Arkansas. I do not believe I need tell him that I am pained to find myself in such complete disagreement with him on the pending bill, because usually the Senator from Arkansas and I are not in disagreement. I shall later, in my manuscript show that I am not raising any question as to the sincerity, loyalty, or dedication of the proponents of the bill. I merely cannot understand their lapse of good judgment. I believe they are completely wrong. That is why I am not a party to their proposal in connection with the pending bill.

I want to go back to the argument that merely calling something a loan does not make it a loan. I wish to tell the Senator from Arkansas my fear. He should prepare for the fact that many hundreds of millions of dollars of such loans will never be collected, and no serious attempt will ever be made to collect

them. I am not interested in what label is put on the so-called loans. The fact is that in my judgment a large percentage of the so-called loans will never be paid back. One excuse after another will be given for not pressing a poor country, to collect the loan, because of a crisis that has arisen in that country.

The fact that we put the label "loan" on it does not make it a loan; nor does it mean that the taxpayers will ever get any of the money back.

The committee goes on to say:

Specifically, the Committee believes that countries which can take care of themselves should be eliminated from the program, that even more selectivity among countries should be introduced, and that prompt and serious consideration should be given to a greatly increased utilization of multilateral agencies, such as the International Bank for Reconstruction and Development, and its subsidiaries, notably the International Development Association.

When a congressional committee reports such a belief, it surely owes a duty to Congress and to the American people to act on those beliefs.

The time has come for the Senate to make clear to the Committee on Foreign Relations that it has had enough of its promises, and that it is going to rewrite the bill on the floor of the Senate.

I wish to advise the Senate that within the Foreign Relations Committee there is far from unanimity on the bill. Unfortunately, the usual legislative rationalizations that so frequently rear their heads in committees at the time of the markup of major legislation were urged in the Committee on Foreign Relations again this year and produced this unsound bill.

Every Senator knows the line of rationalization to which I refer. The arguments always are about like this:

The House has already reported a bill with a much smaller amount. Therefore, we must recommend a bill with really more than we think should pass, in order to compromise with the House in conference.

As I have always said to the Senate, such a rationalization is nothing but intellectual dishonesty. It is a form of deception. It is not good faith conduct.

Senate committees owe the obligation to the Senate and the American people to report the Senate proposed legislation that they believe to be sound, not unsound, and authorization requests that they believe to be justified, not excessive.

Senate committees cannot justify recommending legislation that they know contains many bad features, but which is being sent to the Senate for the purpose of legislative jockeying with the House. When a committee acts on that premise, one never can be sure how much jockeying is going on among Members within the committee itself, in order to get other Members to support the compromising technique and, thereby, report to the Senate sections of a bill that some members of the committee hope will remain in the bill. The arguments of expedience are used in committee to seduce others to vote to report the bill to the Senate on the basis of the rationalization that the section will be dropped out in conference anyway.

Time and time again in my years in the Senate, I have seen bills come to the floor of the Senate with sections that have been adopted in committee on the basis of such motivations, only to find that they remained in the bill on the floor of the Senate and remained in the bill after conference. The Senate as a whole should rebel against this type of committee markup action. In my opinion, this foreign aid bill is honeycombed with such action.

A second argument made within a committee is that Senators should agree to report a bill even though they disagree with many parts of it, because they can reserve the right to offer amendments on the floor of the Senate. Of course, as we all know, every Senator has that right anyway, but he should never lend himself to voting to report a bill to the Senate when he knows that there are in the bill major features with which he does not agree. If Senators would stop the practice of agreeing to report a bill to the Senate in order to accommodate other Senators who want to get some bill before the Senate, and instead would insist on registering their vote in committee against the bill, a reform would be brought about that would do more to improve the legislative process in the Senate than all the other Senate reforms that are being proposed these days.

The place where a serious breakdown occurs in the legislative process of the Senate is within the committees themselves, at the time of the markup of bills. It is there that the bad compromises are agreed to, and many Senators who enter into those compromises try to rationalize a vote to report a bill to the Senate with the unsound argument that they reserved the right to support amendments to the bill on the floor of the Senate. They cannot justify shuffling off their legislative responsibilities that way. They owe it to their constituents to vote against any bill in committee that, in their judgment, contains major defects.

Do not tell me that if every Senator would take that position the legislative process would bog down and little or no legislation would be reported to the Senate. That argument is nonsense. To the contrary, if Senators would stop passing the legislative buck in committee at the time of the markup of a bill and insist that only bills which a majority of the committee believes are sound shall be reported to the floor of the Senate, the quality of legislation would be greatly improved.

Furthermore, it is not necessary to report a bill to the Senate with a favorable report. If a committee becomes deadlocked over an item in a bill, it can and should report a measure to the floor of the Senate accompanied by an adverse report of the committee. In my judgment, that is the kind of report that should have accompanied this foreign aid bill.

The committee held extensive hearings on the bill. It spent a long time on the markup of the bill. There was much opposition within the committee to section after section of the bill. In my opinion, the bill does not, in fact, represent a consensus of approval of a majority of

the members of the committee. Individual members of the Committee on Foreign Relations can tell us how much they disagree with this or that section of the bill. But the committee itself did nothing about them. At the very least, the committee should have reported the bill to the Senate with a detailed statement which would have added up to an adverse report, setting forth the adverse opinions of committee member after committee member, totaling, in my judgment, well over a majority, to various sections of the bill.

Let us face it. The bill is the product of many powerful pressures. Some of those pressures are partisan.

This foreign aid bill, even with such feeble and inadequate changes as have been made in committee, is still the administration's foreign aid bill. There are those partisans who seem to think that unless Democrats go along with the bill, in some way, somehow they will become disloyal to the administration and the Democratic Party. That is more nonsense.

In my judgment, each of us, irrespective of our party responsibility, owes the obligation to our constituents to exercise an honest independence of judgment on the merits or demerits of the bill, testing the bill against the facts as we find them; and by where the public interest lies. Such analysis shows that the bill is not in the best interests of the taxpayers and of the country.

The bill is the product of powerful administration lobbying. The State Department, the Pentagon, CIA, AID, the White House, business groups, and labor unions have been turning on the political heat for months, seeking to ram the major features of the bill through Congress. It is my view that partisan considerations have no place in a congressional consideration of what our foreign aid program should be.

No Democrat can justify voting for the bill on the grounds that party loyalty calls for such a vote because it is an administration bill. Rather, party loyalty calls upon him to vote only for a bill which, in his opinion, is in the best interests of his country, because only then will the bill be in the best interests of his party.

The same goes for the Republicans. No Republican can justify voting against this bill simply because its main features constitute a Democratic administration bill. He, too, has the same obligation to the Republican Party of voting only for a bill which, in his opinion, will promote the best interests of his country, because only such a bill would be in the best interests of the Republican Party.

In the course of this debate, we who are opposed to the bill will bring our case against the bill based on the major premise that the bill is against the best interests of our country from the standpoint of many domestic and foreign policy issues.

The amendment reported by the committee should never go to conference. The bill should be rewritten on the floor of the Senate, with the Senate acting as a committee of the whole, because, in my judgment, the Committee on Foreign Re-

lations has failed the Senate in reporting such an unsound bill to the Senate.

In spite of the powerful lobbies, governmental and nongovernmental, which have been flooding the country with their support of the main features of this bill, I am satisfied that an overwhelming majority of the American people are already fed up with the waste, maladministration, and unsound foreign policies of many features of the bill. Their numbers will increase in landslide proportions once the people of our country, as a whole, realize how they are being taken for an economic ride by the foreign aid program. We have already poured into it, since 1946, more than \$100 billion. We have already given more than \$41 billion of aid to Europe. We have been taken for more than \$9 billion by France, and we are now collecting our dividend from France in the form of De Gaulle's anti-American, nationalistic program.

The American people are not only fed up with the foreign aid program; they are also preparing to react against it at the citadel of American freedom—the voting booth.

Let me make clear that I do not question the loyalty to party or country of those who support the bill; but I do disagree with their judgment. I disagree with many of their interpretations of history and with their evaluation of facts. In many respects they have allowed themselves to assume that the sound reasons that existed for foreign aid at the time of the historical, courageous stand of President Harry Truman, when he enunciated the Greece-Turkey Truman Doctrine; at the time of the adoption of the Marshall plan, which saved all Europe from communism; and at that time of the ratification of the NATO Treaty in 1949 are reasons which continue today and, therefore, justify the bill. It is the position of many of us who oppose the bill that those sound reasons for foreign aid of the era of the Truman Doctrine, the Marshall plan and the first years of NATO no longer exist. Foreign aid of today bears no resemblance in either cause or effect to the justification of foreign aid in the late 1940's and early 1950's. We propose to prove it as this debate progresses.

Mr. HOLLAND. Mr. President, at this point will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. McINTYRE in the chair). Does the Senator from Oregon yield to the Senator from Florida?

Mr. MORSE. I yield.

Mr. HOLLAND. There is much substance to many of the statements made by the Senator from Oregon in regard to our foreign aid program in many places; but I wonder whether he also directs his statements to the situation in the Western Hemisphere. Inasmuch as we did so little for Latin America for so long, and inasmuch as we also know that Latin America is in a very confused and unstable condition, let me ask whether the Senator from Oregon believes that perhaps a different rule might apply to Latin America and to our dealings with the countries of Latin

America, as compared with the rule applying to our dealings with other parts of the world.

Mr. MORSE. I favor providing to the countries of Latin America much more economic aid, under the terms I have already stated in the course of this speech; but I would propose that we extend much less military aid to Latin America—for reasons which I shall state during the next few days, in connection with the debate on the bill. I am not opposed to all foreign aid, but I am opposed to this foreign aid bill. I favor foreign aid which will be so devised that it will protect the interests of our country. However, in my judgment this bill would harm the interests of the United States, just as the administration of foreign aid in the past several years has harmed the interests of our country.

During the executive session of the committee, it was interesting to hear Senators, who apparently have gone along with the bill in order to get it to the floor of the Senate, berate the inefficiency of the administration in connection with our foreign aid around the globe, including the Western Hemisphere, and tell about the terrific waste of the personnel of foreign aid. I say frankly to the Senate that members of the committee expressed great concern about the lack of justification for all the personnel now being used in the administration of foreign aid; and I do not think I am guilty of an overstatement when I say that many Senators thought the personnel of foreign aid could be reduced at least 30 percent, and some Senators thought it could be reduced 50 percent.

Mr. President, Senators cannot pass that buck to the Kennedy administration. If that feeling exists, and if the facts support that feeling—and I am satisfied that they do, we have a clear duty to rewrite the bill during the next 3 weeks on the floor of the Senate. In my judgment, it will require that length of time to accomplish that task. I do not know of anything more important to the welfare of the United States than to stop the shocking waste and inefficient policies of our foreign aid program—some economic and some military—that are jeopardizing the best interests of the United States in many parts of the world.

Before I conclude my speech, I shall make some references to the problem in the Western Hemisphere and to some of the things which I think we need to do in order to have a better aid program.

Mr. HOLLAND. Mr. President, will the Senator from Oregon yield further to me?

Mr. MORSE. I yield.

Mr. HOLLAND. I am not in any sense finding fault with the Senator's statement with reference to our aid to other areas.

Mr. MORSE. I understand that.

Mr. HOLLAND. And not even with reference to his statements about our aid to the countries of the Western Hemisphere. However, it seems to me that there is a much more intimate relationship between our country and our Western Hemisphere neighbors than the rela-

tionship between the United States and the rest of the world. Also, we know firsthand about the confusion and the instability which exist in Latin America, and we also know firsthand about the good results which have come from numerous specific things we have done there. For example; I think of the Inter-American Highway. I believe we have had great good from it, and that the nations traversed by it have come into much closer cooperation with each other. I see the gap existing from the Canal through the central part of Colombia and through the Darien Isthmus, and beyond, which I think needs some attention.

From my own observation and travel, I can find various places where material things can be done, which will be of great advantage to those countries, and of some advantage to the United States; and I believe they will be productive of specific, longtime, favorable results. Those are the kinds of things I have in mind when I suggest that we can do many worthwhile things in Latin America if we find the way to do them to the best advantage.

So I hope the distinguished Senator from Oregon, the chairman of the Foreign Relations Committee's subcommittee which deals with Latin America, will, in this speech or in later speeches, deal rather specifically with that subject. For a long time I have felt that we have had a much more fertile field for well directed and well performed foreign aid there than in any other place in the world.

I thank the Senator from Oregon for yielding to me.

Mr. MORSE. Mr. President, I agree with the Senator's outline of objectives which he has given the Senate. I am in complete agreement. Before this debate is over, I shall discuss the Latin American situation. We have accomplished some good there; but I am afraid that when we consider our program in Latin America in its totality, we find that we have caused more harm than good, to date. It is sad to have that belief, but in my opinion that is the actual situation. That situation exists because we are doing such a poor job in administering the foreign aid program in Latin America. So much of the program has been based on a government-to-government relationship, rather than on a project-to-project relationship; and much of our program has strengthened antifreedom forces in Latin America. We have permitted the oligarchs there to dig in, whereas they should be participating with us in investing their earnings in the economic future of Latin America. We have frightened a good many of the democratic leaders of Latin America; and many of the governmental leaders there are greatly concerned about what we are doing in Latin America that is making it more difficult for them to defend the cause of freedom.

On Friday, I sent by page to the Secretary of State a confidential message reporting on what a very high official of a Latin American country told me; and his statement added up to a complete disagreement with U.S. policy. He is one of the great democrats in all Latin

America. Before I finish my speech today, I shall deal indirectly with some of the charges he made.

I am pleading for a strengthening of the Alliance for Progress program; but if we do not revamp and rewrite this bill on the floor of the Senate, the program will increase the problems of the United States in Latin America, rather than diminish them. In my judgment, the program called for by the bill as it now stands would be welcomed by Communist influences in Latin America. I believe that the bill as it now stands would strengthen the forces against freedom in Latin America.

I speak soberly and solemnly when I utter those words. In my judgment, the proposed foreign aid program is not the way to win freedom in Latin America.

It is essential that this be a lengthy debate, because the Foreign Relations Committee has made it necessary to turn the Chamber of the Senate into a great educational assembly hall to be used for the dissemination of information to the American people about the many weaknesses and failures and unsound policies of the foreign aid program.

We think it is important that the Senate be given an opportunity to consider thoroughly each item in this bill. We think it imperative that the American people be informed about this bill so that when they come to cast their votes as jurors, they will be voting on the basis of an enlightened understanding of the great harm that is being done our country by our foreign aid program as it now operates.

Therefore, we have notified the leadership of the Senate most respectfully that we will not agree to any unanimous-consent agreement calling for any time limitation on debate in connection with any amendment to this bill or on the bill, itself. We shall, of course, reconsider our position on this procedural matter if later on in the debate we become convinced that there has been full and adequate discussion of any amendment or of the bill itself.

I wish to make our procedural position very clear. What we are saying to the Senate is that we shall object to any unanimous-consent agreement proposal that seeks in advance of debate on any amendment or on the bill to limit the time for debate on that amendment or on the bill, and to fix a time certain to vote. We will never grant that agreement. We are going to insist on full debate in advance of any agreement. Whenever we become convinced that there has been adequate time to express our opposition to an amendment or to the bill, then, as I have told the majority leader, we shall be glad to sit down with him and see if we can arrive at terms and conditions for further limitation on the amendment, and in order to accommodate our colleagues, as a matter of convenience, fix a time to vote on that amendment. Frequent use of unanimous-consent agreements has had a very sad and detrimental effect upon the debating process in the Senate. The people who elected us to office have a right to expect us to be present during the course of debate.

They have a right to expect us to make whatever contribution we can to the substantive matter under debate.

The Senate is not merely a voting chamber. Our forefathers did not establish the Senate solely as a meeting place for Senators to come, before the roll is called, to cast their vote. In my judgment, that growing practice has polluted the stream of the legislative process in this body. That is why some of us, for some time, have tried to slow down the tendency in the Senate to act only under unanimous-consent agreements which fix a time certain to vote. We know what happens. With such an agreement, Senators are conspicuous by their absence.

That is why some of us who are interested in Senate procedural reform believe that committees, as a general rule, should not be allowed to meet while the Senate is in session. However, each Senator has the right to try to obtain such an agreement if he can. But we also have a right to prevent it; and as far as this issue is concerned, there will not be any such unanimous-consent agreement—and the majority leader knows it. He is our leader, too. Out of consideration for our rights I have no doubt that he will see to it that no such agreement is entered into in the absence of opponents of the bill.

However, those of us who take this position hold to the point of view that the subject matter of foreign aid is so vital to the welfare of the American people and the future of our country that we must insist that no restriction be placed upon full debate to the time that we are satisfied there has been full debate.

We have no intention whatsoever in engaging in a filibuster or in any prolonged debate tactic aimed at talking any section of this bill or the bill, itself, to death. However, we do intend to speak at whatever length is necessary to make the historical record that we think must be made for future reference and for the consideration of the American people who, I repeat, are going to cast the final vote on this subject matter.

CHOICES OPEN TO SENATE

Because its committee has failed to do the job needed to make sense out of foreign aid, it will be up to the Senate to do the job. The Senate has several alternatives open to it.

It could reject all the amendments of the Foreign Relations Committee. They are primarily amendments adding \$700 million on to the House-passed bill. Certainly if neither the committee nor the Senate wants to undertake a substantial rewriting job, the best thing to do is simply cut down the sums to be spent. We can do that by accepting the House bill. The House bill is not good in all its details; it could be perfected. But it is, in my opinion, much better than the committee recommendation, if for no other reason than it makes meaningful reductions in the amount available.

The group met last Friday. There were many who could not be present at that time—they were away or had other commitments, but gave assurance they would be with us at subsequent meet-

ings to consider opposition to the bill. There was at the Friday meeting an expression of point of view on the part of several Senators that we should seek to substitute the House bill for the Senate committee version.

I would much prefer that we come to grips with all facets of the foreign aid problem and rewrite the bill in the Chamber. I hope that course of action will be followed, but if I should find myself in some kind of parliamentary box, where I would have to make a choice between the Senate committee amendment or the House bill, I shall vote for the House bill. It may very well be that in the course of time such a substitute proposal will be made.

A second path open to the Senate is to turn the Senate into a Committee of the Whole and rewrite the bill here on the floor. We will have enough amendments offered to do that. There is no lack of guidance as to how the bill should be written. We need only look at the committee report, and then translate the committee's criticisms into law.

The committee report is a devastating attack upon the foreign aid program. The truth is that the committee itself points the way to a revamping of the Senate bill. The sad fact is that the committee did not do its job. On the basis of the committee's own criticisms of foreign aid, it should have brought an entirely different bill to the Senate.

On the basis of the committee's own criticisms of foreign aid, I am at a loss to understand why it believes the Senate can justify passing the bill the committee has brought to the Senate.

On the basis of the committee's own criticisms of foreign aid, the committee should have at least reported the bill to the Senate adversely.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. MORSE. I yield.

Mr. PROXMIRE. I believe the Senator has referred to page 5 of the committee report:

Specifically, the committee believes that countries which can take care of themselves should be eliminated from the program, that even more selectivity among countries should be introduced, and that prompt and serious consideration should be given to a greatly increased utilization of multilateral agencies, such as the International Bank for Reconstruction and Development and its subsidiaries, notably the International Development Association.

I ask the Senator from Oregon if the countries that can take care of themselves have been eliminated from the program. If so, which countries are they, and what savings have been involved in their elimination?

Mr. MORSE. The answer is simple. The answer is no. On the basis of the criticisms of the committee, the committee should have given the Senate the benefit of its recommendations as to what countries could be eliminated.

Mr. PROXMIRE. There are countries, however, which can take care of themselves.

It is my understanding that Chester Bowles—a great administration champion of the foreign aid program a former Governor, Administrator, and Ambassa-

dor—made the statement many months ago that there were some countries in which the foreign aid program, or economic assistance program, was wasteful. As I recall, there were a number of such countries which could not take care of themselves, but which were not ready for aid. They could use the Peace Corps and food for peace, or they could use some kind of aid of that kind, which is not included in the bill, as I understand. I wonder whether any countries in such status have been eliminated from the program.

Mr. MORSE. The administration would point out that they are not giving a great deal of aid to countries X, Y, and Z, but they are giving aid, as I have said earlier in my speech, to some 107 countries. That is ridiculous and absurd; an unjustifiable expenditure of the taxpayers' money, which is being poured into 107 countries around the globe.

The committee had a duty, in my judgment, to bring to the Senate a bill cut down in amount, a bill cut down in the number of countries to receive aid, and a bill cut down in a good many other respects, as the amendments which I shall be offering from day to day will show.

Mr. PROXMIRE. I should like to ask the Senator to go back to a point made previously, that we still have a program which involves heavily subsidized loans. They are subsidized in the sense that the interest rates are far below what the Federal Government has to pay for the money it borrows to loan again.

I wonder whether the Senator can inform the Senate as to whether our allied countries have made loans of this kind. It is my understanding, according to the committee report, that \$2 billion is the total of all aid from other industrialized countries, in net expenditures.

I am wondering if countries that are on our side have made loans at low subsidized rates or if their rates are generally higher.

Mr. MORSE. As the Senator knows, I always have to be very careful about the accuracy of statements I make. If I make an inaccurate statement, it is only because I am acting on the basis of information made available to me from what I consider to be reliable sources. I am not going to "curbstone" on the information to which the Senator has referred. I will give the Senator my opinion on what the general policy is. The general policy is that few, if any, countries make loans on such easy terms as we do. The easiest terms are usually available only to former colonies, where strong investment and financial ties with the lending country remain. I shall try to obtain more specific information for the Senator.

Mr. PROXMIRE. I appreciate that.

Another part of the committee report indicates that we should do everything in our power to persuade our prosperous allied countries to do far more than they have done in the past to provide a foreign aid program. We recognize that the growth rate of many of those countries is greater than ours, in proportion to their gross national product.

I wonder if there is any provision of any kind in the bill to bring that pur-

pose about, or if any effort of any kind has been made to require or stipulate a greater participation by our allied countries.

Mr. MORSE. A pat on the wrist and support of the Morse amendment by the statement that if the administration does not do something by the end of fiscal 1965, Congress ought to do something. It is the same old "come along" and seductive argument that we have been faced with for years.

For years we have known that this program ought to be modified. The American people have had the carrot with the foreign aid stick held out in front of them to bring them along in support of a foreign aid bill. In my judgment, that kind of legislative and executive hypocrisy ought to stop, and we ought to make corrections here and now.

The press this morning reports that the Secretary of State and Mr. Erhard, of West Germany, apparently are in agreement that there ought to be a great strengthening of NATO. Who is going to pay the bill? I have heard that kind of tommyrot before. That is the kind of propaganda I was talking about earlier this afternoon when I said to the American people, "Be on your guard. The Secretary of State, the Secretary of Defense, and one administration official after another will try to scare you out of your clothes in the next few days by dire predictions of what is likely to happen if your representatives in Congress have the courage to stand up and rewrite the bill on the floor of the Senate and bring to an end this shocking waste."

They do not scare me. I am a pretty hard person to scare by that kind of talk. I have a few questions I wish to ask the Secretary of State about American foreign policy and NATO. Let him "hit the trail," on platform after platform, and justify the State Department's policy in regard to NATO. He cannot do it. The NATO countries have been taking us for a ride, aided and abetted by the State Department, the Pentagon, and the White House.

Consider the number of troops we have in Europe today. There are more boys there in American military uniform than in those of France, Canada, and Great Britain combined. We sent our Secretary of State over there because Erhard became a little excited, thinking an airlift might mean we were going to take some boys out of Germany. I say on the floor of the Senate today that we ought to take thousands out of Germany. We cannot justify having the number of American boys in Germany that we have there today.

The German leaders know it is not those boys that are making them safe. The German leaders know that if Russia moves against the freedom of Berlin and West Germany, Russia will have "had" it. Of course, we shall have, too.

There is no question about the determination of President Kennedy to see to it that the Russians do not take over Germany.

Do Senators think it is easy for me, with the dedication I have to the President of the United States, to stand on the floor of the Senate and state my

complete disagreement with him on the question of foreign aid? I have pleaded for months with administration leaders to rewrite the program, so that we could be united on it and go before the American people as a united group, asking them to support a sound foreign aid program.

In my judgment, this administration has failed in its responsibility to the American people in the foreign aid program by not sending to Congress a redraft of the foreign aid program the moment this administration knew of the serious revolt that had arisen at the grass roots and at the precinct level of the country against the foreign aid program. If this administration does not know it, it is going to discover it.

I am keenly disappointed in the statements coming from the Secretary of State these days, and from the Pentagon.

I did not ask for this fight, but it is my judgment that I would fail the people of my State if I did not oppose the foreign aid bill in its present form.

I have done my best to study the facts about foreign aid. I came to the conclusion a year ago that the facts showed that the foreign aid program was so much against the best interests of my country that I opposed it then. There has been no improvement in the administration of foreign aid. I shall continue to oppose it until at least the committee criticisms of foreign aid, about which nothing was done to bring about corrections, are recognized and the bill is rewritten to take care of these deficiencies.

The Foreign Relations Committee recognized the criticisms. In my judgment, one cannot read the committee report and sanction the bill.

Senators should have been in the committee. They should have heard the great concern about Pakistan. It was deplorable. It was terrible that Pakistan should be entering into air landing rights agreements with Red China; that Pakistan should continue its anti-American attitude. But when we tried to cut back the bill, and efforts were made to withhold aid until Pakistan makes up its mind whether it is with the United States or with Red China, a remarkable attitude seemed to overcome the committee. It gave us the language for reform on foreign aid, but it did not give us the reforms. That is why I think we must turn the Senate into a Foreign Relations Committee and write a new foreign aid bill in the next 3 weeks. That is why those of us who are opposed to the bill have no intention of having it rushed through the Senate. That is why in the next 3 weeks there needs to be a debate from coast to coast, until the American people become aware of the facts.

Mr. PROXMIRE. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. PROXMIRE. The Senator has pointed out to the problem of our having many thousands of troops in Europe, at great cost to this country.

They are serving the interests of this country primarily, but they are also serving the survival interest of West Europe. They represent an element in foreign aid. They represent a contribution which this country is making, as the

Senator from Oregon has pointed out, of great proportions to the survival of West Germany, France, England, and other countries.

Is it not correct to say that if we recognize that contribution and add to it the \$4.2 billion which the committee is asking the Senate to authorize for appropriations, and add the food-for-peace program, with hundreds of millions of dollars more, and add other foreign agencies, like the Peace Corps, with tens of millions of dollars more, and many more programs—

Mr. MORSE. And the maintenance of our troops abroad.

Mr. PROXMIRE. There are many more programs that we cannot even locate, and with respect to which even the Director of the Bureau of the Budget cannot tell us how much we have given and will continue to give. The Senator from Oregon is talking about only one part—perhaps the biggest part, but only one part—of the burden that has been placed on the American people. That burden is far greater than the \$4 billion sought here.

Mr. MORSE. Much greater.

Mr. PROXMIRE. We are making a contribution to allied countries which can afford a much greater sacrifice than they are making. They are making a lesser sacrifice than they should be making.

Mr. MORSE. In one of our presentations, in the course of the debate, we shall give a detailed breakdown of the total expenditure of American dollars abroad. It is quite different from the total expenditure for foreign aid. Let us take, for example, the maintenance of America military personnel abroad. We must add that cost to the cost of the foreign aid program.

Mr. PROXMIRE. I may suggest to the Senator that in foreign aid we would have to consider any amount of money that is spent in this country for goods which are sent abroad. As I understand, there has been a very strong attempt, and in some respects a very successful attempt, to spend our money in this country for military assistance sent abroad, such as, for example, the expenditure for tanks, planes, and other military materiel.

Mr. MORSE. That is the argument of bribery.

Mr. PROXMIRE. If the Senator wishes to get an accurate picture of what foreign aid amounts to, he will have to include the value of the goods that are bought in this country. Then we may get a picture showing an expenditure of \$6 billion or more and that would give a true picture of what this program amounts to.

Mr. MORSE. The Senator is correct. On the point of the money being spent in this country, we shall have to tackle in due course of time what I call the argument of bribery. It is the argument that 80 percent of the money is spent in this country. However, for what purpose? A great deal of it is spent for munitions; or the maintenance of so-called defense plants.

When I think of what is needed in heart research, cancer research, arthritis control, and in many of the other critical

areas of American health, and when I think of what is needed in this country in the field of education, and the crying needs of underdeveloped areas in the United States, and the shocking increases in the number of unemployed people—yes, unemployable people—I look askance at all the heart-rending pleas for more money for NATO, or more money for countries which are already able to do a better job, not only for themselves, but also to help us in the program of doing a better job in underdeveloped areas of the world.

Mr. PROXMIRE. Let me ask the Senator—

Mr. MORSE. The Senator has made a point, and I wish to get to it. Then I will yield again. When I think of how little most of our NATO Allies, outside of West Germany, contribute to the protection of Greece and Turkey, I am a little aghast at Mr. Rusk's suggestion that there ought to be a stronger NATO. If he thinks we will get a stronger NATO by State Department preachment, he could not be more wrong. We have been pointing out to the French for months what its obligations are. Their gesture to us has not been a polite one, but, instead, a very rude one. They have told us very rudely where to go.

I think about how little Great Britain has done in the past half a dozen years. Yet when anyone raises any question about Great Britain, he is almost accused of being disloyal. Great Britain has not been paying her share of the freight for mutual defense and foreign aid.

Canada is another example; and we could go down the line. We can take Portugal, for example. We have poured money into a non-NATO ally, Spain. Yet we cannot find out from the State Department how much is being poured into that country. It is still top secret. We will blast it out of them, never fear. The American people are entitled to know every detail of the Spanish deal. I say from the floor of the Senate, "Mr. Secretary of State, give us all the facts."

What about the denial by Spain of harbors to Polaris submarines? Spain ought to be paying for its own infrastructure. So should France.

If we will only take the time in the Senate to dig into the whole foreign aid program of the United States, and tell Senators why changes will be made, are, we shall make some changes. I will tell Senator why changes will be made. The American people will tell us we had better make changes.

Take a look at this interesting wording in the report of the Committee on Foreign Relations. It is a masterpiece of ambiguity.

I point to page 30, and read:

This section adds a new provision to the Foreign Assistance Act prohibiting grant assistance to any economically developed nation "capable of sustaining its own defense burden and economic growth."

Who are they? The committee does not tell us. Which countries are they? Why did not the committee write them into the bill? They are left to the discretion of the administrators.

Then we get into the whole area of dispute over facts, the whole area of evaluating evidence. When we ask the

Secretary or his administrators in a year or two, "Why did you not stop it?" the answer will be, "My conclusion was that I did not think they met the definition or the meaning of the language that Congress used." He will read that language right back at us. I have sat in the Foreign Relations Committee for years and have observed bureaucrats use every escape hatch in the vague language that Congress has written into the statute books.

We cannot leave any escape hatches. If we do, they will be used every time. It will be said, "We do not think those countries are capable of sustaining their own defense and economic burden. We have concluded that they have not reached that point yet."

Mr. President, many things must be done, and they must be done now. We sit in the Committee on Foreign Relations and talk about country after country. What does the committee do? It brings before us Secretary Rusk and Mr. Bell, Director of AID. They are given a word bath that is supposed to cleanse them from their wrongdoing in the senatorial words of the committee. They are told, "Naughty, naughty. Do not do it any more." Then the committee obtains a vague, general statement from Rusk and Bell, appreciating very much the advice that the committee has given them, and saying they will try to do better and will try to develop some rules and regulations that will be helpful. But next year, when they come back, nothing will have been done. We knew at the time that it would not be done.

Mr. President, I will not delude myself, or the Senate, or the people of my State. If we want to reform the administration of foreign aid—and Senator after Senator in the Committee on Foreign Relations, day after day, talks about the grave errors, inefficiency, and waste in the foreign aid program—the administration of the foreign aid program cannot be corrected by any wrist-slapping lectures to the Secretary of State, the Administrator of AID, or the Secretary of Defense. They must be tied down with restrictions in the bill.

So the jargon that the committee has written into the report does not impress me. It is a huge blanket of snow. The sad fact is that we can go back over the years and see that this statement is merely a repetition of past performances in the Committee on Foreign Relations. The committee tells the State Department, the Pentagon, and the other agencies, "You will have to do better." They promise to do better; but the next year we find things are worse.

Mr. President, I have had it.

The other day I heard a distinguished Member of this body, in the Committee on Foreign Relations, critically examine an administration witness. He said, "I am fed up with the program." He specified from his own knowledge the waste and inefficiency in the foreign aid program. I wonder where he was when this section of the committee report was written:

This section adds a new provision to the Foreign Assistance Act prohibiting grant assistance to any economically developed na-

tion "capable of sustaining its own defense burden and economic growth." Exceptions are provided in the case of firm commitments made before July 1, 1963, and in the case of additional military orientation and training expenses up to \$1 million per country.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, the experts in bureaucratic evasion downtown must have thrown their hats in the air when they read that report and shouted, "Hallelujah! Waste can go on." Mr. President, it is unbelievable that this kind of report can be submitted.

A third choice for the Senate to consider is to recommit the foreign aid bill to the Committee on Foreign Relations with instructions to reduce it in sum and improve its policy directives. I shall move to do that very thing if it appears that that is the most helpful alternative to follow.

Mr. President, I did not hear the Senator from Colorado ask me to yield. I apologize to him.

Mr. PROXMIRE. Mr. President, will the Senator from Colorado permit me to comment for a moment at this point?

Mr. DOMINICK. Certainly.

Mr. PROXMIRE. It is my understanding that grant aid and military assistance to Europe amounts to something like \$229 million, for fiscal 1964. It seems to me that that directly contradicts the provision which the Senator from Oregon read from page 47 of the bill, lines 15 through 21, which reads:

No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth.

They are not eastern European countries; they are western European countries. The fact is overwhelming that those countries are in exceptionally good economic condition and are expanding, growing, and prospering. They are well able to take care of their own defense. This language is a direct contradiction. Country after country in western Europe is listed.

I thank the Senator from Colorado [Mr. DOMINICK] for permitting me to make this statement.

Mr. MORSE. Again, I wish to ascertain the facts and make certain of the figures; but I shall comment on the general statement made by the Senator from Wisconsin. I do not know what the language in the committee report means. I think it is meaningless. It is not worth the paper it is written on, because it gives the Senate no guarantee as to what countries will be dropped out.

It may be asked: Does not the senior Senator from Oregon trust the administration of the foreign aid program? On the basis of past experience, the answer is "No." If by that question is meant, Do I trust the administration of the foreign aid program to do the things necessary to save the taxpayers hundreds of millions of dollars of waste in the foreign aid program? the answer is a resounding "No." The administrators of the program are not justified by their acts.

Mr. PROXMIRE. We are told that the names of the countries and the amounts to each country are classified.

Mr. MORSE. Ah, that is interesting. Classified.

Mr. PROXMIRE. The information is available to Senators, but it is classified. I do not believe it is revealing classified information to indicate that those are the countries in Europe which are prosperous, whose economies are expanding more rapidly than ours, and whose incomes are increasing more rapidly than ours, but which are spending a smaller proportion of their incomes on their defense than we are. Yet they are included in the bill to the tune of \$229 million.

Mr. MORSE. I am glad the Senator has mentioned this subject. However, I point out that what the Government is doing by secrecy in the field of foreign relations is denying to the American people the facts that the people ought to have with respect to the development of a people's foreign policy. I do not care whether the President be a Republican or a Democrat; he does not own American foreign policy. It is not his foreign policy. He is but the administrator of the people's foreign policy. The sad fact is that this administration, like the administration before it, has denied to the American people the facts to which they are entitled, so as to enable them to form a valid judgment on what their foreign policy should be. Will the Senator tell me why that information should be classified?

Why should it be classified? I know of no good reason why it should be. I could bring to the Senate a stack of adverse reports from the Comptroller General, during the past several years, dealing with waste and inefficiency in the administration of foreign aid in country after country; but I cannot give the Senate the details, because they are classified. Why should they be classified?

Mr. PROXMIRE. Mr. President, if the Senator from Oregon will yield further, the total amount of aid proposed for Europe is not classified; the \$229 million total proposed as our aid to the countries of Europe is not classified, but the amount of aid proposed for each country within that category is classified.

Mr. MORSE. Yes; and that is the crux of the issue. If we are to render an intelligent judgment as to whether the proposed policy is a good one, we should know how much is proposed to be given to Portugal, and for what purposes; and how much is proposed to be given to France, and for what purposes; and how much is proposed to be given to Turkey and to Greece, and for what purposes.

The Senator from Wisconsin is an American citizen, but he is not one of those in the bureaucracies. The bureaucrats can have access to that information; but the Senator from Wisconsin—who is one of the taxpayers who must pay the bill, and is one of the taxpayers who will have to do the dying if the bureaucrats follow a foreign policy that is not in the best interests of

our country—is not given the facts. As a juror sitting in the jury box of American public opinion, he should have those facts in order to be able to pass judgment not only on a part of the evidence, but on all the evidence. A trial is going on in America; foreign aid is on trial, and the American people are the jurors. But the sad fact is that their Government, under this administration, as under the past administration, will not give them so-called "classified" material. Of course I am not asking that any particular fact which really involves the security of the United States should be made public; but such facts constitute only a very small percentage of those marked "Classified."

Mr. DOMINICK. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. DOMINICK. I thank the Senator from Oregon for yielding.

In the report, I have been reading a reference to a provision to amend the Trade Expansion Act, in order to provide most-favored-nation treatment to imports from Yugoslavia and from Poland. I wonder whether the Senator from Oregon can "clue" me in on this matter. Last year, in the Trade Expansion Act of 1962, Congress included a specific prohibition against such action. But now, a year later, we find that it is proposed that we say, "We really did not mean what we said then; we want to accept more imports from these countries, despite the fact that they are under Communist control, and have been."

Only the other day, I noted with some disfavor the fact that one of our allies who has been fighting the Communists was not given the privilege or courtesy of any sort of formal reception in Washington, whereas Marshal Tito was entertained in the White House. I do not understand how we can couple such actions with the proposed favored treatment to the governments of Communist countries which are supposed to be doing their best to eliminate us.

Mr. MORSE. I thank the Senator from Colorado for his statement. During this debate, other Senators will speak on the question the Senator from Colorado has raised.

We now find that the prohibition we included last year was not as specific as we then thought it was.

Mr. DOMINICK. But whereas President Truman cut off, in 2 months, our aid to 13 countries, President Kennedy has not taken any action of that kind.

Mr. MORSE. Yes. In connection with the speech which another Member of the Senate will make—one to be made by another member of our group—we shall call attention to that situation. I thank the Senator from Colorado for raising this point.

Mr. DOMINICK. I thank the Senator from Oregon.

Mr. MORSE. Finally, Mr. President, whichever of these choices we make, the Senate and the Congress can no longer tolerate the approval of huge sums of money for a foreign aid program it knows is so faulty and unsound as this program

is known to be. We cannot wait for the administration to do this job of revamping. We have been making and hearing these same criticisms of foreign aid in the Foreign Relations Committee for more than 5 years now, and we have been asking the administrations—Republican and Democratic—to do something about them.

The time to act is now; the place to act is in the Congress of the United States; and the immediate action called for is the action of the Senate on the measure now before it.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Foreign Aid Debate Begins"; it was published today in the Washington Daily News.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FOREIGN AID DEBATE BEGINS

This week the Senate starts debate on what's called the foreign aid authorization bill. This is the legislation which lays down the conditions under which U.S. taxpayer money will be used to help other countries, and fixes a maximum sum.

There appears to be more steam than usual behind efforts to economize, reduce the money total, and to apply stiffer restrictions.

Senator MORSE, for instance, has a whole series of guidelines he intends to propose. Others are shooting at less spending. Senator HICKENLOOPER, ranking Republican on the Foreign Relations Committee, thinks the foreign aid limit eventually will be cut from the \$4.5 billion asked by the Kennedy administration to \$3.7 or \$3.6 billion.

Even more important than arbitrary money limits is a complete reorganization of the aid program, such as Senator MORSE urges.

Senator KEATING, for example, would shut off aid to countries which "use their own resources for military activities elsewhere," such as Indonesia and Egypt.

Reducing the money limits would help cut the Federal deficit. But reorganization should aim at a better serving of U.S. interests—whatever the amount we continue to spend.

Mr. MORSE. Last of all, Mr. President, I wish to refer to a matter on which I commented in the course of colloquy, some minutes ago, with the Senator from Florida [Mr. HOLLAND]. I have called on the Secretary of State to give me a detailed accounting of the action which our Government has taken in Santo Domingo and Honduras, in carrying out its public announcement that it was withdrawing American mission personnel from both of those tragic areas. I have advised the Secretary of State that, in my capacity as chairman of the Subcommittee on Latin American Affairs, I hear from a good many sources of information, all of which have to be checked. The other day a high official of a Latin American country spoke to me about the position of his government. That position was contrary to what he believed to be the position of the U.S. Government. I thought the first person to be notified of that was the Secretary of State; and immediately I got the information to him. So I have asked the Secretary of State to tell me who, and in what numbers, in American foreign missions in the Dominican Republic and in Honduras have actually been withdrawn; and I have also asked him to give

me rebuttal proof to the charge that the United States is engaged in only token withdrawals. The charge is that the United States is, in fact, following a "wait and see" policy that is alarming many of our friends in trouble spots in Latin America, for those democratic leaders are saying that if we follow a so-called slap on the wrist token policy in Honduras and in the Dominican Republic, we shall have to assume the responsibility for the turning over of other regimes to either military juntas or to Communists.

Mr. President, in the committee, I offered an amendment which I think is on all fours with the promises of the President of the United States, publicly made—namely, that the United States is not going to give aid to regimes that come into power as the result of the overthrow by military force of democratically constituted, constitutional regimes—specifically, and of immediate concern, in the Dominican Republic and in Honduras. But, Mr. President, there will be others if the past policy—and I am not so sure that it is not the present policy—of the United States continues. So I offered an amendment which provided that no military or economic aid shall go to any countries where, by military force, constitutional, democratic government is overthrown, until there is a return to their constitutional systems. That cannot be done by way of civilian "stooges" nor can it be done with a military junta similar to the one in the Dominican Republic—a military junta composed of military officers trained under American military training programs, and making use of American military equipment, and blowing out the torch of freedom in the Dominican Republic.

The Secretary of State came to me. The Secretary of Defense came to me. I got the word treatment. I am used to it. I know how to evaluate it, too. We heard, "There is great merit in the proposal of the Senator from Oregon. We appreciate the suggestion. We think perhaps something can be agreed upon. Maybe we can get together and agree on some language that will accomplish what the Senator from Oregon has in mind." I always express my appreciation, but I always tell them that the test will be in the final wording.

One morning when I reached my office the Under Secretary of State was waiting. I was very much embarrassed. I thought it was terrible to have the Under Secretary of State, with all the things he has to do, waiting in my outer office to see me at 9 o'clock in the morning.

I said, "Why did you not tell me you wanted to see me? I would have been down here earlier."

As a policy of many years' standing, I never call members of the executive branch to my office. I go to their offices. If I have a problem to talk over with them, I belong in their offices, and not they in mine.

There were two drafts of language. I read them. Of course, the language did not change the status quo at all. I was given a great deal of nice-sounding verbiage. They had included language that, of course, they would not act as proposed

unless the President should decide that our national interest made such action necessary. That is what he is doing now. That is the status quo. It did not mean a thing. In fact, it was an insult to my intelligence.

So I walked over to the Foreign Relations Committee and offered my amendment. I believe we ought to have an out-and-out prohibition, but, Mr. President, I am willing to arrive at a modus operandi.

Senators will have an opportunity to vote on the amendment I then offered before the debate is over. I proposed an amendment that would provide that all aid, including military, economic, and other missions, shall stop unless the President of the United States, in reporting to the Congress, sets forth reasons which in his judgment, from the standpoint of our national interest, call for a continuation of the aid, and his report is approved by a concurrent resolution of both Houses of Congress.

Do Senators know what the argument used against the concurrent resolution proposal is? The argument is, "That is an interference by the Congress of the United States in American foreign policy." Not at all. It is an exercise of the checks-and-balances system. It happens to be the clear duty of the Congress, in carrying out its authority over the purse-strings, to lay down terms and conditions for the expenditure of funds; and if the Congress finds that the report that the President submits is not a sound report; if the Congress disagrees with him when he says that we ought to continue the aid in the national interest, Congress should say to him, "Not with the taxpayers' money." We ought to cut it off.

On the floor of the Senate I again say what the Secretary of State already knows. I am not satisfied with the administration of promised Government policy in connection with the Dominican Republic and Honduras to date.

That leads me to the last point I wish to make, because Senators will hear it in the debate. The following argument will be made: "What the senior Senator from Oregon is trying to do is to make the Congress of the United States the Department of State."

Not at all. What I am saying is that if the Department of State has a sound proposal supported by the President of the United States, there should be no trouble with the Congress. I have never known them to have any trouble with Congress if they really had a sound proposal.

What I am saying is that when we get into a situation in which a foreign aid program is honeycombed with waste, inefficiency, and injustice, the American people are entitled to have the Congress revamp the bill, write guidelines into the bill, place the prohibitions for the expenditure of funds in the bill, and make clear to the administration what the administration may spend for the enumerated purposes, and that that is all it may spend, until it comes to the Congress and gets more funds.

But it will be said that things move so fast in the world that we must see to it that there are a great many escape

hatches written into the bill so that the administration can exercise the widest scope of discretion. They do not move so fast that the President cannot take 20 minutes to come to the Capitol for a joint session of Congress, if such a session were necessary. Events do not move so fast that the Secretary of State cannot come to Congress.

Let us be honest about the question. In all my 19 years in the Senate I have never known of a single emergency that arose that could not be handled by a quick message from the President of the United States in connection with foreign policy. Can the Senator imagine a greater emergency than the Pearl Harbor emergency of December 7, 1941? Franklin Delano Roosevelt then came to the Congress for a declaration of war. I could cite many other examples of emergencies in which Presidents who desired to carry out our system of checks and balances were not handicapped by taking a crisis up with the Congress.

My amendment calls for a concurrent resolution. If the report justifies the adoption of the concurrent resolution, the President will get it in a matter of hours. We know that. Therefore, the shuffling and shunting aside, the dismissal of my amendment because it provides for a concurrent resolution supporting the report of the President in my judgment is a failure on our part to carry out our duties under the checks and balances system.

Mr. President, I have talked much longer than I intended to today. But I think the interruptions were pertinent. I fully realize that there will be those who may wish that I would not talk as much as I shall before the present historic debate is over. I would rather leave the Senate than leave my responsibilities in connection with the bill. I am convinced that the administration is unaware of the great concern of the American people about foreign policy with respect to the administration's proposal in connection with this bill.

Those of us who are determined to see to it at least that the record is made, and that the Senate is given an opportunity to reform the bill, are not going to be deterred by pressure to speed up consideration of the bill. We do not propose to take any more time than is necessary to make our case, but we shall take all the time that is necessary to make it.

Mr. President, I yield the floor.

Mr. JAVITS obtained the floor.

Mr. SPARKMAN. Mr. President, will the Senator yield so that I may suggest the absence of a quorum?

Mr. JAVITS. I am glad to yield, and ask unanimous consent that in doing so I shall not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, since this is the opening day of the foreign aid debate and I have been a rather active participant in this field ever since I first came to Congress in 1947 and encountered the aid to Greece and Turkey program, and since the fundamentals are being discussed in the opening of this debate, I hope Senators will bear with me if I take perhaps 15 to 20 minutes to state what I consider to be the case for foreign aid and what I believe we need to do about it.

Certainly no one can quarrel with the Senator from Oregon [Mr. MORSE]—for whom I have the greatest respect, and indeed, affection—when he says the bill represents the expression of Congress as to foreign policy of the United States and, therefore, it is our duty to perfect it in every way we can.

There is no question that the foreign aid program is coming on difficult days. In my judgment, it will survive this particular session of Congress probably almost intact, whether the figure finally appropriated is three billion six, or seven, or eight, or nine—or four billion. Whatever the exact figure may be, the foreign aid program will be substantially carried on—as I believe even its opponents would probably admit—through this session of Congress.

The people of America are testing and questioning the validity and soundness of the program; and therefore its best friends—and I am one of them—must analyze for the people what is being done and why, and also how the situation may be changed to the benefit of the program and to the benefit of the foreign policy of the Nation.

Mr. President, the fundamental question, as I see it, is this: Can the foreign aid program be reoriented in a private enterprise direction so as to make the American people feel that the private enterprise system of the United States is being adequately brought into the program?

In my judgment, this is the only direction that the foreign aid program must take. I shall develop that point in a few moments, but that is the fundamental thesis.

The reason why the program is in trouble—and it is in trouble—is that neither this administration nor the previous administration understood what the private enterprise system is capable of contributing toward the foreign aid program, and has failed to use it, and continues to fail to use it.

The foreign aid program is not carried out in a vacuum. We cannot decide that we either can or will not carry out the foreign aid program. We made a decision in 1947, 1948, and 1949 in this respect, when we dealt with the Greek-Turkish aid program and the Marshall aid program. We knew then that we had to do it, or that the world would go Communist. We are almost in the same position today, but for a vastly different reason. If we do not carry on the foreign aid program, it will be carried on by others, without the motivations and interests which we serve.

The Soviet Union has a foreign aid program of its own, considered to be in the order of magnitude of almost the size of ours, something like \$1.9 billion a year, as compared with what the committee has provided, in the way of economic, technical assistance, and other aid, of \$2.3 billion.

Let us remember also that the Soviet Union beams its aid to countries with which it wishes to cooperate, or in which it may have an advantage in cooperating, and that those countries receive much more aid than we provide, because the Soviet Union has a much smaller list of countries to which she provides aid.

There are those who say, "Let the Soviet Union do it and choke, economically, in the process." Unfortunately, no such thing will happen. Many persons felt the same way about the Soviet Union and her economic development and her 5-year plans. What has happened in the 40-odd years of the Communist revolution is that Russia has become the No. 2 world power, or perhaps even No. 1, as compared with ourselves. So the assumption that the Soviet Union would not move into countries out of which we would move, in respect of foreign aid, is an assumption we cannot and dare not take. Thus, our area of choice is relatively narrow.

Second, it is a fact that the gap between the industrialized nations in the world and the newly developing nations of the world is widening, not narrowing. In other words, our situation is improving at a faster rate than theirs. This presents again a point of great attraction for some other system; and the competing system in the world is the Communist system.

Third, the Communists are ready to trade. They are ready to trade on a barter basis, and do business on that basis. We do business on a commercial basis, while she does it on a political basis. So trade can be substituted for aid. So what they will not be able to fill in by direct aid they will do by trade.

Furthermore, Mr. President, we cannot leave the newly emerging areas in a vacuum. If a vacuum is left, it will be filled, and it will be filled by people waiting to fill vacuums, without the same considerations for which we are giving aid.

There is a great deal of talk about euphoria, and there is a great deal of talk about our being lulled into a state of complacency by the test ban treaty and the fact that the Russians have an ideological problem with the Communist Chinese.

How thoroughly it would harm the world if we suddenly pulled out foreign aid, or made such changes that it resulted in our pulling out. Would not the world say, "That settles it. The United States has been taken in. The only program which presents an obstacle against the spread of communism, namely, foreign aid, has been abandoned"?

The prime consideration in respect of aid which we give is, What is the need of the world which is friendly to us, in terms of it, itself, standing for freedom, if given half a chance? In other words,

what are we doing to help that part of the world in the way of a bank for reconstruction, a bank for international development, an international financial institution, an inter-American bank? What are we doing together? We must do our fair share. Efforts along these lines represent our fair share, except that we have made a great mistake in not orienting it to the private enterprise system.

There is a vacuum in the world, in terms of the progress of nations, economically. The United Nations has variously estimated the vacuum as being somewhere between \$10 and \$12 billion a year in extraneous foreign investment. We are falling far short of that mark.

No real, measurable, effective progress can be made in the world unless we do our share toward the ultimate goal which I have described.

Without measurable progress, we are not "in business" ourselves. It is not a unilateral question. The world will not struggle long without it. The world will turn in the Communist direction. This is the competition we face. The world is not simple any more. It is a world in which mankind is in competition. If we forgo doing our part, we shall effectively yield to the competition. The competitor will move in and take over our business. That is the choice we face. The choice is not whether we shall go into the program or keep out. The choice is do we go in, or do we move out and have the Communist system go in? That is the choice which we have. That is the choice which has always been before Congress and it is why it has voted for the foreign aid program, notwithstanding unhappiness with the program in one phase or another.

Another point is that in connection with a program like this we cannot stop in the middle and slow down and have a reorganization. Reorganizations must be planned, and there must be a gradual phasing of work under the program. So we cannot dismantle the program tomorrow, or this week, and still expect it to be effective for the purpose for which it was designed, and endeavor to build a new structure for it. It cannot be dismantled and still leave us the hope that it will let us keep our place in the foreign aid competition.

So the real difficulty we are having is that there are some who think the program should be dismantled now; and it cannot be done without destroying it.

I recall speaking in 1957 in defense of the USIA in whose funds a cut of about 40 percent was made. It took the USIA years to recover. It has not recovered yet from the fact that the machinery was dismantled at that time.

The question calls for a national commission on the highest possible level to reexamine the foreign aid program of the United States and recommend how it may be reoriented and remain effective. I would very much favor such action, but that is a far cry from dismantling the program at this stage.

The basis for the program is the competition with the Soviet bloc and the need of the world for economic sufficiency if it is to remain substantially in the

role of the free. Otherwise we are in the gravest danger in trying to change something which is working now not as effectively or as well as we would like it to, but which is working, and it will not wait for this complete revision to take place.

I said, when I began, that this program needs to be reoriented in the private enterprise direction. That is the big challenge which has not been met. There are efforts to bring private enterprise administration and private enterprise channels into this bill, but they are far from adequate in respect of the bill itself and in respect of the terms of the program.

Somehow or other, we have failed to enlist the private enterprise system, which has generated the \$600 billion national economy of the United States, and which is responsible for the \$1,000 billion production in the Atlantic community.

I note with satisfaction that the bill invokes aid from the industrialized countries of Europe, not only on a country-to-country basis but also through their private enterprise systems.

One of the other points about the program we must not forget is that it has encouraged, up to now, approximately \$2 billion in aid from Europe for economic assistance. I have little doubt that if we folded up on this program, a great deal of that aid would fold up too, and that the tremendous buildup would be lost. It is a buildup that is not going as far as it should, but, still, it is an important contribution.

I am glad that private enterprise is invited into the foreign aid situation. However, the technique for having whole projects, the totality of effort in countries, the use of private enterprise, coordinated closely with private investment, has not been adequately pursued by our Government.

Also, the investing public has not been given an opportunity to participate in foreign aid. For example, I am the author, with other Senators who are similarly interested, of a bill which would open up to private investment participation a great part of the foreign aid program. No hearing has been held on the bill. One of the amendments which I hope to propose to the pending bill involves that kind of proposal. It is to open up to private investment a great part of the money that is being spent by us on foreign aid. There are a great many elements in that program which would justify business investment and American investor interest, not only on a profit basis, but also on a patriotic basis.

Changes have been made in the bill with respect to the investment guarantee program. I am very much pleased to see that being done. I am glad to see that the authorization is now being pushed up from \$1,300 million, which has been very heavily used up, to \$2½ billion.

We have made 57 such guarantee agreements. Nineteen of them have been negotiated in the past 2 years. That is by no means the totality of the countries aided by such private investment, but it is encouraging.

Therefore, we must make a drive for more of these agreements, as an incentive to private investment in these countries. It is a vital supplement to foreign aid.

Another amendment which I shall propose would provide that the administration be directed toward the urgent need for concluding these agreements. If necessary, we should condition our aid upon the fact that such agreements be concluded, so that private enterprise may have full opportunity to contribute its share.

The other aspect of private enterprise which is being dealt with in the bill is that the President is directed to carry out his programs of assistance through private channels to the maximum extent practicable, instead of wherever appropriate.

I believe that is a desirable change, if it is coupled with some machinery that will make it possible for the President to operate effectively.

I may give very serious consideration to proposing an amendment to the pending bill to appoint a real high-level commission of distinguished Americans in business and in the academic field—not in government—and representing the public interest, to see how the private enterprise system may be phased, in a more effective way, into the foreign aid program. This is a big subject.

The precatory statements which we make, such as the one referred to in the bill, to use private channels "to the maximum extent practicable," have been, in one form or another, on the statute books for a long time. From the standpoint of these amendments—and I have authored some of them myself—this provision somehow or other does not work out.

The bill also provides that the President shall "utilize wherever practicable the services of the U.S. private enterprise—including, but not limited to, the services of experts and consultants in technical fields such as engineering."

For example, David Rockefeller the other day suggested—a suggestion which I made about 2 years ago—the establishment of an industrial peace corps of distinguished executives, who could be utilized in the foreign aid program, provided they could retain their connections with their own companies.

Conflict of interest in this respect is not the problem it is cracked up to be, and can very well be handled.

Again, nothing is done about that. That suggestion is lying on the shelf. Nothing is done effectively except to make a generalized statement about the use of private channels and private enterprise.

The only way in which it can be done, and save this program from much harder attacks than are being made on it now, is to have a blueprint laid before the country. If the administration does not have the wit to do it, the business community should and will. We must show the country exactly how the private enterprise system can be tied in.

One other point that I believe is desirable is that the President is directed to take appropriate steps to discourage

nationalization or expropriation or confiscation; injurious, discriminatory, or other actions which would result in such expropriations in areas where we are giving aid.

This is an extremely desirable idea. It is reflected also in the report of the Clay Committee, which urged us not to aid a foreign government in projects establishing government-owned industrial or commercial enterprises which compete with existing private enterprise; therefore, clearly or by implication it does not want American endeavors of private character dismantled.

Those are all desirable, useful, and important provisions. However, they still do not bring the private enterprise system appreciably into the foreign aid program. That is the only way in which the program can be effectively re-oriented.

From everything I can see, we are in for a foreign aid program for another decade, at least, and perhaps longer. If that is the case, I doubt very much whether it will survive year after year the attacks which are constantly accelerating in their intensity, such as the one being made here, and in the other body, and which will be made on the appropriation bill for foreign aid.

I believe that we must have, from the administration or from a commission source, a recommendation as to how the program may be reshaped and revamped in the public interest.

In my judgment, that means a heavy implementation with the private enterprise system as the means through which the program will be carried out.

The lines of this program are very clearly indicated by the proposal, for example, that development loans may be channeled through the International Bank for Reconstruction and Development, something which, a decade ago, was recommended by Christian Herter, who later became Secretary of State, and me in the House Committee on Foreign Affairs. If it takes 10 years to get a simple proposal like that through, that is perhaps some indication of the length of time which will be necessary to bring about a really affective participation by the private enterprise system in foreign aid.

Before I complete my preliminary statement on the bill, I wish to refer to one other amendment in which I have joined with the distinguished junior Senator from Alaska [Mr. GRUENING], which I think is a matter of the most critical importance to us. The amendment was contained in the House bill but was stricken by the Committee on Foreign Relations. It will be Senator GRUENING's purpose and mine to restore it. The amendment, which appears in the language stricken from the House bill on pages 18 and 19 of the bill, reads:

No assistance shall be provided under this or any other act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

- (1) the United States,
- (2) any country receiving assistance under this or any other act, or

(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

This provision is directed against accelerating arms races, especially the accelerating arms race in the Near East to which the United Arab Republic is the principal party. Let us make it clear that the President has the power to cut off aid in a situation where our aid is filling in for the resources of a country which are being diverted for the purpose of aggressive military preparations. The fact is that the President has not taken this action in the case of the United Arab Republic. Therefore, he must be directed to take such action; otherwise he will not do it.

We had a precatory request to the President to do just such a thing in the bill up to now. It reads:

It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against other countries receiving aid under this Act, whether or not such efforts are supported by the Soviet Union or Communist China.

That language was directed against an escalation of the arms race in the Near East; but that provision, too, is now out of the bill, and the Committee on Foreign Relations has not restored it. So there is neither a sense request or a statutory provision in the bill today to deal with this situation.

Mr. AIKEN. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield to the Senator from Vermont.

Mr. AIKEN. Will the Senator explain what the situation would be in regard to the present altercation between Algeria and Morocco, both of which have been receiving assistance, or surplus food, at least, from the United States? Would the Senator's amendment require the United States to shut off aid to both countries?

Mr. JAVITS. It might very well, and quite properly so.

Mr. AIKEN. Until they stopped fighting?

Mr. JAVITS. I do not see any reason why such action might not have a salutary effect on both participants. The amendment would give the President a directive to shut off aid, where the aid which we are given presents the recipient nation with resources for "aggressive" military efforts. Conceivably, the President could make a determination that one of those countries was the aggressor. But the Senator from Vermont is probably much more correct when he says that the provision would result in cutting off aid to both countries.

Mr. AIKEN. It would be very diffi-

cult to judge which country was the aggressor.

Mr. JAVITS. I agree. I would not beg the question. Probably it would be impolitic for the President to decide which country was the aggressor.

Mr. AIKEN. I do not think he could decide.

Mr. JAVITS. I should like to ask the Senator from Vermont a rhetorical question: Does he not think the American people would have much more respect for the foreign aid program if it were used in such a way that it did not preempt the resources that are used to fill in for resources in a particular country, resources which were then diverted to forward an aggressive military effort?

Mr. AIKEN. Yes; I think the American people would be—and are—very much opposed to the United States rendering assistance to any nation for the purpose of perpetuating or creating war. It goes without saying that we have contributed to wars in many parts of the globe through enabling one side or the other to continue fighting, when perhaps, except for our assistance, they might not have been able to keep those wars going. I suppose we might call them little wars or brush fire wars; nevertheless, I am sure the American people object to our assistance being used for any such purpose.

Mr. JAVITS. I thank the Senator. I could not agree with him more.

I point out what this "sense" resolution which is contained in the foreign aid bill now, in the absence of a prohibiting amendment such as passed by the House, and which the Senator from Alaska [Mr. GRUENING] and I will move in the Senate, has resulted in. In the first place, it has provided surplus foods to the United Arab Republic, notwithstanding the fact that that country is sending troops into Yemen and has interfered directly in the affairs of a revolution in Yemen, with great mischief to us and our policy, and notwithstanding the fact that the United Arab Republic has committed aggression against Saudi Arabia.

The Senator from Vermont has referred to the situation of Algeria and Morocco, both of which are receiving surplus food aid.

The United Arab Republic is arming. It is buying arms openly from the Soviet Union. A report as recently as today indicates that the United Arab Republic is sending arms, planes, and troops to be ready to aid President Ben Bella in Algeria, in his war with Morocco. Nonetheless, the United States continues to give aid to the United Arab Republic. Moreover, President Nasser, of the United Arab Republic, constantly reiterates that the one basis for Arab unity is to drive the Israelis into the sea and, by armed aggression, to eliminate Israel as a state. He means it, as we know very well from the many demonstrable acts which have been taken in pursuance of that design, including the effort to subvert both Jordan and Saudi Arabia, the effort to unite Syria with the United Arab Republic, and the effort to bring about great Egyptian influence in Iraq

and Iran. That is what is popularly called Nasserism.

Nonetheless, the U.S. aid program continues. Our aim in the aid program is to assist free nations. That objective is lost when one nation which we are trying to help dissipates its resources in aggression or preparation for aggression against another nation which we are also trying to help.

It seems to me that, knowing what we face, we cannot allow that situation to continue. It is calculated, as the Senator from Vermont [Mr. AIKEN] so very properly said, to depreciate the quality, character, and backbone of the aid program in the eyes of the American people.

I hope very much that we shall be successful in having this amendment restored to the Senate version of the bill, so that there may be agreement between the Senate and the House upon this section.

I should like to conclude as I began. We cannot rebuild the house of foreign aid while the house is being used. What we must do is to design a new building out of the present one. In my judgment, the new one must be based heavily on the private enterprise system, which has not been adequately used in respect to foreign aid.

I welcome the Senate committee amendments to accelerate and improve utilization of the private enterprise system, for, fundamentally, foreign economic aid is a business operation, and it can be carried on, and should be carried on, in the closest cooperation with American business. When the program is operated on that basis, it will gain the greatest respect from the American people. Furthermore, by implementing our foreign aid through the operations of American business, we shall also enlist the great resources of American business, and thus will improve the ability of American business to make contributions both of brains and of tangible aid to this program.

Finally, Mr. President, when we consider the argument that it is better to have this program as it now stands, rather than to permit a gap to occur between the present program and the development of a better one to succeed it, I point out that if we now were to suspend foreign aid, the vacuum thus caused would quickly be filled, but not by us; instead, it would be filled by our competitor, the Soviet Communist system. The nations of Europe may not give us, every day, their thanks for our foreign aid, even though we deserve them; but that is a rather superficial point, as compared to keeping them on the side of the free world by enabling them to have viable economies under this system, whereas in the absence of this system they will turn to the Communist system; and we cannot afford to allow them to do that, even if this program is not as economical or as efficient or as effective as it should be.

So, Mr. President, I favor this program, and we must favor it, until something better is available, even though our failure to devise an improved program is a great mistake; and at one and the same time I shall fight shoulder to shoulder with other Senators in the ef-

fort to build a better structure to do this job. However, I cannot favor dismantling this program while we try to build up a better one.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT RESOLUTION MAKING CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 1964

Mr. HAYDEN. Mr. President, on June 25, 1963, the Senate and House of Representatives passed and sent to the President a joint resolution making continuing appropriations for the months of July and August since most of the appropriation bills had not been enacted into law at that time. Subsequently, on August 27 of this year, that resolution—Public Law 88-55—was amended by extending the authority thereunder until October 31, 1963.

Today, the House of Representatives has passed and sent to the Senate, House Joint Resolution 782, the effect of which will continue until November 30, 1963, appropriations for those functions of the Government for which funds have not been enacted into law.

I ask unanimous consent that the Senate immediately proceed to the consideration of House Joint Resolution 782.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The joint resolution (H.J. Res. 782) making continuing appropriations for the fiscal year 1964, and for other purposes, was read the first time by its title and the second time at length, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the joint resolution of August 28, 1963 (Public Law 88-109), is hereby amended by striking out "October 31, 1963" and inserting in lieu thereof "November 30, 1963".

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, this joint resolution is similar to continuing resolutions which we have agreed to on two other occasions this year, and to others in prior years, and provides for the continuation of appropriations during November, 1963, as follows:

In those instances when bills have passed both bodies and the amounts or authority therein differ, the pertinent project or activity shall be continued under the lesser of the two amounts approved or under the more restrictive authority.

When a bill has passed only one House, or when an item is included in only one version of the bill as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate of operations not exceeding the fiscal 1963 rate or the rate permitted by the one House, whichever is lower.

In instances when neither House has passed appropriations bills for fiscal 1964, amounts are approved for continuing projects or activities conducted in fiscal 1963 not in excess of the current year's rate or at the rate provided for in the budget estimate, whichever is lower.

Mr. President, for the information of the Senate, I would like to report the status of the various appropriations for fiscal year 1964:

Enacted into law are the regular appropriation bills for the Interior, Treasury, Post Office, Executive Office, Labor, Health, Education, and Welfare, and Defense Departments, and their related agencies.

There are two bills which have passed both Houses—the legislative branch and Department of Agriculture appropriation bills—and conferences with the House have been requested by the Senate.

Three bills are presently in the Senate Appropriations Committee. Hearings are in progress on the Independent offices and Departments of State, Justice, Commerce, and Judiciary appropriation bills, and it is expected that the District of Columbia appropriation bill will be ready for markup within the next week or so.

Still remaining in the House Committee, pending finalization of the authorization process, are the foreign aid, public works, and military construction appropriation bills.

Mr. SALTONSTALL. Mr. President, the chairman of the Appropriations Committee has consulted with me, as the senior member of the committee on the Republican side of the aisle, in relation to the joint resolution. I believe that the Senate must pass the joint resolution. We cannot do otherwise because the appropriation bills referred to are still pending.

As I said to the distinguished chairman of the committee, for whom I have the utmost respect, I believe that we should not have to pass another joint resolution of the character of the one now before the Senate. It does not help Congress to have appropriation bills that were due to be passed before July 1 of 1963 pending for 5 months after they became due, so that we are asked to act on resolutions that would authorize the various departments of the Government to spend money on the basis of last year's appropriations or on the basis of the recommendations of the President, whichever amounts are lower. I do not believe that action gives us an opportunity to operate our Government as efficiently as possible. So I say that the Senate cannot do otherwise than to pass the joint resolution. The distinguished chairman of the Appropriations Committee, the Senator from Arizona

[Mr. HAYDEN], for whom we all have the utmost regard, agrees with me that that is not a process which helps the prestige of the Congress.

Mr. HOLLAND. Mr. President, I wish to say to the Senator from Arizona, whose position I completely support in asking for the continuing resolution, that I have been puzzled to know what is happening with reference to some of the conferences which the Senate requested. For example, the Senate on June 26 passed the legislative appropriation bill. There has been no conference. There has been no appointment of conferees on the part of the other body up to this time.

On September 30, the Senate passed the bill making appropriations for the Department of Agriculture. As the Senator knows, I happened to handle that bill on the floor of the Senate. The House has not yet appointed conferees. On inquiry of the staff we find that probably no conferees will be appointed until after Armistice Day. Does the Senator know, or is he able to state for the RECORD, why we are encountering such long and unforeseen delays in the setting up of conferences for which the Senate has asked and on which the Senate has appointed conferees?

Mr. HAYDEN. I am in complete ignorance as to what motivated the House to cause the delay on those two bills. With respect to some of the other bills, the delay results from lack of an authorization act.

Mr. HOLLAND. The Senator from Florida is in exactly that same situation. He wanted to call attention to the fact that the Senate not only passed those two bills some time ago, appointed conferees on the part of the Senate, and asked for a conference with the House, but also that we have been trying to move ahead ever since, without avail, up to the present time. I deeply regret the delay.

Mr. HAYDEN. There will be either a continuing resolution for the next Congress, or we shall have to pass those bills.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution—House Joint Resolution 782—was ordered to a third reading, was read the third time, and passed.

THE PROPOSED SUPERSONIC TRANSPORT AND A REPLACEMENT FOR THE OUTMODED DC-3

Mr. RANDOLPH. Mr. President, recently several airlines in the United States have expressed the intention of purchasing early models of an American-built supersonic transport aircraft, the production of which will be carefully monitored by the Federal Aviation Agency. Trans World Airlines, the first firm to make known its intention to buy the high-speed aircraft, has now been joined by Pan American Airways and by American Airlines.

The Aviation Subcommittee of the Senate Commerce Committee, under the chairmanship of the capable Senator from Oklahoma [Mr. MONRONEY], is currently holding hearings to better determine the progress and promise in this imaginative and important project.

The intent of our aviation firms to purchase a domestically built supersonic transport has far-reaching implications for the economy. At a time when our balance of payments must be improved, and the aviation leadership of the United States is seriously challenged by the development of the "Concorde" through the joint effort of the British and French, it is imperative that we take thoughtful action.

The expeditious and efficient construction of an American-built supersonic transport will enable this country to compete favorably with foreign airlines in the transcontinental travel market, and with foreign production of a similar plane. The major airlines who have thus indicated confidence in U.S. industry's ability to produce this advanced aircraft have done much to add impetus to the completion of a finished product. They have hastened the day when our citizens, and those of other lands may enjoy the fruits of American ingenuity and know-how.

Another area of air transportation which is receiving needed study by elements of the Federal Government and private industry is the development of a suitable airplane to replace the faithful but outmoded DC-3. In this area, the Senator from Oklahoma [Mr. MONRONEY] has exercised vigorous leadership. Construction of such a plane would contribute to the service and convenience available to travelers in smaller cities and areas not normally served by large metropolitan airports.

It is encouraging to note that the Federal Aviation Agency is energetic in its support of a DC-3 replacement program, and that this diligent governmental agency believes such an aircraft would be, in their terms, "short-haul, safe, subsonic, and subsidy saving." I concur in this thumbnail sketch of a vitally needed adjunct to the aerial capability of the United States, and urge that significant emphasis be placed on its construction, as well as on that of the supersonic transport. West Virginia, and the Nation, would benefit from such a dual-purposed program of technological progress.

I commend the interest of the Senator from Oklahoma [Mr. MONRONEY], and the members of his subcommittee on that study as well as their study of the supersonic plane.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

FOREIGN AID MEMO SENT TO U.S. EDITORS

Mr. HUMPHREY. Mr. President, last week the senior Senator from New York

[Mr. JAVITS] and I sent out a letter and memorandum to over 600 American newspaper editors calling to their attention certain basic facts about the foreign aid program. As I will be speaking later this week on the substantive points covered in the memorandum, I will not do so at this time.

However, I would like to ask unanimous consent to have the text of the letter and memorandum printed in the RECORD at this point.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., October 23, 1963.

DEAR ———: We believe there is an extraordinary need at this point to encourage better public understanding of the importance of the U.S. foreign aid program to the security and well-being of our country, and how U.S. private enterprise and voluntary organizations carry out their important role in it. So much emphasis has been given to foreign aid problems—both real and imagined—that there has been a failure to appreciate the value of its performance.

For the purpose of contributing to a more balanced perspective on this subject, we enclose with this letter a memorandum on foreign aid. It comments briefly on some of the current criticisms of the program and outlines in plain terms the factors which have caused us and many other public officials, whether Democrats or Republicans, to give it continued support. We submit this case for foreign aid for your consideration, mindful of the responsibilities we share to be informed of and weigh the important foreign policy developments of our times and to bring them fairly before the American people. For the foreign aid program has been traditionally bipartisan from the beginning and today foreign aid is called for by President Kennedy and supported by former President Eisenhower.

In the period ahead, the Senate will complete action on this year's foreign aid authorization and, thereafter, both the House and Senate will consider the bill at the appropriations stage. This is a particularly vital time for public consideration of foreign aid. It is our hope that this letter and memorandum will bring increased understanding to that consideration.

Sincerely yours,

HUBERT H. HUMPHREY,
U.S. Senator.

JACOB K. JAVITS,
U.S. Senator.

A CASE FOR FOREIGN AID

FOREIGN AID IS ESSENTIAL TO U.S. SECURITY

Contrary to charges that the foreign aid program is a "global giveaway," it is essentially a means to advance the security and well-being of the United States and the free world. Comprised of both economic and military aid, it is a vital arm of U.S. foreign policy which seeks to win the cold war and prevent hot wars.

This is why President Kennedy and former President Eisenhower support foreign aid so strongly, why President Eisenhower recently said: "Never has there been any question in my mind as to the necessity of a program of economic and military aid to keep the free nations of the world from being overrun by the Communists. It is that simple."

This is why the main finding in the Clay Committee report is that a sound foreign aid program is "essential to the security of our Nation and necessary to the exercise of its worldwide responsibilities."

**FOREIGN AID IS AN INDISPENSABLE INSTRUMENT
OF U.S. FOREIGN POLICY IN CRITICAL AREAS OF
THE WORLD**

A good example is found in the aid given through the Alliance for Progress to Latin America, the area described by President Kennedy as the "most critical in the world." In the face of anti-U.S. propaganda from Castro-Communist forces, U.S.-backed projects there have demonstrated our concern for Latin America's welfare. In the brief 2 years since this hemispheric cooperative effort was launched, some 140,000 new housing units have been constructed, 8,200 new school classrooms have been built, and more than 700 new community water systems undertaken. Tax and land reform measures have been adopted by many countries, more than 160,000 agricultural credit loans have been made, 4 million schoolbooks have been distributed, and more than 9 million children are being fed in 18 countries under the food for peace program.

The concrete results of our participation in the Alliance for Progress program can be illustrated by two examples:

1. Before the Alliance was launched, a shack in a Bogotá, Colombia, slum was the home of Campo Elias Bernal, his wife and his six children. Their total family income: \$1 a day. Now, 2 years later, the Bernals are living in a modest but clean and facilities-equipped home in Ciudad Techo, an Alliance housing project near the Colombian capital. Priced at \$630 and financed over a 15-year period, the Bernals are building their home through a system of self-help home construction widely employed under the Alliance throughout Latin America.

2. In Brazil, the misery of the Favela Bom Jesus until 2 years ago was typical of the slums ringing Latin American cities. Today this favela has been crushed by bulldozers and its inhabitants live in Barrio Alianca, a housing development near Rio de Janeiro named after the Alliance for Progress. It is a cooperative endeavor of a private foundation, the State Government of Guanabara and the United States.

**FOREIGN AID SUPPLEMENTS U.S. MILITARY
STRENGTH AROUND THE WORLD AND REDUCES
THE LIKELIHOOD U.S. FORCES WILL HAVE TO
BE USED IN COMBAT**

Military opinion is that without foreign aid, we either would have to tolerate Communist takeovers in various countries or commit American troops to fight brushfire wars there with weak local allies. Our aid supports 3½ million foreign troops who stand guard along Communist-bloc borders where U.S. troops might otherwise have to be stationed.

Through guerilla warfare and stealthy subversion, communism uses human misery in unstable countries for its own ends. U.S. military aid to strengthen foreign forces and U.S. economic assistance to advance economic and social progress helps keep Communist and other radical movements from gaining the upper hand. Obviously, our aid alone is not sufficient, but it's one of our most effective weapons.

U.S. military aid supports foreign troops in countries facing the Communist bloc—from Greece and Turkey to Korea—at a price one-tenth that of maintaining comparable numbers of U.S. soldiers there. Were it not for foreign forces supported by our military assistance, it would be necessary to consider substantial expansion of our own forces at heavy costs in manpower and funds.

While the test ban treaty debate has evidenced concern for military safeguards for U.S. strength as against Communist power, it is often forgotten that our military aid is part of this safeguard and that economic aid is one of the chief nonmilitary safeguards for U.S. security and peace. The Communists may be expected to intensify their cold war efforts in the developing countries. In this situation, foreign eco-

nomie aid is more important than ever as a safeguard against increased Communist influence.

**FOREIGN AID IS GOOD BUSINESS FOR THE UNITED
STATES—IT MEANS MORE U.S. EXPORTS, MORE
U.S. MARKETS ABROAD, AND MORE U.S. JOBS**

Foreign aid purchases in the United States help account for the jobs of more than 550,000 American wage earners.

In 1962, for example, the Agency for International Development (AID) financed 25 percent of U.S. iron and steel mill product exports, 38 percent of our exports of fertilizer and locomotives, \$50 million in foreign purchases of U.S.-manufactured electrical apparatus, and 10 percent of U.S. truck and bus exports.

The military assistance program also helps U.S. business. In addition to about \$1 billion in procurement financed by the program itself, military assistance activities will contribute to cash and credit sales to allied governments this fiscal year expected to amount to about an additional \$1.2 billion worth of U.S. military goods and services.

The percentage of aid-financed U.S. exports is rising sharply. AID financing of American commodities from fiscal year 1962 to 1964 will almost double, rising from about \$500 million to \$1 billion a year.

Foreign aid-financed U.S. exports help make American products more familiar to and desired by buyers in other countries. AID financed almost one-tenth of America's \$7.5 billion of exports to underdeveloped free world countries in 1962. Foreign aid also helps develop growing economies which are better markets for American products. After postwar U.S. aid to Europe and Japan, U.S. exports to Europe doubled between 1959 and 1962, and American exports to Japan tripled in the last decade.

Can the United States afford substantial foreign aid expenditures in light of the current budget deficit?

Yes, since substantial aid cuts now would create later costs which would far exceed any immediate savings.

There are a number of countries where our aid is a decisive barrier to Communist takeover in the short or longer term. The cost of Communist gains in Cuba—a single small country—has been enormous both to the U.S. Government and to U.S. business there. The month's cost of mobilizing U.S. forces at the time of Khrushchev's missile threat last October would sustain aid programs in a number of countries.

The annual dollar cost of even a limited war in a single country might far exceed worldwide foreign aid costs for several years and result in immeasurable costs in American lives. The Korean conflict alone cost four times the total foreign aid request this year.

We have three-fourths of a million men in our Armed Forces stationed outside the United States. The foreign aid program is one of our best means of insuring that these men will not have to fight full scale wars. Its support of foreign troops also reduces the number of U.S. troops needed abroad and the expense of maintaining them there.

The United States spends \$50 billion a year for defense to be prepared for wars we hope we never have to fight. We spend about 8 percent of that for foreign aid to reduce the probability of war and to maintain the initiative in the cold war. Military assistance makes as great a contribution to U.S. security, dollar for dollar, as the funds in our own defense budget. The cost involved in both programs is the price of our own security.

**THE FOREIGN AID PROGRAM PROPOSED THIS YEAR
IS SMALLER THAN THE AVERAGE PROPOSAL OF
PAST YEARS**

This year's request is less than the amount requested in 10 of the 15 fiscal years since the Marshall plan began. It is about \$1 bil-

lion less than the average request over the last 15 years, 4 of which were over \$7.5 billion.

The United States today is spending 10 percent of its gross national product (GNP) to improve its national security. Only one-twelfth of this spending goes for foreign aid, and almost half of even this amount is for military and related strategic aid. The request for military aid is only 3 percent of the regular defense budget.

Foreign aid expenditures have declined as a percentage of U.S. gross national product from almost 2 percent at the beginning of the Marshall plan to seven-tenths of 1 percent today, as a share of the Federal budget from 11.5 percent in 1949 to 4.1 percent today.

**FOREIGN AID IS NOT NOW A MAJOR CAUSE OF OUR
SERIOUS BALANCE-OF-PAYMENTS PROBLEM AND
GOLD OUTFLOW**

While aid has been an important contributory cause in the past, policy changes since 1959 and especially in the last year have achieved the result now that 90 percent of all aid commitments goes to purchase U.S. goods and services. Thus a cut of \$1 billion in foreign aid would cut \$100 million from the deficit in the balance of payments but \$900 million from U.S. exports. Even if surplus agricultural commodities, military aid, and Export-Import Bank loans are omitted, 8 out of every 10 economic aid dollars are spent in the United States. Moreover, the U.S. share of actual total AID expenditures has been rising at a rate of about 10 percent yearly, and the military assistance program now has reached the point where it actually helps our balance-of-payments position. The present payments problem is a serious one, but it cannot be laid at the doorstep of foreign aid.

**SHARP CUTS IN THE FOREIGN AID PROGRAM
WOULD DO SEVERE DAMAGE**

Despite the recommendation of a \$4.1 billion program by the House Foreign Affairs Committee, the program was slashed to \$3.5 billion on the House floor. This heavy cut raises many dangers:

In the Alliance for Progress, the 25-percent cut to \$450 million would mean that fewer funds would be available this year than last year, though the opportunities for useful investment in Latin America are substantially increasing, not decreasing;

Would indicate that just when the Alliance is demonstrating real progress and after U.S. criticism of Latin American performance, it is the United States which appears to pull back from its Alliance pledges;

Would reduce U.S. aid to all 19 Latin American countries under the Alliance this year to about the amount of Communist aid to the single island of Cuba; and

Would weaken pro-U.S. and pro-Alliance forces in Latin America and be a boon to Castro and the Communists. In gloating over the recent cut, one Communist newspaper wrote: "Only the naive and servile can continue to believe in the Alliance for Progress." Fidel Castro himself, attacking the Alliance on July 26 of this year as "an instrument of aggression against the Cuban revolution," scoffed that "the North American treasury every day is more incapable of mobilizing resources that will permit it to sustain * * * its allies in these countries."

In military assistance, a \$400 million cut in this fiscal year to \$7 billion would place the United States in a position of reducing assistance to its allies at a time when Communist threats to free world security are backed by an improving arsenal. About 70 percent of total military assistance in fiscal year 1964 (and almost 80 percent of associated supporting assistance) was planned to go to nine key countries on the periphery of the Sino-Soviet bloc. None of these countries has the resources to maintain the forces which our own Joint Chiefs of Staff

consider desirable to repel any Communist aggression. Any reductions in military assistance would fall principally on these countries.

For development loans to countries in Asia, Africa, and the Near East, the reduction to \$900 million would in view of present U.S. commitments tightly limit aid to many countries adjacent to the Communist bloc and hit our modest aid to African countries especially hard.

Requirements for U.S. aid this year to four countries under multilateral programs (India, Pakistan, Turkey, and Nigeria) exhaust more than 80 percent of funds which would be available. This leaves less than 20 percent available for 39 other countries in these areas of the world.

The House floor cut of \$160 million is equivalent to all of the development loans made last year to all the countries of Africa and the Far East.

For the contingency fund, the reduction to \$150 million would make the fund \$100 million less than in 1963 and \$125 million less than in 1962; and puts the fund at its lowest level since its establishment in 1959 as a separate fund to be available for unforeseen emergencies in a rapidly changing world.

CHARGES THAT FOREIGN AID HAS FAILED AND GOES ON INDEFINITELY ARE INACCURATE

Foreign aid has generally done the job for which it is designed. This is true both where its principal aim was to forestall the threat of internal collapse and Communist military takeover, as in Korea, or where its purpose was to help countries toward economic growth and development, as with the Marshall plan. Moreover, the United States now has an end to its aid programs in mind, even though the end for some countries is not clearly in sight.

Foreign aid to 14 nations of Western Europe under the Marshall plan and to Japan, Spain and Lebanon has been an obvious success. Economic aid to these countries has been terminated, most of it some years ago; and other countries—especially Greece, Israel, free China, the Philippines, Mexico and Venezuela—will soon join the ranks of countries no longer receiving U.S. economic aid.

Military assistance to our NATO partners such as France, Germany, and the United Kingdom was designed to insure that NATO presented a creditable deterrent to Communist aggression in Europe. This has been accomplished, and the United States will make no new commitments for provision of military equipment to these countries.

Foreign aid has helped many countries in Asia, Latin America, and Africa move increasingly toward economic and political stability. It has assisted hard-pressed governments there to show that progress under non-Communist governments is possible and see tangible evidence of U.S. concern for their well-being.

Former successes in foreign aid are permitting reductions in its current cost, and successful military security assistance in the past has encouraged increased emphasis on economic development aimed at making countries self-sufficient as soon as possible.

THE FOREIGN AID PROGRAM OF TODAY IS NOT THE SAME OLD PROGRAM MAKING THE SAME OLD MISTAKES

With the reorganization of foreign assistance efforts under AID in 1961 and the recruitment of many able persons including a number of businessmen, the economic aid program has substantially and continuously improved. Stricter standards have been introduced, self-help conditions for aid have been emphasized, interest rates have been raised and loan terms tightened for countries better able to bear them, and old procedures have been and are being streamlined.

The nature of the aid program has changed. Fifteen years ago our aid went almost entirely to Europe and Japan; today it is aimed at Latin America, Asia, and Africa. Where 90 percent of Marshall plan aid was in grants, economic aid is now on a loan basis, dollar-repayable and on soft terms. Ten years ago most of our aid went for military and related strategic assistance to arrest urgent problems; today this kind of aid has been cut in half and reduced by almost \$1 billion over the last 3 years. Today, aid is aimed at long-term gains designed to forestall crises before they occur, not to meet them after they occur.

The present aid program is highly selective and concentrated. Estimates are that 20 countries will receive about 80 percent of total AID-provided economic assistance; 5 of these will receive 80 percent of Development Loan funds; 6 Latin American nations will receive 80 percent of Alliance for Progress funds; and 10 countries will receive almost 80 percent of total military assistance.

U.S. aid is not dispensed indiscriminately, the same for all countries. It is carefully tailored, with the aid of the congressional committees concerned, varying with the degree of United States and free world interest in a country, the extent of the country's needs and self-help measures, and the availability of assistance from other sources. Countries receiving economic aid fall roughly into three categories:

1. Where aid is directed to lasting economic and social development—some 30 countries.
2. Where the short-range goal of maintaining external or internal security is primary to the long-term development goal—about seven countries, a declining number.
3. Where U.S. participation is quite small and limited in scope—more than 40 countries, many of them in Africa.

Another major change in the aid program concerns the expanding role of private enterprise. Earlier aid programs consisted of technical assistance and military aid. Present programs, emphasize loan funds and guarantees against certain risks to U.S. investments, are designed to effect maximum economic growth based on private initiative backed by improved government services and policies. Also universities, foundations, unions, trade and citizen organizations, and many other elements of the private sector are heavily involved.

THE FACT THAT THE DEVELOPED COUNTRIES OF EUROPE ARE NOT CARRYING THEIR SHARE OF THE ECONOMIC AID BURDEN DOES NOT MEAN THAT THE UNITED STATES CAN NOW AFFORD TO DO LESS

While other developed countries generally are not yet doing their full share, there has been progress—much of it due to U.S. pressure—and the United States is pushing them further.

Economic aid from Western Europe and Japan has doubled, from \$1.2 billion in 1956 to \$2.4 billion in 1962. By 1962, the proportion of direct U.S. economic aid to that provided by other developed countries was 60 to 40 percent, approximately the ratio of the U.S. national product to that of these other countries. Three or four West European countries give a greater share of their GNP for aid than does the United States.

The United States has increased its pressure for improved aid performance by other prosperous countries, especially concerning the terms or quality of their aid, and there has been some recent progress here as well. In some recent loans, the British have cut their interest rates effectively in half and Germany has increased its grace periods to 7 years.

Doing less ourselves, however, is unlikely to cause other countries to do more. A better answer lies in continued U.S. pressure,

demonstrations that America will not assume aid burdens which others do now and should carry, and European awareness that their aid, like ours, can lead to expanding their commerce and markets.

THE FOREIGN AID PIPELINE CANNOT BE USED FOR NEW PROJECTS IN THE YEARS AHEAD

It is sometimes said that foreign aid could be provided out of funds already voted by the Congress but not yet actually expended. This is not the case as these funds, the so-called pipeline, represent commitments the United States has made but not yet fulfilled. All funds in the pipeline have been committed for specific projects and purposes, though not yet fully expended. Only in rare cases could these funds be diverted to meet new requirements. It may take several years to spend all funds necessary to build a dam, for example, but the United States cannot promise to build another dam in a second country with the money set aside to build the first. While certain projects could continue with funds previously committed for them even if new funds were not available, others would cease only half-finished and no new projects could begin. In addition, planning and implementation of current projects often are predicted on the completion of earlier related projects to sustain program continuity and progressive achievement.

THE FOREIGN ECONOMIC AID PROGRAM DOES NOT FIT THE STEREOTYPED NOTION OF GOVERNMENT-TO-GOVERNMENT AID WHICH NEVER REACHES THE PEOPLE

While aid is provided on the basis of explicit or tacit arrangements between the U.S. Government and foreign governments, it is a mistake to believe it goes only or even chiefly for government operations. Most development loan funds, for example, are used for imports needed by the economy as a whole, especially the private sector, industrial or agricultural credit for private borrowers, etc. In addition, the U.S. aid program furnishes a number of services for U.S. investors, including guarantees and surveys, and it involves a great number of private American educational, business, and professional organizations and figures. U.S. aid also has provided vaccines, health services, school lunches, classrooms, textbooks, water systems, housing, seeds, and technical training for millions of persons.

Mr. HUMPHREY. Mr. President, if Senators would look at the memorandum, they would see that it answers many of the questions which have been raised about the foreign aid bill. It outlines rather clearly the several features involved in the foreign aid bill and compares the foreign aid bill of the present year with the foreign aid expenditures and authorizations of previous years. The purpose of the memorandum was not necessarily to be persuasive and convincing, but rather to offer factual information that will keep the debate in the Senate—and I hope in the public press and other media—on responsible and reasonable terms.

Mr. President, I plan to make my major statement on the foreign aid bill in relation to the area of Latin America and the Alliance for Progress. I hope to do so tomorrow immediately after certain morning business has been transacted.

I also wish to announce now my intention of bringing to the Senate floor some tangible, visible evidence of progress in Latin America during the past 2 years—in other words, the use of visual educational materials.

Too often we depend upon merely the spoken word in the Senate to perfect our case. I have long been of the opinion that visual display material can be even more effective and, indeed, can be most effective with the American public. So I announce today my intention of exercising rather unorthodox procedure tomorrow in presenting my case for the foreign aid bill.

Today I would like to call to the attention of my colleagues an analysis of one of the crucial problems confronting this hemisphere, communism in Latin America. Early this summer, an article in the *Saturday Evening Post* on this subject presented a truly alarming picture of the rising influence of communism in Latin America. Because of the importance I attach to having a balanced analysis of this issue presented to the American public, I asked our top Latin American policymaker in the State Department, Assistant Secretary Edwin Martin, to comment on this article. He has done so in a perceptive analysis of some of the problems we confront in Latin America and the progress we have made in meeting them during the past 2 years. His letter describes what we are trying to do to aid our friends to resist Communist infiltration of universities, labor unions, secondary schools, and communications media.

Mr. Martin's letter is a very good, hard-hitting answer to some of the points that were outlined in the *Saturday Evening Post* article.

I believe Mr. Martin's analysis, in indicating where we have progressed and what problems remain unsolved, points up once again the importance of ideological information and propaganda activities in the struggle for men's minds in Latin America. It is in that area that we have expended the least of our resources, and it is in that area of ideological information and propaganda or educational activities that we have used so little of our resources.

I found it most interesting that in the response to my "Report on the Alliance for Progress" which I issued in March of this year, Latin American observers commented most frequently on that section of the report in which I discussed the ideological basis of Marxism and Communism. Referring to the Mexican situation, I stated:

The continued Marxist grip on the minds of some Mexican university professors and students attests once again to the fact that the ideological basis of communism is its principal attraction for educated groups, not its economic critique. It is for that reason that communism captures the university before the slum.

This strong attraction of Marxism and communism among the intellectual elite groups is one of the best reasons why we should step up our activities in the information, education, and propaganda fields.

We should not cut back our USIA programs in those fields, for example, but they should be expanded. If we paid a little more attention to the needs of our educational, cultural, scientific, propaganda and information activities, we would possibly be making much more progress in the Latin American area for

the cause of freedom and democratic society.

We should step up our programs in the area of cultural and educational exchange. We should intensify our programs aimed at university students and professors, at television, cinema and radio writers and producers, and at journalists and editors. To do this, however, we must provide the necessary funds for these programs through USIA and the State Department's educational and cultural affairs program.

Mr. President, if there is any reason why we have been failing, it is the failures of Congress. This Congress, which was willing to appropriate more money for defense than the President asked for, is unwilling to appropriate the money the President asked for cultural, educational, and informational activities. Apparently, we feel that we are better generals than the Joint Chiefs of Staff and, apparently, that we are better educators than those responsible for our educational efforts overseas.

The recent action of the House in cutting the administration's requests for these programs was ill advised, ill considered and ill timed. At the appropriate moment, I intend to see to it—to the best of my ability, at least—that these cuts are reversed, that our people in charge of these programs in Latin America are provided with the funds to do the job that needs to be done.

I have advised our people in these agencies to come to Congress and say, "If you know how to operate the program better than we do, then take it, if you are going to constantly complain that we do not do a good job."

Let me make clear for the *RECORD* that while we put up half the money required to do the job, the Communists spend anywhere from 10 to 20 times as much as we do in the Latin American area alone on propaganda, informational, and cultural activities. Everyone knows that. We insist on having an arms race with the Russians in an area of the world where there are no arms—namely, Latin America. We spend far less on our educational, scientific, and cultural programs in the Asian, African, and Latin American areas than do our opponents and competitors, the Communists. We spend far more on military programs all over the world than do our competitors and enemies, the Communists. I happen to believe that our efforts in armaments produce some rather good results. The Communists have found they cannot keep pace. They are retreating from the arms race, only to step up their propaganda race. Since we have no intention of using the guns we manufacture to kill people unless a war is forced upon us, the Communists go ahead with their programs of education, information, and propaganda with little or no resistance from us.

Our friends in the USIA and the State Department, who handle educational and cultural programs, have done a very good job. They wrestle with a giant with one arm, while the other arm is tied behind the back, and both legs tied, because Congress prefers to provide money for military programs rather than for the tools and weapons that are really

needed in the struggle today; namely, the cultural, educational, scientific, and propaganda activities.

I was in Germany over the weekend, and I talked with some of our ambassadors who were gathered at Bonn for a regional meeting of the chiefs of mission of the American diplomatic services in the European area. I learned, for example, that despite the limited amount of money available, many thousands of people in the Iron Curtain countries come to look at the American exhibits in American embassies there. My good friend, Mrs. Eugenia Anderson, who is our Minister to Bulgaria, was kind enough to call me by long-distance telephone from Bonn while I was in Frankfurt. She told me that the developments she had witnessed in Bulgaria were most reassuring and comforting; that each day thousands of people come to see the small number of paintings that the USIA is able to provide out of its limited budget for this area of the world. Of course, we operate under severe restrictions because of the Communist Government of Bulgaria, but the people are hungry for our message.

Mr. President, I saw the same thing in Latin America. I saw exhibits in Santiago, Chile, that attracted thousands of people. I saw binational centers that were giving educational services to thousands of people; and yet I saw our own country running a poor second to Cuba in terms of educational, or if we wish to so call it, propaganda material.

When the great United States of America cannot keep pace even with Cuba in the fields of cultural activities and educational activities, there is something wrong in terms of our priorities.

I believe I know what is wrong with our priorities. This morning, I spoke to a committee on behalf of the program for promotion of the arts in the Federal Government, and I made note of the fact that we go around as though we were paupers passing the cup, hoping to get the \$30 million necessary for a National Cultural Center for the Capital of the greatest Nation in the world—for the capital of freedom in this entire world. Every other country in the world, with no exception, has a much better cultural center or auditorium and a much better cultural program in terms of government activities, than the United States.

But there are some very good horse races around here. There are some good night clubs. There are some fine commercial recreational establishments. We provide them with all kinds of tax deductions and business expense allowances to keep them going. But, when it comes to a National Cultural Center, the same Nation that has a Congress which votes a budget of \$48 billion in one afternoon for defense expenditures stands paralyzed and cannot seem to find \$30 million to build a National Cultural Center for the capital of the free nations of the world.

This is indicative of why we are in trouble in many parts of the world. We build the biggest atom bombs, and yet we put the least emphasis upon some things that are just as important.

Mr. President, I ask unanimous consent to have printed in the *RECORD* the letter to me signed by Assistant Secre-

tary of State Martin in answer to the article which was published in the Saturday Evening Post entitled "Communism in Latin America."

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., July 29, 1963.

The Honorable HUBERT H. HUMPHREY,
U.S. Senate.

DEAR SENATOR HUMPHREY: I was pleased to receive your letter of July 11, 1963 concerning Richard Armstrong's important article in the Saturday Evening Post on communism in Latin America. I have read the article with great interest and care and am happy to give you my appraisal of it.

I want to preface the critique by saying that my general comments do not constitute either agreement or disagreement with all the specific assertions of fact and value judgments which it contains. To give an opinion on each of these is a task beyond the scope of this letter.

As an overall judgment I would say that Mr. Armstrong has accurately identified the danger spots which the Communists are exploiting and correctly listed the different tactics they are using. He also issues warnings which many Americans would do well to heed. But I think he paints a darker picture of the degree of Communist gains than the facts at the present moment justify. This is by no means to say that Communist subversion is a minor threat. It represents a serious danger, and that is why we and our democratic friends throughout the hemisphere are combating it. Because these efforts are producing concrete results, I do not believe that we are teetering on the brink of disaster as an uncritical reading of the article would convey.

Turning to a few specifics, I do not agree with Mr. Armstrong's apparent impression that, because the "Communists have never sung their hopes so high," they see victory within reach. The Communists, I believe, are rather making the type of self-serving statements that reflect less rather than more self confidence. Certainly they see powerful social movements at work in the area which they, as a small minority, hope to mount and ride to power. But they also confront, as the author himself notes, some very strong forces, such as a growing number of reform-minded leaders of the democratic left, an Alliance for Progress on the move, and a greater mobilization of the middle and upper classes, the clergy and the armed forces. In this connection I want to point out that the ruling classes are not a hopelessly benighted group which stubbornly continues to oppose change, as the article implies. Many significant elements in these groups understand the social forces at work in their respective countries and are playing important roles in reform movements. Furthermore, the Communists are not as monolithic and well-disciplined as might seem. The missile crisis of last October severely tarnished the Castro image and deflated the claim that communism is the wave of the future. The tug of war between Moscow and Peiping for leadership of the world Communist movement is also sapping the strength of the Latin American Communists as divisions deepen in their own ranks.

I am sure you will agree with me that we must be very careful not to regard the growing manifestations of nationalism, anti-Yankeeism, independence and reform in Latin America as a yardstick by which to measure Communist strength. Our task is to assist the Latin American people, as we are doing through the Alliance for Progress, to work out their own solutions to their economic and social problems. At the same time we must also help them in other ways

to defend themselves against the Communists who are constantly seeking to block the gains being made under the Alliance. Contrary to the implication of the article we do not regard Latin America as an "American fief" nor do we insist that the Latin American States become "simon-pure American style capitalist states." I think it is very important for us to interest other free world countries in involving themselves in Latin America to keep the choice from looking like one between communism and "U.S. brand democracy" and to put across the point that the choice is between a slave and a free world, enriched by variety.

Mr. Armstrong places considerable emphasis on the inroads which the Communists have made in intellectual and student circles. I would not minimize these inroads, but I do not think that they are greater today than they have been over the past two decades. What has increased is the determination of moderate elements to do something about it.

To illustrate this point I shall be glad to place at your disposal a paper prepared by my office at the end of 1962 which deals in some detail with the progress being made by non-Communist students in the universities. This year, despite some disappointments, I have seen nothing to invalidate my belief that the moderate elements in university circles, which have long been passive, are becoming increasingly aware that they have great interests at stake in the ideological struggle and that they must defend them actively. They still have a long way to go before becoming a powerful cohesive force, but the trend is a heartening one.

It is paralleled by a growing tendency in the more extreme leftist, though not strictly Communist, university and intellectual circles to say "a plague on both your houses," meaning on the Communist and the "Yankees." Without in any sense advocating "neutrality" or "third forism," I venture to call this too a desirable development, because I welcome loss of faith in something evil as well as a spectacular conversion to something good. Public conversion comes hard to most people, especially to those who attach a lot of importance to "face." We will have to be patient with many prominent people who, precisely because they are breaking away from Communist influence, find it expedient to be noisily "anti-Yankee imperialist" in order to prove their intellectual, political, and emotional independence.

The special box on university leaders written by Trevor Armbrister throws out of balance the comments on university trends that Mr. Armstrong makes toward the end of his article. I have strong doubts that the Peruvian university student leader, for example, could make good his threat to stir up the peasantry. The cultural and emotional gaps between Latin American intellectuals and the workers of their countries are more frequently harder to bridge than those between well-oriented foreigners and those same workers.

The article gives an erroneous impression that the Communists hold a virtual monopoly of the creative talents in Latin America. An equally impressive list of outstanding personalities whose attachment to the free world is beyond question could be prepared. To mention just a few: the Mexican painter Rufino Tamayo, the Argentine writer and poet Jorge Luis Borges, the Venezuelan Novelist Romulo Gallegos, the late Chilean Nobel Prize poet, Gabriela Mistral, and the Argentine Nobel Prize scientist, Bernardo Houssay.

It is hard to gage progress made in reducing the glamour of communism in certain intellectual circles in Latin America. However, I think that the stationing of Soviet missiles in Cuba and Khrushchev's cavalier treatment of Castro in withdrawing them under U.S. pressure produced a very marked

disenchantment among intellectuals who were not confirmed Communists, many of whom have pronounced "ban-the-bomb" proclivities. The process of dissipating the vogue of extreme leftism and fellow-traveling will create many problems for us. We can expect it, in its early stages, to confront us with a myriad of hairsplitting, overtly anti-American factions. As Mr. Armstrong warns, we shall have to take care not to reunite them by looking on them with too little subtlety and understanding. Part of the job ahead is to convince the Latin American intellectual that he can live in dignity with us, without having to parrot our own particular sense of what is democratic and desirable. Part of our task with the Latin American intellectuals is to convince them that we are interested not only in their knowing our achievements but also in learning from what they have to offer to us. In other words cultural exchange must really be a two-way street.

Communist influence in the news media shows a pattern similar to that in intellectual circles. They have their own newspapers and magazines some of which are done well enough to have public appeal. Perhaps more serious problems exist in connection with reputable newspapers and radio and TV stations which for a variety of reasons continue to furnish outlets for clever and unscrupulous Communists, fellow-travelers and opportunists. Nevertheless, the total of their output or impact does not compare with the resources and influence of the media which follow an independent or anti-Communist line. The wide acceptance of USIA news output and radio and television programs is a clear indication of the orientation of the large majority of the Latin American news media.

Turning to Mr. Armstrong's description of the four main tactics being used by the Communist, I think the reader can get the impression that Communist subversion is running rampant throughout the hemisphere. This is not the case. Take the first tactic: "terror in the cities." The only place where we find terror being used to any significant extent is in Caracas, Venezuela where the Communist have been forced to resort to violence because they enjoy little popular support. In doing this they have provoked the wrath of a vast majority of the Venezuelan people and the Government. President Betancourt had undertaken increasingly energetic and effective security measures to deal with the problem.

The second Communist tactic mentioned by Mr. Armstrong is "guerrilla warfare in the backlands." At one point in the article he makes the statement: "Colombia is not the only country infested by Communist guerrillas." The truth of the matter is that there is no country in Latin America "infested" by guerrillas. The few bands which operate in Venezuela have gotten nowhere as the armed forces, with the cooperation of the campesinos, continue to harass them. In Ecuador last year an attempt by a band of young rebels (many less than 200 the author estimated) to launch guerrilla activities was quickly put down. Just a few weeks ago in Peru the Government caught Castro-type Guerrilla Leader Hugo Blanco as well as a group of Cuban-trained revolutionaries which had clandestinely entered the country from Bolivia. In Brazil there have been periodic instances of violence in the northeast with some indications of Communist involvement, but these should not be confused with Communist guerrilla activity which to my knowledge is nonexistent. Mr. Armstrong narrates the failure of Castro-backed Brazilian Communists to establish guerrilla training centers in the interior of Brazil. As I noted in my statement before the Selden subcommittee last February, and as Mr. Armstrong acknowledges but in passing, violence in Colombia is basically ban-

ditry rather than Communist-controlled insurgency.

With regard to the third tactic—"creation of popular fronts designed for the election of Communists for pro-Communists"—Chile is the only country where the Communists have an adequate base to pursue this approach. However, the results of the recent Chilean municipal elections and dissensions within the Communist-dominated coalition FRAP have considerably reduced the possibilities of the Communists coming to power through the next elections. On the other hand, Communist influence in British Guiana is quite a different matter, and the problem there is very real and substantial.

The Communist technique of infiltration—the fourth tactic—is the easiest to disguise and therefore the hardest to detect and counteract. While growing spirits of nationalism and independence may in the long run serve to frustrate Communist objectives, it now frequently serves as a shield for Communist infiltration and at the same time makes our task of warning a government of the consequences more delicate. Nevertheless, we are keeping a close watch over this form of subversion and doing as much as we can to help other governments deal with it.

You ask for a candid evaluation of the effectiveness of our antisubversion program in Latin America today. My answer is that, while we have a considerable way to go, we are making progress and I am optimistic. Our principal enemy in Latin America is not communism but immature intellectuals and demagogues with limited knowledge of communism and its results on the lives of people who live under it, and the widespread poverty, ignorance and disease which provides these people with arguments and issues. We are energetically trying to correct these ills, and in the process strengthen democratic institutions and remove the conditions on which communism breeds. The Communists are trying to exploit them in order to gain power and implant their totalitarian system. Based on this assessment, our program contemplates two parallel courses of action. One is to work with the Latin American governments through the Alliance for Progress to achieve greater intellectual and political maturity, economic development, social justice and political stability. The burden of our effort must be concentrated here. But while we do this, we must also make sure that our flanks are protected against the sorties of Communist subversion.

Ted Moscoso is in a better position to comment on the gains we are making through the AID program. I am glad that you sent him a copy of your letter to me asking for his suggestions. He will be writing directly to you.

With respect to the defense of our flanks, we are moving ahead on two fronts. One is the multilateral; the other the bilateral. Progress on the multilateral front is reflected in the decisions reached last April at the Managua meeting of Ministers of Governments, Interior or Security of the five Central American states, Panama and the United States. A copy of the final act is enclosed. Implementation of the decisions is in progress. Another accomplishment is represented by the report which the Council of the OAS sent to the governments this month urging that they implement the specific recommendations contained therein for control of travel to Cuba, the flow of subversive propaganda and the transfer of funds for subversive purposes. I am also sending you a copy of this document. A third element in the multilateral effort is the steps we are continuing to take to increase the isolation of Cuba and thereby reduce its subversive potential.

Bilaterally we are seeking to increase the internal security capabilities of the Latin

American countries through a variety of measures tailored to meet the needs of each. The emphasis is on training and equipping the armed forces and civil police. The military personnel are being trained in riot control, counter guerrilla operations and tactics, intelligence and counterintelligence, public information, psychological warfare, and other subjects. The police personnel are training in organization, administration, riot control, records and investigations. To a considerable extent equipment being furnished to the Latin American countries under the military assistance program is designed to fit in with the increased emphasis on their internal security requirements.

While in this battle there is always the need for improvement, I am satisfied that our two-pronged approach to the problem of Communist subversion is making progress. Our task will continue to be to mobilize our human and material resources, and to make the most of the psychological advantages we enjoy in this respect. We have been developing constantly better techniques for doing so. We have, I am sure, many advantages of which we are hardly aware, and I am constantly pressing for identification and positive understanding of them, as well as of the much advertised liabilities we suffer in the area. My own conviction is that we can do everything better than the Communists, if we will not allow ourselves to be distracted from the job, or get panicky and expect miracles every day. With your help and that of others who, like you, have looked deeply into the Latin American scene, I am sure we can proceed with confidence.

I hope that this assessment of the Post article will be of use to you. If I can be of any further assistance, please do not hesitate to let me know.

Sincerely,

EDWIN M. MARTIN,
Assistant Secretary.

Mr. HUMPHREY. Mr. President, the only reason we have not done better in many of these areas is that we really have not tried to do so. We have talked about it. We have made speeches about it. We have written articles about it, but we really have not tried.

Tomorrow, I am going to demonstrate how the Alliance for Progress, despite its imperfections, and despite the failure of Congress—and indeed the executive branch—to do the best job that could be done, has made substantial progress. I am hopeful the Senate will sustain the action of the committee.

The action of the committee on the Foreign Assistance Act of 1963, in reference to the Alliance for Progress, is not all I had hoped it would be. It is my view that the social progress fund for the Alliance for Progress should have been granted in its entirety. It is my view that the funds set aside for housing will be inadequate. It is also my view that the administration of some of these programs has been too tardy. We are beginning, however, to make considerable progress in the improvement of administration, and I want to be sure that whatever I may do as a Senator will not impede effective administration. I want to be sure that what we do in this program will be enough to really be effective.

I have used the example many times, because it is a relevant example, that if a man has a serious infection, which requires, according to medical analysis, treatment by penicillin, there is no use

giving that patient 25,000 units of penicillin, even though much money could be saved by giving him that small a dosage. We might as well give him Smith's cough drops. In fact, he might be better off, because he would avoid the danger of a reaction. When a man needs 1 million units of penicillin to repel an infection, it does not do much good to give 100,000 units or 200,000 units.

The great area of Latin America is today the victim of very serious political and economic infection, political instability, economic backwardness, illiteracy, all sorts of social ills. We have been attempting to deal with that type of infection—political, economic, and social infection—with inadequate dosages of the treatment that has been prescribed. The doctors in Congress, I am afraid, are trying to cut down the dosage that the conservative doctors presented originally, or the original prescription. So I hope we will not let the patient die by quibbling over the cost of the medication.

Perhaps some of my colleagues have read the article, "Funerals Are Costly"—regular funerals and political funerals. It is costly to try to rescue nations once they have been the victims of tyranny or communism. The cost is fantastic.

Had we had more vision in some of those areas, we might have saved ourselves some trouble.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I am happy to do so.

Mr. DOUGLAS. At the very end of the foreign assistance authorization bill, at the bottom of page 53, there is some cryptic language, reading as follows:

For the purposes of this title and title IV, the term "surplus agricultural commodity" shall include any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation, "in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

Does this language refer to what is known as high-protein fish concentrate, otherwise known as fish flour?

Mr. HUMPHREY. Yes; it can very well cover that product.

Mr. DOUGLAS. I am glad of that.

Is it not true that the American Academy of Science finds that high-protein fish concentrate, or fish flour, is completely wholesome and nutritious, has absolutely no toxic qualities, and is 100-percent safe?

Mr. HUMPHREY. The Senator is absolutely correct. In many areas of the world such a product could be used to meet nutritional deficiencies.

I think the amendment specifically related to canned fish products, which could provide greatly needed nutrition.

Mr. DOUGLAS. So it does include fish flour?

Mr. HUMPHREY. It is my interpretation that it includes fish flour.

Mr. DOUGLAS. Is it not true that fish flour has a high-protein content of approximately 85 percent?

Mr. HUMPHREY. I believe so. The Senator from Illinois has been one of the

most persistent and effective advocates of this product. I made a trip about a year ago to South America. I cannot recall in which particular country it was, but I recall that in that country the medical profession told me there had been a decided improvement in the health of children particularly as a result of the use of fish flour, because it had brought about an increased intake of protein.

Mr. DOUGLAS. Is it not true that fish flour can be produced in bulk at an average cost of 14 cents a pound?

Mr. HUMPHREY. Yes; I have heard that testimony.

Mr. DOUGLAS. This amounts to a very cheap form of nutrient.

Mr. HUMPHREY. Yes.

Mr. DOUGLAS. Is not this of great benefit in tropical countries close to the equator, where the presence of heat and the absence of refrigeration makes it virtually impossible to preserve meat, fish, and milk?

Mr. HUMPHREY. The Senator is correct. Only dried milk can be used there. Fish flour involves very much the same type of operation. Fish is processed into a usable, nonperishable commodity.

Mr. DOUGLAS. And the American Academy of Science has pronounced it completely sanitary, sterile, and beneficial?

Mr. HUMPHREY. The Senator is correct.

Mr. DOUGLAS. And the Secretary of the Interior has given this product his endorsement?

Mr. HUMPHREY. The Secretary of the Interior has done so. The language on page 53 of the bill is:

For the purposes of this title * * * shall include any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

Mr. DOUGLAS. Now we come to the real catch. Because the head of the Food and Drug Administration, Mr. Larrick, has declared, on his own initiative, that fish flour, or fish protein concentrate, shall not be allowed to be sold in the United States because it is produced from the whole fish and therefore includes the digestive tract of the fish and the head of the fish. He has pronounced it repulsive and unesthetic, and therefore not fit for any American to eat.

I may say, in explanation, that the fish is crushed, subjected to a number of solutions of alcohol, a number of solutions of water, thoroughly baked, and is made completely sterile. But Mr. Larrick says it is unesthetic because it may raise in people's minds the memory of where it came from, although it is a brown powder, with no repulsive qualities, and although the Food and Drug Administration permits rattlesnakes, ants, silkworms, snails, chocolate-covered baby bees, grasshoppers, whole squid, and caterpillars to be sold in American stores.

Mr. HUMPHREY. Beetles and grasshoppers.

Mr. DOUGLAS. Yes, chocolate-covered baby bees and grasshoppers, to be sold. We are going to be faced with this fact: Here is a product we are going to export, but the Food and Drug Administration has said it is improper for Americans to eat the product, so it is prohibited for use by Americans. I can hear the Communist propagandists in Latin America and the Tropics saying, "Here is a substance Americans will not consume themselves, but they give it to us in assistance."

Does not the Senator think perhaps a little persuasion should be exercised on the Food and Drug Administration and its head, Mr. George P. Larrick to observe the realities of this product? The Senator is a pharmacist. This is only one of his many fine accomplishments.

Mr. HUMPHREY. I am not an expert on fish flour.

Mr. DOUGLAS. I should have brought some along with me.

Mr. HUMPHREY. I had some fish flour biscuits, or something the Senator had prepared. They are delicious. I will see what we can do to be persuasive and convincing with the head of the Food and Drug Administration. In many areas where the finest fruits are prepared and consumed, and where health standards are high, fish flour is an accepted food product.

Mr. DOUGLAS. But the head of the Food and Drug Administration prohibits Americans from eating it. There are Americans with low incomes and other people living in tropical countries whose diets would be greatly improved by the addition of fish flour. This product can be stored indefinitely without refrigeration. The foreign policy of the United States is subject to criticism in this respect.

Mr. HUMPHREY. I am hopeful that this new provision in the bill will be effective, and I trust that the Food and Drug Administration will not stand in the way of its implementation. In order to bar unfair criticism, it would seem to be a wise policy for the agency to reassess its earlier judgment and to see if it cannot find, within the terms of its scientific standards for purity and for—

Mr. DOUGLAS. They admit it is pure. They admit it has high value as food. They admit that it is extremely beneficial. However, they say, since it comes from the whole fish, it raises bad thoughts in the minds of people as to its origin, and therefore should not be permitted to be in circulation. They do not object to caviar.

Mr. HUMPHREY. The Senator is making a very good case.

Mr. DOUGLAS. Caviar, as the Senator knows—I know he leads a simple life and does not eat large amounts of caviar—caviar is the eggs of the sturgeon.

Mr. HUMPHREY. Only when I am out on the embassy circuit do I eat caviar. I must confess that before I came to Washington I had never indulged in caviar. After 15 years I be-

lieve I have gotten to the point where I almost enjoy it.

Mr. DOUGLAS. Oysters have a digestive tract. The Food and Drug Administration does not object to oysters, although oysters have a digestive tract.

Mr. HUMPHREY. The Senator has almost turned me against oysters.

Mr. DOUGLAS. As a matter of fact, one can eat silkworms. They are approved by the Food and Drug Administration. Frankly, there are many things that the Food and Drug Administration does which I do not like. This is only one of them.

Mr. HUMPHREY. I will do all I can to get the Food and Drug Administration to see the light on the matter to which the Senator has referred. I hope the Senator will feel that he has gained a rather substantial victory in the legislative process by the inclusion in the bill of fish products. He had considerable cooperation from a number of his colleagues from other parts of the country, but he has taken the lead on this matter. It seems to me that fish products offer a very fine opportunity for a source of food, and an opportunity for a better balanced program and a far greater use and availability for our people than heretofore.

Mr. DOUGLAS. Why should not the American people have the right to have fish protein flour?

Mr. HUMPHREY. I will take fish powder before I will take rattlesnakes or worms or beetles. Fish flour is perfectly nutritious, and it is a pure food, and it could well be included in the American diet.

Mr. DOUGLAS. I thank the Senator.

Mr. HUMPHREY. As I said, tomorrow I will hold forth on the Alliance for Progress, because to me the Alliance for Progress is the key and the heart of the whole foreign aid bill. I do not propose to say now or tomorrow that the Alliance for Progress has been a complete success. I do say, however, that it has made substantial contributions to a better life for millions of people in this hemisphere. I further say that it is on the road to success. I do not want anything to impede that process by unwise cuts or by restrictive language which might make it exceedingly difficult to carry out the program administratively.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. HUMPHREY. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 51 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, October 29, 1963, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed October 28 (legislative day of October 22), 1963:

IN THE AIR FORCE

To be lieutenant general

Maj. Gen. Fred M. Dean, 1450A, Regular Air Force, to be assigned to positions of im-

portance and responsibility designated by the President in the grade indicated, under the provisions of section 8066, title 10, of the United States Code.

IN THE MARINE CORPS

The nominations beginning Joseph A. Mallery, Jr., to be major, and ending Harold R. Davis, to be major, which nominations were

received by the Senate and appeared in the CONGRESSIONAL RECORD on October 17, 1963.

IN THE NAVY AND MARINE CORPS

The nominations beginning Anthony J. Adaschik, to be ensign in the Navy, and ending David L. McEvoy, to be captain in the Marine Corps, which nominations were received by the Senate, and appeared in the CONGRESSIONAL RECORD on October 9, 1963.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued October 30, 1963
For actions of October 29, 1963
88th-1st, No. 173

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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Hart urged review of trade policies with Communist nations. Sen. Fulbright inserted Dean Acheson address on problems of agricultural trade with Common Market. Sen. Kuchel inserted Sen. Jordan's address on Federal-State water rights controversy. Sen. Randolph urged expansion of water resource development projects. House Rules Committee cleared bill to implement International Coffee Agreement. Rep. Barry inserted article charging USDA delay in providing information on shipping payments and feed grain allotments.

SENATE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 19432-3, 19434-42, 19452-80, 19483-4). Sen. Humphrey urged continued aid to Latin American countries under the Alliance for Progress, particularly in the field of agricultural development (pp. 19452-73). Several Senators submitted amendments intended to be proposed to this bill (p. 19414).
2. LIBRARY SERVICES. The Labor and Public Welfare Committee reported an original bill S. 2265, to amend the Library Services Act in order to increase the amount of assistance under the Act and to extend such assistance to nonrural areas (S. Rept. 592). p. 19413
3. ADMINISTRATIVE PROCEDURE. The Judiciary Committee reported with amendments S. 1664, to provide for continuous improvement of the administrative procedure of Federal agencies by creating an Administrative Conference of the United States (S. Rept. 621). p. 19413

4. FOREIGN TRADE. Sen. Hart renewed his suggestion for "a high level, broad re-examination of our trade policies with the Communist-bloc countries," commended the announcement of the Senate Foreign Relations Committee that it would undertake such a review, and inserted an editorial in support of his position. pp. 19442-3
5. FOREIGN RELATIONS. Sen. Fulbright reviewed and expressed concern over "the attitude of the French toward the Western Alliance," and inserted an address by Dean Acheson reviewing relations between the U.S. and Western Europe, including the current problems of agricultural trade with the European Common Market. pp. 19484-9
Sen. Proxmire inserted an editorial commending the work of Secretary of State Rusk, particularly for his "job of bringing a unified policy from the diverse attitudes of the Defense Department, the Agriculture Department, the Treasury Department, the CIA, the Federal Reserve, and so forth, with reference to our troop commitments abroad." pp. 19415-7
6. WATER RIGHTS. Sen. Kuchel inserted an address by Sen. Jordan (Ida.) before the annual convention of the National Reclamation Association supporting enactment of legislation "toward solving the Federal-State jurisdictional question in the field of water." pp. 19421-5
7. WATER RESOURCES. Sen. Randolph urged enactment of legislation for expansion of water resource development projects, including public works acceleration, flood control, and river basin projects. pp. 19451-2
8. RECREATION. Sen. Symington commended the appointment of George B. Herzog, Jr., to be the next head of the National Park Service, stating that he was particularly suited to oversee the development of the Ozark National Rivers recreation area in Mo., which would include certain national forest lands. pp. 19450-1
9. AIR POLLUTION. Sen. Fong was added as a cosponsor of S. 432, to extend and expand the Federal air pollution control program. p. 19414
10. LEGISLATIVE PROGRAM. Sen. Mansfield announced that it is anticipated the Senate will remain in session for the remainder of this year, and will go over from Fri., Nov. 8, to Tues., Nov. 12, from Wed., Nov. 27, to Fri., Nov. 29, and from Fri., Nov. 29, to Tues., Dec. 3, and then it is anticipated that it will stand in recess or will operate on a 3-day adjournment basis between Fri., Dec. 20, and Thurs., Jan. 2, and will convene the opening of the 2nd session of this Congress on Jan. 3. p. 19483

HOUSE

11. COFFEE. The Rules Committee reported a resolution for the consideration of H.R. 8864, to carry out U.S. obligations under the International Coffee Agreement of 1962. p. 19411
12. INFORMATION; FEED GRAINS. Rep. Barry inserted an article charging that USDA delayed in providing unclassified information on Federal payments to a Greek-owned shipping company and a corn-acreage allotment reduction under the feed grains program. p. 19402

SUPREME COURT DECISION IN CASE OF H. J. RYAN V. PRESIDENT OF THE SENATE

A letter from the Assistant Attorney General, Department of Justice, Washington, D.C., informing the Senate that on October 14, 1963, the Supreme Court dismissed the appeal for want of jurisdiction and denied certiorari in *H. J. Ryan v. President of the Senate*; to the Committee on the Judiciary.

REPORTS RELATING TO PETITIONS FOR FIRST PREFERENCE CLASSIFICATION

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports concerning visa petitions according such petitions first preference classification under the act (with accompanying papers); to the Committee on the Judiciary.

EXPRESSION OF GRATITUDE BY GUAM LEGISLATURE

The VICE PRESIDENT laid before the Senate a communication from the Guam Legislature, signed by M. U. Lujan, vice speaker, expressing the appreciation and gratitude of that legislature for the Senate passage of House bills 6225 and 6481, relating to rehabilitation and urban renewal in Guam, which was ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KEATING, from the Committee on the Judiciary, without amendment:

S. 741. A bill to amend title 18, United States Code, to prohibit schemes in interstate or foreign commerce to influence by bribery the outcome of sporting contests, and for other purposes (Rept. No. 593).

By Mr. FONG, from the Committee on the Judiciary, without amendment:

S. 1396. A bill to consent to the institution of an original action in the Supreme Court for the adjudication of the claim of the State of Hawaii to certain land and property situated within that State (Rept. No. 594).

By Mr. DIRKSEN, from the Committee on the Judiciary, without amendment:

S. 1451. A bill to amend section 41(a) of the Trading With the Enemy Act (Rept. No. 595).

By Mr. JOHNSTON, from the Committee on the Judiciary, without amendment:

H.R. 2835. An act to clarify the status of circuit and district judges retired from regular active service (Rept. No. 596).

By Mr. SCOTT, from the Committee on the Judiciary, without amendment:

H.R. 4145. An act for the relief of certain individuals (Rept. No. 597).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 716. A bill for the relief of Gaetano Fuccio (Rept. No. 599);

S. 1129. A bill for the relief of Thomas B. Bollers and Earlene Bollers (Rept. No. 619);

S. 1385. A bill for the relief of George Alexander Dounani (Rept. No. 600);

S. 1446. A bill for the relief of Andreina Viselli (Rept. No. 601);

S. 1479. A bill for the relief of Dr. Demetrios Flessas and Dr. Eugenia Flessas (Rept. No. 602);

S. 1576. A bill for the relief of Ana Murgelj (Rept. No. 603);

S. 1812. A bill for the relief of William John Campbell McCaughey (Rept. No. 604);

H.R. 1049. An act to amend sections 334, 367, and 369 of the Bankruptcy Act (11 U.S.C. 734, 767, 769) and to add a new section 355 so as to require claims to be filed and to

limit the time within which claims may be filed in chapter XI (arrangement) proceedings to the time prescribed by section 57n of the Bankruptcy Act (11 U.S.C. 93n) (Rept. No. 605);

H.R. 1311. An act for the relief of Joan Berczeller (Rept. No. 606);

H.R. 1345. An act for the relief of Peter Carson (Rept. No. 607);

H.R. 2260. An act for the relief of Mrs. Rozsi Neuman (Rept. No. 608);

H.R. 2445. An act for the relief of Mrs. Barbara Ray Van Olphen (Rept. No. 609);

H.R. 2754. An act for the relief of Mercedes Robinson Orr (Rept. No. 610);

H.R. 2757. An act for the relief of Woo You Lyn (also known as Hom You Fong and Lyn Fong Y. Hom) (Rept. No. 611);

H.R. 2968. An act for the relief of Kazimierz Kurmas and Zdzislaw Kurmas (Rept. No. 612);

H.R. 2985. An act to amend section 1391 of title 28 of the United States Code, relating to venue generally (Rept. No. 620);

H.R. 3384. An act for the relief of Lee Suey Jom (also known as Tommy Lee and Lee Shue Chung) (Rept. No. 613);

H.R. 6097. An act for the relief of Dr. Pedro B. Montemayor, Jr. (Rept. No. 614);

H.R. 6260. An act for the relief of Wal Chan Cheng Liu (Rept. No. 615); and

H.J. Res. 626. Joint resolution granting the consent of Congress to the establishment of an interstate school district by Hanover, N.H., and Norwich, Vt., and to an agreement between Hanover School District, New Hampshire, and Norwich Town School District, Vermont (Rept. No. 616).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 1524. A bill for the relief of Hal Yung Jung and Johnny Jung (Rept. No. 617); and

S. 1737. A bill for the relief of Arthur Wendell Bolta (Rept. No. 618).

By Mr. LONG of Missouri, from the Committee on the Judiciary, with amendments:

S. 1664. A bill to provide for continuous improvement of the administrative procedure of Federal agencies by creating an Administrative Conference of the United States, and for other purposes (Rept. No. 621).

WITHDRAWING SUSPENSION OF A CERTAIN ALIEN—REPORT OF A COMMITTEE (S. REPT NO. 598)

Mr. EASTLAND, from the Committee on the Judiciary, reported an original concurrent resolution (S. Con. Res. 66) withdrawing suspension of deportation of Joe Quong, and submitted a report thereon; which report was ordered to be printed, and the concurrent resolution placed on the calendar, as follows:

Resolved by the Senate (the House of Representatives concurring). That the Congress, in accordance with section 246(a) of the Immigration and Nationality Act (8 U.S.C.A. 1256(a)), withdraws the suspension of deportation in the case of Joe Quong (A-5635350) which was previously granted by the Attorney General and approved by the Congress.

AMENDMENT OF LIBRARY SERVICES ACT—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 592)

Mr. MORSE. Mr. President, from the Committee on Labor and Public Welfare, I report an original bill to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas, and I submit a report there-

on. I ask unanimous consent that the report, including a graph and tables, together with the minority views of the Senator from Arizona [Mr. GOLDWATER] and the Senator from Texas [Mr. TOWER] be printed.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Oregon.

The bill (S. 2265) to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas, reported by Mr. MORSE, from the Committee on Labor and Public Welfare, was read twice by its title and placed on the calendar.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,
The following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Frank Kowalski, of Connecticut, to be a member of the Subversive Activities Control Board;

Theodore Jaffe, of Rhode Island, to be a member of the Foreign Claims Settlement Commission; and

LaVern R. Dilweg, of Wisconsin, to be a member of the Foreign Claims Settlement Commission.

BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. LAUSCHE:

S. 2264. A bill for the relief of Marija Zupancic; to the Committee on the Judiciary.

By Mr. MORSE:

S. 2265. A bill to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas; placed on the calendar.

(See the remarks of Mr. MORSE when he reported the above bill from the Committee on Labor and Public Welfare, which appears under the heading "Report of a Committee.")

By Mr. FULBRIGHT:

S. 2266. A bill to amend the Foreign Service Buildings Act of 1926; to the Committee on Finance.

By Mr. PASTORE (by request):

S. 2267. A bill to amend Public Law 88-72 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes; to the Joint Committee on Atomic Energy.

CONCURRENT RESOLUTION WITHDRAWING SUSPENSION OF DEPORTATION OF A CERTAIN ALIEN

Mr. EASTLAND, from the Committee on the Judiciary, reported an original concurrent resolution (S. Con. Res. 66) withdrawing suspension of deportation of Joe Quong, which was placed on the calendar.

(See the above concurrent resolution printed in full when reported by Mr. EASTLAND, which appears under the heading "Reports of Committees.")

RESOLUTION

TO PRINT AS A SENATE DOCUMENT, WITH ILLUSTRATIONS, A DOCUMENT ENTITLED "UNITED STATES ASTRONAUTS," WITH ADDITIONAL COPIES

Mr. SYMINGTON submitted a resolution (S. Res. 219) to print as a Senate document with illustrations, a document entitled "United States Astronauts," and ordering additional copies printed, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when submitted by Mr. SYMINGTON, which appears under a separate heading.)

TO PRINT AS A SENATE DOCUMENT, WITH ILLUSTRATIONS, A DOCUMENT ENTITLED "UNITED STATES ASTRONAUTS," WITH ADDITIONAL COPIES

Mr. SYMINGTON. Mr. President, on October 18 the National Aeronautics and Space Administration selected a new group of trainees for the astronaut program. That brings to 30 the number that are now in training in the astronaut program, including the original seven Mercury astronauts. The exploits of those seven are well known to all of us, to all Americans, and, in fact, to the whole world. Their 100 percent successful completion of these dangerous missions is truly an accomplishment of which all of us may be justly proud. For one thing, it proves that we still possess in this country that spirit for bold adventure and willingness to explore the unknown that made this country great. God grant that we never lose that spirit.

The original 7 were chosen on April 9, 1959, 9 more were selected on September 17, 1962, and 14 were added on October 18, 1963. America's manned exploits in space will be in the hands of those men, at least for the next several years. They will be the first Americans to orbit the earth in pairs, rendezvous in space, and live in the hostile environment for prolonged periods of time. And one of them, in all probability, will be the first American to put a foot on the surface of the moon. Since Mr. Khrushchev now says that the Russians have no manned lunar program, perhaps one of these fine American boys will be the first human being on the moon. That will be a historic day for all mankind.

Of these 30 men, 14 are from the Air Force, 10 from the Navy, 2 from the Marines, and 4 are civilians. In addition, the Air Force has selected six men—five Air Force and one NASA civilian—to be pilots in the research effort that may lead to orbital flight in the X-20 or other follow-on military programs.

In view of the great interest in these men, both by Members of the Senate, as well as Americans in general, Mr. Frank C. Di Luzio, staff director of the Space Committee, at the request of the chairman, has assembled their biographies and photographs into a single document so that we might have it as a ready reference.

I therefore submit, for appropriate reference, a resolution which authorizes the printing of this volume as a Senate document.

The VICE PRESIDENT. The resolution will be received and appropriately referred.

The resolution (S. Res. 219) was referred to the Committee on Rules and Administration, as follows:

Resolved, That the document entitled "United States Astronauts" prepared for the use of the Senate Committee on Aeronautical and Space Sciences by the staff of the committee, shall be printed with illustrations as a Senate document; and that there be printed three thousand additional copies of such document for the use of that committee.

FOREIGN ASSISTANCE ACT OF 1963—AMENDMENTS

Mr. KEATING submitted an amendment (No. 247) intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. KUCHEL (for himself and Mr. ENGLE) submitted an amendment (No. 248), intended to be proposed by them, jointly, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. MILLER submitted an amendment (No. 249), intended to be proposed by him, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. ELLENDER submitted an amendment (No. 250), intended to be proposed by him to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. MORSE submitted an amendment (No. 251), in the nature of a substitute for the committee amendment, intended to be proposed by him to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. MORSE also submitted 14 amendments (Nos. 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, and 265), intended to be proposed by him, to House bill 7885, supra, which were ordered to lie on the table and to be printed.

Mr. PROXMIRE submitted two amendments (Nos. 266 and 267), intended to be proposed by him to House bill 7885, supra, which were ordered to lie on the table and to be printed.

Mr. COOPER submitted an amendment (No. 268), intended to be proposed by him, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

FOREIGN ASSISTANCE ACT OF 1963—AMENDMENT (AMENDMENT NO. 265)

Mr. MORSE. Mr. President, I wish to comment briefly on another amendment that I am sending to the desk, because of the discussion that was had by the Senator from Minnesota, the Senator from Illinois, and the Senator from Alaska.

The amendment differs from the pro-

posal that was being discussed, which is the proposal in the bill, and which, so far as I am concerned, I shall not vote for. I shall offer the amendment as a substitute for the section of the bill that deals with this subject. The following is the amendment:

On page 39 strike out lines 10 to 17 inclusive, and insert in lieu thereof the following:

"SEC. 254. RESTRICTIONS ON ASSISTANCE.—(a) None of the funds made available under authority of this act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections.

"(b) The provisions of this section shall not require the withholding of assistance to any country if, following a determination by the President that the withholding of such assistance would be contrary to the national interest, the two Houses of Congress adopt a concurrent resolution approving the continuance of such assistance."

I submit the amendment and ask that it be printed.

The VICE PRESIDENT. The amendment will be received and printed and will lie on the table.

CLEAN AIR ACT OF 1963—ADDITIONAL COSPONSOR OF BILL

Mr. DIRKSEN. Mr. President, I ask unanimous consent that at the next printing of the bill (S. 432) to accelerate, extend, and strengthen the Federal air pollution control program, the name of the distinguished senior Senator from Hawaii [Mr. FONG] be added as a cosponsor.

The VICE PRESIDENT. Without objection, it is so ordered.

ESTABLISHMENT OF INDIANA DUNES NATIONAL LAKESHORE—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of October 21, 1963, the names of Mr. BARTLETT, Mr. BURDICK, Mr. CHURCH, Mr. CLARK, Mr. DODD, Mr. GRUENING, Mr. HUMPHREY, Mr. INOUE, Mr. LONG of Missouri, Mr. MCCARTHY, Mr. MCGOVERN, Mr. MOSS, Mr. NELSON, Mrs. NEUBERGER, Mr. PROXMIRE, Mr. RIBICOFF, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, and Mr. YOUNG of Ohio were added as additional cosponsors of the bill (S. 2249) to provide for the establishment of the Indiana Dunes National Lakeshore, and for other purposes, introduced by Mr. JACKSON (for himself and other Senators) on October 21, 1963.

FOREIGN ASSISTANCE ACT OF 1963—ADDITIONAL COSPONSOR OF AMENDMENT

Mr. GRUENING. Mr. President, I ask unanimous consent that the name of the able and distinguished senior Senator from New Jersey [Mr. CASE] be added as a cosponsor of my amendment No. 231 to the foreign aid bill, H.R. 7885, and that on the next printing of the amendment his name appear as a cosponsor.

questions deserve earnest consideration, but to let anyone's answer to them prevent us from calling the convention would be the height of folly. The only answers to these questions that can have real weight are those that a federal convention itself reaches.

"EXPLORE NOW OR WAIT FOR CRISIS?"

"The only question this resolution raises really is this: Is it wise, or unwise, to call a Federal Convention to bring us answers to all these other questions? Shall we now finally begin to explore the one way out of our troubles that we have not yet even explored? Or shall we continue to neglect this way which all our history teaches us to trust? Shall we begin this exploration now, while we have time to do it carefully? Or shall we take a chance, wait until events force us to move?"

"That, I submit, is the only question today—and all the unhappy surprises we have suffered in recent years would seem to leave but one wise answer to that question.

"All this resolution commits us to is to explore earnestly and honestly the possibility of federating with other democracies on the basis of our own constitutional principles. True, a Federal Convention implies a constitutional convention, but impressive as that term is, such a convention cannot possibly commit those who call or attend it to anything more than a serious effort to work out a better system of governing their mutual relations than the existing one. Democracy itself forbids any democracy to commit its people to any constitution before they have seen it. Democracy requires us and every democracy to reserve to the people the right to ratify or reject any agreement or constitution a Federal Convention may draft.

"By calling this Federal Convention we can lose nothing whatever, and we can gain more than anyone can imagine.

"So great has been the success of the federal union system wherever tried, so immense is its prestige, that for us merely to offer to begin to explore its possibilities in the Atlantic community would awe dictators and put new heart in the free more than anything else within our practical reach. By this act we thus tackle, too, the moral and spiritual side of our problem.

"In World War I we sought freedom—but without union. We came to World War II, and again we sought freedom—without union.

"In the hall where the Senate now sits Daniel Webster first enunciated the immortal principle of 'Liberty and Union, now and forever, one and inseparable.'

"It moves me deeply as a southerner, speaking today for so many northerners, too, to propose on behalf of us all this resolution that returns to the principle that made us a people, and that proclaims over the ocean, 'Liberty and Union, now and forever, one and inseparable.'"

[From Freedom & Union, October 1963]

TEXT OF ORIGINAL (1949) ATLANTIC CONVENTION RESOLUTION

Whereas the parties to the North Atlantic Treaty have declared themselves "determined to safeguard the freedom, common heritage, and civilization of their peoples, founded on the principles of democracy, individual liberty, and the rule of law," and "resolved to unite their efforts for collective defense and for the preservation of peace and security"; and

Whereas they have agreed in article 2 of that treaty to "contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being" and to "seek to eliminate conflict in

their international economic policies" and to "encourage economic collaboration between any or all of them"; and

Whereas the principles on which our American freedom is founded are those of Federal union, which were applied for the first time in history in the U.S. Constitution; and

Whereas our Federal Convention of 1787 worked out these principles of union as a means of safeguarding the individual liberty and common heritage of the people of 13 sovereign States, strengthening their free institutions, uniting their defensive efforts, encouraging their economic collaboration, and severally attaining the aims that the democracies of the north Atlantic have set for themselves in the aforesaid treaty; and

Whereas these federal union principles have succeeded impressively in advancing such aims in the United States, Canada, Switzerland, and wherever other free peoples have applied them; and

Whereas the United States, together with the other signatories to the treaty, has promised to bring about a better understanding of these federal principles and has, as their most extensive practitioner and greatest beneficiary, a unique moral obligation to make this contribution to peace; and

Whereas the United States and the other six democracies which sponsored the treaty have, by their success in drafting it and extending it to others, established a precedent for united action toward the attainment of these aims, and the creation of a free and lasting union: Now, therefore be it

Resolved by the Senate (the House of Representatives concurring), That the President is requested to invite the democracies which sponsored the North Atlantic Treaty to name delegates, representing their principal political parties, to meet with delegates of the United States in a federal convention to explore how far their peoples, and the peoples of such other democracies as the convention may invite to send delegates, can apply among them, within the framework of the United Nations, the principles of free federal union.

KEFAUVER WILL BE BEST REMEMBERED FOR PIONEERING ATLANTIC UNION

(By Edward J. Meeman)

A great heart snapped because it tried to do too much.

Though he seemed to do it all easily, there must have been a strain which did not show on the surface.

I was one of many whom Estes Kefauver took inside that big heart, and I feel that I learned to know him well.

I first met him when he was representative from Chattanooga. What he talked about, and earnestly, was the need of reforming the procedures in Congress, ideas which he expressed in his book, "Twentieth Century Congress."

Then and there I decided he was a statesman, for there were few votes to be gained by reforming the rules of Congress.

So when he told me he was going to run for the Senate, and asked me to get some Memphis people together to meet him, I was glad to do so.

He said he would fight Ed Crump, the political boss and dictator of Memphis.

"Don't do that," I advised. "One candidate after another has made Crump the issue and that negative policy has failed.

"Just come to Shelby County and present yourself and your program, appeal to the people for their votes as you have a right to do. Don't fight Crump, but if Crump fights you, as I think he will, fight back."

Crump did blast Estes Kefauver, and the candidate fought back. Crump likened him to a pet coon, that goes rummaging in the bureau when you are not looking.

"I may be a pet coon," Estes rejoined, "but I am not Mr. Crump's pet coon."

The battle was on.

I learned Estes was about to put on a coonskin cap.

"Don't do that," I pleaded. Such showmanship was distasteful to me.

He ignored my advice, and the whole world knows how effective the stunt was.

Estes Kefauver won. The Crump dictatorship which had ruled Memphis with an iron hand, and had handpicked governors and senators, was smashed, though Crump continued to be a political leader of prestige until his death.

A statesman, they say, must first prove to be a politician who can get elected.

But once elected Senator Kefauver proved he was at heart a statesman.

To get the essential support of Edmund Orgill, Memphis wholesale hardware merchant, Senator Kefauver had to convince Mr. Orgill he was for Atlantic Union, for it was only to advance this cause that Mr. Orgill was willing to enter politics.

Senator Kefauver did pledge himself to advocate Atlantic Union.

But, if he had been merely a politician, how easy it would have been for him to make one speech, introduce a resolution for it, say, "I'm sorry but you see the time is not ripe," and abandon the effort.

But Estes had become convinced that organic union of free democratic nations of North America and Western Europe was necessary to overcome communism.

He worked for it, fought for it. When, in campaigns, demagogues attacked him for it, he did not flinch.

He was a speaker in demand throughout the country. He could choose his own subject, and often he chose to speak in behalf of Atlantic Union.

He was the principal architect and the leading American figure in organizing the NATO Parliamentarians Conference which has been meeting every year since 1955, the Atlantic Congress of 1959, and the Paris Conference of 1961.

There is an Atlantic Council at work today, with all three living ex-Presidents as its honorary chairmen, and Senator Kefauver gets the credit.

The "Parliament of Man" he achieved before his death. The Federation of the Free should come soon from causes he set in motion, and be his monument.

Senator Kefauver's exposure of gangsters and his fight on monopoly were spectacular.

But I will wager that he will have a great place in history as the statesman who, more than any other, pioneered in behalf of the Federation of the Free.

KEFAUVER, THE IRREPLACEABLE MAN

(By Elmo Roper)

Most of us have been reared to believe that there is no such thing as the indispensable man—and yet somehow words approximating those must be found to describe Senator Estes Kefauver. Certainly the phrase which all those who labored for Atlantic Union can agree to is that he was the irreplaceable man.

In writing about Estes Kefauver, it's hard to know where to begin. Perhaps one should begin with his courage. He never hesitated to take an unpopular position when he believed it was the right one. He was the first man in the Congress of the United States to take a public stand for Atlantic Union—at a time when such a view made him solitary indeed. Born in the Old South, he was uncompromisingly devoted to equal rights for Negroes. However much one might have disagreed with any of his views, I doubt if anyone can be found who would deny that most of his positions required courage of the highest order.

But one might as easily begin with his loyalty, his steadfastness. Over the years he never wavered in his support of Atlantic

Union, publicly or privately. Called a "nigger-loving one-worlder," in the middle of a hot political campaign, he took the epithet calmly in stride and retreated not an inch from his convictions. Everything he ever told me he would do, during the long battle for congressional acceptance of the idea of an Atlantic Citizens Convention, he did. In a profession of easy promises, he kept every one.

Yet a very good case could be made that the first thing one should mention in connection with Senator Kefauver was his vision. Many years ago he realized that rivers, mountains and oceans, color of the skin, and religion were unnatural boundaries for governments. To let any of them assume the unnatural importance they have come to have in this 20th century was to invite—at worst—continued wars and—at best—continued costly rivalries. In a world shrunken by fast transportation and faster communications and where men know how to destroy centuries of civilization in minutes, some stronger cement was needed to bind men together. To Estes Kefauver that more binding cement was a belief in the dignity of every human being. On that foundation, he would have built a broader, more enduring government than this planet has ever seen.

Perhaps the underlying source of Estes Kefauver's strength was his ability to stand alone. During his time in the Senate, he never did anything out of a desire to become a "member of the club" nor did he tailor his views to assure reelection to that exclusive body. He was guided solely by the inner force of his own reasoning powers—which were formidable, coonskin cap to the contrary. No outer force had the power to alter his convictions—or his actions, I suppose what I am describing is, very simply, a man of complete integrity.

Yet there was nothing out of character in Estes Kefauver's walking up the streets of little towns all over America and greeting people with, "I am Estes Kefauver; I am running for the Presidency and I would like to have your support." He was in tune with the aspirations of all mankind—even though he was one of mankind's most exceptional products.

And for many of us, grief over the death of a great man is compounded by the fact that he was to our cause the irreplaceable man.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—PROPOSAL BY SENATOR MORSE

Mr. HUMPHREY. Mr. President, on the date of Wednesday, October 16, there appeared in the St. Louis Post-Dispatch an excellent editorial relating to a proposal offered by the Senator from Oregon [Mr. MORSE] to the foreign aid bill. This amendment was discussed yesterday by the Senator from Oregon. Indeed, it was discussed in the committee. It relates to the concern that has been expressed on the Senate floor on several occasions by Members of this body concerning the plethora of military coups in Latin American countries and what these do to our foreign relations, our programs in Latin America, and our foreign aid program.

As Senators may recall, the Senator from Oregon had suggested that Alliance for Progress loans and grants be denied any country "in which the government has come to power through the forcible overthrow of a prior government which had been chosen in free and democratic elections."

The purpose of the amendment was to exercise some discipline on the part of the United States in the use of our resources in countries in Latin America and elsewhere where military coups were undertaken and where juntas were in power at the expense of constitutional government and free elections.

The editorial is appropriate for this debate. I was aware of the editorial, and asked the distinguished Senator from Oregon if he would mind if I placed the editorial in the RECORD, because I believe the amendment merits our favorable consideration, and I want to go on record as so indicating.

I shall attempt to work with some of my colleagues in the Senate to see to it that the foreign aid bill is strengthened along the lines that have been suggested by the Senator from Oregon.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. That was also the position of the Senator from Minnesota in committee.

Mr. HUMPHREY. The Senator is correct.

Mr. MORSE. There was no formal vote with regard to the final language of the amendment, but I want the Senator to know I appreciate very much his putting the editorial in the RECORD. I consider it an honor. The Senator from Minnesota and I may have some differences with respect to certain aspects of the foreign aid bill, but we do not have any differences on objectives. We seek, to the best of our sights, to strengthen our country in its foreign relations in connection with adoption of a foreign aid program that will strengthen our country's security.

In the debate which is taking place—and it is to be not only a historic debate, but a vigorous debate—many Senators who are not participating in the debate are going to jump to a false conclusion that there are important differences of opinion among Senators who may differ with respect to certain sections of the bill. To the contrary, we have a common interest in trying to accomplish what we want done, namely, the development of a foreign aid program that will best help the cause of freedom around the world.

The Senator from Minnesota and other Senators who are joining the Senator from Oregon in opposition in respect to certain aspects of the bill are not against foreign aid; we are for foreign aid. That is why we have to be against the bill as presently written.

Mr. GRUENING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. I yield to the Senator from Alaska.

Mr. GRUENING. I should like to associate myself with the remarks of the distinguished majority whip [Mr. HUMPHREY] and those of the distin-

guished Senator from Oregon [Mr. MORSE].

I would like to see foreign aid improved so that it can be effective. I am not opposed to foreign aid. I read with considerable interest and approval the numerous pertinent criticisms that were made in the report of the Committee on Foreign Relations, of which the two Senators, the Senator from Oregon and the Senator from Minnesota, are members. My amazement was compounded when I noted that following these valid criticisms, no appropriate recommendations for action were included in the report. If the criticisms are justified—and I believe them to be both valid, and pertinent—they should have been followed with appropriate recommendations to eliminate the appropriations that make such abuses possible.

Later in the day I shall make a speech on this subject, in which I shall point out how foreign aid can be substantially improved and made more effective by implementing some of the criticisms of the Foreign Relations Committee.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that at this point in our discussion the full text of the editorial to which I have referred be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WARNING TO PLOTTERS

Senator MORSE's proposed amendment to the foreign bill, now before the Senate Foreign Relations Committee, reflects this country's growing concern over the trend toward military regimes in Latin America. In the last 18 months elected governments were overthrown in Argentina, Peru, Guatemala, Ecuador, the Dominican Republic, and Honduras. The military was the vital factor in each case, though civilian regimes have resumed control in Argentina and Peru.

So Senator MORSE suggests that Alliance for Progress loans and grants be denied any country "in which the government has come to power through the forcible overthrow of a prior government which had been chosen in free and democratic elections." The amendment is aimed particularly at the Dominican Republic and Honduras, where military coups occurred within the last month, but, as written, would also apply to Guatemala and Ecuador.

The State Department is opposing the inclusion of the latter two countries on the ground that the United States has already recognized the new governments and should not terminate the continuing aid programs. The situation with regard to the Dominican Republic and Honduras is different. Last October 4 the United States suspended aid and diplomatic relations and ordered withdrawal of economic and military assistance missions.

Senator MORSE's proposal puts additional emphasis behind the new policy, but we do not think it should be made retroactive. Also, it may be found that it does not grant the President sufficient flexibility. He could not resume Alliance aid, for example, even if he determined that in a specific case it was in the national interest. The President would, however, retain discretion in the extension of various forms of support not in the Alliance program.

There may be defects in Mr. MORSE's proposal as it stands, but it aims in the right direction. Other Latin American countries remain under the threat of military coups, and if more fall the entire basis of the Alli-

ance will be undermined. The premise of the Alliance is that the best hope for Latin America is economic reform under democratic rule and with the help of the United States. We cannot afford to let military dictators pervert the program.

There is no question that the objectives of the Alliance can be attained only with the greatest difficulty. But they are sound, and they raise the hope of a better life for the impoverished people. That is why Alliance aid was made contingent on such reforms as the redistribution of land, more equitable taxes, and more democratic social and political procedures.

In reality the Alliance aims at a middle way. Unstable because of poverty and illiteracy, Latin American countries generally are prime targets for the Communists on the one hand, and for the military, sometimes allied with the old ruling classes, on the other. A successful democratic regime is abhorrent to either extreme; the extremes are, or should be, abhorrent to the United States.

The military is powerful in Latin America because, though not numerous, it usually has the organization and means to determine the course of events; and the Communists have strength because of their easy promises of better living standards. The United States in most instances has no business encouraging the military any more than the Communists. It must continue to seek ways of helping the people; a policy of denying aid to military dictators should cool the ardor of those who may be plotting to overthrow elected governments.

Mr. HUMPHREY. Mr. President, I call particular attention to the fact that the editorial is a very reasoned one. It points out:

In reality the Alliance aims at a middle way. Unstable because of poverty and illiteracy, Latin American countries generally are prime targets for the Communists on the one hand, and for the military, sometimes allied with the old ruling classes, on the other. A successful democratic regime is abhorrent to either extreme; the extremes are, or should be, abhorrent to the United States.

THE SISTER CITY PROGRAM

Mr. BOGGS. Mr. President, I have great admiration for the sister city program which has linked American cities with communities of similar size in friendly countries around the world. The benefits to international good will from this program are incalculable.

I am particularly proud of the affiliation of Dover, the capital of my State, with the city of Lamia, in Greece.

Recently 29 citizens of Dover made a special trip to Lamia, along with Mr. and Mrs. Mark Bortman. Mr. Bortman is chairman of the civil committee of the people-to-people program.

Mayor Crawford J. Carroll, of Dover, was not able to go, and he was represented by F. W. Brittan, who was very active in the original effort to establish the bond between the two cities. Mrs. Brittan accompanied him.

Also making the trip were: Mrs. Richard C. Beckett, Mrs. William Bradford, Mrs. Andy B. Clements, Mrs. J. Norman Cabbage, Mr. and Mrs. Arthur Dobberstein, Mr. and Mrs. Earle J. Duncan, Mr. and Mrs. George Ehinger, Mrs. Lockwood C. Emmert, Mr. and Mrs. William E. Hallett, Mr. and Mrs. Donald K.

Harmeson, Miss Margaret Hartnett, Mr. and Mrs. Edward S. Hodgson, James D. Lucas, Mr. and Mrs. Wilbur A. Miller, Dr. and Mrs. Maynard H. Mires, Mrs. F. J. O'Neill, Sr., Mrs. Harold J. Rau, and Mr. and Mrs. Lester N. Scharnberg. Arthur Southall of Milton, Mass., and Miss Florence W. Hopkinson of Boston, Mass., were also members of the group.

Mr. Brittan has since written a letter-type report on the trip which he was kind enough to send me, and I ask unanimous consent that it be inserted at this point in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

DEAR SENATOR BOGGS: During the many years you have spent in public office, you have demonstrated your considerable interest in reaching a closer understanding among all the people of the world. Both as their Governor, and now as their Senator, the citizens of Delaware have been fortunate to be represented by a man dedicated to the furtherance of peace.

It was my privilege to have you as an honored guest at a luncheon meeting held to confirm the adoption by Dover of its sister city, Lamia, Greece. As you have continued to show interest in our program, I am taking the liberty to present a report on the recent visit to Lamia by 29 citizens of Dover, accompanied by Mr. and Mrs. Mark Bortman. Mr. Bortman is chairman of the civic committee of the people-to-people program. As Mayor Crawford Carroll was unable to join us, he had requested me to act as his representative.

Upon our arrival at the Athens airport, we were greeted by the president of the chamber of commerce; representatives from the Mayors Union of Greece; the assistant cultural attaché to the U.S. Embassy; correspondents from the Athens papers, as well as the editor of the Lamia daily newspaper; an observer from the London Economist, who remained with our group during our visit to Lamia and later wrote a report which appeared in the London Economist. This was our first taste of Greek hospitality and it was to continue throughout our trip, giving us a preview of the sincerity of feeling which the Greeks have for Americans. In addition to this reception at the airport, bouquets of beautiful roses were presented to Mrs. Brittan and Mrs. Bortman.

Driving from the airport to the hotel in Athens, we had our first and everlasting view of the Acropolis, which dominates this ancient modern city. Waiting for us at the hotel were individual messages of greetings to our group from Mayor Papasiopoulos, of Lamia, and within minutes after we had checked in, Mayor Papasiopoulos telephoned us from Lamia to bid us welcome. This was done even though he spoke no English and had to use the hotel operator to translate his good wishes.

On the following day we traveled by private bus to our sister city Lamia which lies approximately 160 miles northwest of Athens. As we left Athens our guide proudly advised us that the highway on which we were traveling was built by American generosity through the Marshall plan. Greece remembers with profound gratitude the assistance rendered her by the United States in the years following World War II when Marshall plan aid meant the difference between life and death. During part of the drive we seemed to be surrounded by the stark mountains of Greece, appearing as though the thousands of years had taken their toll of trees and natural growth. Then through areas where olive trees appear to be the only evidence of cultivation, and where farms

are few and all members of the family must work incessantly to scratch survival from the barren soil. In these areas there is manifestation of poverty in depth, which for countless generations has been the heritage of the Greek farmer, as the rainfall is insufficient and the soil too rocky to produce a normal crop. His prized possessions are his goats, from which he derives milk and meat and uses the skins for his clothing. Occasionally one sees a donkey, the beast of burden of the ages, laden with twice its weight in fagots and the master riding on top of the pile.

Then suddenly our driver was pointing in the distance to Lamia, and all other matters seemed to become unimportant. There across the flat expanse between the mountains was our sister city which was settled, at least to us, in antiquity itself—460 B.C. As we drew closer, we saw that the town was built around and upon a hill at the top of which stood the ruins of the ancient fort which once held the original town within its walls. A half mile away we were met by motorcycle policemen and our entry to Lamia began to the familiar sounds of police sirens. Thousands of Lamians filled the streets and sidewalks while others stood on balconies and even on the rooftops.

As we stepped from our bus we could hear the people cheering and applauding. We were first greeted by an army general and the colonel of the Lamia police. Then, walking toward us in the middle of the street, appeared Mayor Papasiopoulos and his wife. After embracing the mayor, in the custom of the country, I introduced each member of our group to him and Mrs. Papasiopoulos and we started our walk up the street to the city hall. On both sides Lamians continued to applaud as we passed them, and many broke from the sidewalks to shake our hands and cry, "Welcome." Few Lamians spoke English, but they all had been taught to say the word, "welcome," with which to greet their American visitors. It is quite impossible to describe the feelings of warmth and sincerity emanating from this crowd of well-wishers.

At the city hall the mayor had prepared a buffet featuring a variety of local delicacies, including our first taste of Ouzo, the national aperitif. Present at this luncheon were the chairman and other members of the city council, the administrator of war veterans, the principals of the schools in Lamia, the directress of the girl guides, the director of the Boy Scouts, the chairman of the bar association, the chairman of the hospital and members of his staff, the president of the county medical society, the chairman of the workers center, and many other officials from the area. Each of these wonderful people shook our hands and bid us welcome, and although the language barrier was a problem, there was no question of their sincere desire to reach out to us and make us feel at home. The mayor had planned for members of our group to be housed with local families, during our 3-day visit, and after the buffet we were driven to our designated homes for a brief rest before the ceremonies of affiliation which were to be conducted that evening in Liberty Square.

Shortly before 6 o'clock Lamians began to gather at the entrance to Liberty Square, and by the time we arrived, the square was filled. In addition, every window, balcony and rooftop held others to witness the ceremonies. The colonel of police estimated the crowd to be between 15,000 and 20,000, or almost two-thirds of the population of Lamia. Our group walked between rows of schoolchildren in uniform, rows of girls in native costumes and young men wearing the uniform of the Evzones, the elite regiment of Greek soldiers who wear white skirts and have

pompans on their shoes but have fought like wild devils in all their engagements. Here again, the crowd cheered and applauded as we walked to the end of the square, where seats had been placed for our party. Speeches were given by the mayor, the president of the Central Union of Municipalities and Communities of Greece, and the cultural attaché from the U.S. Embassy. Later we were presented with gifts for the city of Dover, and, in turn, we gave the mayor a certificate of honorary citizenship of the State of Delaware. Other members of our party presented the mayor with gifts sent by various Dover civic associations and clubs. Following the presentations, we were entertained by several groups of dancers in native costumes, climaxed by the exciting dances of the Evzones.

After the ceremonies on Liberty Square, I was given the honor of laying a wreath, supplied by our Embassy, at the monument erected in the memory of Anthanasios Diakos, on Diakos Square. This national hero was a Lamian who was finally put to death in 1821 by torture at the hands of the enemy during the war of independence against the Turks. The love and respect which Lamiens hold for Diakos became evident during this ceremony. An honor guard of soldiers stood at rigid attention, and for the first time since our arrival, the faces of the crowd lost their smiles as they paid homage to the hero from Lamia. After a minute of silence, the band played the national anthems. It was interesting to note that on the many occasions the national anthems were played, "The Star-Spangled Banner" was always played first in honor of the American visitors.

That evening we were guests at the Lamian Club for a banquet given by more than 100 officials from Lamia and the surrounding communities. The principal speaker was Mr. Panos Iatrides, the general secretary of the Central Union of Municipalities and Communities in Greece. Here again, it is almost impossible to express the wonderful hospitality of our hosts. They succeeded in making each member of our party feel that he was the guest of honor. Following the banquet, we were conducted to the beautiful Municipal Theater for a special performance by the chorus of the municipality of Lamia under the direction of Mr. Aenian who is recognized as one of the most able choral masters in Europe. It should be sufficient to state that this group won second prize last year at the Conservatory of Rome in an international competition, but this fact in the minds of many of us was merely a reduction to written praise of a performance so outstanding as never to be forgotten.

On the second day, we visited Hypati, one of the most renowned health spas located about 18 miles from Lamia. The mineral springs of Greece have been famous from earliest times for their exceptional healing qualities and the springs at Hypati are recommended for the treatment of various skin diseases. These springs originated centuries ago, following a great earthquake. Upon leaving Hypati, we were driven to the ancient Cloister of Damasta, nestled about 4,000 feet above sea level. They are completely self-sufficient, raising their own produce and weaving their own clothes. Carrier pigeons are their only means of communication when the road becomes impassable during the winter months. From the Cloister, we drove to the St. Lucas Club in Lamia for a luncheon given in our honor by the municipality of Lamia. Our hosts included the president of the Rotary Clubs of Greece, the president of the chamber of commerce, the chairman of the bar association, newspaper publishers, and the chairmen of many other organizations in the area. Most of these leading citizens gave a welcome speech and later each of our group was presented with a package made up of many local products and delicacies.

The afternoon was spent visiting the town,

the schools, the hospitals, and the orphanage. Dr. Maynard Mires of our party, who is deputy director of the Delaware Board of Health, reported very favorably on the conditions of the general hospital, the tuberculosis sanitarium, the health center, and the malaria control station. All the equipment in the sanatorium was furnished through Marshall plan funds. Tuberculosis is still a serious problem in Greece and Dr. Mires told us of the outspoken appreciation of the doctors for this gift from America. Incidentally, Mayor Papasiopoulos is the chief surgeon at the Lamia General Hospital and his wife is a microbiologist.

That evening we returned to the Municipal Theater for a performance, by the famous national stage group of northern Greece, of the premiere of a new Greek tragedy "The Island of Aphrodite." It may be hard to believe that, although the play was presented in Greek, the excellence of the performance was such that we were able to follow its meaning without difficulty.

On the morning of our last day, we paused near the famous pass of Thermopylae where in 480 B.C. Leonidas, King of Sparta, and 300 Spartan soldiers held off an army of 3,000 Persians.

Our farewell luncheon was given at another spa, Kammena Vourla, and we learned that many of the dignitaries attending had traveled upwards of 50 miles to join us. The outstanding qualities and enormous quantities of food and wines could not dispel the sadness of departure. Although our memories of the past few days were bright, most of us found it difficult to hide our emotions at leaving these delightful people. As our bus drove down the highway, we could see our friends waving until we were out of sight.

Since our return, the relations between Dover and Lamia have continued to grow. Almost every day communications go out from school children, professionals, clubs, and civic organizations to their counterparts in Lamia, and it is hoped that a group of Lamiens headed by Mayor Papasiopoulos will visit Dover in the spring of 1964.

I hope, Senator Boggs, that this report may serve as firsthand evidence of a successful venture in bringing together the people of two towns even though they are from different nationalities, speak a different language and are thousands of miles apart.

Very truly yours,

F. W. BRITAN.

FOREIGN AID TO BOLIVIA

Mr. GOLDWATER. Mr. President, recently I was critical of the results of foreign aid in the case of Bolivia. President Victor Paz Estenssoro retorted that I should be more certain of my facts, before criticizing what has taken place in his country under our foreign-aid program. I agree with President Paz. In order that my colleagues and others who read the CONGRESSIONAL RECORD may better understand the reasons for my comments on Bolivia, I ask unanimous consent that chapter 8 of the book, "The New Argument in Economics," published by Van Nostrand and written by William Stokes, be inserted in the RECORD at the close of my remarks.

The author of this particular chapter, entitled "The Contraproducente Consequences of the Foreign-Aid Program in Bolivia," is Dr. William S. Stokes, senior professor of comparative political institutions at Claremont Men's College and the Claremont Graduate School. He was chairman of the Latin American Affairs Committee of the American Political Science Association and has conducted

research in all the Latin American countries, leading to over 200 publications in English, Spanish, and Portuguese. Before accepting an endowed chair at Claremont Men's College, he was professor of political science at the University of Wisconsin. Dr. Stokes has lectured at many Latin American institutions of higher learning. His books are: "Honduras: An Area Study in Government," 1950; and "Latin American Politics," 1959.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE "CONTRAPRODUENTE" CONSEQUENCES OF THE FOREIGN AID PROGRAM IN BOLIVIA

(By William S. Stokes)

INTRODUCTION

In a letter to President Victor Paz Estenssoro of Bolivia (released May 14, 1961, in the United States and May 17 in La Paz, Bolivia), President Kennedy declared that the United States was now ready to assist Bolivia in a long-range economic program to achieve higher standards of living, economic progress, and social justice. President Kennedy promised loans and grants for the state tin and oil enterprises, roads, surplus agricultural products, an airport, and a sugar mill (totaling \$50 million, including the West German credits), with other projects, such as low-cost worker and farmer housing to be undertaken as soon as the planning and programming could be completed.

In the last paragraph, President Kennedy said: "This great revolution has blazed a path for others to follow."¹ In the official translation of the letter in Bolivia, the sentence reads: "This great revolution has opened the road for other countries to follow." In the headlines to the letter as it was published in the official newspaper of Bolivia is the phrase: "Kennedy Eulogizes the National Revolution."²

Is this a "great revolution"? Has it "blazed a path for others to follow"? Should the President "eulogize" it? Is it worthy of long-range foreign aid?

Bolivia has already been the recipient of aid from the United States (from July 1, 1945, through June 30, 1960, a total of \$191,200,000 in mutual security and economic program aid; \$191,700,000 if military aid is included).³ President Kennedy has determined that the country should receive more, and apparently he and his distinguished advisers are convinced that the Revolución Nacional is a model for other Latin American countries to follow. It therefore seems legitimate for the scholar and citizen to examine the nature of the Revolución Nacional and the aid it has received from the United States preliminary to a determination of the consequences of the President's "strong leadership" and "bold, imaginative program."

THE IDEOLOGY AND POLITICS OF THE GREAT REVOLUTION

I have described elsewhere the origin of the Movimiento Nacionalista Revolucionario or MNR.⁴ In association with a military lodge, the MNR seized power by force on December 20, 1943. The civilian-military

¹ Office of the White House Press Secretary, for release to a.m. papers, Sunday, May 14, 1961, Monday, May 15, 1961.

² La Nación (La Paz, 7 de mayo de 1961).

³ International Cooperation Administration, Office of Statistics and Reports, United States Foreign Assistance and Assistance from International Organizations (Mar. 31, 1961), p. 60.

⁴ William S. Stokes, "The Revolución Nacional and the MNR in Bolivia," Inter-American Economic Affairs (spring, 1959), pp. 28-30.

oligarchy proceeded to govern by terror. At least 11 outstanding Bolivians were murdered in the period November 20–25, 1944, alone. The assassinations, tortures, and official thievery became so universally known that Sumner Welles said that the Government had “* * * turned Bolivia into an immense concentration camp” and, “torture and assassination were daily occurrences.”⁵

Led by professors and university students, urban masses exploded into a direct, frontal assault on the centers of dictatorial power in La Paz in July 1946. When they burst into the governmental palace and finally found President Gualberto Villarroel hiding in a closet (armario), they shot him in the chest, and pushed his body out on one of the balconies that front on Ayacucho Street. From there they threw him to the mob below, which finished him off and hung his remains to a lamppost.⁶

Those leaders of the MNR who escaped began immediately to plan their return to power. In August 1949 they initiated such mass violence that it probably could be said that a state of civil war prevailed in the country. The army suppressed the uprising in 3 weeks of fighting. The next attempt, which was successful, was a 2-day attack on La Paz, the center of political power. The fighting from April 9–11, 1952, was fierce. A two-column analysis of the violence, published in *El Mercurio* of Santiago, Chile, on April 11, 1958, asserted that at least 5,000 lives were lost.

The original ideology of the MNR was basically Marxist-Leninist, although it was revisionist in not contemplating immediate affiliation with international communism. Theorists such as Walter Guevara Arze and José Fellman Velarde accepted historical materialism and the class struggle as central parts of their thinking. Ideally, the exploited masses should destroy the bourgeoisie and establish an economic system of socialism and a political system of dictatorship of the proletariat (people's democracy). The theorists argued, however, that Bolivia was obliged to import a third of its food and obtain foreign exchange by marketing minerals in other countries. Whether Bolivia could have socialism, therefore, depended upon whether socialism first succeeded in the large countries. A further difficulty was that class consciousness was not sufficiently developed among the Indians and mestizos to permit dictatorship of the proletariat at once. If Bolivia could not have socialism and dictatorship of the proletariat immediately, what could and should it have? The MNR theorists answered, *revolución nacional*. “The *revolución nacional*,” Dr. Guevara Arze asserted, “does not deny the class struggle but is not based upon it.” He added that later, depending upon the world development of socialism, Bolivia could base a revolution on the class struggle.⁷

⁵ New York Herald Tribune (July 31, 1946).

⁶ For details and documentation of this episode, see Stokes, op. cit., pp. 30–32.

⁷ Alberto Cornejo S., *Programas políticos de Bolivia* (Cochabamba, Bolivia: Imprenta Universitaria, 1949), p. 164. See also pp. 159–164, 170–175. Other relevant sources include: Nestor Taboada Terán, *Antología de cuentos de la revolución* (La Paz: Talleres Gráficos Bolivianos, Publicaciones SPIC, 1954), passim; República de Bolivia, *El libro blanco de la independencia económica de Bolivia* (La Paz: Subsecretaría Prensa, Informaciones y Cultura, 1952), p. 188; Secretaría Ejecutiva del Comité Político Nacional del MNR, *El pensamiento revolucionario de Paz Estenssoro* (La Paz: E. Burillo y Cia, 1954), p. 303; Saturnino Rodrigo, *Diario de la revolución nacional* (La Paz: Librería Editorial “Juventud,” 1955), p. 389; Andrés Townsend Ezcurra, “La revolución nacionalista de Bolivia,” *Humanismo* (México, D.F.: No. 1, jul., 1952), pp. 49–50; Alberto Ostria

The original program of the MNR included: Opposition to Judaism and liberal democracy; prohibition of foreign capital in the media of communication; prohibition of the use of foreigners in command posts in the army; registration and control of all foreign employees in the country; absolute prohibition of the immigration of Jews; abolition of the “great private monopolies”; State control of commercial activities; nationalization of public services; class warfare through a union (alianza de clases) of the proletariat, peasants, and the middle classes against the “antinational superstate” (usually called the *rosca*) and its servants; and public education and social welfare directed by the State along political and nationalistic lines.⁸

Fellman Velarde, who was Minister of Education in 1961, described the programmatic objectives of the MNR in this way: “* * * it is necessary to eliminate imperialism and the great bourgeoisie that serves as its agent, returning to Bolivia the exploitation of its mines, redistributing the land, and diversifying the economy by means of the creation of new sources of wealth.”⁹

The men who affixed their signatures to the act establishing the MNR were: Augusto Céspedes, Carlos Montenegro, Victor Paz Estenssoro, Hernán Siles Zuazo, Walter Guevara Arze, and José Cuadros Quiroga. In addition, there were eight other leaders who aided significantly in the campaign for power that followed.¹⁰ Most of the original founders and their principal supporters have published works that expose their views. Although Marxist-Leninist conceptions are important in almost all cases, it must be emphasized that the MNR sought nationalistic applications of Communist formulas. Both Montenegro and Céspedes, for example, assert again and again that the MNR managed the data of historical materialism better than the scientific Marxists. By this they meant that the reality of Bolivia negated the possibilities of a successful class revolution. They therefore opposed the native Marxist activists and the trained members of the international apparatus who wished to impose the revealed truth of Marxism-Leninism on Bolivia in orthodox Communist fashion.¹¹

A major work of Hernán Siles Zuazo published in 1954 revealed intellectual affiliation with Marxism,¹² but in his address to Congress in 1958, President Siles Zuazo repudiated class dictatorship, criticized the Communists, and associated himself with “Christian democracy.”¹³ Even Siles Salinas (who insists that President Paz Estenssoro clearly is a Marxist) asserts that Siles Zuazo is not a dogmatic Marxist.¹⁴ A Congressman con-

cerned with Latin American affairs told me in Washington in July 1961, the Secretary of State Dean Rusk had assured him that President Victor Paz Estenssoro is not a Marxist. On the basis of the books, documents, and interviews available to me, I must conclude that President Paz Estenssoro is a revisionist Marxist-Leninist, whose policies have encouraged communism in Bolivia.

There is less disagreement as to the Marxist orientation of the leaders of the great labor unions, such as Juan Lechín, Vice President of Bolivia and head of both the Central de Trabajadores de Bolivia and the Confederación Minera de Bolivia, and Mario Torres Calleja, Secretary General of the Federación Sindical de Trabajadores Mineros de Bolivia or FSTMB. Stalinists and Trotskyites drew up the famous Tesis de Pulacayo (approved on May 18, 1946), which was adopted as the Programa de Principios of the FSTMB. The essence of the Tesis de Pulacayo was a commitment of the miners to subordinate temporary possibilities of economic gain to the greater task of achieving the proletarian revolution. The specific provisions of the Tesis and the Programa paralleled almost exactly the reforms of the MNR after the seizure of power in 1952. When Lechín arrived at Huanuni on May 7, 1961, after a trip to the United States to discuss foreign aid, he made a 20-minute speech to union members to the effect that his visit to the heartland of imperialism did not mean a giveaway (*entreguismo*) or betrayal of the working class. He told his audience that they must be prepared to zigzag if they expected to achieve their objectives, and on this point he reminded them that even Stalin made a temporary alliance with Hitler as a part of his long-term strategy.¹⁵

Perhaps the most important single source of information as to the ideological orientation of the MNR at the present time is the program of government for 1960–64. The program was drafted for the purpose, among other things, of persuading the United States to part with even larger amounts of foreign aid. Nevertheless, the program defends the politically unliberal and economically unsuccessful “reforms” achieved since 1952, some of which were contained in or alluded to in the first program, already discussed. In addition, the part that deals with the nature of the state and the role of law and certain institutions, such as the armed forces and the police, is clearly Marxist-Leninist. According to MNR, the state is an instrumentality at the service of the classes that control the means of production. “Legal norms—which are not mere abstractions removed from reality but part of the social phenomenon—reflect the interests of the economically dominant classes and are obligatory upon the members of society. The armed forces constitute the apparatus of force of the state and of the social classes that have public power and are designed to fulfill two principal functions. The first consists of defending the state from its internal enemies. This means defending the groups or social classes that have in their hands the management of the state, as opposed to those social groups with contradictory interests. This constitutes the function of conserving public order * * * and necessarily implies a political identification between the armed forces and the dominant classes.

Gutiérrez, *The Tragedy of Bolivia* (New York: Devin-Adair Company, Inc., 1958), pp. 103–118.

⁸ Cornejo S., op. cit., pp. 147–151. See also Walter Guevara Arze, *Plan de política económica de la revolución nacional* (La Paz: Ministerio de Exteriores y Culto, 1955), p. 200.

⁹ José Fellman Velarde, Victor Paz Estenssoro: *El hombre y la revolución* (La Paz: Alfonso Tejerina, 1954), p. 95.

¹⁰ Augusto Céspedes, *El dictador suicida* (Santiago: Editorial Universitaria, S.A., 1956), p. 245.

¹¹ See Carlos Montenegro, *Documentos* (La Paz: Imprenta “Nacional,” 1954), pp. 50, 52–55, 62–71; Céspedes, op. cit., pp. 246–249.

¹² Hernán Siles Zuazo, “Hacia la planificación de la economía boliviana,” *Revista de la Facultad de Economía y Finanzas* (Aruro, julio-diciembre de 1954), passim.

¹³ Hernán Siles Zuazo, *Mensaje al honorable Congreso Nacional*, 6 Agosto 1958 (La Paz: Talleres de la Editorial del Estado, 1958), pp. 8, 34, 60, 85, 95, 101.

¹⁴ Jorge Siles Salinas, *Lecciones de una revolución*. Bolivia: 1952–1959 (Santiago: Editorial Universidad Católica, 1959), pp. 59, 62.

¹⁵ *El Diario* (La Paz, 8 de mayo de 1961). See also *El Mercurio* (Santiago, 13 de marzo de 1961); Mario Padilla A., “El Movimiento Nacionalista Revolucionario,” *Semana* (21 de noviembre de 1960); Tesis de Telamayú (La Paz: n.p., 1960), pp. 1, 6; Presencia (La Paz, 30 de mayo de 1961); La Prensa (Buenos Aires, 22 de junio de 1961); Samuel Mendoza, “La situación en Bolivia,” *El Mercurio* (Santiago, 9 de marzo de 1961); *El Diario* (La Paz, 17 de abril de 1961).

"In the modern state the police are one of the instruments of coercion of the social classes that possess public power."¹⁶

The government established by President Victor Paz Estenssoro in 1952 could not by any stretch of the imagination be described as democratic. The President and his advisers evidenced from the very beginning a passionate intolerance of the opposition. They arrested a former foreign minister, former minister of economic affairs, former chief justice of the supreme court, leaders of the major political parties, and many other prominent, even distinguished figures. Secret police organized under a bureau known as political control ferreted out the opposition, using unconstitutional methods that rivaled in ferocity those employed by the Nazi and Communist tyrannies. The jails were literally filled with thousands of political prisoners, and President Paz Estenssoro created concentration or "work" camps to accommodate the overflow.

Among such camps were Curahuara de Carangas, near Laz Paz, and those at Corocoro, Catavi, and Uncia.¹⁷ The media of communication were intimidated. President Paz Estenssoro ordered the closing of *La Razón* in La Paz, a newspaper owned by Carlos Aramayo. In Cochabamba, MNR mobs burned and destroyed the daily *Los Tiempos*.¹⁸ The leaders (dirigentes) of the MNR arrogated to themselves "super-legal immunities" and acted above constitution, law, or court. It has been alleged that they looted the public treasury and engaged in fiscal irregularities probably without parallel in Bolivia's history. As late as July 1961 it was revealed that about \$1 million, which was supposed to be used to purchase 4,000 tons of lard, had disappeared.¹⁹

When elections were scheduled for June, 1956, with power to be transferred in August, it was obvious to Bolivian and foreign observers that the official candidate, Dr. Hernán Siles Zuazo, Vice President under Paz Estenssoro, would win. All effective political opposition had been suppressed. In addition, the MNR instituted universal suffrage, which meant, in effect, giving the vote to illiterates. Whereas only about 160,000 citizens were eligible to vote in the 1951 elections, approximately 1,200,000 were eligible to cast ballots in 1956.²⁰ To be certain that no embarrassing slips would occur, the government created an ad hoc committee to draft an electoral statute that would guarantee the effectiveness of the "imposición" (rigged election). They gave the illiterate Indians their colored ballots (papeletas de colores), and Dr. Siles Zuazo became President.²¹ Paz Estenssoro departed for England to perform ambassadorial duties but returned to win the 1960 elections and assume the

Presidency once more (with former President Siles Zuazo departing for Uruguay to perform ambassadorial chores.)

President Siles Zuazo closed the concentration camps, succeeded (early in July, 1957) in removing some extreme leftwing influence from the cabinet and party leadership, and permitted freer expression of opinion in the press. In addition, the President stated that the thousands of political exiles could return to Bolivia. In fact, however, most requests for the special transit visas (permisos de retorno) were reported to have been denied. Although administrative corruption reached unknown limits, and Siles had to denounce certain members of the previous administration for having enriched themselves at public expense, it is contended that not one person was punished for the operaciones fraudulentas.²²

The MNR endeavored to eliminate the traditional army and to create proletarian armed militias dedicated to the defense of the Revolución Nacional. Juan Lechín, who is credited with having formed the militias, has claimed that the rural people (campesinos) made up fifteen regiments, the miners, 10,000 men, the railroad workers, 2,000, and the factory workers, 3,000. When a union was organized, its leaders immediately asked the government for arms for each man.²³ It was reported late in 1958 that at the last mining congress at Colquiri, the following resolution was adopted: "The militias should be strengthened, their command centralized, and their discipline ought to be based on the most profound class convictions. The Federation of Miners will arm the workers and at the same time provide them with an ideological conception of class. The armament of the proletariat and the peasants is one of the great conquests of our class and especially of the miners. The revolution has no more defense than that of the workers' militias."²⁴ However, the use of violence for political purposes, instead of protecting person and property, has sometimes failed to serve the MNR. Sometimes the militias have refused to follow orders or have acted contrary to government policy. Therefore, in recent years the MNR has begun to rebuild the professional army. The army is reputed to total about 80,000 soldiers at the present time,²⁵ and in the 1961 budget the Ministry of Defense received 52,700 million bolivianos (with only debt service and education receiving more).²⁶

Although the MNR has always officially repudiated the class revolution and professes to represent an alliance of workers, peasants, and members of the middle class, it is a fact that the MNR's policies have desperately injured the middle class, perhaps even more than the upper class. The Government's policy of inflation, for example, meant that many members of the middle class were compelled to debase their standards. Many intellectuals and trained people left the country. Others abandoned their professions for black-marketing. Those with capital ex-

ported it in order to prevent government seizure. The Zondag report declared that inflation " * * * is about to wipe out the small middle class of Bolivia, which * * * is practically the only one that has the necessary education and management ability to give direction to the country."²⁷ Some writers argue that the MNR should have boldly eliminated the latifundistas (large landholders) as a social class in the first place.²⁸ There is little evidence that the MNR has curbed Communist infiltration from 1952 to the present. Indeed, there is demonstration of Communist presence and influence in the cabinet, legislature, court system, police, unions, and education.²⁹ There was enough support in the Chamber of Deputies in 1960 to approve a resolution introduced by Deputy Roncal calling for aid for the Cuban revolution (to defend the Cuban revolution is to defend the Bolivian revolution).³⁰

Since returning to power in 1960, President Paz Estenssoro has reorganized the court system, permitted the Minister of Economy to intervene in the management of the newspaper *El Diario de La Paz*, decreed an estado de sitio (suspension of constitutional guarantees for 90 days beginning June 7), and forced Walter Guevara Arze, chief of the Movimiento Revolucionario Nacional Auténtico, and 31 followers, to flee to Peru. The Congress converted itself into a Constituent Assembly, in a manner that seems clearly unconstitutional, in order to add more than 100 amendments to the organic statute. Some of the amendments purported to give constitutional sanction to previous elections, while others gave the executive authority to effect economic change without approval from the legislature. Finally, the Communist assault on the Catholic church has intensified class conflict and resulted in the closing of a Catholic radio station.³¹

THE GREAT REVOLUTION AND THE AGRARIAN REFORM

The Zondag mission described traditional agriculture in Bolivia as economically and socially backward and concluded that reform was absolutely necessary.³² The problems were many. Some men owned too much property (latifundismo), and some too little (minifundismo). The 1950 census revealed that 4.5 percent of the rural landowners possessed 70 percent of all private landed

¹⁶ Programa de Gobierno. Movimiento Nacionalista Revolucionario. Tercer Gobierno de la Revolución Nacional, 1960-64 (La Paz: E. Burillo, 1960), pp. 113, 115-116, 121.

¹⁷ *El Diario* (La Paz, 12 de febrero de 1958; 14 de mayo de 1958; 16 de noviembre 1958); *El Mercurio* (Santiago, 25 de octubre de 1958; 2 de agosto de 1961); *La Prensa* (Buenos Aires, 13 de julio de 1961); *Crónica* (Cochabamba, 31 de julio de 1961); *Ostria Gutiérrez*, op. cit., pp. 205-219.

¹⁸ *Ultima Hora* (La Paz, 11 de abril de 1958); *Ostria Gutiérrez*, op. cit., pp. 137-140; *La Nación* (Buenos Aires, 11 de marzo de 1958).

¹⁹ *Ultima Hora* (28 de julio de 1961); *El Diario* (La Paz, 18 de diciembre de 1958); *Presencia* (La Paz, 13 de febrero de 1958).

²⁰ *New York Times* (June 15, 1956); *Ostria Gutiérrez*, op. cit., pp. 128-129.

²¹ *Ultima Hora* (La Paz, 21 de febrero de 1958). For a defense of the Siles Zuazo administration, see Siles Zuazo, *Mensaje al honorable Congreso Nacional*, op. cit., pp. 116 and appendices.

²² *Ultima Hora* (La Paz, 2 de abril de 1958); *El Mercurio* (Santiago, 25 de octubre de 1958; 11 de abril de 1958); *Ultima Hora* (La Paz, 10 de abril de 1958); *La Prensa* (Lima, 23 de noviembre de 1958); see also *El Diario* (La Paz, 16 de noviembre de 1958); *Pedro Zilveti Arce*, *La hora de la verdad* (n.p., 1958), pp. 13-16; *Ostria Gutiérrez*, op. cit., pp. 219-220.

²³ *Ercilla* (Santiago, 8 de septiembre de 1955); see also Mario Padilla A., "El Movimiento Nacionalista Revolucionario," *Semana* (Noviembre 21, 1960).

²⁴ *Ultima Hora* (La Paz, 20 de octubre de 1958).

²⁵ *La Prensa* (Buenos Aires, 18 de junio de 1961).

²⁶ *El Diario* (La Paz, 3 de enero de 1961).

²⁷ Cornelius H. Zondag, *Problems in the Economic Development of Bolivia* (La Paz: 1956), pp. 24, 42, 156-157.

²⁸ Fausto Beltrán A. and José Fernández B., "¿Dónde va la reforma agraria boliviana?" (La Paz: Talleres Gráficos Bolivianos, 1960), pp. 24, 185-186, 215.

²⁹ Guillermo Bedregal, *La nacionalización minera y la responsabilidad del sindicalismo* (La Paz: n.p., 1959), p. 23; Guillermo Martínez Márquez, "El dilema boliviano," *La Presna* (Buenos Aires, 4 de junio de 1961); *Crónica* (Cochabamba, 19 de junio de 1961); *La Presna* (Buenos Aires, 18 de junio de 1961; 22 de junio de 1961; 13 de julio de 1961); *La Prensa* (Lima, 12 de agosto de 1961); *El Mercurio* (Santiago, 6 de julio de 1961).

³⁰ *El Diario* (La Paz, 18 de agosto de 1960).

³¹ *La Prensa* (Buenos Aires, 16 de diciembre de 1960); Guillermo Martínez Márquez, "Bolivia en 'estado de sitio' otra vez," *La Prensa* (Buenos Aires, 3 de marzo de 1961); *Crónica* (Cochabamba, 19 de junio de 1961); *La Prensa* (Buenos Aires, 18 de junio de 1961; 22 de junio de 1961; 13 de julio de 1961; 13 de agosto de 1961); *El Mercurio* (Santiago, 12 de agosto de 1961); *La Prensa* (Lima, 3 de agosto de 1961); *El Diario* (La Paz, 3 de agosto de 1961).

³² Zondag, op. cit., pp. 78-79.

property. On the other hand, the small and medium farmers, who made up 90 percent of the rural population, held only 30 percent of the land.³³ The evils of the colonato system, characteristic of the central valley and altiplano (highlands) of Bolivia, have been described by many writers.³⁴

So inefficient was the system of agriculture that large percentages of the foodstuffs domestically consumed had to be imported each year: for 1925-29, 22.3 percent; 1940, 23.9 percent; 1952, 30 percent; 1953, 37.84 percent.³⁵ This situation was unnecessary. Bolivia has literally millions of acres of undeveloped land that studies have proved to be suitable for agricultural, pastoral, and extractive enterprises. For example, the possibilities for cacao and Brazil nuts are great. Bolivia's rubber is high grade and not likely to be replaced by synthetics. The climate and labor conditions in Yungas are favorable to tea growing (of which 155 tons worth \$200,000 were imported in 1953). Pyrethrum, bananas, corn, rice, sugar, yucca, vegetable oils, tobacco, hard fibers, cusi palms for palm oil, honey, turmeric, cotton caranday palm wax, quebracho—all could be produced. Although low, governmentally controlled prices for coffee discourage its production, without such artificial barriers the possibilities were virtually unlimited. Quinua, grown in the Bolivian highlands, is a cereal extremely rich in vitamins and protein content. New varieties of wheat could be grown on the high plains, freeing the valleys for other crops. With an estimated 128 million acres of forest, Bolivia is one of the most richly endowed countries in the world in this resource.³⁶

Instead of concentrating agrarian reform on national lands, the MNR enacted a decree-law on August 2, 1953, which provided for expropriation and distribution of lands that were already in use. The official program of the MNR for 1960-64 describes the agrarian reform as the most transcendental of all its conquests because it liberated more than 2 million campesinos from serflike conditions.³⁷ The boast evokes sympathetic response, but the facts must be explored to determine what the effects of the agrarian reform have been.

There is evidence that the main ideological influence in the drafting of the expropriation decree was Marxist-Trotskyite.³⁸ According to Article 156, hacendados or latifundistas (large landholders) whose lands are expropriated in whole or in part are to be offered compensation in the form of 2 percent, 25-year agrarian bonds. The value of the land was based on the formula of current tax assessment, which must have been calculated to take private property virtually without compensation. The vicious inflation that the MNR initiated further eroded the worth of the bonds. Article 160 provides that the beneficiaries of the land program can pay for the land on the same terms—price according to tax assessment, 25 years for amortization, 2-percent interest. Article 162 sets up a National Service of Agrarian Reform headed by the President. Article 164 gives the President supreme authority over the entire administrative system including in (sec. d) the final decision, without judicial appeal, on all concessions of titles to land. The agrarian law, therefore, provides for a centralized system of administration without checks or controls on the executive. The President is au-

thorized to appoint whomever he chooses to administer the program, and he himself has the final vote. As I wrote in 1959, "This kind of unlimited, unchecked authority invites arbitrary action and abuse."³⁹ Let us see how the scheme has worked.

As soon as the decree was signed on August 2, 1953, many Indians seized land militarily. They took and used whatever they found, including about \$15 million worth of cattle, many of which were prize breeding stock. Although the haciendas (large farms) had been supplying the cities with food, the people who seized or received land proceeded to grow food for themselves alone. The reason for this was that the prices the Bolivian Government offered the farmers for their produce were too low. When there were surpluses, the farmers smuggled their livestock, corn, rice, and other products into neighboring countries where they could sell at a profit. Bolivia, the home of the potato, was compelled to import this food from Argentina. Thus, the initial result of the agrarian reform was famine in the cities, which the United States was called upon to alleviate. However, about one-third of the food supplied by the United States was smuggled out of the country, and much of the rest went into black markets. Little reached the consumers who needed it most, although they waited hours in lines (colas) to get it. In December 1956 prices of U.S. food were raised from their formerly artificially low points of 10 to 20 percent of cost to market levels. Price controls were abolished. These actions encouraged local production to some extent.⁴⁰

The National Service of Agrarian Reform was characterized by dishonesty, ignorance, and negligence. The local administration—called *juntas rurales*—produced anarchy and insecurity in the countryside. Trips to acquire data to implement the reform became expeditions of pillage. Aside from gifts in kind, the members of the *juntas* collected fees from the Indians they were supposed to benefit. A law of December 22, 1956, replaced the *juntas* by a new administrative system, but the results were no better. The new appointees, like the old, demanded food, drink, gifts, and fees for their labor. In many instances, the owner was not present at the time his property was investigated, but the officials proceeded to sign the form declaring that the proprietor had ceded his property to the Indians freely and voluntarily. It usually took several months to conclude the preliminary part of the paperwork. When the documents were transferred to higher authority, they entered a long winter sleep, although awakened promptly by gifts.

From the National Service of Agrarian Reform, the documents passed to the Minister of Campesino Affairs, and from there to the Legal Department of the Presidency, and finally to the *Primer Mandatario* (the President) himself. In the long meantime, the campesinos, orphans without direction, became adventurers. They sacked houses, occupied properties; and subjected the owners to terror and extortion. Many of the agitators who encouraged such activity were members of the MNR.

The lawyers prolonged land cases to increase their fees. The administrative and legal work was done so poorly that a second examination was often required (called a *replanteo*) to correct the mistakes made. The

surveyors demanded "gross sums" for their services (such as 50,000 bolivianos each from 320 ex-colonos of the property Cocamarca in the province of Arque in Cochabamba). The campesinos were thus compelled to pay for lawyers, surveyors, judges, secretaries, and other officials, as well as for sealed paper, stamps, etc., in order to obtain titles to land. The total amount invested often was more than the market value of the land. For this reason, " * * * a great number of ex-colonos prefer to buy their parcels."⁴¹

In his address to the national congress in 1958, President Siles Zuazo estimated that it would take 30 to 40 years to complete the agrarian reform.⁴² However, Beltrán and Fernández (1960) have calculated that if the rhythm of the first period of the reform—1953-56—were followed, it would take 485 years to redistribute the land. If the increased pace of the 1956-59 period were to continue, it would take 108 years.⁴³ As of May 1960, the government had granted 63,414 titles to 44,100 heads of family, involving 1,510,832.57 hectares, of which only 820,707.82 hectares went into individually held plots. In addition, 23,431 titles were almost ready for distribution to 12,670 heads of family.⁴⁴

The average size of holding extended to campesinos has been 3.61 hectares.⁴⁵ Production has increased in some crops, especially sugar. It has fallen in others, such as wheat. However, it seems plain that the agrarian reform, even in instances in which a farmer has been able to secure title to land, has created fractionalized plots too small to encourage hopes of prosperity among the masses of rural peoples. Benjamin Maluenda, a Chilean agronomist, reported in November 1958 that the agrarian reform had had only one result: the subdividing of property.⁴⁶ Martínez Márquez, writing in June 1961, concluded that after 8 years, the agrarian reform had not resulted in increased production, lower prices of products, improvement in the living conditions of the peasants, or lessened political tensions in the country.⁴⁷ State interventionism in agriculture may have produced political consequences, however. Two Bolivian deputies have charged that an immense tonnage of coca leaves are being processed into cocaine in a factory in Santa Cruz, which is managed by Senator Luis Sandoval Morón, the "right arm of the government." The cocaine is allegedly exported to pay for arms flown in from Cuba, stored in Santa Cruz and Cochabamba, and from there distributed in Bolivia, Peru, Chile, and Argentina in preparation for other fidelazos (Castro-like coups).⁴⁸ Finally, even Augusto Céspedes, one of the founders of the MNR and editor of the official newspaper, *La Nación*, admitted that the agrarian reform had produced *contraproducente* consequences (the reverse of expectations), at least in the rich Cochabamba Valley. He uses such words and phrases as the following to describe what has happened: "Unproductive," "anarchy," "new tyranny,"

⁴¹ Beltrán, A. and Fernández, B., op. cit., pp. 58-71.

⁴² Siles Zuazo, Mensaje, al honorable Congreso Nacional, op. cit., p. 35.

⁴³ Beltrán, A. and Fernández, B., op. cit., pp. 75-76.

⁴⁴ Programa de Gobierno, op. cit., p. 44.

⁴⁵ Beltrán, A. and Fernández, B., op. cit., p. 83.

⁴⁶ *El Mercurio* (Santiago, 24 de noviembre de 1958).

⁴⁷ Guillermo Martínez Márquez, "El dilema boliviano," *La Prensa* (Buenos Aires, 4 de junio de 1961).

⁴⁸ *La Prensa* (Lima, 12 de agosto de 1961). See also: *La Razón* (Buenos Aires, 2 de agosto de 1961).

³³ Beltrán A. and Fernández B., op. cit., p. 18.

³⁴ See Stokes, op. cit., footnote, p. 38.

³⁵ Zondag, op. cit., p. 59.

³⁶ Zondag, op. cit., annex to chap. V., pp. 1-14, 150.

³⁷ Programa de Gobierno, op. cit., p. 41.

³⁸ Stokes, op. cit., pp. 39-40.

³⁹ Stokes, op. cit., p. 41.

⁴⁰ Roger A. Freeman, "The Revenue Problem of Bolivia" (ms. report by the Tax and Revenue Adviser, U.S. Fiscal Mission to Bolivia, La Paz, April 12, 1957. Supplement to Final Report on Assignment in La Paz, November 17, 1956, to April 24, 1957, dated April 29, 1957), *assim*.

"disorder," "lower agricultural production," and "negative results."⁴⁹

THE GREAT REVOLUTION AND THE NATIONALIZATION OF THE TIN MINES

In response to their enchantment with nationalization of the means of production and the planned economy, the MNR seized the three great tin interests—Patiño, Aramayo, and Hochschild—on October 31, 1952.⁵⁰ Both evidence and logic argued strongly against nationalization. The Bohan report (1942) concluded without qualification that the three large companies " * * * are without a doubt superior to any staff which the Government of Bolivia, alone or with official American assistance, could put into the field."⁵¹ However, the leaders of the MNR and their leftwing supporters had the terms of an ideology to fulfill, and in addition they could see that the companies were prosperous. They thought that by seizing the tin mines they would make a great killing. For example, Anaya—a Marxist-Leninist—declared that the nationalized mines would make enough money to pay for the agrarian reform; the electrification of the country; the colonization program; the construction of light and heavy industry; petroleum development; the building of schools, hospitals and the like on a great scale; and the development of water, air, and land transportation and communication.⁵² Dr. Hernán Siles Zuazo, one of the founders of the MNR and president from 1956–60, read a paper at the Universidad Mayor de San Simón in Cochabamba on October 11, 1954, in which he declared: "For many years, Bolivia will depend on the production of its extractive industry."⁵³ The best proof of the grandiose expectations of the MNR nationalizers and planners is found in the statement of the president of the Corporación Minera de Bolivia (Comibol), the state mining enterprise, made in 1959. Guillermo Bedregal asserted that from the very moment of the decree of nationalization it was their expectation to finance all our ideals of social justice through operation of the mines.⁵⁴

The leaders of the MNR and their supporters had long depicted the tin companies as exploitative, imperialistic enterprises that contributed little to the welfare of the country. The decree of nationalization itself asserts that the tin companies paid to the Government only a "tiny part" (minima parte) of the value of tin exports. The companies, the decree states, "were practically exempt" from the payment of taxes. What they paid to the Government would scarcely cover the most essential needs of the country, while the owners were "accumulating enormous fortunes" for themselves. The fact is that the mines before nationalization paid a large part of the taxes collected by the Government. René Ballivián shows what the revenues were for the period 1921–44,⁵⁵ and even Anaya admits that the

taxes the mines paid in 1948 amounted to 47.45 percent of the total revenues of the Government.⁵⁶ The Bohan report demonstrated that Bolivia, almost alone among tin-producing nations, taxed its exports of tin very highly. There were 30 separate tax laws dealing with export duties. The result was that 20 percent of the c.i.f. value of tin exported was returned to the Government.⁵⁷

Although the MNR did not formally nationalize the medium and small mines, almost the same effect was achieved by Government policy. The Ford, Bacon, and Davis survey of 1956 said: "As a result of this extreme taxation of private mines, the Government has maneuvered the significant private mines into a position where they are, in effect, nationalized without the Government having the headaches of their operations." The Government's take was often 100 percent of the profits, and the survey found that 25 percent of the mines were operating on a nonprofit basis as of June 1956. The MNR took 41 to 56 percent of net sales income without regard to the profit or loss of the mine or its replacement needs. In addition, the MNR established a complete monopoly of purchase and sales of all minerals, control over all imports of necessary equipment, and complete control of the Central Bank in regard to foreign exchange for the private mines. The number of small private mines declined by over 1,600 in the period 1953 through 1954. More would have ceased operations if it had been possible to do so without confiscation by the Government. "The major reasons for these conditions are attributable almost entirely to the unfavorable political climate and adverse economic environment for private initiative and private investment." The Ford, Bacon, and Davis survey concluded: "No other country in the Western Hemisphere takes so much from industry profits, and no other mining country in the Western Hemisphere has created such a condition of exhausted working capital and lack of self-sustaining mine operations as has Bolivia."⁵⁸

The management of the nationalized tin mines by the Government of the MNR was an immediate and disastrous failure. As Victor Andrade, long-time member of the MNR and Ambassador to the United States at the time, admitted in 1957, "Most of the tin mined since 1952 has been at a loss. Almost every pound of tin taken from the Bolivian mines since 1952 has been at a loss."⁵⁹ Utilizing figures supplied by Guillermo Bedregal, President of Comibol,⁶⁰ I have prepared a chart that demonstrates what has happened through 1958:

On the other hand, see the MNR position in Fernando Díez de Medina, Pachukiti y otras páginas polémicas, con la denuncia por defraudación de impuestos contra los multimillonarios Patiño y Aramayo (La Paz: n.p., 1948), p. 189.

⁵⁶ Anaya, Nacionalización de las minas de Bolivia, op. cit., p. 30.

⁵⁷ Bohan, op. cit., Pt. VI, pp. 31–32.

⁵⁸ Ford, Bacon, and Davis, Inc., Report on Mining Industry of Bolivia, Ministry of Mines and Petroleum (La Paz: not published, 1956, 9 volumes), Vol. II, Significant Aspects of the Bolivian Mining Industry, pp. 25–35; Vol. I, Summary, pp. 14–15.

⁵⁹ Victor Andrade, "Bolivia and the Future," Address, Cosmopolitan Club of Pennsylvania State College, February 23, 1957, CONGRESSIONAL RECORD (March 14, 1957), p. A2095; Address, Morgan State College, Baltimore, April 17, 1957, CONGRESSIONAL RECORD (May 22, 1957), p. A3923.

⁶⁰ Bedregal, La nacionalización minera y la responsabilidad del sindicalismo, op. cit., Appendix.

Record of management of nationalized Bolivian tin mines

	Tin produced (kilos, fine)	Tin exported (comibol)	Value, tin (comibol)
1952.....	27,346,902	25,245,369	\$65,090,390
1953.....	26,034,607	29,974,273	61,360,919
1954.....	25,850,417	25,141,095	49,684,404
1955.....	23,484,543	23,793,512	48,035,681
1956.....	22,996,621	22,843,206	49,632,838
1957.....	21,648,353	22,389,816	45,488,068
1958.....	17,384,476	14,074,511	28,482,446

Although the above official figures do not go beyond 1958, studies of more recent Comibol statistical data indicate that the MNR has not been able to correct its mistakes. Production continues to decline. Costs continue to increase. One analysis (Comibol figures) show a 59-percent decline in production of the nationalized mines from 1952 to 1960.⁶¹ Pacheco Arana, with the aid of official sources, concludes that the losses of the state enterprises from November, 1952, to December, 1959, amounted to 307,517,365,657 bolivianos.⁶² Losing money on 18 out of 20 nationalized mines in 1960, the Government sustained a total loss for that year of 149,243,733,581.45 bolivianos.⁶³ According to Guillermo Bedregal Gutiérrez, President of Comibol, the loss was approximately \$10 million in 1960 and \$60 million for the entire period of state operation.⁶⁴ The cost of production for the years immediately preceding April 9, 1952, was estimated to be \$0.70 per pound. According to Comibol, the cost rose to \$1.17 by 1959 and \$1.29 by 1960.⁶⁵

Why could private enterprise operate the tin mines profitably? Why have the state enterprises failed to do so? The question evokes agreement on some points and basic disagreement on others. Let us examine first the areas in which there is substantial agreement.

It cannot be denied that the MNR and its leftist supporters encouraged the belief for years that, when the state nationalized the tin mines, the workers would achieve gains such as higher wages, shorter hours, less discipline, less work, and more fringe benefits. Aside from the fact that the unions were led by Marxists-Leninists-Trotskyites and anarchosyndicalists for the most part, the masses of the workers wanted their gains, and at once. They got them.

A decree of December 1953, created the so-called worker control (control obrero) under which the unions would elect representatives for 1 year to participate in the management of the mines. The consent of the control obrero was required for all personnel changes—hiring, firing, promotion, demotion, transfer; the control obrero must approve action on absenteeism, theft, sabotage; supervise allocation of housing, commissary supplies, distribution of mining materials and explosives; sign all purchase orders; check on health and safety conditions; report to union officials and workers; and he had the right of veto over management's actions. If the management should object, the issue is referred to COMIBOL and the miners' federation. If no agreement is reached, the case then goes to the Ministry of Mining. As the Minister of Mines is "al-

⁶¹ Última Hora (La Paz, 11 de marzo de 1961).

⁶² René Pacheco Arana, "La nacionalización de las minas," Presencia (La Paz, 11 de abril de 1961).

⁶³ La Nación (La Paz, 19 de agosto de 1961).

⁶⁴ Presencia (La Paz, 28 de julio de 1961).

⁶⁵ Pacheco Arana, op. cit.

⁴⁹ La Nación (30 de octubre de 1960).

⁵⁰ For the names of the companies that were seized and other details, see Stokes, op. cit., pp. 43–44.

⁵¹ Merwin L. Bohan, Report of United States Economic Mission to Bolivia (August, 1942), Pt. IV, p. 4.

⁵² Ricardo Anaya, Nacionalización de las minas de Bolivia (Cochabamba: Imprenta Universitaria, 1952), p. 338.

⁵³ See Siles Zuazo, "Hacia la planificación de la economía boliviana," op. cit., pp. 23–63.

⁵⁴ Guillermo Bedregal, La nacionalización minera y la responsabilidad del sindicalismo (La Paz: n.p., 1959), p. 9.

⁵⁵ René Ballivián C., Tasas e impuestos sobre la industria minera en Bolivia (La Paz: Otero y Calderón, 1946), p. 239.

ways a leading member of the union" (for example, in 1961 the Minister of Mines was the Marxist Nuflo Chávez Ortiz), the records of the cases show that most of the decisions have favored the control obrero. I am indebted to the Ford, Bacon, and Davis report for the above data.

The report also asserts that " * * * the mines are very much lacking in competent supervision, and the working conditions have greatly deteriorated." There was a decrease in underground labor efficiency averaging 15 percent in the first 5 years of state operation of the mines. The working force of the nationalized mines continually increased, rising from 28,998 in 1952 to 34,500 in 1955. Safe practices and conditions were much below minimum standards. The report declares that there was a lack of materials, lack of discipline, disrespect for safety rules, lack of enforcement authority, pilfering of critical materials, lack of safety training, and interference from political groups. There was an increase of 61 percent in the frequency of fatal accidents per 1 million shifts worked in 1955 as compared to 1953. The commissary (*pulperia* is the word used in Bolivia) subsidy in some mines amounted to more than the total direct mining and milling costs at the mine. The workers enjoyed 80 paid holidays in 1955.⁶⁶

The findings of the Zondag and Freeman reports were essentially the same. Zondag found that contrary instructions poured in on the mine managers from many and different sources—the Minister of Mines, the Board of Directors of the Mining Corporation, the General Manager of the Mining Corporation, the union, and the control obrero. Labor had six channels of recourse to higher authority over their own management. The union exercised actual control over the commissary in many of the mines. The stealing of minerals and supplies were prevalent. There were daily interruptions of work for union meetings. The foremen and supervisors could not exercise their authority, as the unions refused to approve any dismissals. Many workers used up their sick leave at the urging of the unions. The mine doctors were afraid to reject workers with subjective complaints for fear of losing their jobs. Zondag found much featherbedding in Comibol's mines. The Freeman report indicated that the average mineworker earned almost as much as a Cabinet officer, although the Bolivian miner produced only one-tenth that of a U.S. miner in a comparable type of work.⁶⁷

When Siles Zuazo was president, he boasted about the social security gains Bolivian workers enjoyed. "I should like you to show me," he challenged, "any other underdeveloped country which has so high a percentage of its workers covered."⁶⁸ I would argue that it is hard work, low wages, saving, few fringe benefits, and productivity—all leading to capital accumulation—which is what underdeveloped countries need if they desire to improve themselves economically. President Siles Zuazo's own figures indicated that the social security system added greatly to the costs of production and contributed to the state's vast deficits. Zondag found that social security costs were 67.5 percent of the employee's wage: Family subsidy, 13 percent of wage; rent allowance, 14 percent; social security, 5.5 percent; professional risks, 5 percent; 2 extra months' pay and other benefits, 10 percent; Sundays and bonus holidays, 20 percent. Ever since 1954, wages

must be paid for 7 days per week even if no work is performed by anyone on Sunday. Two months' extra salary are paid at the end of the year; medical and pharmaceutical supplies are furnished free if there are over 80 employees in the enterprise; regular wages are paid for 90 days to sick workers; 90 days' notice or 3 months' wages are required for dismissal; with proper notice a fired employee is entitled to 1 month's pay for each year with the company; if the employee has worked in one place for 8 or more years, he gets this amount even if he resigns; finally, the employer is prohibited by decree from the number of his employees.⁶⁹

The psychology (mentalidad), encouraged by the MNR, that to work less means to gain more, has resulted in a large number of strikes and work stoppages. Martínez Márquez estimates that the average number of strikes per year was 300 for the period 1952 to 1957. In 1958, the total was about 600.⁷⁰ The president of Comibol reports, somewhat sadly, that the union and its representative in the Ministry of Mines succeeded in getting \$7,600,000 for "fictitious labor."⁷¹ Comibol even resorted to an incentive system as a means of persuading the miners to work a little more. On October 31, 1958, the Government announced that those workers who stayed on the job for a year would be granted a substantial increment. Some districts took advantage of the offer. Now, however, the union—the FSTMB—insisted that the offer represented a labor gain (*conquista laboral*) and demanded that all districts should receive the bonus, including those that had struck so much and done so little that the state enterprise suffered a \$4 million loss as a result of their activity.⁷² Very recently the MNR has appealed to the unions to replace the Tesis de Pulacayo, which had a Marxist-Leninist proletarian revolution as its purpose, with the Tesis de Telamayú, which has as its purpose subordinating temporary workers' gains for the vital necessities of the Revolución Nacional.⁷³

Siles Zuazo argues that the reasons for the failure of the state to operate the mines economically are: low prices, insufficient capital, wornout machinery, inadequate electrical power, and an excessive number of workers who are kept on because of elementary social justice.⁷⁴ Beltrán and Fernández assert that what Bolivia imports costs about 300 percent more than in 1945. Tin was selling for \$0.65 per pound in 1945; therefore, Bolivia should get three times that price of tin or \$1.95 per pound just to break even.⁷⁵ If this kind of argument is accepted, then it would follow that an international commodity or cartel agreement with the United States buying tin at high fixed prices would be logical. The United States has already purchased much tin from Bolivia for political purposes, and our stockpiles exceed strategic requirements (as of July 1961) by about 150,000 tons.⁷⁶

In any event, the contention that low prices explain state failure is erroneous.

⁶⁶ Zondag, *Problems in the Economic Development of Bolivia*, op. cit., p. 169.

⁷⁰ Guillermo Martínez Márquez, "Bolivia en 'estado de sitio' otra vez," *La Prensa* (Buenos Aires, 3 de marzo de 1961).

⁷¹ Bedregal, *La nacionalización minera y la responsabilidad del sindicalismo*, op. cit., pp. 26-29.

⁷² Ibid., pp. 44-46.

⁷³ Tesis de Telamayú (La Paz: n.p., 1960), pp. 1-7.

⁷⁴ Siles Zuazo, "Hacia la planificación de la economía boliviana," op. cit., p. 41; Siles Zuazo, *Mensaje al honorable Congreso Nacional*, op. cit., p. 17.

⁷⁵ Beltrán A. and Fernández B., op. cit., p. 169.

⁷⁶ Hanson's Latin American Letter (Washington, D.C.: July 22, 1961, Number 853).

According to the Statistical Bulletin of the International Tin Council in London, except for the higher prices produced by the Korean police action in 1951 and 1952, the price per pound, fine, prior to expropriation was: 1948, \$0.98; 1949, \$0.98, and 1950, \$0.93. Since nationalization, low prices and the Soviet dumping of tin in 1957 and 1958 cannot explain the deficits of the Corporación Minera. Using the above source, we find that the price in 1953 was \$0.91; 1954, \$0.89; 1955, \$0.92; 1956, \$0.98; 1957, \$0.94; 1958, \$0.91; 1959, \$0.98; and 1960, \$0.99. Other explanations are put forth, but they are hardly credible. Lopez Rivas, for example, blames the democratic, capitalistic, monopolies of foreign countries for the state's failures.⁷⁷

Basic disagreement exists as to whether socialism or capitalism can best operate the means of production. All the independent studies, surveys, and reports that I have been able to read take the position that the inherent difficulties of socialism negate the possibilities of successful operation of the mines. The Keenleyside report, written before the MNR seized the mines, states: "Even if nationalization of the mining industry were theoretically desirable, it would be wholly impracticable in Bolivia under present conditions. The government has neither the financial resources nor the technical and administrative competence to undertake any such task."⁷⁸ The United States has supplied the MNR with more than \$191 million in financial assistance and promises more, but the management of the state mines still lacks technical and administrative competence. A lawyer's group within the MNR (*La Célula de Abogados del MNR*) issued a public statement in August 1961, which accused the management of Comibol of such administrative ineptitude and dishonesty that state operation of the mines could only be termed "disastrous." The group called for the immediate resignation of the top officials, including Guillermo Bedregal, President of Comibol.⁷⁹

All the recent reports assume that socialism will not prove economically viable and that therefore the MNR must return to a free economy. The Zondag report insists that a free economy is required " * * * because only a free economy can stop the present drain caused by the activities of speculation and runners of contraband. Only a free economy can force people to work again instead of making a few pennies by standing in line. Only a free economy will create confidence in the foreign investor which, once established, will result in the Bolivian investor bringing back vast amounts of capital now hoarded abroad."⁸⁰ The Ford, Bacon, and Davis survey, the most complete and thorough of all the studies, asserts: "Both the technical and economic problems are surmountable, and the industry should be able to overcome its present difficulties provided the Government takes the necessary steps in the available time to give Bolivia the economic and investment climate it needs." The same survey makes absolutely clear that it is not price or lack of subsidization that is causing the trouble: "It must be noted that during the past 4 years the nationalized mining of Bolivia has enjoyed the highest metal prices in the history of the industry, and, furthermore, the country has been subsidized by U.S. Government tungsten contracts to the sum of about \$6¼ million annually. The Bolivian tin industry has been

⁶⁶ Ford, Bacon, and Davis, Inc., *Report on Mining Industry of Bolivia*, op. cit., Vol. III, Significant Aspects of Bolivian Mining Industry, pp. 27-28, 34-44, 73-77, 83-85.

⁶⁷ Zondag, *Problems in the Economic Development of Bolivia*, op. cit., pp. 97-100; Freeman, *The Revenue Problem of Bolivia*, op. cit.

⁶⁸ Siles Zuazo, *Mensaje al Honorable Congreso Nacional*, op. cit., pp. 78-79.

⁷⁷ Eduardo López Rivas, *Esquema de la historia económica de Bolivia* (Oruro: n.p., 1955), pp. 191, 202.

⁷⁸ H. L. Keenleyside, Head of Mission, *Report of the United Nations Mission of Technical Assistance to Bolivia* (New York: U.N., 1951), pp. 48-49.

⁷⁹ *El Diario* (La Paz, 3 de agosto de 1961).

⁸⁰ Zondag, *Problems in the Economic Development of Bolivia*, op. cit., p. vii.

subsidized through all the Longhorn smelter contracts to an amount estimated at about three-quarters of a million annually." The survey concludes finally that Bolivia's only hope " * * * is through revival of private mining activity."⁸¹

It is not only the nationalized tin mines that are mismanaged and deficit-ridden, but all the other socialized industries as well.

The president of Comibol stated in 1959 that 70 percent of the economic activities of Bolivia were state owned and operated. This figure included not only the mines but factories, railroads, the state oil enterprise, and other activities.⁸² Even in the face of the most overwhelming evidence that socialism is a failure in Bolivia, the United States has almost literally leaped to support the system. For example, the MNR called in Salzgitter A.G., a West German Government holding company with mining activities, to survey Comibol. There were some reports that Salzgitter might assume managerial responsibility under a production contract. At this time the Soviet Union allegedly announced that it was prepared to give Bolivia a \$10 million tin smelter. The United States almost instantly changed its policy position of refusing credits to Comibol as a state enterprise born of expropriation. The United States agreed to put up \$10 million for reequipment and concentration plants as well as exploration work to find new tin deposits.⁸³

The United States should have told the Bolivian planners and the unions—one of which threatened to march on the capital if the Soviet offer was not accepted;⁸⁴ that a tin smelter does not make economic sense for them. The Bohan report made this point clear as long ago as 1942. The Ford, Bacon, and Davis survey established that the direct operating costs of a tin smelter in Bolivia would involve an estimated \$491 per fine ton, about 90 percent higher than in foreign smelters, mainly because of the costs of imported materials and supplies. Also, there should be proved ore reserves for 25 years of operations in order to justify a smelter, something that is lacking in Bolivia.⁸⁵ Despite the evidence that the Soviet offer should have been described as spurious, the United States responded to the Communist challenge by establishing the important policy that this country is now prepared to subsidize nationalized industries whether just compensation is provided or not. Although the United States accepted Mexican expropriation of private oil properties with a token compensation, it had been a policy of this country, until President Kennedy's edict, not to reward confiscators.

What about payment for the expropriated mines? The government promised to pay in the decree of expropriation. The decree in article 3 listed certain values that it said would be taken into account when a final settlement was reached. The government promised in article 10 to reach a final settlement before December 31, 1953. In reaching the figure of real worth of the properties, the decree threatened in the preamble to subtract sums for alleged nonpayment of taxes or alleged noncompliance with fiscal provisions of the law in the past. Prior to settlement with the companies, the govern-

ment promised in article 11 to pay 3 percent interest on the values described above, and in article 12 to deposit in the Banco Central de Bolivia 2 percent of the gross value of all minerals exported by the nationalized mines to be used as a fund to begin paying the owners of the mines for their property. Under the "retentions" system, the Patiño, Aramayo and Hochschild groups received through September 1959 a total of \$16,825,581.34, according to the President of COMIBOL.⁸⁶ Even these sums were apparently given grudgingly. The President of COMIBOL says they were paid as a necessity and an imperative in the face of sabotage and judicial embargoes initiated by the former owners.⁸⁷ As the New Frontier increases Bolivia's stipends under the foreign-aid program, there might be enough money to make up the deficits and even to pay the former owners for the mines.

There were other consequences of the grandes conquistas and transformaciones profundas of the MNR. When the state enterprises failed and incurred great deficits, the planners printed paper money. This had the effect of producing a fantastic inflation. By December 31, 1958, the Revolución Nacional had printed and put into circulation 90 times as many bolivianos as existed in 1952, when they seized power by force. The exchange rate in 1952 was reported to be about Bs 110 to \$1 up to Bs 160 to \$1 on the free exchange. By 1955, the exchange rate was up to about Bs 14,000 to \$1. On December 16, 1956, the government was persuaded to accept and put into effect a stabilization program devised by U.S. experts. The boliviano was to be stabilized at Bs 7,750 to \$1, but by January 1959 the exchange rate was Bs 12,500 to \$1. The plan failed, even though the United States provided \$25,000,000 to back up the boliviano. The Banco Central, as of March 31, 1952, had in its vaults 344,961 gold pounds sterling and 17,765 kilos in gold bars. By December 31, 1957, only 2,921 kilos of gold remained. An editorial in *Ultima Hora* dated January 3, 1959, asserted that not even an adarme (the 16th part of an ounce) of the gold remained.⁸⁸ According to official data, the general index of the cost of living in Bolivia (1953-100) had risen by August 1960 exactly 3,031 percent or 30.3 times.⁸⁹

THE GREAT REVOLUTION AND U.S. FOREIGN AID

In the following quotations, I hope to provide some of the flavor of the U.S. foreign aid program in Bolivia (\$191,200,000 as of June 30, 1960) through a sampling of comments from a 1960 document of the U.S. Operations Mission to Bolivia.⁹⁰

In a letter from Rey M. Hill, Director, to Juan Haus Solis, Minister of Economic Affairs (1960), there is a reference to "an inadequate control system."

As of August 6, 1960, the Government of Bolivia/Distributors owed B\$16.5 billion. This amount has been outstanding 2 to 4 years.

As of August 6, 1960, Government of Bolivia/Distributors owned B\$4.1 billion. This amount has been outstanding 3 to 4 years.

A portion of the funds that was used to purchase new commodities has been poorly handled.

⁸⁶ Bedregal, *La nacionalización minera y la responsabilidad del sindicalismo*, op. cit., Appendix.

⁸⁷ *Ibid.*, p. 38.

⁸⁸ For documentation of the details of the Bolivian inflation, see Stokes, op. cit., pp. 46-47.

⁸⁹ Beltrán A. and Fernández B., op. cit., p. 128.

⁹⁰ Memorandum for Information and Action of the United States Aid Program (United States Operations Mission to Bolivia, September 1, 1960), in Spanish and English, pages not numbered consecutively throughout.

Also sight should not be lost that the Government of Bolivia/Importers did not abide by the terms of payments as outlined in these agreements. Large sums were still outstanding. As of August 6, 1960, the Government of Bolivia/Importers owed B\$6.3 billion. This amount should have been paid 2 years ago to the stabilization account.

The end results are that poor records were maintained, some of the equipment was sold without accountability, and the sales proceeds used for other purposes.

The mission on a monthly basis since August 1957 has requested the Government of Bolivia to provide information on the funds accruing to it. To date no reports have been submitted.

The largest single amount as of August 6, 1960, due the special account counterpart is B\$9 billion owed by the Government of Bolivia/Y.P.F.B. for Avgas. This amount has been owed since 1958.

Cooperating governments usually assume the leading role to control the aid commodities/equipment and submit to the U.S. mission reports regarding the arrival, distribution, usage, and storage of the commodities equipment. In Bolivia the information required for these purposes has not been furnished by the Government of Bolivia.

Costly errors are in abundance.

The real difficulty regarding the monitoring and auditing of local currency projects has been the failure of the project sponsor to establish a separate bank account for the project funds and to submit quarterly progress and financial statements. Here again the key to the solution lies with the Ministry of Economy. One solution that is considered rather drastic is to cut off funds to the project until the project sponsor abides by the terms of the project agreement. Less drastic would be an educational program of utilizing the press and word of mouth that any project agreement entered into must be abided by. Since for 6 years most of the project sponsors have not abided by the reporting requirement of the agreements, it is considered advisable to begin the educational program immediately, and if this measure is not effective, commence to take drastic steps to cut off funds beginning January 1, 1961.

As of August 6, 1960, the mission had issued 210 reports containing 506 recommendations to the Bolivian Government. "Unfortunately seldom have any of these recommendations been acted upon."

ICA equipment valued at \$20,500 "remained in the ports for 2 years."

No replies have been received to any of the above correspondence.

Many other recommendations pointing out misuse of funds, nonuse of equipment, etc., that have not been acted upon.

Since no reports have been forthcoming from the Bolivian Government on the amount of funds accruing for deposit.

In re some B\$3 billion:

This amount was not deposited to the special account counterpart in accordance with the economic assistance agreement between our two Governments but was transferred directly to the Ministry of Finance.

Since the present handling of import duty funds is not in conformity with the Mutual Security Act of 1954.

The failure of the Government of Bolivia to provide reports of any nature or have the project sponsors abide by the terms of the project agreement.

End-use/audit reports:

It was necessary for this staff to work 2½ years to account for the amounts owed by distributors who, as agents for the Government of Bolivia, sold the ICA food and cotton arriving during the 1954-58 period. These reports are available to the Government of Bolivia. They point out that B\$20.6 billion is still owed. For the past year a part of the end-use/audit staff has field checked the use of the ICA hard-

⁸¹ Ford, Bacon, and Davis, Report on Mining Industry of Bolivia, op. cit., Vol. II, Significant Aspects of the Bolivian Mining Industry, pp. 2-4; Vol. I, Summary, p. 15.

⁸² Bedregal, *La nacionalización minera y la responsabilidad del sindicalismo*, op. cit., pp. 53-54.

⁸³ New York Times (January 11, 1961).

⁸⁴ Presencia (La Paz, 5 de noviembre de 1960).

⁸⁵ Ford, Bacon, and Davis, Inc., Report on Mining Industry of Bolivia, op. cit., Vol. I, Summary, p. 48.

ware items. These field checks have included two detailed surveys of the ICA commodities/equipment that has remained for long periods of time in the Chilean and Peruvian ports.

These reports point out ICA-financed equipment remaining in the ports from 1 to 3 years and deteriorating, equipment purchased for certain projects and remaining in its original crates for long periods of time after arriving in Bolivia, misuse of local currency funds, and failure to file insurance claims within the statutory period.

A letter (n.d.) from Rey M. Hill, director to Juan Haus Solis, Minister of National Economy, refers to manipulations of Counterpart Funds.

In a letter from Jorge Tamayo Ramos, Minister of Economic Affairs, to the Superintendent of Banks, dated June 6, 1960, in re point 4 funds: "This action could be considered embezzlement with the aggravating circumstance of swindle."

"Many irregularities have taken place."

Exhibit A—Montellano & Co.: "Crédito Hipotecario has illegally retained the amount of Bs. 52,262,420 for its own use."

Exhibit C—American Export Co.: "The report submitted by the Controller's Office End-Use Inspector states that two Willys Jeep station wagons were handed over to the Minister of Economy without sale slip."

"The Cochabamba mayor's office received two jeeps under the same condition."

Other recent U.S. Government documents merit at least brief examination. Some of the words and phrases from the Selden-Fascell report for the House Foreign Affairs Committee (1961) are: " * * * great excess of miners. * * * inability to fire feather-bedded laborers. * * * decreased agricultural and mineral production, voluminous contraband traffic, inflationary monetary policies." In regard to the Ford, Bacon, and Davis survey: "Due to political pressure * * * the Bolivian Government took no action on the recommendations. The Government's ability to implement its decisions is further handicapped by the existence of an armed militia of workers and peasants, infiltrated by Communists." On the U.S. aid program to Bolivia: "It should be tapered off as soon as possible, and assistance directed to specific projects."⁹¹

Some data relevant to the MNR in Bolivia may be found in the 1961 hearings of the subcommittee of the Committee on Appropriations of the House of Representatives. Although Dr. Gordon was an administration witness and favored the President's proposals for more aid for Bolivia, this exchange took place:

"Mr. PASSMAN. Did not some of your witnesses testify that Bolivia last year was near bankruptcy?"

"Mr. GORDON. It was and is near bankruptcy."

Further on in the hearings:

"Mr. MONTANA. And I notice where they were not suffering and paucity of funds because of such small revenues because last year Bolivia, under the mutual security program, received \$23 million in special assistance. That is \$2 million more than their total revenues. They received \$8,870,000 in technical assistance, or a total of \$31,870,000. But let us go further with respect to Bolivia."

"They received a loan from the DLF of \$4 million. That far exceeds their total revenues."

"But let us go further than that. This is what adds to the shock—the Export-Import Bank loaned them, during 1958 and 1959,

\$47.3 million, or approximately, in total U.S. funds, a ratio of about 3 to 1."

"Mr. GORDON. It is true * * * we have made, relative to the Bolivian Government revenues, enormous financial assistance in loans and grants together. The Bolivian case is, as I think I mentioned the other day, a particularly tragic case. None of us are happy with what happened there, either with respect to their own financial situation, or with respect to the failure so far of our aid program really to get the Bolivian economy even approaching getting on its feet. * * * I am sure that the future policy should differ very substantially from the past policy in the Bolivian case."⁹²

On the other hand, in neither public nor private Bolivian sources can one find anything even remotely approaching enthusiasm for the U.S. foreign aid program. The kindest words are found in President Siles Zuazo's message to Congress in 1958. He made several very brief noncommittal references to U.S. aid and then finally used the phrase, "the generous cooperation of the people and North American government," in respect to the program.⁹³ All the official program of government of the MNR for 1960-64 says is, "The results obtained up to now are, in general, satisfactory." This is scant praise, and the next sentence says that the results can be improved by application of better methods.⁹⁴ Guillermo Bedregal, president of Comibol, says only (1959) that U.S. assistance is necessary to pay "public expenses."⁹⁵

Mario Torres Calleja, secretary general of the miners' union (the FSTMB) and a Trotskyite, has provided a detailed criticism of U.S. foreign aid to Bolivia. The truth, he argues, is that in large part the aid the United States sent to Bolivia was food and fiber products that the United States overproduced and channeled into Bolivia as a dumping ground. To administer the aid, the United States has created a gigantic bureaucracy in Bolivia made up of inept and ignorant men who have contrived to waste the dollar aid so that all Bolivia sees of it are ciphers on paper. The aid never involved bringing machines or instruments of production. The U.S. objective was simply to dispose of surplus farm commodities in order to solve the farm crisis and to "destroy the agriculture and national industries and frustrate the diversification program and self-sufficiency plans begun in 1952." The North American experts are characterized by incredible ineptitude, the Eder plan for monetary stabilization was antinational and antiworker, and imperialist control of the minerals market has injured Bolivia. The union leader is against Yankee plutocracy, monopolists, and multimillionaire Yankees. Torres concluded by saying that his union would continue the anti-imperialist struggle, expressing its solidarity with the Cuban Revolution.⁹⁶

Similar ideas are developed by Beltrán A. and Fernández B. in a serious study published in 1960. The principal reason for U.S. foreign aid in Latin America is to protect the 30-, 40-, and 50-percent earnings on capital invested of North American monopolies. As Latin America is of enormous importance to the monopolies, the United States has put into play a new form of

slavery through the deceiving etiquette of American aid. The food program (of Public Law 480) is not disinterested. The purpose is twofold: (1) to permit the maintenance of high prices in the United States by dumping the surpluses in Latin America; and (2) to prohibit the development of a healthy agriculture in Latin America that might compete with the United States. In this way, it is possible to subjugate the Latin American countries and keep them in a perpetual state of dependency. The United States can use foreign aid to protect both its sources of raw materials in Latin America and also the markets for the manufactured goods of its monopolistic enterprises. The United States uses surplus food (excedentes agrícolas) for the purpose of financing military dictatorship and furthering political corruption in order to guarantee a favorable climate for the investments of North American monopolies. The United States also provides technical assistance to Bolivia, but the means employed are absolutely fragmentary and superficial. The authors conclude that U.S. foreign aid has caused all the failures of the MNR. On the other hand, the cause of the countries that fight for their liberation can count on the definite help of the Socialist world, aid that is a guarantee of the success of an enterprise.⁹⁷

CONCLUDING REMARKS

If it can be assumed that the foregoing analysis is supported by sufficient evidence to merit the judgment of substantial accuracy, then it becomes crystal clear that President Kennedy's eulogy of the Revolución Nacional as a great revolution, which has blazed a path for others to follow, is a profound blunder the consequences of which may prove disastrous for the United States. Undoubtedly the President was advised by trained, traveled, and talented specialists in Latin American affairs to write the letter, promise the aid, and praise the MNR. The names of such men and the reasons for their advice have not been revealed, however.

The Revolución Nacional is not a great revolution. It has not blazed a path for others to follow. It has lessened political liberty and retarded representative government. What is the direction of the present government? A scholar working in Bolivia writes (early 1961): " * * * Paz Estenssoro, willingly or unwittingly, placed himself in the hands of the far left of the MNR"; and " * * * the drift is toward the left." The same scholar's words and phrases support the thesis of this paper that the MNR's system of socialism and the planned economy is an ignominious fracaso or failure: "stagnating agrarian reform"; "plummeting tin production"; "hyperinflation"; "rising cost of living"; "mass exodus of professionals."⁹⁸

The United States must have selected all its officials in Bolivia from the ranks of imbeciles and the deaf, blind, and dumb not to know what has happened in that country in the past 8 years, one Latin American writes.⁹⁹ Ramírez R. tells us, "We view with surprise the measures adopted by the United States, handing over enormous quantities of dollars to their own enemies."¹⁰⁰ In the view of Siles Salinas, U.S. aid to Bolivia is designed to provide an example to other Latin American countries of what not to do—seize land, nationalize, and "plan."¹⁰¹ One increasingly notes the use of the word

⁹⁷ Beltrán A. and Fernández B., op. cit., pp. 9, 124-125, 174-184, 210-211, 217, 219.

⁹⁸ Richard W. Patch, "Bolivia Today—An Assessment Nine Years After the Revolution," American Universities Field Staff, Vol. VIII, No. 4 (1961), pp. 4, 7, 10-11.

⁹⁹ Crónica (Cochabamba, 5 de junio de 1961).

¹⁰⁰ La Mañana (Asunción, 14 de abril de 1961).

¹⁰¹ Siles Salinas, Lecciones de una revolución, op. cit., p. 43.

⁹¹ Special Study Mission to Latin America: Venezuela, Brazil, Argentina, Chile, Bolivia, Panama, Report by Hon. Armistead I. Selden, Jr., Alabama; Hon. Dante B. Fascell, Florida (Washington, D.C.: United States Government Printing Office, 1961), pp. 24-31, passim.

⁹² Inter-American Programs for 1961; Denial of 1962 Budget Information, Hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, 87th Congress, First Session (Washington, D.C.: United States Government Printing Office, 1961), pp. 116, 266.

⁹³ Siles Zuazo, Mensaje al honorable Congreso Nacional, op. cit., pp. 43-44, 90, 92, 106.

⁹⁴ Programa de Gobierno, op. cit., p. 141.

⁹⁵ Bedregal, La nacionalización minera y la responsabilidad del sindicalismo, op. cit., p. 42.

⁹⁶ El Diario (La Paz, 17 de abril de 1961).

"antiejemplo" (literally, "counterexample") in Latin American publications to describe the Revolución Nacional in Bolivia. The feeling has assuredly developed, among some Latin Americans at least, that the quickest way to debase a country's economy is to nationalize it. This may well be the only positive consequence of the United States foreign aid program in Bolivia.

I submit that the evidence does not and cannot support the view that the MNR is a defender of the ideals and values of American culture. Massive U.S. aid has nullified the American policy of nonintervention in the internal affairs of other countries in the Western Hemisphere. The aid program has resulted in rendering the leaders of the MNR subject to extended tutelage by selected U.S. officials. Even so, no basic principles of the MNR have changed, and only a minute impact on policy can be claimed.

I am aware of the fact that it can be argued that the political authoritarianism of the 1952-56 period has been moderated in certain particulars. Some have insisted, erroneously in my judgment, that the presidential elections of 1956 and 1960 were democratic. The reforma agraria has so far permitted individuals to possess, if not to acquire legal title to, land, but there are influential elements in the MNR who agitate constantly for cooperatives or collectives. The public monopoly in oil has been mitigated to permit private exploration under prescribed circumstances. Some recognition of the value of private initiative is to be found in the Program of Government for 1960-64. Furthermore, Dr. Rowland Egger, special representative of President Kennedy, addressed high officials in the Government of the Revolución Nacional in November 1961, and said: "Bolivia is destined to a social and economic future of incomparable brilliance" (*La Nación*, La Paz, Nov. 12, 1961). However, the basic principles and policies of the MNR, it must be reiterated, have resisted assault. Is there anything in the expanded program of aid to the public sector, to which President Kennedy has committed this Nation, that will persuade the MNR to revise its principles and policies in a more fundamental and substantial way? In candor, one must recognize that, as of July 1961, President Paz Estenssoro was reported to be intent upon soliciting \$150 million in aid from Premier Khrushchev and whatever else he might "cadge" from Red China.¹⁰²

Foreign aid, overtly or unconsciously, has become an instrumentality of American foreign policy. If this is true, then it follows that the foreign-aid program should be used to defend and advance the interests of the United States. One of the few interests on which the executive and Congress and the great majority of American citizens seem to be agreed is that communism should not inherit the earth. Modern-day communism is principally Leninism, and much can be learned about its nature and tactics by examination of Lenin's "The State and Revolution" and "Imperialism: The Last Stage of Capitalism." Communism operates as an international conspiracy with highly developed techniques of internal subversion and sophisticated employment of force and threats of force in international relations. Any country that demonstrates a desire to eradicate internal Communist subversion and external Communist pressure and coercion should be aided by the United States by specific measures designed to accomplish specific results.

However, some in the United States assume that the only way to prevent the Latin American countries from becoming Communist satellites is to extend massive support

to leftwing, collectivistic movements. When the question is raised why such an assumption should be accepted, the reply usually given is that people are in a hurry to achieve the benefits of technology, and that rapid progress can be won only by permitting the government to control the means of production. In my opinion, this assumption can and should be challenged. Is not Japan developing more rapidly than India? From what I could see of East Germany with socialism and West Germany with capitalism (summer 1960), the latter had "turned the clock back" to a superior economic system. Better still, visit the heartland of socialism, the Soviet Union. Insofar as the great masses of human beings are concerned, the Soviet Union is a primitive, backward country. This was, at least, my own observational conviction. However, the best illustration of the falsity of the line of reasoning that the United States can oppose communism only by supporting leftwing revolutions is seen in Bolivia. Massive aid has been given. The public sector has planned and expanded, but the results have been contraproductive.

The President of the United States has provided a considered solution to this dilemma: Extend even greater aid to leftwing political authoritarianism and economic socialism. To do this, to refer to the Revolución Nacional as a model, is to produce confusion and consternation among those public figures of virtue and integrity in Latin America who support principles of individualism, voluntarism, representative government, and private initiative and enterprise. Only the Marxists-Leninists and leftwing nationalist collectivists, who seek to do in other Latin American countries what the MNR has done in Bolivia, can possibly derive aid and comfort from the policy of the United States. Bills have already been introduced in Chile to expropriate U.S.-owned copper mines at a fraction of their real value, with payment to be provided indirectly through funds from the Alianza para el Progreso program.¹⁰³

To those who argue that there are no alternatives, that there is only one course possible, I must insist that there is always another way, and not infrequently a better way. Such matters are appropriate considerations for another paper and should not unduly encumber the purposes and findings of this investigation. However, if the United States desires to inhibit the growth of communism in Latin America through the expenditure of public funds, then it must make such funds available to those men who by conviction and policy oppose communism. If the United States desires to spend public funds to aid other peoples to achieve higher material standards of living, it must make such funds available for governments and policies that make private initiative and enterprise possible. Books, documents, reports, interviews, and observation all lead me to conclude that Bolivia possesses the human and material resources appropriate for individual and collective life immensely superior to anything so far enjoyed in that country. The evidence suggests, in my opinion, that the Revolución Nacional cannot advance the good life, even with massive U.S. aid. At this point in the argument, the supporters of the MNR usually insist that withdrawal of foreign aid to the Revolución Nacional would instantly mean that Bolivia would become a Communist satellite. It is my judgment that U.S. support of the MNR has already led Bolivia closer to communism than at any time in the history of the country, and that continued support of the men and policies of the Revolución Nacional will continue to advance the cause of communism. If U.S. aid to Bolivia were withdrawn, the MNR would fall from power, and

probably very quickly. Other Bolivians—talented, educated, competent, patriotic—and dedicated more to the ideals, values, and objectives of the United States and the Western World than the MNR'ers, are ready to assume power. Those familiar with Latin America know who these men are. It is possible that they and not the Communists would emerge with control of the state.

TRADE POLICIES WITH COMMUNIST-BLOC COUNTRIES

Mr. HART. Mr. President, in remarks to the Senate on September 26, I urged a high level, broad reexamination of our trade policies with the Communist-bloc countries.

Now the Senate Foreign Relations Committee has announced it will undertake such a review, and I commend the committee for their willingness to take on this important job.

Within recent days, the *Detroit News* had an excellent editorial on the need for a thorough reconsideration of the issues involved in trade with Communist nations.

I ask unanimous consent that this editorial from the *Detroit News* of October 11 be printed in the *RECORD*.

There being no objection, the editorial was ordered to be printed in the *RECORD*, as follows:

[From the *Detroit News*, Oct. 11, 1963]

MORE TRADE WITH REDS WEIGHED—AFTER WHEAT SALE, WHAT?

Now that President Kennedy has cleared the way for the sale of more than \$300 million worth of surplus U.S. wheat to the Soviet Union and its satellites, the question is whether this country should seek increased trade in general with the Communist world.

The Senate Foreign Relations Committee already has announced that it is going to review U.S. trade policy toward the Soviet bloc. We think that such a review will be valuable both in informing public opinion about present policies and in weighing the alternatives of a failure to increase trade.

Such a review is needed because the President emphasized that the administration approval of the "one-shot" wheat deal with the Communist nations did not represent a new Soviet-American trade policy. Instead, he described the deal only as "one more hopeful sign that a more peaceful world is both possible and beneficial to us all."

But the Soviet Union and its satellites already have indicated an interest in buying feed grain and perhaps other agricultural products from the United States. It is possible that there also could be an expansion of trade in other consumer products which the United States has been selling in limited quantities to the Communist world in recent years.

The limitations which the President put on the wheat sales would, however, restrain the expansion of trade. The wheat is being sold by private U.S. exporters for gold or dollars, in cash or under normal commercial terms; is being shipped in American bottoms whenever possible, and must be consumed within the Soviet Union and her Eastern European satellites. This final limitation was imposed to bar transshipment of grain to Cuba, Communist China, North Vietnam, and North Korea.

Expansion of trade between the United States and the Soviet Union also would be limited by the fact that the economies of the two countries are somewhat similar. In normal times, both are exporters of many agricultural products, although the United States has a much greater surplus than the

¹⁰² El Mercurio (Santiago, 4 de julio de 1961).

¹⁰³ Hanson's Latin American Letter (Washington, D.C.: August 19, 1961, No. 857).

year—and there is good reason to believe that it will—Missourians will be assured of the presence in Washington of a man who knows their precious streams and who will guard them as they must be guarded for posterity.

WATER RESOURCE PROBLEMS ARE INTENSIFIED—ADMINISTRATION AND CONGRESS SHOULD RESPOND WITH AFFIRMATIVE ACTION—PUBLIC WORKS ARE NEEDED

Mr. RANDOLPH. Mr. President, our Nation's water problems must have priority consideration. That these problems are being neglected is a tragedy. Earlier this year many communities were the victims of devastating floods. Now, substantial portions of our country suffer the dire consequences of prolonged drought.

Flood control and water supply requirements in the United States must not be sacrificed in the interest of any other objective. We have made some progress but not enough.

It is my judgment that we should demonstrate a dedication to the water resource problems and needs of our citizens in a degree at least equivalent to our dedication to such programs as space exploration, nuclear power subsidization, military assistance abroad, and foreign economic aid.

Mr. President, unless this Congress acts promptly, progressively, and effectively on programs to solve the Nation's water problems we will fail to meet the challenge. And the history of this deficiency doubtless will record loss of human life, vast damage, and destruction of public and private property, and a stunting of the national economic growth potential, due to flood, drought, and fire.

This is not a new declaration on my part. I am repeating and emphasizing an urgent appeal made on October 21, 1963, in telegrams to the President of the United States, to the Vice President of the United States, and to the majority leaders and majority whips of the Senate and the House.

In those communications to the executive and legislative leadership, the view was expressed that although flood control and water storage project authorizations and appropriations should be expedited, we see delays and stalemate prevailing in the legislative process.

I urge now, as in my messages to the leadership, that we make legislation concerning water resources items of high priority in the Congress—and at once. I am hopeful for these actions and affirmative results:

First. That there will be a minimum of additional delay in taking to a House-Senate conference a vitally needed measure to extend river basin development authorizations, as well as to authorize other multipurpose water projects on which there have been adequate hearings. We of the Committee on Public Works strongly support the position of our distinguished chairman, the senior Senator from Michigan [Mr. McNAMARA] that neither the Senate nor the

House has a right to refuse to confer with the other on differing versions of the same measure. After a bill has passed both bodies—with one having amended that of the other—there is the obligation to confer. There is the additional obligation of the conferees to work diligently and in good faith and in the best public interest, to the end that they will bring forth a report—not a stalemate.

Second. With the fiscal year already a quarter gone, it is vital that flood control authorizations be finalized and that there should promptly follow affirmative action on fiscal 1964 appropriations necessary to finance flood control and navigational aid projects for which appropriations hearings have been held. I congratulate the senior Senator from Louisiana [Mr. ELLENDER] and his associates of the Public Works Appropriation Subcommittee. They have performed a significant service in compiling a thorough record of hearings on many vitally important water resource projects in need of financing. I am privileged to be an ex officio member of the subcommittee presided over so capably and conscientiously by Senator ELLENDER, and I am cognizant and appreciative of the diligence with which he patiently builds the record through long hours of hearings. As a consequence, I believe the Senate would be ready to act intelligently on reasonably short notice on any fiscal 1964 civil works appropriations bill sent to this body by the other.

Third. In addition to the major flood control and navigational aid projects under the direction of the Army Corps of Engineers, there are many other vitally needed water resource development and utilization projects at the community level which need assistance. And this is an area in which the accelerated public works program is invaluable. In a protracted drought season such as much of the country has been experiencing, the water shortage and water system deficiencies of many communities have been accentuated and have become emergencies—in many instances acute emergencies with adverse health and inadequate fire protection implications. Because of their economic plight and status, these APW-eligible communities come to special attention through applications they file under provisions of the Public Works Acceleration Act of 1962. I point out, Mr. President, that a number of eligible West Virginia communities with serious water shortage problems or inadequate or outmoded water distribution systems cannot obtain the Federal assistance they need to correct their situations because the APW funds appropriated have all been obligated or programmed for obligation. This applies with respect to numerous eligible communities of other States, too.

The communities to which I make reference can do little, if anything, under the regular water pollution control and/or community facilities programs to solve the problems of their water supply and sewerage deficiencies. They cannot meet the problem totally under the loan programs because they cannot develop financially satisfactory loan applications

and supporting papers. The acute problems of these communities persist—even grow worse—while they fail to qualify under the loan programs and cannot obtain grants because funds are not available. Their water supply sources are either dried up or unsafe from the public health standpoint; they continue to have unemployment at rates which make them eligible under the APW Act; and among their other needs for water supply and distribution assistance is the vital one of water quantity and pressure sufficient for fire protection purposes. We have communities in West Virginia where a single fire probably would create a huge conflagration of homes, educational institutions, and commercial and industrial establishments. We have other communities which need both residential and industrial water systems, and in one instance an establishment employing 225 persons may be forced to close unless the community can obtain and operate a water system. In view of these conditions there should be expeditious appropriation on an emergency basis of the remaining \$50 million authorized, but not yet appropriated, under the Public Works Acceleration Act of 1962. I urge in this instance that such funds—even though vastly inadequate when compared with the total needs—be earmarked for helping local communities eligible under the act to finance critically required water supply projects.

Fourth. The need for and the validity of the \$900 million program authorized by the Public Works Acceleration Act of 1962—for which \$850 million have been appropriated—continue to be present. There remain too many areas of chronic labor surplus—too much unemployment. There remain too many unmet, but vitally important, public facility and public improvements needs in numerous communities eligible under the APW Act.

The job opportunities provided and the economic stimulation stemming from acceleration of public works are sound reasons for continuing the program, and there is added the fact that the projects provide permanent or long life and useful public improvements and facilities. The communities eligible under the act need assistance to provide employment on APW program projects; otherwise, they would not be eligible.

We are informed that funds appropriated under the original authorization have been obligated or programmed for obligation. There remain hundreds of millions of dollars worth of approvable applications from communities where the job opportunities, economic stimulation, and improvements or facilities to be provided by the projects are vitally needed. I urge, therefore, that there be action to authorize, and appropriations to finance, extension of public works acceleration, especially for projects in which local government bodies will share in the costs. And I would urge, also, that priority status be declared for water supply and sewage system projects, but I am not suggesting that an extended APW program be limited exclusively to water projects.

Mr. President, it is unnecessary that I speak in this forum of the importance

of water; nor is it necessary that detail be used concerning water overabundance in flooding and water shortage in drought periods. There is general knowledgeability on these conditions.

It is time for Congress to return priorities to the fundamentals—land, wood, water, and the fossil fuels of the earth on which we live—and to the earthly problems of people, peace, and prosperity.

Conversely, I believe we should place less emphasis and invest less of our available revenue and debt commitment to outer space, to vehicles to destroy mankind, to misused military assistance abroad, and to nuclear power giveaways.

I renew in this forum the urgent appeal made to the White House and to leaders of both bodies of Congress that high priority be given to acceleration of public works and to flood control and other programs and projects intended to help solve the Nation's water problems.

The cause is real. The task is an imperative one.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is H.R. 7885. The question is on agreeing to the committee amendment in the nature of a substitute.

Mr. HUMPHREY. Mr. President, I shall address myself today to a certain portion of the foreign aid bill, commonly referred to as the Alliance for Progress.

I should like to discuss today the most important part of the foreign aid bill which is before the Senate for consideration this week. I refer to our assistance to Latin America through the Alliance for Progress. It is through our participation in the Alliance for Progress that we extend aid to the area described by President Kennedy as "the most critical area in the world."

I agree with President Kennedy's analysis of this area. It is the most critical. Therefore, it requires the most thoughtful consideration and attention during this debate. While there may be differences of opinion expressed by Members of the Senate, I am confident, as was said earlier today by the senior Senator from Oregon [Mr. Morse] that we have

the same objective, namely, to make the Alliance for Progress an effective and vital instrument of American policy for the improvement of political, economic, and social conditions in the Western Hemisphere.

The aim of the Alliance for Progress, as defined in the Declaration of the Peoples of America which precedes the Charter of Punta del Este, is to "unite in a common effort to bring our people accelerated economic progress and broader social justice within the framework of personal dignity and political liberty."

The main objective must never be lost sight of. We need constantly to keep in mind that we are striving for accelerated economic progress, that we are seeking to bring about broader social justice, and that we are striving to do all this within the framework of personal dignity and political liberty.

Therefore, we have deplored developments such as military coups and also developments which have indicated a tardiness or slowness in the fulfillment of projects and programs.

I will not elaborate here on the conditions and circumstances which stimulated President Kennedy's call for a new "Alliance for Progress" in this hemisphere and which inspired 20 American republics to subscribe to the Alliance program in the Charter of Punta del Este. These conditions are well known. Briefly stated the Alliance for Progress was called forth by the shocking economic and social inequality between privileged and impoverished, between glittering capitals and festering slums, between booming industrial regions and primitive rural areas. The Alliance is a response to the revolutionary challenge of an unjust social order, a social order in which true peace—peace based on justice—is impossible.

At this time, as the Senate considers the annual authorization bill for the foreign aid program, I would like to offer a brief appraisal of the Alliance for Progress as it looks to one U.S. Senator after 2 years of operation.

I have visited most of the countries in Latin America. Not only have I visited them; I have worked in them, in an effort to understand more clearly and fully the social and economic conditions that prevail in those countries, and to observe the political forces at work. I have been in close contact with the officers of this Government—ambassadors, members of diplomatic missions, and mission directors of our AID program and the Alliance for Progress program, and with USIA officials and others. I have done this in an attempt to gain a better understanding of what the United States is doing in Latin America and to observe at first hand how this great cooperative endeavor of mutual assistance between the United States and its sister republics to the south is progressing.

I emphasize once again that the Alliance for Progress is not merely a U.S. program; it is basically a program in which the efforts of the republics to the south—the Latin American countries—will be the major effort, and ours will be a supplemental or auxiliary effort. However, the sense of inspiration and political dedication to the principles of

democratic government must come from the United States as well as from the countries we seek to help.

On the second anniversary of the Alliance, which we celebrated last month, we heard repeated cries of desperation, doom, and despair about the fate of the Alliance. I wish to go on record as saying that I do not share this judgment of pessimism and gloom. I am fully cognizant of the difficulties. I do not approach this discussion or debate with the feeling or attitude that all is well. I approach the discussion knowing that we have only begun our effort; that a brief and faltering start has been made; but that at least a start has been made. We are beginning to show signs of progress, and I do not want to see the beginning we have thus far accomplished lost because of frustration or because of unhappiness about the pace of events.

My own conclusion today remains approximately the same as stated in the opening sentence of the "Report on the Alliance for Progress" that I wrote and issued in March of this year:

In terms of where it was a year ago, the *Allianza para el Progreso* has taken a giant leap forward. In terms of where it has yet to go, it has taken only a short faltering step.

I should like to elaborate on this conclusion in terms of: First, what we have learned in the past 2 years; second, what we have accomplished; and, third, what remains to be done.

I remind Senators, as we discuss the benefits of foreign aid, that we are discussing a program that is at work in some of the most difficult areas of the world. It was one thing to work with Western Europe, where there was a body of citizenry who were highly knowledgeable in the areas of industry, agriculture, and science; where there was a high rate of literacy; and where there was industrial know-how. All we needed to do in that instance was to supply capital and a modest degree of technical assistance, and also to supply faith and confidence. We did that under the Marshall plan, and the results were miraculous.

Now we are working in areas of the world where there is little or no managerial skill or know-how; where industrial development is at a minimum; where agricultural development is actually primitive; where the rate of illiteracy is staggering; and where disease and poverty are the pattern of the day. I submit that in conditions like those it is difficult to have a good record of accomplishment, at least when that record is compared with the record of development in Western Europe.

We have been subject to many frustrations. We have had to condition ourselves to many disappointments. This is not to excuse bad administration; neither is it to be interpreted as an excuse for poor planning or for a failure to keep our commitment to the objectives that we say we support. I merely wish to put the foreign aid discussion in a proper frame of reference. We are now, in the main, talking about the foreign aid program as it is directed toward areas of the world that, regrettably, are backward technically and scientifically; that have

a short supply of skilled manpower and an inadequate number of trained public administrators. We are talking about an area of the world that is in an explosive situation in terms of political and social developments.

It is because I feel this way that I speak today not on behalf of every feature of the foreign aid program but also of the concept and purpose of foreign aid as an essential part of our total program of national security. I want to be clear on this point. There will be, as there have been, statements and speeches made in this body and in the other body that are critical of foreign aid. With some of that criticism I agree. It is our duty during this debate to try to improve the administration as well as the substantive framework of legislation relating to foreign aid. I look upon certain amendments that have been suggested as highly desirable. I voted for some amendments in the Committee on Foreign Relations that I intend to vote for once again on the floor of the Senate. So I do not want my remarks to be interpreted as a *carte blanche* approval of everything that the administration has requested or of everything that has been done. I want my remarks to be interpreted as a thoughtful appraisal of the foreign aid program as it relates to our overall national objectives and our overall national security effort. I believe that this debate, if we will but participate in it, if we can have an honest discussion about the differences that we hold, can do much to put foreign aid, as a Government policy and a good Government program, on a much better footing and give it much better support in Congress and among the public.

Mr. JAVITS. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield to the Senator from New York.

Mr. JAVITS. I wish to express to the Senator my own satisfaction at having joined with him in the memorandum to editors throughout the country, a memorandum which is on the desk of every Senator. It seeks to sum up the case for foreign aid. I assume that in due course the Senator will have it placed at the proper point in the Record.

Mr. HUMPHREY. I did that on behalf of the Senator from New York and myself as of yesterday.

Mr. JAVITS. I thank the Senator. One of the things I should like to stress is the emphasis on the private economy in all its phases in the carrying out of the foreign aid program. I know the Senator from Minnesota feels keenly about this. It should be a matter of considerable satisfaction to the country that together, in a bipartisan way, we will endeavor to implement that particular commitment effectively. I know how seriously the Senator feels about the obligations he undertakes. I think this should be an important item of consideration in the whole foreign aid program. A number of Senators, including the Senator from Minnesota and myself, will join, in the most purposeful way, in seeing that a great part—as great a part as is humanly possible—of the for-

ign aid program is carried on the shoulders of private enterprise, where it should have been so, these many years.

Mr. HUMPHREY. I agree. I again commend the Senator from New York for his inspirational and personal leadership in the formulation of the private enterprise effort known as ADELA, which relates to private development in the Latin American area. I have been associated with the Senator from New York in this effort. I believe we have made some progress.

Mr. JAVITS. We have made great progress.

Mr. HUMPHREY. We have attempted to arouse greater interest on the part of the private economy of the United States and Western Europe in Latin America. We are seeking to promote investment in that area by the private sector of our economy and that of Western European countries, as well.

It is my view that without greater participation by the private sector of the economies of the United States, Canada, and Western Europe and without greater participation by the private individuals in Latin America, we shall not be able to succeed. Therefore, the words of the Senator from New York are most appropriate; and he can be assured of my faithful and, I hope, my helpful assistance.

Mr. JAVITS. It is most helpful; and I am very grateful to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, much of the premature pessimism about the Alliance results from an underestimation of the magnitude of the task and from false expectations about what could be achieved in a brief period of time. Today, we are well aware that nostalgic recollection of the dramatic success of the Marshall plan in restoring economic and social vitality to the war-ravaged, but highly advanced, modern societies of Western Europe should not delude us. We are aware, as I have stated, that this European experience does little to illuminate the path to speedy economic and social development in underdeveloped areas in Latin America. The reform and modification of social and economic traditions that have persisted for two centuries are not going to be accomplished in 2 years—and probably not in a decade. It should be understood by now that the Alliance for Progress has just begun. We have had 1 year to prepare for it and 1 year of actual operation. It is premature to pronounce any definitive judgment on its success or failure; but it is fair to say that it has had, and is making, a beginning.

Among the more difficult lessons which had to be learned during the first 2 years, none proved more difficult than the fundamental truth outlined in the Alliance charter—namely, that the Alliance is not just another U.S. aid program. Rather, it is, as I have said, a cooperative endeavor by 19 Latin American countries and the United States to enjoy more fully the cultural, spiritual, and material riches available in the 20th century—an endeavor to make these accessible to the

whole population, rather than to only a select few. Following from this, there is today a wider—if still imperfect—understanding of the fact that the actions of Latin American countries themselves in achieving the goals of the Alliance are far more important than those of the United States. In quantitative terms, it is agreed that 80 percent of the material resources for Alliance programs must come from the Latin American countries themselves. In fact, that figure may be even higher; some have said that up to 90 percent of the material resources must be generated in the Latin American countries. But far more important, the leadership necessary to mobilize both the quantitative and qualitative resources of the societies must come from within. A key role will invariably be played by the political leaders who are currently in power in a country. The political decisions taken or not taken will in great part determine the progress or failure of the Alliance in a given country. The ability of the U.S. Government to influence these political decisions is always limited, sometimes nonexistent. Political leadership is the most important ingredient in determining whether Alliance programs will progress in a given country.

Therefore, Mr. President, when we see a failure or when we find a shortcoming or are able to expose some inadequacy, let it be clearly understood that these are not always our fault. We are having to work with, and to depend upon, people in the Latin American countries themselves for leadership and followthrough that are necessary in order to make any program effective. I tend to believe that in the first place, we assume that we are more or less saving the world singlehandedly, that somehow or other we are paying all the bills, and that, therefore, if things go wrong, the fault is ours alone. But, Mr. President, the truth is that we are not saving the world singlehandedly, and that we ought not do so even if we could, because this is a responsibility to be shared by many. Furthermore, we are not paying all the bills; to the contrary, we expect others—and call upon them to do so—to do far more than we do, which is entirely right. In addition, all the mistakes which may be made are not necessarily our fault. We make our fair share, to be sure; but many of them are mistakes which are inherent within less developed social structure. Mr. President, not only have we made mistakes and shared in failures; we have also gained victories and shared in accomplishments. If Senators will examine the display of photographs in the rear of this Chamber, and will notice the difference, in country after country, between what was and what is—the difference in housing, in schools, in sanitation, in health and education, in harbors, and in roads, they will see that great gains have been made. It is regrettable that there is so much more to do; but I do not think we should condemn a program and throw it out simply because there is yet more to do and because the task for the future seems to be an exceedingly heavy burden.

So, Mr. President, if we are today buoyant with hope about the prospects for Peru and Argentina, it is because of the promise engendered by the election of a new set of political leaders who are determined to convert the disillusion of the past into valid programs for the future.

If we are despondent about the Caribbean area—and surely I have expressed deep concern and worry about this area—it is because we have witnessed once more the vulnerability of two governments which could not rely on a strong, well-developed, democratic institutional structure. We need strong democratic institutions to support strong leaders. In fact, we need to develop strong democratic institutions to support the kind of reforms that this Government of the United States is demanding of our partners in Latin America. I repeat what I have stated before:

The assault on the recently elected constitutional governments of the Dominican Republic and of Honduras by those who have not experienced a tradition of free democratic government is a cruel blow to political freedom in this hemisphere, and to the Alliance for Progress.

If a government can inspire confidence and hope among its people, it can advance toward the Alliance goals—regardless of where it starts. Disillusionment in this hemisphere has not been greatest in the least advanced countries—which in some cases are some of the most advanced economically.

We are likely to experience disappointment and disillusionment again in certain Latin American countries over the course of the next decade, just as we have experienced it the past weeks in the Caribbean. In most cases these will be caused by a failure of political leadership and a failure to build political institutions which are capable of sustaining and implementing the basic structural modifications in their societies, as called for under the Alliance for Progress. I remind Senators that we are administering strong medicine in the reforms we require for cooperation under the Alliance for progress, and we are attempting to remedy in a few years the abuses of two or three centuries. So the great question before the democratic peoples of the world is whether we can effectuate adequate reforms in the political, economic, and social structure, through the democratic process, or whether these reforms will come only with blood and revolution. I hope we can perfect a system—under our guidance and leadership, in cooperation with other democratic peoples and leaders—that will bring about genuine reform, without violence and without revolution, because all too often revolutions play into the hands of the dictators and destroy what they were designed to fulfill.

So, Mr. President, I hope it cannot be said that we contributed to such disappointment because we failed to give consistent and strong support to governments which sought to implement the aims of the Alliance for Progress.

We must always remember that the objectives of the Alliance are political, as well as economic and social.

As the U.S. Coordinator of the Alliance for Progress has stated, the Alliance includes not only a social revolution against the scourge of hunger, disease, and illiteracy, but also a political revolution whose "single most important force" is "the quest for first-class citizenship." "Free countries," Mr. Moscoso rightly concludes, "do not develop on bread alone." Political democracy and free constitutional government must remain an indispensable goal of the Alliance for Progress.

It is to this very proposition that several Senators in this body have addressed themselves in recent weeks as we have witnessed the emergence of juntas in the Dominican Republic and in Honduras. It is because of our conviction that political democracy and free constitutional government must remain an indispensable goal of the Alliance for Progress that we have called upon the Government of the United States to insist upon a constitutional government, and, to deny the juntas and military cliques American aid. That is why I said earlier today that it is my intention to cooperate with the Senator from Oregon [Mr. MORSE], who is chairman of our Subcommittee on Latin American Affairs, in bringing into the bill the kind of objectives that he has sought in his amendment to cut off the aid programs to those governments that throw out or destroy duly constitutionally elected governments. The Senator from Oregon will find plenty of allies in this body for that worthy endeavor. I am grateful to him for having raised his voice on that subject, because it is all too easy to accommodate ourselves, as some people say, to being "realists."

If we are going to fulfill our responsibilities under the Alliance for Progress and the charter under the Alliance, we must live up to our commitment to achieve broader social justice within the framework of personal dignity and political liberty. Either we should commit ourselves to the proposition of political liberty, democratic institutions, and free constitutional government or we should quit calling the program which we are now advancing the Alliance for Progress.

The Alliance for Progress has a character about it. It involves more than merely money. The Alliance for Progress is not merely another grant or loan. The Alliance for Progress is a great mission, a dedication to economic progress, to social justice, to constitutional government, to personal freedom, to political liberty. It is a commitment by our Government and by others to democratic institutions and constitutional government. It is because of my firm belief in that principle that I feel we must not back up 1 inch in our responsibilities and the commitments that we made, and to which we affixed our signature at the Punta del Este Conference.

Mr. President, it is of utmost importance for the Alliance in the years ahead that we have in the past 2 years managed to discard many of the old cliches which have governed our thinking about Latin America in the past.

One cliché, now exposed in all its hollowness, is that which portrays the

Latin American countries as being divided between avaricious oligarchs and primitive masses, the former united in a concerted plot to oppress the latter. This explanation is not adequate and will no longer do. There remain oligarchs and there remain oppressed masses—far too many of both. But such a dichotomy ignores the growth of a substantial middle class in most of the larger Latin American countries. It ignores the growing number of enlightened progressive leaders springing from the aristocracy, even from the military and, indeed, the church. It ignores the growth of well-organized unionized workers in most metropolitan centers of the hemisphere. Overall it ignores the growing awareness in the hemisphere of the truth of President Betancourt's statement that, "If we cannot help the many who are poor, we cannot save the few who are rich."

It also ignores what I found to be a fact—the growth of a responsible group of young men and women from the universities and colleges. There is a renaissance of social dedication and commitment among the youth in many of those countries. Although the middle-class citizen, enlightened aristocrat, the unionized laborer and the socially conscious youth may be far too few in number, it is from these groups that the leadership for the Alliance for Progress program must come. It is to those groups that we should give our support, help, and encouragement. It is time for the old cliches to be dropped and these new realities faced.

In summary then, the experience of the past 2 years has taught us that the Alliance is a long-term program, that the Latin American Continent includes a diverse and rapidly changing group of societies whose social, political, and economic systems cannot be explained in terms of the cliches of the past.

Also during the last 2 years they taught us that we must expect to experience many disappointments, but we can also be encouraged by many achievements.

I would now like to shift from what we have learned to what has been accomplished. Despite the brevity of the period, there are certain concrete accomplishments one can point to after 2 years. In the brief 2 years since this hemispheric cooperative effort was launched, some 140,000 new housing units have been constructed, 8,200 new school classrooms have been built, and more than 700 new community water systems undertaken. Tax and land reform measures have been adopted by many countries, more than 160,000 agricultural credit loans have been made, 4 million schoolbooks have been distributed, and more than 9 million children are being fed in 18 countries under the food for peace program.

There are other accomplishments. We have had cultural exchange programs that have been increased. Thousands of young students from Latin America are attending universities and technical schools in the United States. There are many information programs under the supervision of the U.S. Information Agency. Many new binational centers that encourage reading in

English and a better understanding of our respective countries have been established. Vocational schools have been constructed and staffed. I have seen those things with my own eyes. I have been in country after country and have witnessed the work that is underway. Colleges have been staffed; universities have been constructed. In cooperation with democratic leaders—people who believe in personal liberty and personal freedom—we have been able to make an impact upon the young people in college after college and university after university. In many cases, the Communist forces have been defeated. The forces of liberty and democracy are in the ascendancy.

Those are some of the good news headlines that we ought to know. I have witnessed the renaissance in the Argentine, in the Central American republics, in Chile, Peru, and Colombia. The prospect is not all dark and despairing. Much of it is bright and hopeful.

But these statistics are poor illustration of what the Alliance has accomplished for individual persons and individual families. To give a concrete idea of what the Alliance means to our neighbors in this hemisphere, as I said earlier, I have brought to the Senate Chamber several photograph panels which graphically illustrate some of the accomplishments of the Alliance during the past 2 years.

There are a great number of exhibits available which we could display if we but had the space to display them and the time properly to study them. Our information centers in Latin American countries are popular. Thousands of people come to them to hear the story of American democracy as an example for Latin American republics is reaching the people.

These six pairs of panels in the rear of the chamber indicate the difference in the lives of six groups of Latin Americans wrought by the Alliance; they show their situation before the Alliance was launched—and after 2 years in progress. Let me briefly describe these panels:

BRAZIL: HOUSING

First. Before: The Favelo Bom Jesus is typical of urban slums in the city of Rio de Janeiro. This urban squalor—without water, electricity, or sewers—is the lot of more than half a million people in the State of Guanabara.

Second. After: Former residents of Bom Jesus are now being resettled in the Barrio Alianca—the Alliance Suburb—a new community taking shape 22 miles outside Rio near the textile mill town of Bangu. The project will consist of 2,250 houses. Barrio Alianca, and other demonstration housing projects in Guanabara State, are being financed under an AID grant of Cr\$1 billion generated from a title I sale of Public Law 480 commodities to Brazil. The State of Guanabara is also applying Cr\$1 billion to the project.

Mr. President, I am happy to see in the Chair at the present moment the former director of the food for peace program, the Senator from South Dakota [Mr. McGovern], under whose direction much of this program was launched. We

have been able to convert surplus American food into housing to help eradicate the slums in Rio de Janeiro. We have been able to sell surplus American food stocks to Brazil, and loan back to Brazil the money generated by the sale of the food, so that Brazil and the local State government of Guanabara could build 2,250 homes for 2,250 families.

I know this is a small effort, and there is great need for hundreds of thousands of additional houses in Brazil, but we have made a beginning. It seems to me we should keep in mind that democracy needs beginnings. There will be plenty of work for future generations, but we need to make a start. We have made a breakthrough.

I have seen the slum areas of Brazil. I have walked through the streets and seen conditions beyond description, even beyond human endurance. But we are beginning to crack this problem. The facts prove my statement.

VENEZUELA: AGRICULTURE

Third. Before: This Andean farmer plows the land using the same primitive techniques as his father and father's father have employed for generations.

Fourth. After: Under the Alliance for Progress, mechanized agriculture has become a more common sight in Venezuela. Through the country's land reform program—which is one of the best, the National Agrarian Institute has settled over 53,000 families on 2 million hectares of land distributed over more than 500 farm cooperative settlements. A \$10 million social progress trust fund loan from the Inter-American Development Bank is currently being used to finance various colonies and agrarian developments in Venezuela. An additional \$10 million loan from AID is financing a program of supervised agricultural credit in Venezuela, making it possible for the Banco Agricola y Pecuario to make loans to small farmers. The program combines technical assistance with credit facilities so that farmers may learn new production methods and acquire facilities and machinery to make improvements in their farms.

I also point out the great growth of rural cooperatives under the Alliance for Progress. Two years ago I offered an amendment to the AID bill to encourage the development of rural cooperatives—producers cooperatives, housing cooperatives, farm cooperatives, and rural electric cooperatives—for agrarian people.

I believe that much of the battle against Castroism and communism in Latin America will be won or lost in the agrarian areas. I want to see this Government do much more in the agrarian field. We are all too often dazzled by the sight of new, big industrial establishments. Much of the real poverty in Latin America is in the rural areas. From those areas hundreds of thousands of people migrate to the cities hoping to find something better.

The emphasis needs to be placed upon agrarian reform; but also upon the new techniques of agricultural farm credit—little bits of credit for the family farm through the development of the rural cooperative.

Mr. President, the report on the de-

velopment of cooperatives in Latin America is very encouraging. This bill would authorize an additional \$25 million for the development of an Inter-American cooperative financial institution to help finance national cooperative developments and local cooperative developments for rural people. I believe this is one of the better features of the bill.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am glad to yield.

Mr. MORSE. I do not wish to interrupt the Senator, but I am appreciative of the approach he is making to this problem of the Alliance for Progress. The point the Senator is making about giving a little bit of credit to the farmer in Latin America is important. I believe I could summarize my attitude by saying that providing credit to enable the farmer to purchase a sow is much more important than all the silk purse policies the State Department might make available to him. It is a good example of what we can do for the farmer in Latin America.

The Senator from Minnesota has just spoken about the credit union and the cooperatives, and providing farm machinery on an area basis which can be loaned out and made available to central cooperatives for the improvement of livestock. All that goes along with the type of modern agriculture which we have developed in the United States.

I say it is exportable. It is a good illustration of what I keep talking about when I say, "Let us export our economic freedom." That is the way to whip communism. The approach that the Senator from Minnesota is making is unanswerable. It is what we need to do in the Alliance for Progress program.

Mr. HUMPHREY. I thank the Senator from Oregon. He has witnessed many of these developments, and has been deeply shocked by some of the unbelievable conditions that prevail in certain areas. Unless this program can reach the people, unless the program of the Alliance for Progress is identified with the poor, the needy, the peasant, the campesino—the workers and their needs—it will not succeed.

The Alliance for Progress is not merely a program of finance. It is not merely a program of big industry. It is a program essentially designed, as the charter of that Alliance provides, to bring about progress in the economy, social justice, personal liberty, and political freedom.

We need to keep all those objectives foremost in the discussion on the Alliance, and the amendments which will be offered to the bill.

My primary purpose in making this speech today is to put into the Record the philosophy that I believe is necessary if we are to win this struggle. We have our work cut out for us.

Mr. PROXMIRE. Mr. President, will the Senator yield further on that particular point, which is very important?

Mr. HUMPHREY. I am glad to yield.

Mr. PROXMIRE. Does the Senator say that the bill would provide more funds for cooperatives?

Mr. HUMPHREY. Yes.

Mr. PROXMIRE. Twenty-five million?

Mr. HUMPHREY. That is correct; \$25 million over and beyond what is available from the Inter-American Development Bank, and what has been made available under the Social Progress Trust Fund and the Development Loan Fund.

Mr. PROXMIRE. Does the Senator not agree that certainly one important element—and I believe the crux—in land reform in Latin America is the availability of credit to farmers at low interest rates?

Mr. HUMPHREY. The Senator is correct.

Mr. PROXMIRE. The difficulty in these areas is that historically the interest rates have always been very high, in fact usurious—typically 15, 20, 25 percent not being unusual.

Mr. HUMPHREY. It is not only not unusual; it is the pattern.

Mr. PROXMIRE. It is the pattern. Is it not true—that in the administration of the program in Latin America and the providing of the \$25 million additional for cooperatives, the loans will be at low interest rates so they can be repaid and will not be prohibitive, so that the benefits will go to the farmers and not the moneylenders.

Mr. HUMPHREY. The Senator may rest assured on that score, because a loan to a cooperative goes to a nonprofit institution, so to speak.

Mr. PROXMIRE. It is member-owned? And the members are the small farmers who borrow from it.

Mr. HUMPHREY. Yes; it would be member owned in this instance by the campesinos, or the farmers. There would be no need for a high interest rate.

The only requirement is that the interest rate should at least be sufficient to take care of the administrative costs.

One of the more pleasing developments in Latin America is in the credit union development and the cooperative development, which provide funds, resources, and technical assistance at moderate rates of interest. I insisted, in my discussions with officials handling this program, that more emphasis be placed on this aspect.

Let me digress for a moment—

Mr. PROXMIRE. Mr. President, before the Senator digresses, let me say that he is eminently correct when he says we should export this particular genius of the American system. There is no phase of the American economic system that has been more productive, more efficient, or has done more for the American people than agriculture. The cooperative movement has been extremely helpful. The National Credit Union headquarters is located in Madison, Wis. CUNA, as it is known, has been sending its experts to South America and doing work there very quietly. Not much has been reported about it. They have been helping in the credit union movement and helping the little people so that they can establish that kind of cooperative effort. With the little these farmers have, they make it go as far as possible on a cooperative basis. They have been rendering excellent service.

If our agricultural cooperatives, with their record of success, can take part in this program, it can be very helpful to those countries. This is a point of foreign aid that we should encourage. The aid the Senator from Minnesota has been stressing reaches the individual person, and provides an opportunity for the Campesino to have a stake in his society and economy. When that is a fact he is going to be a foe of the Communist and will stand for free government and a free nation. Small landholders have always provided the prime opposition to the Marxist, Leninist, Stalinist, Khrushchev push. That is why this part of the program is so crucial.

I am happy that the Senator from Minnesota is emphasizing the importance of this aspect of the program.

Mr. HUMPHREY. I thank the Senator from Wisconsin, who has great knowledge of the development of the cooperative movement and its role in America, and what it is doing overseas. Senators will be interested in knowing that one of the universities providing training in the cooperative movement in Latin America is the University of Wisconsin. This help is being provided the Latin American countries themselves, because of the success we have had with it in this country. Not only is capital being made available, but leadership and the training for leadership are being made available. That is one of the significant accomplishments of the Alliance for Progress and the AID administration—the program of cooperative development and expansion in Latin America and the training of people for the cooperative movement. It has been quite encouraging.

I have insisted on having regular reports from the AID administration and the Alliance for Progress on the cooperative endeavor. I was the author in the Senate of the amendment that instructed the AID administration to engage in the training of cooperative leaders in the cooperative movement in the areas of credit unions, housing, agricultural production, marketing, rural electric co-ops, and so forth. I have had reports every month. Each month the reports are better. Each month there is evidence of significant progress. Our leaders in the cooperative movement and cooperative interests in America have been sent into Latin America to speak, to train, and to provide seminars to help in the establishment of a cooperative movement, and to stay with it long enough to set it going.

They do not get the headlines, but this is what has been happening. As the Senator from Wisconsin has said, a going cooperative movement is death to communism. The Communists can never take over. The only way the impoverished rural people, known as the campesinos, are going to get ahead is by pooling whatever resources they have in a cooperative effort, and obtaining some capital and guidance. It is not only money that they need. They need land reform and modern agricultural techniques, because the farmer who does not learn modern techniques will soon lose his land, and it will go back where it

came from. But land reform is needed, along with supervision with respect to credit, supported by the development of rural cooperative works. I have seen the program in operation. I went into certain countries in Latin America a while ago, and attended cooperative meetings. I visited with those who are operating and managing the cooperatives.

In Panama, for example, people who were impoverished, starving, were enabled, through the cooperative movement, through AID and the Alliance for Progress, to buy some fishing equipment, a fishing boat, and a refrigerator boat, and were able to establish a cooperative. Not only did they do much better, but they were beginning to be able to provide for schools, roads, and so forth. We have concrete evidence.

The trouble is we do not hear about the good things. We hear about somebody's mistakes. Do we ever hear about safe drivers? No; we hear about those who have accidents. Do we ever hear about people who conduct good, normal lives? No; we hear only about those who get into trouble. I do not know why we have to emphasize the negative, when we are supposed to be people who emphasize the positive.

Let me say a few words about Central America. I point out that I do not speak of this area on the basis of photographic observations or reading about it. I have been in all the countries of Central America save one. I have been privileged to meet with the officials of the government, with the heads of trade unions, with agricultural people, and with school heads. I have visited schools and rural areas and colleges and universities. I have visited industrial projects and slum areas. I have had the privilege of addressing the Congress of El Salvadore and of Mexico. In other countries, I have sat down with representatives of industry and labor. Therefore, when I speak of the Alliance for Progress and its development in this area, I do so from on-the-spot observation as well as study of the records of the program.

Mr. President, in the rear of the Chamber there is one chart marked "Central America: Mobile Health Program." This is a project which I advocated in the Senate several years ago at the time that we discussed the so-called White Fleet. I urged, instead of building large hospitals and big health centers, which were stationary, and to which people had to come in many of the backward or underdeveloped or poor areas of the world, that we equip mobile units to take medical care to the people, that we utilize our technology of communication, regardless of whether there were roads. I said we could develop a kind of unit that could move across any terrain, to bring modern medicine and modern health care to the people.

On one of the panels in the rear of the Chamber, labeled "Before," there is an illustration showing the need for preventive health and sanitation measures in Central America. It shows the kitchen in a rural home. Until recently, modern medicine has been unknown or unavailable in the rural villages of Central America. The annual per capita income

has averaged less than \$100 a year, and many village people have never worked together outside their families.

There is another panel in the rear of the Chamber entitled "After."

Today, under the unique Alliance for Progress program, mobile health teams—traveling by jeep, boat, and mule—are introducing modern medicine to remote villages of six Central American countries. Drugs and medicine are being distributed to people in 600 villages by teams of Central American doctors, public health nurses, and sanitarians. Resources of AID, the Peace Corps, and food for peace have joined in this Alliance program to help villages carry out preventive health measures and build health centers and other community projects. High-protein food for peace commodities are also being distributed, and team nurses are teaching mothers how to prepare food and are advising them about general nutrition, general sanitation, and personal hygiene.

I have seen this program in operation. Rather than hearing the distressing news of some colonel who is trying to shoot his way into power, it would be wonderful if the American people could know that there are today many mobile health units—jeeps, trucks and hospitals on the backs of mules, going into the back country with doctors, nurses, and medical technicians to carry modern medical care and preventive medicines to the people.

How was this done? Through the Alliance for Progress. The people who are doing it are sacrificing their lives. Sometimes I wonder how many people in the United States, who are living so comfortably in air-conditioned homes, with good sanitary conditions and facilities, with the best of food and clothing think of the many sacrifices that some employees of this Government are making, in faraway places in infected areas and infested swamps.

I have seen it. It would be good occasionally to give a little credit to some of those who are literally sacrificing their lives. I know of Ambassadors who have lost their children to what we call tropical diseases as they were serving their country in faroff places.

I know of people in the AID group and in the Alliance for Progress who have suffered terrible sicknesses as they sought to help others. There are Members of the Senate who have served on teams which have gone to faraway places and who have come back incapacitated for a while because they gave of their health and of their time to help others.

This program has involved sacrifices; it has had its martyrs and its heroes, as well as its bums. I wish to say something about some of its heroes.

One of the panels in the rear of the Chamber is entitled "Bolivia—Community Water Supply System." That panel shows the situation before a change was made. The panel entitled "Before" shows a Bolivian youngster in the village of El Paso filling his water jug from the community's only water supply—an open canal contaminated by human and animal waste.

Then there is the "After" panel. It is 1 year later, and residents of El Paso have a potable water supply system consisting of a stone-covered water channel and a filtering system which is protected from exterior contamination. The system includes concrete-covered storage tanks and more than 3,000 meters of galvanized pipe. Although the project was financed by AID to the amount of \$10,000, the 907 men, women, and children of El Paso contributed approximately \$400, plus material and labor. To encourage this, and similar self-help projects, the U.S. AID mission in Bolivia has provided \$270,000 to finance community water programs that will provide safer water to 85 percent of the urban population, as well as to 500 rural villages, within 5 years. The project is also planned to stimulate development of a national water supply authority and other local organizations for administration and operation of these new water supply systems.

I do not know of anything that we could do which would contribute more to the happiness and health of the people than to encourage and aid in the development of a potable supply of sanitary water in countries of Latin America, Asia, or Africa.

The amount of money that we put into this project is \$270,000. It will finance community water programs to serve 85 percent of the urban population of the whole country.

I am not prepared to say how much it costs to fire one Polaris missile on a test flight. I venture to say that it costs more than \$270,000. I read the other day that we had fired another Polaris missile off the coast of Florida for a distance of approximately 2,300 miles. I am pleased that the missile worked. I know that it is essential to the defense of our country. However, I think it is about time to compare costs in the area of missiles as well as costs in the area of civilian undertakings.

I venture to say that there have been more missiles that did not go off than there have been Alliance for Progress programs that did not work. I am sure of it. There have been more mistakes in the construction of modern military weapons, which had to be revised, or taken back, as it is said, for readjustment or modifications, than there have been projects relating to the health, education, and welfare and the productivity of people under the aid program.

Yet for some peculiar reason we hear little about the failures that we encounter in the space program or in the military program. I do not mean to downgrade the importance of these programs. They are important. I wish to make it clear that we cannot have scientific research without failures. I do not believe that we can conduct a program, in an area of instability and poverty and misery, without having failures. I do not believe we can conduct a modern corporation without having failures.

During the past weekend I had occasion to talk with a very important business executive. He told me what the difference was between public service and

private service. The difference is primarily, he said, that if a person is the head of a big corporation he is given responsibility for conducting the operations of that corporation. The measurement at the end of the year is whether he made more money than he lost.

This executive said to me, "They don't come and say to you, 'You bought too many thumbtacks,' or 'Your advertising program on this particular item did not work.' What is most important is the result."

Mr. President, there is hardly an automobile produced on an assembly line in connection with which there is not an occasional car that must be turned back. A few of the first automobiles produced of a particular line, even in the most experienced companies, are what are called lemons.

However, the president of General Motors is not fired because every car that came off the line is not perfect. What the corporation looks for is the profit statement at the end of the year. If the profit statement shows some positive results, there is the possibility that the man who was responsible for that achievement will be rewarded and praised.

I am only asking that we take a good look at the assets and liabilities, at the debits and the credits. If the assets at the end of a particular period of time add up to a little more than the liabilities, if the credits are a little better than the debits, it seems to me that we can say that there has been progress and some success.

One of the benefits that are shown relates to Colombia. It is the Alliance for Progress housing in the city of Ciudad Techo. One of the panels shows the scene before the program went into effect. It shows a two-room, ramshackle structure that served as the home for Campo Elias Bernal, his wife, and their six children. Due to poor eyesight and illness, Sr. Bernal is unemployed. The family's entire income amounts to only \$1 a day that the father earns through odd jobs.

Another panel shows the new home at Ciudad Techo to which the Bernal family will soon move. It is a part of the vast Alliance for Progress housing project outside Bogotá. They and 27 other families are now building their houses through a system of self-help. The total price of the home is \$630, which will be financed over a 15-year period. The Ciudad Techo housing project was inaugurated by President Kennedy and President Lleras Camargo on December 17, 1961. Construction began in January 1962, and will be substantially completed during July 1963. The total anticipated population of Ciudad Techo will be approximately 90,000 people. The project is being assisted with an AID grant of half a million dollars and an AID loan of \$12 million, which is repayable to the Government of the United States.

Here is a home that is satisfactory, comfortable, and sanitary; a home that will provide adequate shelter for a family consisting of the husband, wife, and 6 children, for the price of \$630. So such housing can be provided. I have seen

these homes. While they do not compare with what we call housing in the United States, they have some highly creditable features. They are clean. They are warm. They are ventilated. They are spacious. They have running water. They have electricity. They provide a modicum of comfortable housing. This has been done through the AID program and the Alliance for Progress.

I should like to discuss education and community development in Honduras. Honduras is a country in Central America. It is rather backward in its economic development. Its progress has been slow. Recently it was the victim of a military coup, one that Members of this body deplored. We wanted our Government to take responsible, effective action to bring about constitutional government once again and to deny the junta any of the benefits and privileges of the Alliance for Progress program.

One of the panels shows the little Honduran village of Palo Pintado, which until recently was a community steeped in old-country traditions. Housing consisted of minimal shelter without light, water, or toilet facilities; agriculture was on a subsistence level; small handicraft industries were incredibly primitive and education consisted of only two grades taught by one unqualified teacher in a single, dimly lit, and poorly furnished room.

The next panel shows what happened after the program was underway. The change in the village of Palo Pintado is represented by this new Alliance for Progress school constructed jointly by the Education Cooperative Service and the citizens of Palo Pintado with support from the Governments of the United States and Honduras. With the assistance of AID, a home demonstration center has been established which has introduced a number of improvements to the village. Among them: Furniture has been built for 50 percent of the homes, outdoor toilets for 30 percent; 90 percent now have smokeless stoves; 80 percent have been improved with lime paint; and nearly all have replaced loose dirt floors with a mixture of ashes and sand that is pounded into a hard, dustless surface.

These improvements may not sound like much to people in the United States, but they are substantial improvements for those people who have lived with so much less. I observed the construction of schools in Honduras. I saw people in the rural countryside building desks and chairs and all the other facilities inside the schools. I watched women from rural families gather the rock that was used in the construction of the schools. With a little outlay of cash, under the terms of the Alliance for Progress, with some technical assistance provided by the Alliance for Progress, schools were established—not one, but hundreds. They were established through the work of rural labor. The families gathered the rock and the stone for the walls. The sons and fathers built the desks, tables, and chairs. They were engaged in a self-help program, with just a little cooperation from the U.S. Government and our AID mission.

Mr. President, these are encouraging sights; they need our continued support.

Mr. President, these are but six examples of how the Alliance for Progress is bettering the lives of individuals and facilities and communities in Latin America. These are not dry statistics, but graphic illustrations of successful aid to human beings.

I do not have time to detail here the total accomplishment during the past 2 years in the individual fields of land reform, tax reform, private enterprise, and housing, but there is substantial accomplishment. However, I believe a summary of what is happening in these fields should be placed in the RECORD. Therefore, I ask unanimous consent to have printed at the close of my remarks the following appendixes:

Appendix 1: Land reform.

Appendix 2: Tax reform.

Appendix 3: Private enterprise.

Appendix 4: Housing.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, I intend to present additional information later this week on recent developments in the field of public administration, education, and cooperatives.

For the long-range future of the Alliance, one of the major accomplishments of the past 2 years has been the beginning of a change in attitude within the traditional elite groups toward the problems of social and economic reform. A few years ago it could be said that the difference and fatalism of the ruling groups of Latin America was well expressed in the remark of the late 19th century Chilean President Barros Locco:

There are only two kinds of problems facing society: Those which get solved by themselves—and those which defy solution.

Today this attitude is no longer characteristic of many of the ruling groups. There are individuals from the traditionally privileged groups—the professional classes, the landowners, the businessmen, the universities, and the church—who are beginning to take the lead in championing the economic and social reconstruction of their societies prescribed by the Alliance Charter. If they remain exceptions to the rule, if they are far too few in number, if they are a half century late in asserting their leadership, it is nevertheless a fact today that an increasing number are joining the representatives of the rising middle class to provide the leadership that will be necessary to insure the ultimate success of the Alliance. What is still doubtful is whether they will move fast enough and with the desperate sense of urgency that the situation calls for.

It is here, I believe, that we can make a real contribution, pointing out the urgency which exists among these groups and individuals, and moving to back up the reforms which have been temporarily, at least, initiated, but which are just beginning to take hold.

One of the most hopeful signs in the Latin American scene in recent years is the renaissance of the Catholic Church and a new awakening on the part of the church leaders to the shocking social and economic problems of the continent. Since the meeting of the Latin American

hierarchy at the Eucharistic Congress in Brazil in 1956, church leaders have begun to focus attention on the social injustice perpetuated by the traditional indifference of the privileged classes to social and economic problems.

Today in Chile, Panama, Venezuela, northern Brazil, Argentina, and Colombia, members of the hierarchy are pushing actively the reforms stipulated under the Alliance Charter. Whereas formerly the active espousal of progressive social and economic policies was largely confined to religious orders like the Maryknoll priests or to isolated pastors, today they are supported by occupants of metropolitan sees. They are supported not only by the occupants of the metropolitan sees—archbishops and bishops—but by the Vatican itself. This has made a great difference in the role of leadership of certain of the leading citizens of Latin America.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield briefly to me?

The PRESIDING OFFICER (Mr. INOUYE in the chair). Does the Senator from Minnesota yield to the Senator from Oregon?

Mr. HUMPHREY. I am glad to yield.

Mr. MORSE. I am very glad the Senator from Minnesota has called attention to what I believe is the great economic renaissance in the Catholic church in many parts of Latin America, and I think he does well in pointing out that it is bringing a great deal of economic benefit to the masses of people in Latin America, although not in all places.

The Catholic church in the Dominican Republic has a great deal to answer for. Apparently it has been under Spanish domination, and has not become a part of the economic renaissance of the Catholic church in Latin America. Its opposition to the establishment of democratic government in the Dominican Republic is well known; its attempt to prevent the election of Bosch in the first place is well known; its support of the junta is well known. But the Catholic church in the Dominican Republic is not the Catholic church in many other parts of Latin America.

At the time of the inauguration of the new president of Peru, there was an inaugural mass on the preceding Sunday; and I sat there and listened to the sermon which was delivered at the mass, and heard the comment of delegate after delegate from inaugural delegations from countries around the world, who said that that political sermon was clear notice of the need for economic reform in Latin America. They called attention to the pleas by the priest who preached the sermon for greater distribution of the wealth of the country on an equitable basis, and for land reform, and for all the other objectives of the Alliance for Progress program which the Senator from Minnesota has so eloquently explained today. It was a remarkable sermon, and was a great symbol of what is happening in Latin America, from the standpoint of the faith that dominates there and of the good that can be accomplished by the Alliance for Progress program, which in my judg-

ment is on the road to its accomplishment.

So I think the tribute the Senator from Minnesota has paid to the segments of the Catholic church in Latin America that can be said to be parties to an economic renaissance is most deserved, and I wish to join him in it.

Last of all, in my capacity as chairman of the Subcommittee on Latin America, I wish to thank the Senator from Minnesota for his exposition of the objectives of the Alliance for Progress program, for his exposition of the obligations which we and the other 19 signers of the Act of Punta del Este undertook, and for his exposition of the accomplishments which the Alliance for Progress program has already achieved in the first 2 years. I yield to no one in my ardent support of these objectives and in my ardent support of a sound program for the Alliance for Progress.

The Senator from Minnesota well knows that the Alliance for Progress really was born in the Senate Foreign Relations Committee when the now President of the United States was a Senator from Massachusetts. We spent the appropriation of approximately \$150,000 which the Senate gave our committee. We expended a large proportion of it in the form of contracts into which we entered with universities, research centers, institutes, foundations, and recognized scholars on Latin America. He will recall that I made the motion that the study ought to be made for us, as authorized by the Senate, and that we, as members of the Foreign Relations Committee, should sit as jurors in passing valued judgments on the results of the studies. The then Senator from Massachusetts seconded my motion and made a brief and effective statement in support of it. The motion was adopted, and the full Foreign Relations Committee approved the motion; and we went forward with the study for which the Senate had appropriated the funds. As the Senator from Minnesota knows, a whole series of research treatises, with recommendations for action in Latin America, was prepared for us; those treatises contained the recommendations which subsequently the then Senator from Massachusetts, after he became President of the United States, wrote into the Alliance for Progress program. They are just as sound today as they were when our committee approved them and when the President of the United States enunciated them and initiated them in the form of the great foreign policy program known as the Alliance for Progress program.

Although I am highly critical of the bill now pending before the Senate, I want to do everything I can to help the Alliance for Progress program become a great reality, for in my judgment it is the answer to communism in Latin America, and we have a clear duty to make this program work. That is why it grieves me to find myself in the position of having to point out that the Alliance for Progress program has so many defects in it that, in fulfilling my trust to my office, I must oppose the pending bill unless it is modified.

I would that I could take the Alliance for Progress program out of the bill and treat it as a separate bill, for no one could be a more ardent advocate of it. But if I have to take the Alliance for Progress program along with all the other parts of the pending bill, so far as my vote is concerned, the Alliance for Progress program will have to be voted against—although only temporarily, only as a matter of parliamentary strategy in the Senate—for not only do I favor the Alliance for Progress program as it has developed to date, but, in addition, I would strengthen it, and I would vote for funds for it if we could get a better guarantee that the objectives of that program will be accomplished.

So, regardless of whatever differences may develop during this debate between the Senator from Minnesota and myself, we do not have any difference as regards our objectives in connection with the great Alliance for Progress program.

Mr. HUMPHREY. I thank the Senator from Oregon; and I think it proper and most appropriate for me to state that the administration of the AID program and those responsible for it would be well advised to consult most directly and intimately with the Senator from Oregon on the matters he brought to the attention of the Senate in the debate yesterday. Certainly I am not here to argue with the Senator from Oregon, and he knows that. We have the same objectives; and during my remarks today, I have attempted to emphasize the objectives of the Alliance and to point out how important it is that we keep them foremost in mind, and not merely be satisfied with the development of housing or schools or public works, but also concern ourselves with the development of political liberty, constitutional government, and personal liberty. These are the big objectives of the Alliance for Progress; and it will be my purpose, if I can serve any useful purpose in this debate, to try to bring about a reconciliation of views. I think that can be done; I do not think we are very far apart. I shall not discuss that point now; but I say most respectfully to the distinguished Senator from Oregon—that it will be my purpose to try to find ways and means, without sacrificing any principle, to bring about better understanding of what we are seeking to do by means of the bill, and to write that into the bill.

No bill is sacrosanct. The pending bill can be amended, and no doubt it will be amended. I wish to see it state the purposes we have in mind, rather than get bogged down in some detail which gets us off the track.

We can and will get to the proposals that the Senator from Oregon has offered in the committee and spoken about on the floor of the Senate. I know that he will offer amendments. I wish to study those amendments. I assure the Senator from Oregon that I will study them with a friendly attitude. I am confident that after the Senator from Oregon has discussed them with the chairman of our committee, with members of the committee, and with members of the administration who are responsible for

conducting the program, many of the differences will be reconciled. I make that prediction on the floor of the Senate, because we ought to be working together on the program, and we are going to work together. We cannot afford to have the program of the Alliance for Progress or the other parts of the foreign aid program killed or substantially weakened because of basic differences over a particular feature. We can arrive at some proposals that will alter or modify these projects, titles or provisions of the bill without doing damage to the objective—in fact, enhancing the objective.

Mr. President, I wish to proceed, and then I wish to yield the floor because I know that the Senator from Alaska will deliver a fine address. I have had an opportunity to visit with the Senator from Alaska today, and I know that he will give us some very constructive suggestions.

Again I make the statement that the purposes and objectives of the Senator from Alaska and my own are alike. What I seek to do, if I can play any role at all in the discussion, is to bring us closer together and see if we cannot save the bill and make it a real, viable instrument for the conduct of American foreign policy on a constructive basis that will substantiate and support democratic and constitutional government, and bring the effects of the bill down to the people. I am sure we can do so.

Mr. President, I was commenting on the attitude of the hierarchy of the Catholic Church in reference to certain developments in Latin America. The far-sighted social and economic philosophy of Pope John's recent social encyclicals "Mater et Magistra" and "Pacem in Terris" is being strongly pushed by the Vatican. These are great encyclicals. They have great importance in what we are seeking to accomplish in the many underdeveloped and underprivileged sections of the world. Men who would once be "promoted" to mountain parishes for their advanced views are now being appointed bishops and cardinals. Why? Because there is a renaissance of social progress and economic progress in the church. I can document it.

Probably the best known among those bishops and cardinals who are now providing progressive leadership is the Archbishop of Santiago, Chile, Raul Cardinal Silva Enriquez. Cardinal Silva's advanced social views are well expressed in the now well-known pastoral letter issued in November of 1962 by the Chilean bishops on "Social Reform and the Common Good."

The pastoral letter scathingly criticized existing social and economic abuses, deplored the inequality in distribution of incomes, and called on the Government to extend and speed up its reforms and its social welfare program. Offering its own example, the church in Chile is now redistributing most of its own lands to local peasants.

In the 2 years since the Alliance was launched there have therefore been significant accomplishments—even if these accomplishments only make a dent in solving the staggering problems of the hemisphere. We have begun to appre-

ciate the cooperative nature of the Alliance. We have a better appreciation of the importance of political leadership and viable political institutions in achieving the aims of the Alliance. We have witnessed at least a beginning of interest among the traditional ruling classes in the aims of the Alliance for Progress.

We have even learned about the geography of Latin America. There is not any one real Latin America. There are many countries in what we term "Latin America." Each country is a little different. Each has its own history. Each has its own traditions. Each country must be considered independently. Yet there are regions that have some common denominators. One of the great accomplishments thus far is the development of the Common Market in Central America—the development of the Central American Bank for the financing of regional projects. Regionalism in Central America, with its 12 million people, is beginning to work. Exports have increased; the standard of living is going up. These are good signs.

I would like to turn now to assess briefly some problems confronting the Alliance which must receive our immediate attention.

First of all we must translate our new understanding of the cooperative nature of the Alliance into the formal machinery which administers the Alliance programs. The spurning by certain nations 2 years ago of a U.S. suggestion to establish a multilateral system for making Alliance decisions contributed heavily toward the development of the present bilateral system under which the principal decisions are made by the U.S. Government. Former Colombian President Alberto Lleras Camargo's conclusion that this represents "the Alliance's greatest error in procedure" would appear to be valid. Writing in the current issue of *Foreign Affairs*, he states:

Inter-American organs were set up to study and prepare plans for national development, but it was left entirely to the United States initiative not only to find the way in which its contribution should be made available, but also to arrive at some standard of judgment as to how and when and to whom support should be apportioned for carrying out Alliance plans. The result was to create a pattern of bilateral operation which, on the one hand, set the tone of the discussions between the United States and each separate Latin American nation for each particular case; and on the other hand it caused an unending series of misunderstandings, resentments, conflicts.

Former President Lleras, joined by former Brazilian President Kubitschek, has now proposed that the multilateral character of the Alliance—which he refers to as the "original character"—be accomplished by establishing an inter-American body to administer the Alliance. The newly formed Inter-American Development Committee may be the body which could appropriately be entrusted "with the responsibility of scrutinizing the extent to which each country, including the United States, fulfills the commitments it assumed at Punta del Este."

That is what was done under the Marshall plan when in Europe there was

established the Office of European Economic Cooperation, so that the proposals that were made by the United States would also have to be considered in terms of their effect upon the totality of Western Europe by every country represented on the committee. I think we need very much the same sort of thing to make the Alliance a better instrument. Although I am in no way qualified to pass judgment on the particular procedure to be adopted, I accept the basic premise of increasing the role of the Latin nations in making the basic decisions which will govern the operation of the Alliance in the hemisphere as a whole. As I have said, our experience with the participation of European governments in the administering of the Marshall plan suggests that we should not fear this change away from a strictly bilateral approach and toward a multilateral system in administering the Alliance.

Progress is being made in extending credit for agriculture and half of the countries of the continent have received sizable Alliance loans for agricultural credit. Cooperatives are being formed in some areas. Programs are underway to open up new areas by building penetration roads. Land distribution under agrarian reform programs is proceeding in Venezuela, Colombia, and Chile.

The importance of rural development can hardly be overstated. I have emphasized it here today. Over half of the countries of Latin America continue to spend sizable amounts of precious foreign exchange reserves to import food to feed their populations. This occurs in countries that are primarily agricultural. For the common man in half of Latin America the key to a higher standard of living in the near future is still an increase in agricultural productivity. In this field the United States has a record of proved performance. We abound in technical expertise in the field of agriculture and the key to success appears to be our ability to secure the widespread adoption of known and proved techniques.

Another reason for increasing our emphasis on agrarian reform and rural development has been stated by President Lleras Camargo:

The imbalanced growth of population in Latin America places an increasingly heavy burden on cities.

For there is no sort of economic expansion, however, swift or successful, that can assimilate both the rural masses who cease to live by agriculture and the new surplus hands, whether in the town or in the country, who come year by year to glut the labor market.

To the extent that rural modernization slows down the exodus to the city, it alleviates the problem engendered by rapid population growth.

The economic development of the rural sector is intimately linked to the progress of the industrial sector, for industrialization can flourish only if it has available progressively widening markets. The purchasing power of a modernized rural sector is of great potential stimulus.

I am not disturbed by the criticisms that the Alliance is now focusing too much attention on rural areas and too little on "Latin America's troubled cities." I would sustain this new emphasis on rural development and in many countries increase it. I am not suggesting that we attempt to reverse the long-range secular trend toward urbanization which is characteristic of our modern technological world. Nor am I suggesting that we attempt to discourage industrialization and encourage concentration on production of raw materials through a predominantly agricultural economy. What I am stressing, however, is the need to improve the living standards in rural areas and to increase agricultural productivity, and to do so through the application of modern techniques.

Indeed, today we are witnessing one of the ironies of Marxist determinism. Today we see the Soviet Union, which has for decades assailed the United States for preventing industrialization and keeping Latin American economies confined to producing raw materials, imposing upon Cuba a modern day mercantile system in which Cuba is the raw-material-producing colony for Russia, and the captive market for the Soviet Union's manufactured goods. This is 20th century Soviet colonialism.

I insist that the Alliance programs must give special consideration to rural and agricultural development, because it is necessary that someone redress the balance which events have tilted heavily in favor of urban men, and financed by urban-oriented financial institutions. The whole complex of international lending institutions—the World Bank, the Export-Import Bank, the International Monetary Fund, private banking houses—is heavily geared toward urban and industrial development.

I doubt that there is a farmer in any one of them. I doubt that there are many people in these institutions who really have any expertise in agricultural credit and agricultural technical improvements.

Most of these institutions do not find it possible to channel substantial capital into agricultural programs. And yet the basis of the modern agricultural revolution which we have experienced in the United States, is heavy capital investment, plus a large dose of scientific development and scientific know-how. It is investment in machinery, in fertilizer, in seeds, in scientific research, and in technical training. According to Dr. Earl Buty, dean of agriculture at Purdue University, agriculture is one of the biggest users of capital in the United States. The total capital assets of U.S. farms in 1963 is estimated at \$214 billion. Agriculture is big business in this country. It requires great expenditures and investments. In a study of Indiana farms, the total capital investment per farm was \$138,000, averaging out to an investment of over \$78,000 per man. This is four times the average capital investment per industrial worker in this country.

If agricultural and rural development are to flourish in Latin America, large amounts of capital will be required.

I was pleased to see George Woods, the new President of the World Bank, emphasize this fact the other day, when he stated that the World Bank had been derelict in agricultural financing and agricultural credit. I hope that the statement of the new President of the World Bank means that the international financial institutions which have such an important role to play in Latin America will give increased emphasis to the agricultural credit and capital needs of that area. In the absence of other sources, the Alliance agencies such as AID and the Inter-American Development Bank must be principal sources for this agricultural capital.

But once again it is not only the economic consequences of rural underdevelopment that are of importance. The glaring gap between booming industrial urban regions and primitive rural areas is social and political dynamite.

I remind Senators of the fact that in Moscow, in 1952, when Stalin was still alive, the international Communist movement in its party congress in Moscow, laid down the proposition that communism on the international front would exert its main effort in the rural areas of Latin America, Asia, and Africa—but primarily Latin America. Even with the advent of Mr. Khrushchev and the de-Stalinization period, that objective has never been renounced. On the contrary, there is all the evidence anyone would ever need that the major push of the Communist movement today is in rural Latin America. Yet our Government and the international lending institutions are so completely addicted to industrialization and urbanization that the rural areas have been neglected far too much.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am glad to yield.

Mr. DOUGLAS. Is it not true that in Venezuela the administration of President Betancourt has emphasized rural areas; has divided the land so as to create approximately 30,000 small holdings, and, as I understand, has also carried on a very extensive housing program for rural areas?

Mr. HUMPHREY. The Senator is absolutely correct. President Betancourt is one of the great democratic leaders in Latin America who understand the importance of the rural area in the government's endeavors. He was elected with the massive support of the peasants, which offset his defeat in the city of Caracas.

Mr. DOUGLAS. And he has done this with the cooperation of the Alliance for Progress?

Mr. HUMPHREY. Very much so. I emphasize the importance of local leadership and national leadership. There is a need for our own Government's agencies to place emphasis on rural development, cooperative development, rural credit and the technological information necessary for modern agriculture.

We are rapidly learning that the situation most susceptible to violent revolution is the existence of vast differences

in the level of development, income, and growth within a country. To the oppressed peasant of northeast Brazil, the dazzling splendor of São Paulo is more of an incitement to revolution than the faraway places of the rich United States. Political and social stability demands that the gap between rich regions and poor regions be narrowed.

The growth of stable political and social institutions requires that the bulk of citizens be integrated into the political and social life of society. Today, in most Latin American countries, the mass of rural people remain utterly cut off from the political life of the nation. Political democracy is the province of the few. It is not valued by the many who are hungry, impoverished and illiterate. Indeed, it is often viewed as a luxury for the few at the expense of the many.

If political democracy is to survive and to flourish in Latin America it must be proven that the neglected masses can enjoy the benefits which we associate with it. This presupposes a decent standard of living, of education and of health as an essential prerequisite to active participation in the political processes of society. Rural development and modernization is, therefore, a requirement in the path to the goal of first-class citizenship for all.

In discussing priorities for the Alliance for Progress, I should like to include at least a brief reference to the role which private voluntary associations must play. As many Senators know, I have long been a staunch advocate of emphasizing the people-to-people approach to foreign aid, of channeling aid through voluntary associations to the greatest extent possible. In Latin America there is a vast array of voluntary groups made up of both local and U.S. citizens. These agencies are often closer to the people at the grassroots level than those in official governmental positions.

I am pleased to note that the work of voluntary agencies in Latin America is receiving more attention from Alliance for Progress officials. I am happy to note a definite change in the attitude of Alliance officials in the past year toward voluntary associations. I believe that a good deal of the credit for this change in attitude within the U.S. Government should go to the U.S. Coordinator of the Alliance for Progress, Mr. Theodore Moscoso. Today, there is a greater appreciation of the role that voluntary groups can perform, not only in alleviating the sufferings of the poor, but also in fostering needed economic and social development, and in introducing the political skills necessary for a functioning democratic government.

The important role played by voluntary associations of all types in promoting economic progress is also reflected in their contribution to the growth of stable political institutions. This point is too often overlooked. If the masses of Latin America, who have for decades remained outside the political process, are to be capable of achieving and of exercising the rights of citizenship, they

must acquire the skills and knowledge necessary for participation in the political process. These skills, and this knowledge cannot be acquired in an atomized society. It is the atomized society that is easy prey for totalitarian government. In one of the best capsule definitions of "totalitarian government," Hannah Arendt once defined it as the elimination of all subgroups between the individual and the state. Tocqueville remarked over a century ago on the many private voluntary organizations in the United States which provide the training ground, the school for acquiring the knowledge and experience which are necessary for political participation. Such elementary things as how to organize a meeting, run an election, conduct a debate, or decide a dispute issue are learned primarily in private groups and associations. Once having been learned there, they can be easily applied to participation in local, State, and National political life. Voluntary associations therefore have a vital role to play in accomplishing both the political and the economic aims of the Alliance for Progress.

One final point on what needs to be done. I have often said that if our contribution to the Alliance is to be effective, there must be strong programs in all important fields. We cannot be concerned only with our economic aid, but similarly with the success of our efforts in the political, informational, military, educational, and cultural fields. There are times when an educational exchange program is more important than a new road.

In the response which we received from Latin Americans on the report on the Alliance for Progress, we find this view corroborated.

One section in the report which attracted a great deal of attention from Latin Americans is the part in which we refer to the continued Marxist influence among Mexico's elite, particularly in the National University of Mexico. It concludes:

The continued Marxist grip on the minds of Mexican university ideological basis of communism is its principal attraction for educated groups, not its economic critique. It is for that reason that communism captures the university before the slum.

This is one more reason why more emphasis must be placed on education, on propaganda, on exposing both the elite groups and the public at large to liberal democratic ideas and institutions.

That is why the Congress, as well as the executive branch, must increase its attention to our programs for Latin America in the educational and informational fields. This means giving stronger support to our USIA, and State Department cultural-educational exchange programs, and, of equal importance, stronger support to the many valuable nongovernment programs in these fields.

The success of the Alliance, the success of the Latin American nations in mobilizing their own resources will depend in great part on their ability to avoid embroilment in costly military programs that contribute nothing to their security. Some program of limiting mili-

tary expenditures, of achieving arms control, is essential.

Our Government should encourage the Latin American nations to make an arms control agreement as broad as possible so as to limit the large amount of funds which are so often wastefully devoted to armaments. The current situation in which the small countries compete for military forces which are too large for their immediate needs, and far too expensive to be maintained without outside assistance, is deplorable and unacceptable.

The whole matter of arms assistance to Latin America requires immediate scrutiny. And it is not enough for the United States alone to take this initiative. It must be done in the OAS, because if we were to deny certain countries military assistance—and I think we should—they could get it someplace else. We must arrive at some kind of a hemispheric agreement on this matter, and quickly, for I am here to say that we will weaken and possibly cause the failure of the Alliance for Progress and all that the Alliance means unless something is done to implement an effective arms control agreement in this area.

This is where we can provide leadership. Instead of pouring money into arms—over \$50 million—we should diplomatically endeavor to bring about a complete arms control and disarmament agreement in the Western Hemisphere. We can provide the shield of protection those countries will need from outside forces. That these countries will expend their limited capital resources upon armaments is deplorable. It means they will not be able to use that money for the essentials of health, education, housing, agriculture, and industry, which is the only way they can possibly save themselves from being destroyed by a dictatorial power.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. GRUENING. I very heartily approve what the distinguished Senator from Minnesota is saying. I do not quite follow him when he says that if we withdraw military aid from some countries, they will get it somewhere else. I think if we learn that in countries, where millions of poor, sick, undernourished, half-starving people live, their rulers are spending the limited funds available on armaments, we should stop sending them our dollars. I think we should not only cut out military aid, but should insist that they do not arm themselves and spend their money on arms which have nothing to do with defense, but which, as experience has shown, are used to overthrow duly elected governments. We should insist that they stop this nonsense and spend the money in helping their people. That is the objective and purpose of the Alliance for Progress.

Mr. HUMPHREY. I said it needed to be done through the Organization of American States. There may be a country like Costa Rica, which has no military organization—

Mr. GRUENING. And Costa Rica deserves the highest praise for it.

Mr. HUMPHREY. It deserves high praise. There may be another country

that does not have any and does not spend money on military assistance. But if a third country, a border country, starts piling up arms, and there is a history of enmity between it and its neighbors, the other countries become concerned. What I am saying is that military assistance is essentially wasteful. That is the first point.

Mr. GRUENING. That is correct.

Mr. HUMPHREY. Second, in order to get rid of that kind of program, we ought to take the initiative in the Organization of American States to have an arms control and disarmament agreement among the Latin American countries. I believe that is the answer. That initiative has not been taken. The reason I mention it today is that it ought to be taken.

I am glad the Senator from Alaska has spoken. I know the Senator from Oregon has made a major issue of it. I joined in the effort to reduce military assistance to Latin American countries. Much of it is a sheer waste. It does not help those countries at all, but merely promotes regional animosity.

Mr. GRUENING. It is worse than waste. It is not only a waste of money that should go into economic development, but it leads to overthrow of the few democratically-elected regimes.

Mr. HUMPHREY. The Senator is correct.

Mr. GRUENING. There is one problem the Senator will have to face in proposing action by the members of the Organization of American States. It may be very difficult to get junta-controlled countries to enter into agreements like that. Those governments maintain themselves in power because they have big supplies of arms mostly furnished by the United States. Those countries have regimes in power that resulted from overthrow of civilian governments, and they are not going to join in such an agreement in OAS. What can be done when a majority of the countries in OAS do not join in such agreements?

Mr. HUMPHREY. First, we should deny juntas this assistance.

Mr. GRUENING. I could not agree more completely.

Mr. HUMPHREY. And if we cannot get full agreement in the Organization of American States, we can apply selectivity in the elimination or withdrawal of economic assistance.

Mr. GRUENING. I hope that will be the policy of the Congress and the administration.

Mr. HUMPHREY. These are little guidelines for those who administer the program.

I shall conclude my remarks, and then try to answer questions that may be asked.

If the Latin nations mobilize the resources needed to push ahead in implementing alliance social and economic programs, they will not be able to indulge in the unnecessary and nefarious luxury of missiles, hydrogen bombs, and nuclear or any other kind of submarines. If they should decide to indulge, for example, in the fallacy of competing for nuclear weapons, they will do so at the expense of the welfare of their people. Today all the time and money and effort of the Latin

American nations are required to meet the first challenge—the challenge of social revolution. Today the Latin American nations must decide whether they will follow peaceful revolution leading to progress, or violent revolution leading to tyranny. Today they still have an opportunity to make a choice. Tomorrow they may not.

The choice between peaceful revolution leading to progress and violent revolution leading to tyranny in Latin America is also a choice for the United States. Our commitments under the Alliance, as well as those of our Latin American neighbors, must be honored. Nothing is more harmful to our prestige, to our national image, and to our foreign policy interests than the appearance of reneging on commitments made. The recent action of the House of Representatives in drastically reducing the Alliance for Progress funds requested by the administration is interpreted in every Latin American country as precisely that. Most of the major Latin American newspapers, including those most friendly to the United States, did not fail to note that the House figure approved for the entire Latin American continent was only slightly above the total Soviet aid to Cuba alone.

I want that statement to "soak in." The amount that was approved by that one part of Congress for the entire Latin American continent was only slightly above the total amount of Soviet aid to one country alone, Cuba. I do not believe the Senate will concur in such a sharp reduction. I do not believe the Senate will join in reneging on our commitment. I am confident the Senate will do its duty to honor in full the United States commitment under the Alliance for Progress.

With this firm support of the United States, the Latin American nations can meet the internal challenge of social revolution. With the close and consistent cooperation between all Americans of this hemisphere, north and south, the Alliance for Progress can succeed, and I believe it will succeed.

I join in commending those who have contributed such great efforts to the program of the Alliance, and urge that they look upon this discussion of the Alliance, its strengths and its weaknesses, as a discussion in a friendly attitude of seeking to improve the program, and not in any way to weaken it.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. PROXMIRE. The Senator has delivered a great speech. We all acknowledge the Senator from Minnesota as one of the most brilliant orators in the Nation. This exposition of the Alliance for Progress has been badly needed, for many reasons, particularly because it is positive and constructive, and because it points out the many positive aspects of the Alliance for Progress.

I particularly appreciated the emphasis on self-help, on direct assistance to individual persons in Latin America, assistance to the poor people, the campesinos, the workers who need the assistance. I also appreciated the Senator's emphasis on the Roman Catholic

Church's contribution, which has changed so dramatically recently, and which is so constructive and useful; also the emphasis on rural areas in a developing country, because that is where most of the people live, and that is where standards must be improved and where we can make a contribution, particularly in contrast with the great failures of agriculture that the Communists have had.

I ask the distinguished Senator, who is a member of the Foreign Relations Committee and the majority whip, about the real crux of the situation. I believe that virtually all Senators approve of some degree of foreign aid. It is a question of how much. It is a question of how much we can afford.

The House, as I understand, has set forth in its report, at page 131, a total of over \$1 billion of estimated unexpended balances as of June 30, 1963. This includes \$79 million for Argentina, \$137 million for Brazil, \$81 million for Chile, \$75 million for Colombia, \$46 million for Peru, \$48 million for Venezuela, and a great deal of money for many other countries.

Is it true that these unexpended balances are committed or obligated in large part?

Mr. HUMPHREY. Yes.

Mr. PROXMIRE. Is that the explanation?

Mr. HUMPHREY. That is correct. One of the reasons why many of the unexpended balances have not been dispensed or actually expended in connection with projects is that, first, there may be a matter of local cooperation which does not meet our standards, or the planning has not been fully completed. I do not want to misinform the Senator, but I believe the unexpended balances are obligated. I should like to consult with Mr. Holt, the staff director of the Senate Foreign Relations Committee, who knows as much about Latin America as anyone, so that I may give an accurate answer to the Senator from Wisconsin.

The total nonobligated funds up to June 30, 1963, for the Alliance for Progress were \$90.8 million. That is the amount that is not obligated or put out on projects, the amount which has not gone through the tedious and sometimes very slow and laborious process at the AID administration level.

Mr. PROXMIRE. So, in effect, 90 percent of the overall \$1 billion has been obligated and committed, and it is now a matter of handling it in a cautious and prudent and careful way?

Mr. HUMPHREY. Yes. I was one of those who privately expressed some concern to AID officials about this amount of unexpended funds. I was told that one of the reasons that they were not spent was that we were insisting upon certain guarantees in the spending of the funds.

We have had some experience, as the Senator knows, with situations in which some of the so-called change was lost on its way to the program. We wanted to be sure that that did not happen.

Mr. PROXMIRE. The House provided \$450 million for the Alliance for

Progress, plus \$200 million under other laws for Latin American aid, and the Senate committee would provide \$650 million plus \$175 million. Therefore, the Senate committee is about \$175 million above the House.

Mr. HUMPHREY. That is correct. The \$650 million figure represents an increase over the House figure.

Mr. PROXMIRE. There may be a good answer, but what concerns me is the fact that we are asking for this large amount even though up to 1960 the total aid to Latin America, although it fluctuated, averaged about \$300 million or \$400 million. Now it is nearly three times that amount.

Mr. HUMPHREY. That is correct.

Mr. PROXMIRE. We have certain unexpended balances, and we have trouble finding projects which we feel are sound and on which the funds can be expended. I wonder on what basis the Senator would justify going \$175 million above the House figure.

Mr. HUMPHREY. First, the programs in Latin America up to 1960 were very minor. There were primarily technical assistance programs, and most of them were conducted under the auspices of the Organization of American States. They were programs of the Public Health Service, and they were very limited. It is tragic that we did not do much more. We waited too long. The infection has set in, and now a heavier dose of treatment is required.

Since 1960 we have started to take a new interest in Latin America. The Senator may remember that Dr. Milton Eisenhower went to Latin America at that time. Then there was the Bogotá Conference; and the earlier stages of the Alliance for Progress were somewhat outlined in the 1960 period.

In 1961 we authorized the Alliance for Progress funds and really got down to the business of establishing the organizational planning agencies and develop project plans on a countrywide basis. We established standards for countries receiving grants and loans. Therefore, I believe it can be quite factually stated that until 1962 we did not really have much of a program in Latin America. The 1962 period was preparation and programing, and had to do with policy statements, in an effort to arrive at agreements that would facilitate projects, and with the staffing of organizations in Latin America. In some countries there were no plans. There were no planning bodies. Experts had to be employed to help design a plan.

Mr. PROXMIRE. It was a different program, a new program, so we insisted on certain conditions. Is that correct?

Mr. HUMPHREY. The Senator is correct.

Mr. PROXMIRE. We insisted on certain specific conditions. That seems to me to be wise. It is wise to insist on certain conditions if we are to have a successful program. I believe that one of the conditions was that for every dollar that we put into South America we insisted that a substantial contribution be made by the recipient country.

Mr. HUMPHREY. The ratio is about 4 to 1.

Mr. PROXMIRE. The Senator says 4 to 1. The countries receiving aid would have to invest their capital. I am concerned about this because it is my understanding that wealthy persons in these nations still follow the policy of depositing funds in anonymous Swiss accounts, and the capital is not staying in those countries, as it should. I wonder whether the Senator can inform the Senate on the success of that particular condition.

Mr. HUMPHREY. There is no doubt that there has been so-called flight capital from South America on the part of some of the ruling cliques—we use the word “oligarchies”—by some of the people who have little faith in their country. Those people undoubtedly have sent their capital off to Swiss banks and New York banks, or at least out of the country, and have not kept their capital at home to use it. However, that is not true of governments; it is true of certain individuals.

I took this question up with the Treasury Department and the State Department, and about 6 months ago I received a report to the effect that as to the amount of flight capital, which I had indicated was exaggerated substantially, actually more new capital was coming into Latin America than was leaving. But I would not want to mislead the Senator. I think there is far too much flight capital. One of the reasons for that is that we have been insisting upon certain tax reforms and social reforms, which the rich, who have had things their own way for so long, refuse to abide by. So they get out with their money. However, we are doing many things today, privately and governmentally, to encourage an inflow of capital. I believe this activity has been working quite well in certain countries.

Mr. PROXMIRE. Is there any arithmetical report to show the amount of South American money that is being contributed to match our capital? Is the ratio 4 to 1?

Mr. HUMPHREY. So far the the Alliance for Progress projects are concerned, the relationship pretty well accords with what was agreed upon at Punta del Estes. I have received a little advice and counsel from the staff which shows me that the program really operates quite well. For every \$20 million that we put into a project, about \$80 million is contributed by the recipient government.

Mr. PROXMIRE. Has it been found that that is being done?

Mr. HUMPHREY. Yes; it has been done on many projects, except those projects with respect to which we make grants.

Mr. PROXMIRE. For loan programs, but not for grants?

Mr. HUMPHREY. But for development programs, if we total what is being done in a country, a substantially larger amount is being contributed by the country, and the persons in that country, than is contributed by the United States; and that is as it should be.

Mr. PROXMIRE. What is the situation with respect to the grant programs?

Mr. HUMPHREY. We contribute much more in the grant programs than

we do in the loan programs. We may pay more for projects in grant programs, but not always. We provide some financial aid in the form of grants for schools, but the recipient countries contribute the labor, raw materials and land. The United States provides them with certain raw materials that are not otherwise available, and with certain technical assistance for the building of schools.

Mr. PROXMIRE. Was it not conceived at the time the Alliance for Progress program was under discussion that the Latin American countries would match our grant money?

Mr. HUMPHREY. I believe so. In the main, they have matched our grant money; but I was trying to be quite careful and specific. I would not want my remarks to be reexamined later and have someone say, "He did not tell all the truth." I believe there are some projects in which we have contributed more than the recipient country. However, in the main, I think they match what we contribute, overall, even if we may contribute more to a specific project.

Mr. PROXMIRE. What about land reform?

Mr. HUMPHREY. This is usually done by the recipient country out of its local capital or with loans made by IDB from AID.

Mr. PROXMIRE. The Senator in his speech laid perfectly proper emphasis on rural progress; but if there is to be rural progress, it is necessary to have land reform. There must be good land, fertile land, in the hands of the campesinos or small landowners, so that they can operate family farms. If good land is not available, no matter how much money is put into the project, the activity will not be successful. How is the land reform progressing?

Mr. HUMPHREY. It is progressing well in some countries. I have received unanimous consent to have printed in the *RECORD*, following my remarks, a study on land reform. I believe the Senator will find it quite helpful. It deals not only with land reform, but also with tax reform.

Mr. PROXMIRE. My next question was to have been about tax reform.

Mr. HUMPHREY. It has begun in many countries, though there is still a long way to go.

Mr. PROXMIRE. We have made this a condition for our assistance, have we not?

Mr. HUMPHREY. We have consistently advocated tax reform, that is what has caused more trouble in terms of flight capital than any other thing. In country after country, we have withheld money for project after project because tax reform had not been undertaken.

Mr. MORSE. Mr. President, will the Senator yield for a comment in a lighter vein?

Mr. HUMPHREY. I yield.

Mr. MORSE. I wish the Senate could proceed as rapidly with tax reform as some countries in Latin America are proceeding.

Mr. HUMPHREY. I wish we could, too; I am afraid we are contesting with them as to who will come out second.

Mr. PROXMIRE. What about monetary reform, a point we were discussing a little earlier? Many of the Latin American nations have been plagued by crushing interest rates. Because they have been suffering from inflation, it is difficult to accomplish monetary reform. As I understand, monetary reform was not a stated condition of Alliance for Progress assistance. However, in my judgment, it is as essential as land reform and tax reform. What progress has been made in that area?

Mr. HUMPHREY. I am quite convinced that this is a vital part of any program we have with the Latin American countries. We surely will want to submit a report on it. Obviously, a country like Brazil is a classic example of a need for some fiscal or monetary reform. Our Government has indicated to Brazil the importance it attaches to monetary reform.

Mr. PROXMIRE. I thank the Senator from Minnesota. Once again I commend him upon making a most helpful speech.

Mr. HUMPHREY. If the Senator will read in the *RECORD* tomorrow the text of a paper I have offered on tax reform, he will find it reassuring. AID has initiated a number of programs through the cooperation of business schools—for example, Harvard University School of Business Administration, the Internal Revenue Service of the Treasury Department, the Brookings Institution, and others. With the assistance of these fine institutions and Government agencies, a program of tax reform has begun in many Latin American countries. The U.S. Government has trained a number of Latin Americans in the field of taxation, in tax collection, in setting up accounting systems, and for the establishment of proper tax offices in a Government agency.

For example, in the fiscal year 1963, the Government of Argentina, by tightening up on tax collections through a training program that we offered and tax reform, 215,000 new taxpayers were placed on the tax rolls. Some of the taxpayers were big ones. This has yielded \$100 million in new revenues.

Due to improved tax collections and recent tax reforms, Brazil is expected to collect more than \$200 million in increased revenues. A tax law was passed last November raising the income taxes.

In Chile, there has been a considerable effort toward tax reform. This is one of the countries where tax reform is really needed. Chile has a training school and has trained in the past year 375 new inspectors and assessors. Chile's tax collections have increased substantially.

In Colombia, income taxes now provide 40 percent of the total revenue; a few years ago, they provided little or none of the revenue.

In Panama, income-tax collections are at a record high. There has been a 40-percent increase over the previous year.

The Dominican Republic—and I think this is one of the reasons why that country may have had a coup—passed one of the roughest income tax laws, reaching 63 percent of the top brackets of income. Some of the persons having larger incomes did not like the law.

In Venezuela there has been tax reform of a substantial degree. The amount of tax receipts increasing by more than 30 percent.

In a number of countries good progress has been made. If one were to examine into each of those countries, he would see that there is much more that needs to be done. But great progress has been made.

It is to the credit of the Alliance for Progress that it has adhered to its standards.

Mr. PROXMIRE. I hope we shall continue to insist on such standards. They are absolutely essential if we are to achieve our objective, and if those countries are to grow and resist communism and have the kind of broad-scale ownership participation in the economy that is essential to freedom.

I hope we shall not be satisfied with the progress that has been made. We should insist that it continue. This is an encouraging beginning; but it is only one step in a long journey.

Mr. HUMPHREY. The question of flight capital is discussed in one of the papers I have received unanimous consent to have printed at the conclusion of my remarks. While flight capital was a troublesome problem a couple of years ago, the situation is now rather stable. The trouble now is to bring the capital that left the Latin-American countries back to those countries. That activity will have to be related to political stability.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. I congratulate the Senator from Minnesota for the general tenor of his remarks. My wife and I spent some time in Colombia and Venezuela last December and January. For the sake of the *RECORD*, I may say that the trip was at our own expense. I try to keep in touch with developments in Central America and in the Caribbean. I am a most hearty supporter of the Alliance for Progress.

It may possibly be that we should ask experts from some of the countries which have reformed their tax systems to come to this country and help us collect our taxes in a better way. I have just obtained a table, which has been circulated inside the Treasury Department, showing that in the year 1959, five Americans having gross incomes in excess of \$5 million in that year did not pay a single cent in taxes. And there were 10, with incomes between \$500,000 and \$5 million, who did not pay 1 cent of tax. Moreover, their gross taxable income did not include interest on State and municipal bonds, writeoffs for intangible drilling and developmental costs in the oil industry, and certain other items such as excluded capital gains, as well. So we have a very black record, I may say; and, as the Senator from Oregon and the Senator from Minnesota have implied, it seems to be very difficult for us to put through any income-tax reform.

But, as regards Latin America, let me ask whether there appears anywhere a breakdown as to how the Alliance for Progress intends to distribute these

funds, country by country? I know this information generally is concealed or is not stressed.

Mr. HUMPHREY. Yes. The books, country by country, outlining the proposed projects were before the Foreign Relations Committee.

Mr. DOUGLAS. Is that information included in the hearings record?

Mr. HUMPHREY. I do not believe so.

Mr. DOUGLAS. Would it be a violation of confidence to place it in the CONGRESSIONAL RECORD?

Mr. HUMPHREY. The problem is that when it is made public, one country is inclined to say, "Country X is getting so much money; why are we not given a similar amount?"

Mr. DOUGLAS. I understand.

Mr. PROXMIRE. We know that, anyway.

Mr. DOUGLAS. I understand.

Mr. HUMPHREY. The Senator from Wisconsin says "We know that, anyway"; and I believe he is correct. I have not been pleased with the rule—which we adopted several years ago—that we should eliminate from the hearings statements of the items country by country. However, that information is available. I now show the Senator from Illinois the booklet; and I encourage all Senators, before they vote on the bill, to carefully examine this book. It shows, for example, the items for Argentina, Brazil, El Salvador, Guatemala, and Honduras; and in this book Senators can find reports which give a rather concise analysis of the amounts we have sent to each country, the amounts we now intend to send there, the projects, and their present development.

Mr. DOUGLAS. The Senator from Alaska has submitted a most interesting amendment, as I understand—one to deny aid to countries in which the governments have come into power because of a military coup d'etat. I am not sure that I shall vote for the amendment in its present form; but certainly I am in agreement with its general principle, and certainly I would say we should give a special bonus to countries which are maintaining democratic institutions, under great pressure. I refer particularly to Venezuela, Colombia, Costa Rica, and El Salvador.

Mr. HUMPHREY. That is correct.

Mr. DOUGLAS. And, in northern South America, to Bolivia.

Mr. HUMPHREY. And also Mexico and Chile.

Mr. DOUGLAS. Yes. I am not at all certain about Peru. But I think we should be very careful about giving aid to Santo Domingo and Honduras, where the present governments have come into power by means of revolution and military coup d'etat. I hope Congress will take, on this matter, some general stand which will be strongly influential upon the aid we give, instead of being treated as merely a pious pronunciamiento which these countries can read and then can throw into the wastebasket.

Mr. HUMPHREY. I agree with the Senator from Illinois; and I have tried to make that point clear today. I so stated in the committee, and I so voted

in the committee; and I intend to so vote on the floor of the Senate.

Mr. DOUGLAS. Does the Senator from Minnesota believe that the present provisions on that subject, as now set forth in the bill, are strong enough?

Mr. HUMPHREY. I think the present provision is rather good—as follows:

SEC. 254. RESTRICTIONS ON ASSISTANCE.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest.

Mr. DOUGLAS. Is that provision retroactive?

Mr. HUMPHREY. No. It applies to countries in which the governments now in power have come into power through coup d'etats or juntas—for example, the juntas in Honduras and in the Dominican Republic. Under this restriction, those countries would be denied such funds. Under this provision, the President is given authority to offer funds, but only if he finds that is in the national interest of this country; and the burden of proof would be upon the President. We may even wish to strengthen that provision; but I want the Senator from Alaska to know—for one day he said to me, on the telephone, that he would like me to watch out for that provision, since he had a keen interest in it, as did the Senator from Oregon—that I tried my best to get the original language proposed by the Senator from Alaska included in the bill. The committee finally settled upon the language I have just read to the Senate, and backed it up by rather strong language included in the report, as follows:

GOVERNMENTAL CHANGE BY COUP D'ETAT (SEC. 106 (D))

The committee has been gravely concerned over the number of elected governments in Latin America which have been overthrown by force in recent months. The Charter of the Organization of American States declares in article 5(d) that "the solidarity of the American States and the high aims which are sought through it requires a political organization of those states on the basis of the effective exercise of representative democracy."

The Conference of Foreign Ministers of the American Republics at Santiago, Chile, in August of 1959 declared that "the existence of antidemocratic regimes constitutes a violation of the principles on which the Organization of American States is founded, and endangers the living together in peaceful solidarity in the hemisphere * * *", and, " * * * The governments of the American Republics should be derived from free elections."

The forcible overthrow of duly elected governments is a step entirely out of harmony with the principles of the inter-American system and of the Alliance for Progress. It is difficult to see how the economic and social goals of the Alliance can be achieved in the face of such political instability. Thus, assistance furnished to irregular governments is unlikely to accomplish the purposes of the Alliance for Progress.

Furthermore, such assistance may very well encourage ambitious militaristic forces elsewhere in the hemisphere to believe that

they too can carry out coups d'etat with impunity and continue to receive American aid and otherwise to participate in the Alliance for Progress. It is important that vigorous steps be taken to dispel this dangerous delusion. The Alliance for Progress is threatened from both left and right in Latin America. The United States has gone to considerable lengths to protect the Alliance from the threat from the left represented by Castroite subversion and infiltration. It is equally important that the Alliance be protected from the threat from the right represented by the forces of the ultraconservative traditional oligarchies.

Finally, there is at stake here the credibility of the United States, whose ambassadors, speaking for this Government, have repeatedly warned Latin American military leaders that the United States would look with disapproval on the overthrow of constitutional governments. If our word is to be believed in the future, we must follow through on these warnings by concrete steps to express disapproval.

For these reasons, the committee has adopted an amendment—

And so forth.

Mr. GRUENING. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. GRUENING. I am in hearty agreement with the comments of the Senator from Illinois; and I believe the language the Senator from Minnesota has read is adequate. It is forthright, and it shows the committee's purpose. But I would make one reservation. There is a reservation in the language that if the President decides that this provision is contrary to the national interest, it is void. But, in practice, this means that some subordinate official, who may not be at all in sympathy—and recently a high official of the State Department said some juntas are good, and some are bad, but that we must not rule them out—can decide. If the decision, theoretically made by the President, actually is made by a subordinate official, the result might be to nullify the entire purpose. So I think we must watch that very carefully.

Mr. HUMPHREY. The Senator has raised a flag of caution which I am quite sure will be observed by the responsible authorities in our Government. It is well known that the President of the United States is fully aware of the attitudes of certain Senators—and I believe the majority of the Members of this body—on the question of juntas and military coups. I do not believe—and I hope that I am correct in my belief—that a minor official in the Government—someone other than the President or the Secretary of State—would be making a decision that would permit assistance to go on unabated and uninhibited to the juntas and military coup takeovers. I believe that one of the purposes of the debate is to make it crystal clear that while we do not wish to tie the President's hands and leave him in a diplomatic straitjacket, we expect that the objectives of the Alliance for Progress and the statements of principles of the Organization of American States will be fulfilled, by our Government.

The objectives and criteria laid down are quite specific, namely, representative

government, constitutional government, democratic institutions. The language in the bill clearly expresses the view of the majority—not merely the majority but all the members of the Foreign Relations Committee; and I am confident that it will express the view of the vast majority of Senators. I do not believe that the President or the Secretary of State would permit minor officials to make such a decision. The important decisions of the recent past have been made at the highest level, as they should.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. GRUENING. If I correctly interpret the remarks of the Senator from Illinois, he said that we should be selective in our basis of aiding countries, and that we should aid them more generously when they fulfill the prescription of the Punta del Este Conference and the principles laid down by President Kennedy, that such democratic regimes—regimes that want to help themselves, regimes that have a social conscience, and regimes that want the funds to be distributed throughout the entire body politic and not merely to the few on top—regimes that make sure our funds will be honestly administered, with purpose to achieve these desirable objectives and are working with us—should have our aid. I think the countries mentioned by the Senator from Illinois are eminently entitled to that kind of preference.

Mr. HUMPHREY. I thoroughly agree. I would be more than happy to support an amendment to the bill which would require that kind of priority and that kind of emphasis. Countries that stand by the principles of the Charter of Punta del Este, the principles of the Organization of American States Charter, and the principles that we have laid down for receiving our aid, should be rewarded. Such a rule is a way to express our disapproval of countries that violate those principles.

Mr. GRUENING. May not the result be that nations which are not following the policies will be far more likely to move into line and follow the example of the more enlightened countries that are following more democratic and intelligent policies, and in consequence are receiving our aid? Will not those enlightened countries set an example to the recalcitrant nations that are not cooperating and not doing anything to make the Alliance for Progress successful?

Mr. HUMPHREY. In his authority under the terms of the act, the President of the United States has followed, in several instances, the very doctrine that is being described. For example, I point to Venezuela, where there is a pro-democratic, friendly, responsible government that has had to fight for its life. Our Government and the President of the United States have made it unqualifiedly clear that that is the kind of government of which we approve. We support it with money and, if need be, with our strength, to maintain it as a free institution and a free government. We did the same thing in Colombia. It should be noted that President Ken-

nedy's first two visits to Latin America were to Venezuela and Colombia. The second two were to Mexico and Costa Rica.

We so acted in relation to the Dominican Republic immediately after the election of Juan Bosch. We now wish to make sure that that junta is not rewarded after having taken over. I think we have expressed rather firmly today our concern over that subject.

Mr. GRUENING. The Senator from Minnesota pointed out that possibly one of the contributing factors of the coup in the Dominican Republic is that President Bosch was putting through a taxing program when there had been no effective or just tax program. He was putting through a land reform program, and the powers that always had monopoly control—the little feudal group at the top, the successors of Trujillo—opposed that program. That was one of the motivations of the coup d'etat. It is therefore absolutely essential that the United States adhere to the determination not to recognize these usurpers, and to make crystal clear that we will not restore recognition; that we will not restore aid until the constitutional regime which was elected freely—perhaps the first ever in the history of the Dominican Republic—is reestablished.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Illinois.

Mr. DOUGLAS. I heartily approve what the Senator from Alaska and the Senator from Minnesota have said. I only hope that it may come true. There is always a good deal of suspicion and friction between the permanent civil servants and the legislative bodies. Sometimes we are extremely unjust in our judgment of them. I think it is frequently true that they are somewhat unjust in their judgment of us. I believe there is a common tendency on the part of the Foreign Service to believe that Congress does not know much, if anything, about foreign affairs and that they know best, and they so interpret the laws which we pass that the laws conform to their prejudices, interests, and opinions.

We have all been very much shaken by the recent memorandum of Assistant Secretary Martin, issued after the revolution in Santo Domingo and after the revolution in Honduras which, while not exalting juntas as a permanent policy, was certainly a plea in mitigation. I do not wish to make any attack upon Mr. Martin. I know him slightly. I think he is a very decent individual. But I am sure that he speaks the opinion of a large section of the Foreign Service of the United States. The President cannot watch everything. He has great tasks on his hands. I am not at all certain that our aspirations, hopes, and instructions will actually be carried out.

In that connection, is there not a possible loophole in lines 10 to 12 on page 39 of the bill, which states:

None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power—

And so forth.

Mr. HUMPHREY. I see the language.

Mr. DOUGLAS. In response to the question of the Senator from Wisconsin, the Senator from Minnesota said that more than \$1 billion of unexpended balances had been appropriated under previous acts. Cannot the Foreign Service of the United States say, "This restriction applies only to additional funds authorized or appropriated under this act, but does not apply to the unexpended balances and previous commitments"?

I notice that the Senator shakes his head, and that the staff authority shakes his head. For the sake of the RECORD let it be said that the whip and the staff director shake their heads. But is that action binding upon the Foreign Service and upon Assistant Secretary Martin?

Mr. HUMPHREY. I do not wish the Senator to think that by a shake of my head I was able to shake up the Foreign Service. I am not even saying that it needs to be shaken up. But I am saying that the language of the amendment to the bill, H.R. 7885, which is "an act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes," including the word "act," relates to the act of 1961.

Mr. DOUGLAS. Not this particular bill?

Mr. HUMPHREY. It relates to this particular bill, also.

Mr. DOUGLAS. Let that be clear in words of burning steel and sent down to the State Department and the Latin-American desk.

Mr. HUMPHREY. I believe there are representatives within the precincts.

Mr. DOUGLAS. That is why I raised my voice, so that they might hear.

Mr. HUMPHREY. They will have no trouble understanding the vigor with which this definition of the word "act" has been spelled out. Section 254, on page 39 of the bill is entitled "Restrictions on Assistance." It reads in part: "None of the funds made available under authority of this act." That word "act" refers to the Foreign Assistance Act of 1961, as amended. The pending bill is but an amendment and extension of that act. The word "act" includes everything legislated in foreign assistance acts since 1961.

Mr. DOUGLAS. Then let it be made clear that unless the President should declare otherwise this would cut off any aid to Santo Domingo and to Honduras; is that not correct?

Mr. HUMPHREY. The Senator is correct.

Mr. DOUGLAS. Would it cut off aid to Peru?

Mr. HUMPHREY. It would not cut off aid, because Peru now has a duly constituted government.

Mr. DOUGLAS. How did it come to power?

Mr. HUMPHREY. It came to power as a result of a most recent election.

Mr. DOUGLAS. Are we going to legitimize the Government of Peru?

Mr. HUMPHREY. There was a junta in Peru, which I vigorously protested and criticized on the floor of the Senate a dozen times. The junta threw out the victor in the election of 1962.

Our Government then brought pressure to bear upon that junta. Elections were called for in June of this year. Free elections were held in June. They were supervised elections. We observed them. Fernando Belaunde Terry was elected president, and a congress was elected. I believe the Congress of the United States sent a delegation, headed by the distinguished Senator from Oregon [Mr. MORSE], which attended the inauguration of the new president.

A duly constituted government is in power in Peru today, and I hope and pray that it will endure.

Mr. DOUGLAS. What is the interpretation of the Senator from Minnesota on the Government of Argentina? Is that a revolutionary government or is it a duly-elected democratic government?

Mr. HUMPHREY. It is now a duly elected government.

Mr. DOUGLAS. When was it given absolution?

Mr. HUMPHREY. Argentina recently had a free election.

Mr. DOUGLAS. I see.

Mr. HUMPHREY. Representatives of the Congress attended, as did representatives of the President.

Mr. DOUGLAS. What about the Government of Haiti?

Mr. HUMPHREY. So far as I know, the Government of Haiti is a dictatorship. If I had my way, all aid would be cut off from Haiti.

Mr. YARBOROUGH. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I am glad to yield.

Mr. YARBOROUGH. Is not the President of Peru, Mr. Belaunde, a graduate of the University of Texas?

Mr. HUMPHREY. That is one of his many qualities. Yes, he is a graduate of the University of Texas. We can always rely on the Senator from Texas to arrive at the climactic moment to put his blessing upon any Texan who holds a responsible position.

Mr. DOUGLAS. What is the status of Haiti? Is that a revolutionary government; or is it a legislative, democratic government?

Mr. HUMPHREY. The Senator from Illinois knows the answer to that question.

Mr. DOUGLAS. No; I do not. I know the answer that I would give, but I do not know the answer the State Department would give.

Mr. HUMPHREY. I cannot answer for the State Department, of course, but I will help coach the State Department.

Mr. DOUGLAS. How would the Senator coach the State Department?

Mr. HUMPHREY. I would coach them by saying it is a dictatorship, that it is unworthy of support by the Government of the United States. I said so in the hearings 2 years ago. I insisted that aid be cut off from Haiti because the president of that country has exercised dictatorial power at the expense of humanity and all the principles of justice.

Mr. GRUENING. Mr. President, will the Senator from Minnesota yield for a question?

The PRESIDING OFFICER (Mr. McCARTHY in the chair). Does the Senator from Minnesota yield to the Senator from Alaska?

Mr. HUMPHREY. I am glad to yield. Mr. GRUENING. Granting the very specific stipulations which the Senator from Illinois has wisely propounded, is it a fact that under this new provision all economic aid would be withdrawn from the Dominican Republic?

Mr. HUMPHREY. That is correct.

Mr. GRUENING. And also all military assistance programs?

Mr. HUMPHREY. Yes, that is correct.

Mr. GRUENING. And also the Peace Corps?

Mr. HUMPHREY. No. I do not believe the Peace Corps should be included, and I should like to make that clear.

Mr. GRUENING. For the RECORD, it is important that be stated.

Mr. HUMPHREY. Yes. Later, as we come to the section in the bill which I believe would exclude the Peace Corps, I shall say something about it because I believe the Peace Corps should not be used as a sort of weapon in the diplomatic struggle. Let us try to keep the instrumentality of the Peace Corps on a very high plane, people to people. Our young people are working in the Peace Corps and doing the job of working primarily with people and not with governments. So I would hope we would not exclude the Peace Corps from any of these countries.

Mr. GRUENING. How about contributions through the United Nations from the United States to the Dominican Republic?

Mr. HUMPHREY. I doubt that we could have any control there, nor do I believe we should have, because if we should start that, we would encourage the Soviet Union to say, "We do not believe the funds we have contributed in this special fund should be used to make contributions to countries X, Y and Z."

Mr. GRUENING. I am not prepared to dispute that, but I call attention to the fact that I have discovered 21 "spigots" through which foreign aid is poured out to various countries. Many of these are not included in the legislation, but I believe that is something we should be vigilant about.

Mr. HUMPHREY. I am sure the Senator from Alaska will exercise vigilance. I am trying to get hold of the handle of this spigot in my effort. This spigot is a big one; and when one opens it, it really splashes. If one closes it, it is surprising how thirsty some people get.

In connection with Haiti, I should like to make it clear that Haiti does not receive any substantial aid from the United States at present and would not qualify under the provisions of the pending bill. It receives financial aid only under Public Law 480 and through a military control program.

Mr. DOUGLAS. Would I be pressing the Senator from Minnesota too far if I were to ask him whether Guatemala is eligible?

Mr. HUMPHREY. The Senator from Illinois certainly is pressing, but he is a fearless man and an honest man, and he deserves a courageous and honest answer.

I should say that under the provisions of section 254, unless the President of the United States felt that it was of over-

riding national interest, Guatemala would not be eligible.

Mr. DOUGLAS. I thank the Senator from Minnesota. I agree with him thoroughly. So we have made it clear, have we not, that the intent of the bill and the intent of Congress, unless reversed by the President, is that there should be no further economic aid or military assistance to Santo Domingo or to Honduras. Have we not also made it clear that, if a revolution should occur in El Salvador, they would receive no aid?

Mr. HUMPHREY. Does the Senator mean by a junta or a coup?

Mr. DOUGLAS. Yes.

Mr. HUMPHREY. Yes. El Salvador is desperately trying to make its government work. They have a fine program, and they have a president who is a moderate, a middle-of-the-road man. He cannot be looked upon as of a radical. If that government were to be destroyed by a junta or a coup d'etat, I would hope the President of the United States would make it clear within the hour that not 1 nickel would go to them.

Mr. GRUENING. We have an excellent Ambassador there.

Mr. HUMPHREY. Yes. Ambassador Williams is one of our best Ambassadors. He has done a remarkable job in El Salvador. Substantial progress is being made there.

Mr. DOUGLAS. Would I weary the Senator from Minnesota too much if I asked another question?

Mr. HUMPHREY. No; of course not. However, I do not wish to make the Senator from Alaska wait much longer, because I know he has a dramatic and memorable address to deliver in support of the bill.

Mr. DOUGLAS. Costa Rica is one of the finest Latin American States. It has no army. It has had no revolution. Any change in government takes place peaceably. There is a very low rate of illiteracy, probably the lowest of any Latin American country. I do not believe there is any danger of an internal revolution in Costa Rica. The land is fairly well distributed. Democratic institutions are strong. But Costa Rica has a neighbor, Nicaragua, and Nicaragua has been hostile to Costa Rica. At one time it had its army poised on the border. I believe I may have played a minor part in getting some American airplanes down there to fly over the border to discourage the Nicaraguan troops from actually invading Costa Rica. There is always that threat to Costa Rica.

Suppose Nicaragua were successful in overthrowing the Government of Costa Rica, and set up a pro-Nicaraguan government inside Costa Rica. What would be the attitude then? Would aid go to such a government imposed from the outside, just as the Communists succeeded in overthrowing the democratic Government of Czechoslovakia?

Mr. HUMPHREY. We would be faced with two situations. The first would be possibly an instance of aggression. If that were the case, it would have to be taken up with the Organization of American States.

Mr. DOUGLAS. Which would do nothing.

Mr. HUMPHREY. That is not always the case. Secondly, and more importantly, if the country of Costa Rica were overthrown by subversive instruments or agents—I gather that is what the Senator thinks would be done—and not by overt military action—

Mr. DOUGLAS. Well—

Mr. HUMPHREY. Let me get to the point. If Costa Rica were overthrown or occupied by another state, that government would be denied all assistance under the bill.

Mr. DOUGLAS. Good.

Mr. HUMPHREY. Furthermore, the aggressor would be denied such assistance.

Mr. DOUGLAS. Let the Latin American Division of the State Department take notice of that.

Mr. HUMPHREY. I believe it did.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I think it would be much stronger than that. I think if there were an invasion by Nicaragua of Costa Rica the United States would go to the assistance of Costa Rica.

Mr. GRUENING. If the Senator will yield, the Senator from Oregon is coming to my side when he says that there is a time when the United States has a right to intervene when a government is overthrown.

Mr. MORSE. Any time the Senator from Alaska wanted me to join him on that set of facts, I would have been glad to join him.

Mr. HUMPHREY. Mr. President, so the RECORD will be clear, I think it should be said that at this time there is no known threat from Nicaragua. It could happen, but there is no threat at this time. We are talking about a hypothetical case. I want to be sure we do not in any way have the RECORD indicate that such a hypothetical case is a reality, or a probability. But, in terms of a hypothetical case, if there were aggression, we would be committed, under the Treaty of Rio, to come to the assistance of the victim of the attack. We would have the instrumentality of the OAS, which is less than effective, but at least we would have that.

Mr. DOUGLAS. Mr. President, that is the understatement of the year.

Mr. HUMPHREY. I am becoming very modest.

Further, we could cut off aid to the aggressor, and whoever was the puppet of the aggressor, not only under this act, under all other acts.

Mr. GRUENING. In other words, we would have an aid overkill?

Mr. HUMPHREY. That is a good way to express it.

Mr. DOUGLAS. Mr. President, the Senator has enunciated an admirable statement of policy, which I hope will be borne out. Is there any way to make this policy effective on the CIA?

Mr. HUMPHREY. I think the Senator goes far beyond my capabilities. Let me say only that President Kennedy is much concerned over the Alliance for Progress and its success and over our relationships with the republics in the Latin American countries, so that every

effort will be made to repel aggression, to deny any form of assistance to those who violate constitutional governments and overthrow constitutional governments, and also to exercise a restraining hand, in light of recent experiences, upon instrumentalities of the Government of the United States in case such instrumentalities should get out of hand.

Mr. DOUGLAS. I do not want to abuse the CIA. It has done many fine things, but I think the experience in Egypt in 1956 sends up a warning flag. It will be remembered that the State Department, which was then headed by Mr. John Foster Dulles, took a somewhat strong stand toward Egypt in its seizure of the Suez Canal, and sent out Mr. George V. Allen, who was then the Assistant Secretary of State. I am not sure whether he came from the State of Texas, but he came from North Carolina—

Mr. HUMPHREY. The Senator can be sure that if he came from Texas, the Senator from Texas [Mr. YARBOROUGH] would have jumped up and told us about it.

Mr. DOUGLAS. Some weeks later Colonel Nasser made a speech at Alexandria in which he said he had heard about the projected trip, but that a highly placed American Government official had called upon him and told him not to pay attention to the representations of Mr. Allen; that he did not speak for the American Government, and that Nasser should pay no attention to him.

Nasser heard some expressions—I do not know whether they were correct or not—to the effect that he was urged to “kick that man downstairs.” Nasser said he exercised great forbearance, and did not kick him downstairs. This naturally excited curiosity as to who the man might be.

I went to Egypt shortly after the Suez incident. I went up and down the Suez Canal, which was then blocked, and made some inquiries as to who the man was.

When I went there I thought it was the previous American Ambassador, Mr. Byroade, who had given some rather extraordinary testimony, I believe, that he did not know who was in power in the neighboring country of Tunisia. I must say that after my inquiries there I became convinced that I had unintentionally done Mr. Byroade an injustice. Now, 7 years after the fact, I wish to apologize publicly for entertaining such erroneous thoughts about Mr. Byroade. But I have cited the established facts to show that a leading citizen, who bore, and I think still bears, the name of a distinguished American family participated in an incident in which the CIA took over the direction of American foreign policy and persuaded a foreign government, with which we were on unfriendly terms, to adopt a contemptuous attitude toward an official of our Government. I think the record, if gone into, will bear out what I have said.

I see the Senator from Minnesota smile when I mention this. I do not know whether it is a confession of guilt or not—

Mr. HUMPHREY. It is an expression.
Mr. DOUGLAS. But it will be borne

out. This is a difficult problem, but essentially the policy must be not merely the policy of Congress, not merely the policy of the State Department, but the policy of all parts of the U.S. Government; namely, that we will not waste money in revolutions in Latin America that overthrow peacefully constituted governments.

Mr. HUMPHREY. The only way I know we can make sure this type of coordination exists is to rely upon the Chief Executive of the country. If we were to write the policy into law, it would make no difference. The President of the United States has the responsibility for the conduct of our foreign policy. He is responsible for the control of the Armed Forces of the United States. He has command and control over all the agencies of Government in the executive branch, and the CIA is one of those. I do not know anyone who could do it except the President.

I have the feeling that this President, who is an active man, an intelligent man, and is constantly at the job of supervising the foreign policy of the country and the foreign relations of our Nation, would see to it that there was no conflict of command such as the Senator has outlined in the previous instance. I must place my complete confidence in the President, and I have confidence in him.

Mr. DOUGLAS. I have, too. The question is whether he can control all the more or less autonomous bodies that have grown up, and which frequently function in secret.

Several Senators addressed the Chair.

Mr. HUMPHREY. I want to be able to conclude my part of the discussion. I do not mean to cut it off, but I want the Senator from Alaska [Mr. GRUENING] to have his day in the Senate on his message.

There are examples that are disturbing. The Senator has brought to our attention an example. There may be disagreement as to all the details, but there was some problem with CIA in the instance of Egypt. We must rely upon the President of the United States, in light of that example, to keep a pretty close watch and control over the activities of any of the sensitive agencies, particularly the Central Intelligence Agency.

There are those of us in Congress who feel that a form of control ought to be exercised over CIA. For example, I have proposed a joint committee on national security, which would have overall supervision of the Central Intelligence Agency, as well as other agencies.

My distinguished colleague [Mr. McCARTHY] proposed a special committee in Congress, to have a type of supervisory jurisdiction over CIA.

The majority leader made a proposal of that kind.

I believe the time is at hand when we may have to take some legislative action. I believe it is necessary. However, under present circumstances, we must rely upon the President. I am sure he now recognizes, in light of Cuba, Vietnam, Egypt, and other places, that the CIA plays a very powerful role in American policy and in the conduct of our operations overseas, and therefore it must be

as closely coordinated and supervised as any other department of the Government, and must not be permitted to operate on its own.

I will not make any accusations or charges, because I do not know enough about what the CIA has done or has not done. I know that there has been enough concern expressed so that some things may not be right.

I now yield to the Senator from Texas. Then I wish to yield the floor.

Mr. YARBOROUGH. I thank the distinguished senior Senator from Minnesota for yielding to me. I rise only because of some statements that were made to the effect that Mr. Allen might have been from Texas, that he went to Egypt as a representative of the President, and that another American told Colonel Nasser to kick him down the stairs. I only rise to say that if Mr. Allen were from Texas and were in Egypt on orders of the President and had Colonel Nasser attempted to kick him down the stairs, it is more than reasonable to assume that Colonel Nasser would have reached the bottom of the stairs first.

Mr. HUMPHREY. Long live Texas. The spirit of the Texans is what really sustains us in these moments of doubt and crisis. The Senator from Texas is doing a brilliant job in representing the people of the Lone Star State of Texas.

Mr. YARBOROUGH. I thank the distinguished senior Senator from Minnesota. I fear that with his very fine compliments directed toward me he is trying to lure me into voting for everything that is in the bill.

Mr. HUMPHREY. There could be something to that.

Mr. YARBOROUGH. He is complimenting me too generously today. Of course, I always fear Greeks bearing gifts, and it may be that there is some other motive behind his fine compliments to me. However, I am grateful.

Mr. HUMPHREY. So that there may be no doubt in the minds of anyone who may read the RECORD, let me say that everything I have said about the Senator from Texas is well deserved by him. He certainly deserves all the praise that he has received from me or any other Senator.

Having said that, I am confident that the Senator from Texas, who is such a brilliant, able, and dedicated public servant, will find it within his conscience and heart and experience to vote for the foreign aid bill.

There may be an amendment or two to adjust the bill slightly, for which he will wish to vote. However, when it is all over and the roll is called—not up yonder, but down here—I expect to see the senior Senator from Texas voting with us. I live for that day. It will be a day of joy and happiness.

Mr. YARBOROUGH. I thank the distinguished Senator from Minnesota. For a few moments I had the illusion that he would stop this accolade without tying it into the foreign aid bill. He did not even stop to insert a semicolon.

Mr. HUMPHREY. I stopped with a period.

Mr. YARBOROUGH. He went right into the large foreign aid bill.

Mr. GRUENING. Mr. President, I would like to add to the accolade to the Senator from Texas. More important than the high approval which the Senator from Minnesota and other Senators have given to the Senator from Texas is my gratification to report that I was a personal witness to an outpouring of enthusiasm, support, admiration, respect, and affection of the people of Texas at a recent salute to the senior Senator from Texas in his hometown of Austin, where the municipal auditorium, holding 5,000 people, was packed to standing room only, and hundreds of people were turned away because there was not enough room for them. Never in my experience have I seen expressed more enthusiasm for the principles for which the senior Senator from Texas stands. I think that is even more important than that his colleagues highly approve of him.

Mr. HUMPHREY. I saw a copy of that program. I not only hope that the dinner was a huge success, in terms of well-deserved praise for the Senator from Texas, but I trust also that the political coffers were well filled, because campaigns in Texas are a rather expensive ordeal. I can think of no man who more deserves the support of the rank and file of the citizens of any State than does the Senator from Texas.

Mr. YARBOROUGH. Mr. President, I thank the distinguished Senator from Alaska for his very generous words. Moreover, I thank him for his kind words in Austin on October 19, where he participated in the program, and where his eloquence and his generosity contributed so much to the success of that affair. The fact that he was on that program, as was the Presiding Officer [Mr. INOUYE in the chair], both of whom are well known in my home State, was a great contribution to the success of the occasion.

The Senator from Alaska has visited a number of times in my hometown. His text on Mexico is well known, as is also his long service in the New Deal, under Franklin D. Roosevelt. He is well known also for his 14 years of service as Governor of Alaska. He has many friends in my State. It was because of his presence that so many people turned out on that occasion.

The Presiding Officer is also well known in my State. I am sure that the people of my hometown were thrilled by the fact that Senators from two of the newest States in the Union, representing the farthest south State and the farthest north State, as well as farthest west State, were present. A number of persons said to me that they felt honored that a representative from the newest State should be present on that occasion. We remember that during World War II some of our people from Texas found themselves in a rather difficult position, and that a battalion from Hawaii, of which the Presiding Officer was a brave and noble member, who was decorated for his action in combat, in

which he lost an arm, came to the rescue of our men from Texas. These were men of the 36th Division, the old Texas National Guard Division, two of whose regiments go back as far as the Battle of San Jacinto, since 1836.

He was met at the airport. He is already an honorary citizen of the State, by act of the legislature in 1944. At the airport he was presented with awards on behalf of the 36th Division for the action of the Hawaiian battalion in coming to their rescue, when they were pinned down by Nazi fire during World War II.

I am grateful to my colleagues for their contributions, as I am also grateful to the Senator from Idaho and the Senator from Montana, and Members of the House, who caused this great outpouring of people.

I could not let this occasion pass without expressing my gratitude for the wonderful messages that others sent. I have in mind particularly the Senator from Illinois [Mr. DOUGLAS] and the Senator from Oregon [Mr. MORSE], who is in the Chamber, and others. We are grateful for the 96 beautiful letters and telegrams that were received. All of it was far beyond my just deserts. They may be helpful next year.

Mr. HUMPHREY. Mr. President, I yield the floor.

EXHIBIT 1

APPENDIX I

LAND REFORM IN LATIN AMERICA

Land reform in Latin America is certainly not an offspring born with the Alliance for Progress, but reaches back to the earliest freedom struggles in the continent.

Robert J. Alexander, in his illuminating article "Land Reform in Latin America," *Foreign Affairs*, October 1962, underscores over a century of agrarian movements in South America. He reminds us that the great liberator Simón Bolívar undertook to seize estates from Spanish loyalists and distribute them to his armies. When the Republic was founded in Haiti, the rebellious slaves distributed the land of their former masters among themselves. From the time the colonists fled the Dominican Republic in 1821 until the rise of Trujillo, most of the land remained in the hands of the peasants. In many instances during the 19th century, Latin American nations initiated land reform by depriving the church of its vast holdings and distributing them among the laity.

"In recent decades agrarian reform has once again assumed hemispheric proportions. Mexico engaged in a massive redistribution of land in the years following the outbreak of its revolution in 1910. The fundamental achievement of the Bolivian Revolution which began a decade ago has also been land reform. In the last 3½ years, Venezuela has undertaken a large-scale land redistribution scheme. With the last year, legislation calling for one type or another of agrarian reform has been passed in Colombia, Chile, the Dominican Republic and Brazil."

And since publication of this article we can add Costa Rica, Honduras, Panama, Nicaragua, Guatemala and Peru.

Mexico has undoubtedly been the leader in the modern land reform movement, and since the revolution has set the precedent for redistribution procedures throughout Latin America.

"The oldest of the contemporary agrarian reform programs in Latin America is that of

Mexico, where it has been in process for about half a century.

"By early 1962 the total amount of land distributed since the first decree of January 1915 had reached approximately 50 million hectares. Some 12 million peasants are estimated to have benefited, with the result that the land under cultivation is now approximately equally divided between the beneficiaries of the land redistribution program and other proprietors, most of whom lost land through the reform.

"One program which has been very much influenced by the Mexican example has been that of Bolivia, following the revolution of April 9, 1952, which put the Movimiento Nacionalista Revolucionaria in power. Mexican officials helped in drawing up the basic law, and other assisted in putting the law into operation. Like Mexico, Bolivia has attempted to restructure the whole rural economy of the country and to integrate the peasant masses into the civil life of the nation. All tenants were granted the land on which, under the traditional Bolivian latifundia system, they had been allowed to build their homes and to grow crops for their own use. As a result, every Indian tenant was immediately converted into a small proprietor."

The process of land redistribution proposes a variety of questions—what land should be distributed, what kind of compensation paid, credit opportunities for cultivation of the land, technical assistance, transportation of goods from farm to market—all must be dealt with according to the unique agrarian situation in each country.

Some countries, like Chile, have limited their agrarian programs to seizing large idle, uncultivated remnants of the latifundia system, while other countries, like Bolivia, have found this method insufficient for their needs. Whenever land was cultivated by semifeudal techniques in Bolivia, it was confiscated, while soil tilled by modern machinery was to remain inviolate. In Mexico, land was supposed to be expropriated on the basis of irrigation, grazing, and agricultural potential.

Compensation procedures also vary to meet the requirement of each reform program. The Mexican, Bolivian, and Guatemalan agrarian laws call for payment set by the proprietor. In Venezuela, the Agrarian Institute negotiates a fair compensation price, and in Colombia, the National Geographical Institute arbitrates the value between the landowners and the Colombian Agrarian Institute.

Mr. Alexander stresses the diverse patterns of agrarian reform:

"The provisions under which expropriated land is transferred to new owners have varied greatly from country to country. At one extreme is Cuba, where, as we have seen, the State has retained most of the expropriated land, organizing it increasingly as State farms. At the other extreme is Bolivia, which has given the Indian peasant title to his land and has not sought to impose any pattern for the organization and use of the land. In a relatively small number of cases, the peasants have organized cooperatives, but in most instances they cultivate the land as individual farmers."

Under most agrarian reform programs, the peasants are granted the land without payment. In Venezuela, the new landowners, in addition to receiving titles gratis, have the option of purchasing additional land at low rates.

"In virtually every Latin American country that has undertaken agrarian reform, controversy has arisen over the advisability of concentrating effort on opening up and colonizing virgin hinterland as opposed to redistributing the holdings of the landlords. Actually both of these approaches are needed. Where population pressures on the land is great, the division of large landholdings

is necessary both to lessen the likelihood of social explosion and to obtain the ultimately more efficient use of the land. Redistribution is cheaper than colonization and it promises a quicker incorporation of large elements of the peasantry into the market economy. In many areas, however, sole reliance on land redistribution may merely substitute minifundia for latifundia. That is, there is danger that the land will be divided into such small holdings that they cannot be cultivated efficiently or that they will never provide more than the barest subsistence. * * * The mere distribution of land is not a sufficient reform by itself. An effective program of agrarian reform must make sure that the new proprietors have access to credit to finance their crops and to buy equipment, and it must provide technical assistance and help marketing."

As a partner in the Alliance, the United States has assisted Latin nations to push ahead in their agrarian programs by supporting projects of the following nature.

Under the social progress trust fund over \$65.8 million have been lent to Latin American countries for their agricultural development programs. Of this total, \$22.2 is for agrarian reform and resettlement; \$38 million for agricultural credit; and \$5.6 million for irrigation and development of farm centers.

AID is specifically helping to finance the following:

1. Resettlement of excess farm population on unused farmland now available in areas both within and outside the Brazilian northeast.
2. Reduction of the large handling and storage losses between farm and consumer, creation of an adequate system of processing, storage, distribution, grading, and marketing for agricultural products and a system for credit to low-income families in northeast Brazil.
3. Through the National Bank of Costa Rica, provision of long- and short-term credit to medium- and small-sized farmers.
4. Development of modern agricultural institutions in Guatemala, Dominican Republic, and Peru.
5. Development of rural cooperatives in Nicaragua, Paraguay, and Uruguay, and supervised agricultural credit in Mexico and Venezuela.
6. The resettlement and reclamation program designed to settle 20,000 families yearly on sound economic units in Colombia, and assisting the development of a national credit program there.
7. Farm-to-market road construction in Paraguay, Nicaragua, Bolivia, Brazil, and Peru.

These are only a few of the projects which AID is supporting. In nearly every country, AID is assisting the Alliance goal of increasing agricultural production.

Mr. Alexander has emphasized that immediate results of redistribution programs is often an unavoidable decline in agricultural production.

"One of the basic purposes of agrarian reform programs in Latin America has been to increase agricultural output. However, in a number of cases the immediate result of redistributing the land has been a decline in production. The new peasant owners have not had the technical competence, nor in some cases sufficient interest to maintain former output levels."

To help relieve this temporary decline, AID has granted loans to Mexico and Venezuela in support of agricultural credit programs to small farmers. These loans, covering technical assistance, will assure the new farmers success and repayment ability.

Alexander climaxes his report on the following note:

"These problems (agrarian) must be solved, not only because one of the fundamental aspirations of the masses of Latin

America is to possess and work their own land, but because this development is essential for the economic growth as well as the eventual political stability of the whole continent. The United States has done well, through the Alliance for Progress to associate itself with this movement."

The Charter of Punta del Este made land reform a primary goal for all of Latin America.

In the Dominican Republic, a major program of land reform was initiated in July 1962 after the passage of an agrarian reform law. More than 2,000 families have been settled on land formerly owned by members of the Trujillo family. As of March the Banco Agricola has made loans totaling over \$15 million to 45,500 families.

In Bolivia, titles issued under the agrarian reform law since the revolution have gone to 181,000 families. The phenomenal growth in the Santa Cruz area has moved Bolivia from almost total dependency on imports for its rice and sugar to almost total self-sufficiency. The cooperative movement has gained such strength that the wool cooperative was responsible in February 1962 for the first commercial sized export of wool from Bolivia in 40 years.

In October 1962, Costa Rica adopted a revised land and settlement law. The Institute of Lands and Colonies was established to manage agrarian reform problems, approve colonization programs, expropriate land if necessary, and promote cooperative development. A progressive tax on properties larger than 247 acres was established. Rural agricultural credit is available for farmers through the Banco Nacional.

Under a new agency which provides supervised production credit to small farmers in El Salvador, approximately 5,800 agricultural credit loans will have been made by July.

In October 1962, the National Agrarian Transformation Institution in Guatemala was established to plan and carry out an agrarian reform program primarily based on exploitation of idle or undercultivated lands. The law provides for progressive taxation of land and for farm credit programs.

On November 27 an agrarian reform law was passed in Chile. Ownership of land has now become contingent upon proper land use and improvement. Under this law it is proposed that 5,000 families will be resettled in 1963.

As far back as March 1960, Venezuela had initiated a comprehensive agrarian reform program for the expropriation of large estates that were not in production or worked by tenants. By the end of 1962, over 1½ million hectares had been distributed to over 56,000 settlers.

APPENDIX II

TAX REFORM IN LATIN AMERICA

The mere nature of tax reform involves a complex of tax theory and techniques, economics, relations between executive and legislative and judicial branches, domestic and international politics, and the level of public and tax administration in general. In Latin America, tax reform is further complicated since changes must first be made in the traditionally rooted legal systems, class structure, and archaic governmental institutions.

Due to the sphere of influence connoted by the concept of tax reform in Latin America, assistance cannot and should not be administered by one agency, but demands the total resources of the United States and Latin America, both governmental and private. Nor can tax reform be brought about solely from outside. The process is necessarily a slow and painful one, all over the world.

The task of stimulating tax reform and improved collections in the Alliance countries carried quite delicate and difficult political and technical constraints. Also, the adoption of these foreign policy objectives implies

an unprecedented diplomatic and economic involvement in the internal affairs of other countries. The delicacy, technical complexity, and novelty of the task have required a discreet, highly pragmatic, and experimental approach. Since the Charter of Punta del Este, the United States and multilateral agencies have been playing a major part in bringing about tax reform in a variety of ways adapted to the complexity of the problems and the present stages of development in particular countries.

One area of activity has been a continuous round of speeches and statements aimed at creating an awareness of the immediate need for tax reform. Where there was almost no discussion of tax reform prior to the Alliance, it is now generally accepted in many countries that reform is a *sine qua non* of economic and social development. To a considerable extent this newly kindled interest is the result of constant reiteration of the importance which the United States places upon tax reform. This United States insistence has been communicated not only through executive, AID, and U.S. legislative policy statements, AID missions in the field, and normal diplomatic channels, but has been emphasized in almost all assistance loans and grants made through AID, IDB, IMF, IBRD, etc. Similarly, the two tax conferences held under the auspices of the OAS-ECLA-IDB joint tax program have undoubtedly had an important public relations impact.

Tax reform is also a key element of negotiations for major programs of financial support and assistance to selected countries. It is significant that as a result of negotiations of this type governments in countries such as Brazil, Chile, and Colombia have pledged themselves publicly to programs of reform.

Another instrument for reform has been the tripartite tax study teams. These studies have stimulated efforts by the host governments to organize and continue the research activities which will be required on a long-term basis for sound tax reform. Assistance to the tax reform movement in Latin America must be in a form acceptable to those undertaking tax reform.

Political reaction in Latin America often makes it wiser to bring such pressure through Inter-American and multilateral agencies. Therefore, as a part of the U.S. total tax reform effort, AID took the initiative in developing the current policy: AID takes primary responsibility for assistance in improving tax administration; the OAS, due to its multilateral character, is the more effective instrument for tax policy and therefore has primary responsibility in that area.

Under the OAS joint tax program, a team of five experts has completed a thorough survey of the tax system of Panama. A considerable number of recommendations for reform designed to implement the principles of Punta del Este has emerged from this survey and has been made available to the Panamanian authorities. A group of four experts has prepared a complete survey of the fiscal structure of Ecuador.

AID has organized itself to assure that tax policy is coordinated and integrated into the total development picture. As part of its responsibilities, the Latin American Bureau makes sure that maximum efforts toward tax reform are included in each country program, (consistent with that country's development plan, if it has one), the capacity of the country for growth, the overall tax structure and the extent of self-help measures, and the political situation. In this way, tax reform is injected into the total programming and budgeting process and is considered a key element in all U.S. assistance programs in Latin America.

AID initiated a cooperative working program with the IRS in 1961. During the intervening months, 28 Internal Revenue men were used in 11 different countries, and the

working relationship was formalized in an Inter-Agency Agreement between AID and IRS, signed May 29, 1963. This agreement, supplies AID with IRS tax administration specialists. Some 300 IRS men are already available for service in Latin America. Under the Agreement the services of Internal Revenue are also available for the training of Latin American tax officials in the United States. As a formal part of the Alliance, the IRS has established a Foreign Technical Assistance Staff in the Office of the Commissioner which is giving primary attention to the improvement of tax administration in Latin America and in mobilizing the resources of IRS in this objective. Another cooperative venture has been the establishment of the Latin American Tax Assistance Reserve. Under this program selected IRS men undergo a 16 week training at the expense of AID and are then ready on call for short or long term assignments in Latin America. Coordinated with AID's own program of tax training, these cooperative efforts with the IRS have proven highly successful and have contributed directly to improvements in Chile, Peru, and Panama.

Finally, AID has stepped up training for tax administration in the United States. About 115 Latin Americans have been trained here since the Charter of Punta del Este. This is largely group training designed for impact on tax reform and has directly contributed to improvements in Chile, Guatemala, and Peru.

Before the Alliance, AID predecessors had one or two men working in Latin America. The OAS had none. The enthusiastic response from Latin American countries to available tax assistance had been testimony of their awareness of the necessity for reform and their readiness to help themselves implement new tax programs. Guatemala, Honduras, Nicaragua, Chile, Peru, Colombia, Costa Rica, and Ecuador have made urgent requests for assistance in various aspects of revenue improvement. But by far the most impressive achievements on any level have been those initiated and enforced by the Latin countries themselves without outside assistance. Since the Charter of Punta del Este almost all have adopted some form of tax legislation, and although results usually lag 2 years behind such reforms, worthwhile achievements have already been produced.

In the field of land tax, which until recently was the stronghold of tax reform resistance, cadastral surveys to locate and determine ownership of property for tax purposes are underway in Panama and Chile. Costa Rica, El Salvador, and Guatemala are embarking on similar programs and Colombia has requested assistance to improve its property tax system.

In fiscal year 1963, the Government of Argentina, by tightening up collections, added 215,000 new taxpayers to its rolls. Early this year, Argentina introduced further revenue measures which, with improved enforcement, are expected to yield an increase of \$200 million in 1963. This alone represents 15 percent of the total 1962 revenues.

Due to improved tax collection methods and recent tax reforms, Brazil expects to collect a \$200 million increase in Government revenues. A tax law was passed in November raising income and consumption taxes, broadening the use of withholding taxes, and instituting a tighter collection procedure on wage and bearer share income.

El Salvador has adopted a tax reform measure raising progressive income tax rates. These are among the highest in the hemisphere and yielded a 40-percent increase in receipts in 1962 over 1961.

Guatemala's first income tax law in history became effective July 1. Real property which has not been revalued for tax purposes during the last 15 years will be evaluated at 300 percent over previous assessed values.

In Chile, complete reassessment of taxes on all real estate, rural and urban, has been started. Individual reassessment of every separate property is in process. Estimates of revenue increases in 1963 due to various tax reforms are as follows: (1) from better administration, \$16.5 million; (2) from property tax improvement, \$9 million; (3) from reform in income, inheritance tax, etc., \$16.5 million; for a total of \$42 million. This is expected to double in 1964.

Chile's tax training school is a going concern, and by April 1963 had graduated 375 inspectors and assessors. A tax enforcement unit has been organized. A nine-volume manual on tax laws and procedures has been developed. A new project has been signed to streamline the legal collections system with an immediate target of 96 million pesos overdue and uncollected.

In Colombia, income taxes now provide about 40 percent of total revenues and are among the highest percentages of GNP in the hemisphere.

In Panama, income tax collections in 1962 were a record high at \$15 million, a 40-percent increase over 1961, due to tax reform measures passed in 1961 strengthening procedures for dealing with fraud and tax evasion. Income tax returns increased 20 percent after removal from the law of a provision requiring proof of intent to defraud. A land system aimed at fuller utilization of vital land has been initiated. At the request of the Panamanian Government, a tax audit adviser was sent for 60 days to suggest improvements in tax audit procedures. As a result of this visit, an in-service training course to be given to all auditors has been initiated; and guidelines for examinations of books, records, audits, etc. are now used by auditors where previously no books or records had been maintained.

The Dominican Republic has passed a revised income tax system of progressive rates, reaching 63 percent on top brackets of income, which is already bringing in substantial increases in revenues.

In Mexico, an important series of tax reforms went into effect last year. Income tax rates were increased in the middle and upper brackets; a complementary income tax was imposed, starting at 3 percent for incomes equal to \$14,000 and increasing thereafter to 15 percent. Total tax receipts in 1962 were 12 percent above 1961, and it is estimated that there will be a further increase of 20 percent in 1963. The establishment of a data processing unit increased the number on the tax rolls from 700,000 in 1962 to 1.4 million in 1963. By the end of 1964 this figure is expected to jump to 3.5 million.

Due to a July 1960 reform measure in Venezuela, a 22-percent increase occurred in filed tax declarations over the prior year. During 1962, income tax receipts increased 30 percent over 1961.

APPENDIX III

LATIN AMERICA: A POSITIVE VIEW OF PRIVATE ENTERPRISE

In a recent *Vision* article of May 1963, the editors point out some salient facts about private enterprise in Latin America:

"A disturbing attitude toward Latin America has developed in this country. It might be called the 'down-the-drain' syndrome. It manifests itself in a number of ways: glum talk of bankruptcy, flight capital and ballooning inflation; fearful talk of political collapse and chaos; table-thumping talk of Communist takeovers up and down the line.

"Those who know Latin America well know that such an attitude is unrealistically one-sided, that it could be dismissed were it not for the harm it is doing to effective policymaking of bureaucrat and businessman alike."

The article points out a number of optimistic trends in Latin America which seldom

find publicity in the voluminous material published about the Alliance.

If increased private investment is one thermometer of a progressive alliance, the statistics are encouraging. In a recent *Vision* article of May 1963, one sees a side of the picture which is seldom publicized:

"Ford is expanding auto production in Brazil, after a recent talk between Henry Ford II and President Joao Goulart. Last year the company showed its confidence in Venezuela's economic and political strength by holding opening ceremonies at its new Valencia assembly plant right in the middle of the Cuban missile crisis and a fortnight after an outbreak of sabotage directed against U.S. companies. A group of U.S. chemical and financial firms is pushing ahead with a \$72 million petrochemical project in Argentina despite the chain of crises there. Bethlehem Steel is expanding operations in Chile's politically sensitive mining industry in an effort to broaden its sources of iron ore.

"The list runs on and on. Caterpillar is doubling the size of its Sao Paulo plant, sending in fresh capital to help finance the job. J. I. Case hopes to be building a completely Argentine-made tractor by 1964. Esso, Shell, Phelps, Dodge, Sears are either setting up or expanding shop in Central America. Westinghouse is working with Central American Bank for Economic Integration on an electrical appliance and equipment industry for the area."

Nor is this optimistic surge of investment solely an American venture.

"Exports from the EEC countries to Latin America have jumped more than 60 percent in the last decade, and investment and supplier credits have risen from comparatively low levels to more than \$400 million a year. General de Gaulle has made it plain (via a \$150 million economic agreement with Mexico) that he considers Latin America the most promising of the developing areas, and indications are that France is about to launch a concerted trade drive in the more industrialized republics. There are also signs that France, by itself or in concert with the EEC, will negotiate tariff cuts with LAFTA and CACOM, something that Latin America has been hoping for ever since the birth of EEC and its attendant threat of tariff barriers against Latin American coffee and other vitally important agricultural exports.

"West Germany is Europe's fastest moving contender in the quest for Latin American markets. Her direct private investments there totaled \$300 million by the end of last year, more than 5 times her African investment, and more than 7 times her Asian investment. Moreover, the increase in value during 1962 was on an order of 27 percent, most of it in Brazil and Argentina, the "riskiest" Republics, in the U.S. mind.

"The trend is likely to continue. Mannesmann has announced plans to triple production at its steel works in Minas Gerais. Volkswagen of Brazil is gearing for a multi-million-dollar expansion program that will make it the largest auto maker in Latin America. VW sees the potential small car market that can be created when LAFTA begins to jell, and it is convinced that the stakes are worth the risk. The picture is roughly the same on the Pacific coast. A German consortium will handle the expansion of Peru's Chimbote steel mill; another will build a copper refinery in Chile. * * * Japanese investors are developing thriving shipbuilding and steel industries in Brazil. All told, Japan's Latin American investments run to around \$390 million and are growing by about \$90 million annually."

Vision again turns the light onto another neglected facet of the Alliance and perhaps the most important—manpower and leadership.

"Very little has been said in the United States, or in Latin America, for that matter—

about the new generation of political, academic, church, and business leaders arising in the continent. Most are men in their early forties or fifties; some are younger. All are well educated in the problems of the countries and infused with a sincere desire to do something to improve things. These men are moving to the top now, and as they do, government is getting more capable and business more aware of its responsibilities.

APPENDIX IV

HOUSING IN LATIN AMERICA

The need for housing in Latin America is so vast that it can scarcely be measured. The figures vary depending on the source or sources but all are in the millions of new units needed and billions of dollars. One figure that has been put forward—and is as good as any—is the Chase Manhattan's estimate of a need of 12 to 14 million units at a cost of some \$10 to \$13 billion.

In any event, there is no possibility of an overextension of building within the next few years. The important thing is to concentrate on the reasons for the deficit and on the solutions.

Two common misconceptions about Latin America are: That housing is important for social reasons, only, and has no economic significance; and that there is no capacity to save so that all housing must be government financed or financed from external sources.

This has led, in the past, to little financial aid from this Government, has deterred the establishment of private savings institutions for housing, has helped prevent the investment of private U.S. capital in housing in Latin America, and has led to defeatist attitudes toward the ability of the peoples of Latin America to house themselves.

Nothing could be farther from the truth—on both counts.

It is true that economic development is not the end product, but the means to the end, a higher standard of living and part and parcel of that end result. A partial result of the lack of housing is widespread unproductivity, social unrest, fertile ground for violent political upheavals, and dissatisfaction with the competitive, free enterprise society we are attempting to foster and perpetuate through a program of foreign aid. On those grounds, alone, financial assistance for housing is justified. Nevertheless, housing can stand on its own as a means of fostering economic development.

In the developed countries, social needs aside, homebuilding is an important and integral part of the national economy. The importance of housing to a national economy was recognized by the Congress in 1949 when it declared the national policy at home to be:

"The production of housing in sufficient volume to enable the housing industry to make its full contribution to an economy of maximum employment and purchasing power."

Year after year the relationship between business cycles and the home construction industry has been widely acknowledged. Now, Congress, in the past several Foreign Assistant Acts, has recognized that technical and financial assistance in the field of housing is a proper tool in economic, as well as social development abroad. AID in formulating its housing policy to carry out congressional intent, has, in effect, recognized that consideration must be given to housing as necessary for, and complementary to, industrial and agricultural development, has acknowledged the urbanization effect of economic development and the economic waste of the lack of planning, housing's relation to productivity, housing's contribution to full employment and housing as a means of inducing savings.

Perhaps the clearest justification and most persuasive argument for economic assistance for housing in the lesser developed countries is as an adjunct to industrial and

agricultural development, what has been termed the "social overhead"; i.e., roads, power, railroads, etc.

Economic development means new factories and new agricultural settlements. Large movements of people are required in developing countries to man new residential centers. This makes imperative the creation of new supplies of housing to assure mobility and retain labor. New centers of work mean new locations where housing did not exist previously in sufficient quantities or quality to shelter the necessary labor force. Similarly, economic development of sparsely settled countries or areas—as in the case of Israel which I have visited on several occasions—requires planned regional development with new towns and population movements.

Aside from the need to service industrialization, housing is needed to shelter the new town population. Economic development results inevitably in urbanization and in country to town movements. On the other hand, urbanization increases the need for a greater emphasis on the supply of housing.

In addition to a housing supply to attract and retain labor, the condition of existing housing can reduce productivity by affecting the physical health and mental attitude of labor. Some economists tend to minimize the effect of bad housing on productivity or assume that a greater relationship exists between productivity and food. It may be that the relative effect is indeterminable. Nevertheless, it cannot be questioned that some relationship does exist.

Housing is, too, one of the most potential markets in a poor country since in such countries housing is most deficient. In developed countries, the home construction industry offers three types of employment; onsite, offsite and tertiary. In the United States, for example, each housing unit provides between 2½ and 3 man-years of employment, one man-year on the job, one man-year in the factories producing building materials, and an additional half to a year in related fields. In countries which are underdeveloped to a limited degree, only, and which have a formal, organized construction industry, as is the case of so much of Latin America, as distinguished from Africa, housing plays as substantial a role in the national economy as in the so-called developed countries. In Chile, for example, construction represents a substantial portion of the entire economy and home construction is the major part of all construction. Some 110,000 persons are engaged in direct construction with another 150,000 persons occupied in producing building supplies. For the 10-year period from 1941-50, site development and homebuilding represented 3.2 percent of the net national product while from 1951-55, the percentage was 3.5.

Actually there is no lack of a market for housing in Latin America. The need exists, of course, but more important, the ability to pay for housing exists provided long-term mortgage money is made available. The essential requirement is long-term credit, a commodity that is lacking in most lesser developed countries. The need, too, is largely for local currency, not foreign exchange, since housing is labor intensive and abundant labor exists in most lesser developed countries, and indigenous materials are largely used.

With the realization that long-term credit is the key to a solution to a large part of the problem, and, because we cannot expect, with U.S. resources alone, to solve Latin America's housing problem, AID has been concentrating on helping the governments and peoples of Latin America create savings institutions whose sole function is the accumulation of the savings of the many and the channeling of those savings into housing. We have utilized the advice and counsel of public-spirited U.S. savings and loan officials,

many known to you, to advise such countries as Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Jamaica, Nicaragua, Panama, Peru, Uruguay and Venezuela. Their efforts have already resulted in home savings institutions being created in Chile, Dominican Republic, Ecuador, Peru, and Venezuela and the prospects of similar legislation in Argentina, Colombia, El Salvador, and Panama.

The success of home savings schemes, however, requires the impetus of initial capital. Without such initial capital, the slow rate of savings accumulation at the beginning will delay the flow of mortgage loan funds to such an extent that the early use of savings will be retarded inordinately and enthusiasm for saving will wane. Even in the United States, in the early days of Federal savings and loan associations, governmental participation was deemed essential to support initial saving and permit early lending.

We, therefore, have been providing "seed" capital loans for savings and loan institutions initiated with our technical assistance. "Seed" capital loans have been made to savings and loan systems in Chile (\$5 million plus a \$5-million grant and \$1,500,000 of Public Law 480 funds), Dominican Republic (\$2,100,000), Ecuador (\$5 million), Peru (\$9,500,000) and Venezuela (\$10 million). Other such loans are contemplated for Argentina and Colombia. These loans are being funneled into the savings and loan system through forms of Federal Home Loan Bank Boards. Generally, these loans are matched by funds of the country involved.

These systems and loans are already bearing fruit. In Chile, as of October 1962, there were 20 private savings and loan associations with 19,000 savers and approximately \$16 million in savings. An additional \$35 million of savings has been accumulated in the savings department of the Banco del Estado. Some 2,000 loans had been approved for a total of \$20 million on an average of approximately \$7,000 per loan. In Chile, we suggested a linkage of savings and loans to a wage index to offset inflation. This has been a prime factor in increasing savings and is a technique we are hopeful of introducing throughout Latin America.

In addition to these "seed" capital loans, we have also made loans for direct government action: \$12 million to Colombia primarily for aided self-help projects, \$400,000 for a union project in Honduras, \$2,500,000 to Panama's Banco de Ahorros for relending purposes, \$5 million to the Mendoza Foundation of Venezuela and \$30 million for slum clearance in Venezuela. Consideration is also being given to housing loans for Jamaica and Uruguay. This means that, to date, over \$100 million of AID monies has been committed or under serious consideration for housing in Latin America. Add to this U.S. funds in the amount of \$150 million transferred to the Inter-American Development Bank for housing loans and you have \$250 million of U.S. moneys being channeled into the home construction and home financing industry in Latin America.

Another form of assistance is the all risk investment guarantee which authorize AID to guarantee \$240 million of U.S. capital invested abroad, against virtually any risk, with \$60 million of this \$240 million specifically earmarked for housing in Latin America. A subsidiary of Carl M. Loeb, Rhoades & Co., of New York, is making the first housing loan to be guaranteed under this program.

There is a proposal known as S. 582 to create an International Home Loan Bank within the Federal Home Loan Bank Board. This bill, introduced by Senators SMATHERS and SPARKMAN, with a similar bill proposed by Senator DIRKSEN, and by Representative WRIGHT PATMAN in the House, would authorize domestic savings and loan institutions to invest up to 1 percent of their assets in such an International Home Loan Bank

which, in turn, could then invest in foreign mutual thrift and home financing institutions and foreign home loan banks. This would provide a potential \$800 million for investment in housing abroad. Recently Senator SPARKMAN said of this proposal that "a good base can be laid for favorable consideration of the International Home Loan Bank during the coming Congress."

The degree to which housing can aid in the economic development of a country depends, as in the case of other forms of economic development, on the stage of development, on the stage of development of the country concerned. In well-developed countries, housing's contribution to a sound economy and full employment is readily recognized. In more advanced "underdeveloped" countries, i.e., Latin America, a similar argument can be made for the essentiality of housing for industrialization, housing's place in urbanization and housing's contribution to saving and creating an atmosphere of saving. If economic development is to be a balanced program and if political demands and social expectations are to be fulfilled, more attention must be devoted to housing as an economic and social measure.

Mr. MILLER. Mr. President, I send to the desk an amendment and ask that it be printed in the RECORD and also that it be printed.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and without objection, the amendment will be printed in the RECORD.

The amendment (No. 249) was ordered to lie on the table, as follows:

On page 48, strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

"(k) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act (other than supporting assistance under chapter 4 of part I, assistance from the contingency fund established under chapter 5 of part I, and military assistance under chapter 2 of part II), or any other law authorizing assistance to foreign countries (other than military assistance, supporting assistance, or assistance from the President's contingency fund), to the government of any nation which is more than one year in arrears in its payment of any assessment by the United Nations for its regular budget or for peace and security operations, unless the President determines that such government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis, or determines that such government, by reason of unusual and exceptional circumstances, is economically unable to give such assurance."

Mr. GRUENING obtained the floor.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield with pleasure, with the understanding that I do not lose my right to the floor.

Mr. MORSE. Mr. President, I discussed the amendment at some length in my speech yesterday. I cannot accept the proposal of the Senator from Minnesota [Mr. HUMPHREY] as I have already explained to him. He has been gracious enough to say that he wishes to give consideration to my proposal. I understand that officials of the ad-

ministration wish to discuss my proposal with me.

The solution I am advocating is not an interference with the President of the United States in the administering of foreign policy. It is the carrying out of what I consider to be the clear duty on the part of Congress to check any administration, Republican or Democratic, in this field. We have a clear trust and duty not to leave this matter for determination by any President, because, eliminating all personalities, if we accept the provision of the bill, we do not do anything to accomplish the objective we have in mind; we merely maintain the status quo.

We have had this problem before, in our disagreement that some of us had with Assistant Secretary of State for Latin American Affairs Martin. His unfortunate article, published in the New York Herald Tribune some weeks ago, did much, I thought, to jeopardize many parts of the bill and it raised this point very clearly. As the Senator from Alaska [Mr. GRUENING] has pointed out, apparently the Assistant Secretary of State for Latin American Affairs thinks that there are good military juntas. No such beast exists. A military junta is a beast that devours free governments. The fact that some civilian stooges or facades are put up to give the impression that the military junta will eventually return the country to constitutional government is a bill of goods I will never buy.

In my judgment, the administration ought to welcome my amendment. The administration ought to say, "We would not think of proposing to give support to a military junta on the ground that it is in our national interest, unless Congress agreed."

Any administration should want to present the question to Congress. It should want the support of Congress. It should not want to have written into law a provision that gave it unchecked discretion to support a military junta, without a congressional check.

To my President, I say: "In my judgment, you would perform a great service by giving the American people confidence in the procedures you will follow under the foreign aid bill if you would announce to them that you would like to have an amendment that required Congress to support you in a decision, if you ever found yourself in a position in which you really believed the national interest called for aid to some country whose constitutional government had been overthrown."

The senior Senator from Oregon will not vote for the bill, under any circumstances, if it contains the language of the committee; namely, that it will give us the words, but will give the President the power. I believe the point has been reached where we ought to serve notice on Latin America that we will not give aid to any military junta that overthrows a constitutional, democratic government.

The Senator from Illinois [Mr. DOUGLAS] spoke about Costa Rica. I have received from President Orlich of Costa Rica a message making it perfectly clear that he supports the position for which

I stand. The fight I have been making against military juntas is supported, for example, by Muñoz-Marín, of Puerto Rico, and by Jose Figueres of Costa Rica.

Throughout Latin America democratic regimes are frightened about the danger of military juntas taking over. It will not satisfy them if we pass the language of the committee, for they know that in the past, administrations of this Government have supported military juntas within a few weeks after the military juntas have taken over the government.

A few moments ago the Senator from Illinois [Mr. DOUGLAS] spoke about Peru. The Senator knows the position the U.S. Government took with respect to Peru at the time of the overthrow of the Peruvian Government. We announced that we would not support the new Government. We made fine verbal statements and gestures, but in no time the U.S. Government recognized the military junta in Peru.

Assistant Secretary of State Martin refers to that military junta as a good one because of the record it made. It never was a good military junta. It could not be, because it was a beast—a political beast—that devoured a free, constitutional government in Peru. The U.S. Government never should have supported it.

We will not give confidence and a sense of security to democratic regimes in Latin America if we give them only verbal support. They understand our system of checks and balances. The one amendment, and the only amendment, in my judgment, that will serve notice of our sincerity of purpose is an amendment that provides that if there is an overthrow of a constitutional government, and a fact situation develops, or the President of the United States thinks it might be in our national interest to do business with that government, he should obtain the approval of Congress, for it is the taxpayers' money he will be spending. This is an example of a check on the purse strings.

I do not intend to vote for a foreign aid bill without such a check guarantee, whereby if there were an overthrow of a constitutional government, the President of the United States would be denied the power to spend a single dollar of the taxpayers' money in the country of that overthrown government until Congress said, "Mr. President, we have heard your reasons and have decided to support you" or "Mr. President, we have heard your reasons, and we reject them." That is the test of whether the system of checks and balances will be applied in such a delicate situation. This is a situation which, in my opinion, frightens democratic leaders throughout Latin America.

Before the debate has been concluded, I shall read into the RECORD messages from the leaders of democracy in Latin America, expressing their fear about exactly what has happened in the Dominican Republic and in Honduras. I said yesterday that I was waiting for the Secretary of State to give me the facts concerning the withdrawal of the U.S. mission personnel from the Dominican

Republic and Honduras. I am still waiting for it, Mr. Secretary of State. The Senator from Alaska [Mr. GRUENING] has also called for the information, and he told me a few minutes ago that he is still waiting for it.

I say from the floor of the Senate this afternoon: "Mr. Rusk, Secretary of State, when are we going to get the information? We want to know how many persons you have withdrawn from the Dominican Republic and how many you have withdrawn from Honduras; who they are; and who are still left there. The inference still is that you are engaging only in a sham withdrawal; that it is only a token withdrawal; and that raises a suspicion among our friends in Latin America that we are only waiting for the storm to blow over, and then, once again, the State Department, in keeping with what I think is the most unfortunate attitude of Assistant Secretary of State Martin, will give the American people another rationale in the form of unsupportable excuses, to the effect: 'Well, it is the only course open to us; we have no other course.'"

We must see to it that we put a check on the administration, so that that cannot be done.

Mr. YARBOROUGH. Mr. President, will the Senator from Alaska yield?

The PRESIDING OFFICER (Mr. KENNEDY in the chair). Does the Senator from Alaska yield to the Senator from Texas?

Mr. GRUENING. I yield briefly, if it is understood that in yielding at this time I shall not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YARBOROUGH. Mr. President, I point out that Premier Khrushchev has lent aid and comfort to those who favor slowing down the American space program, but we are warned that Khrushchev's statement that Russia is checking out of the moon race may be nothing more than a lure and trap to us, in the hope that we will slow down our effort if the Russians slow down theirs.

If the Russians have actually slowed down their effort to reach the moon, the cause is the crop failures in Russia year after year, whereas American agriculture has never been more successful than it is today.

A most perceptive editorial on this subject was published today in the Washington Post. The editorial, which is entitled "Changing the Space Program," reads as follows:

CHANGING THE SPACE PROGRAM

Plans of the National Aeronautics and Space Administration for a moon landing by 1970 are not fixed, immutable, unalterable and beyond amendment. Good occasion may arise for deferring the target date—or hastening it. Reasons may develop for cutting down the \$5.2 billion appropriation authorization, or for increasing it.

There are two reasons given for changing the space program that really do not seem relevant. One is that it should be altered so as to permit the diversion of more funds to research in biology and other sciences. The other one is that the space program should now be scrapped because Premier Khrushchev has disclosed that the Soviet Union is leaving the race to the moon.

This country needs to carry forward a pro-

gram in outer space that will push its technology forward at a sound and rapid rate. The fact that we land a man on the moon is far less important than the fact that in trying to do so we are giving a focus to a vast expansion of scientific and technological knowledge. When we have that knowledge in hand, we may choose to use it to accomplish a different objective, or many different objectives. As a result of the lunar landing program we will have acquired by 1970, if not the capacity to actually land a man on the moon, a facility in the whole gamut of space science that otherwise we never could have acquired.

We need to go forward with the conquest of space. That need is not altered, diminished, expanded or increased, or influenced in any way by the equally valid needs of science that arise in other fields. The existence of the moon program is no excuse for neglecting the biological sciences, or social objectives of other kinds. These are absolute needs, too. We are not in an either/or predicament.

Apparently, the Soviet Union is in a position where it must choose. The anguish with which this choice to get out of the race to the moon has been made is suggested by what Soviet leaders have said in the past. Last August, in a speech on the exploits of Titov, Khrushchev said: "The exploits of our cosmonauts reflect the great achievements of our economy, science, and technology. They demonstrate the great advantages of the Socialist system."

Pravda, exulting in Soviet space achievements, said in March 1961, that "the successes of the Socialist state are, figuratively, a multistage rocket which will unfailingly put all peoples into the orbit of communism."

Soviet superiority, said Marshal K. A. Vershinin, chief of the Soviet Air Force, "is not a temporary advantage * * * but is a constantly active factor in the superiority of our Socialist country over the capitalist countries."

Red Star, in February 1961, said the launching of a rocket toward Venus represented "one of the graphic proofs of the Socialist system's incontestable superiority over the capitalist system."

The opportunity to make similar boasts about an early moon landing is one that the Soviet Union will forego with great regret. We cannot even be sure that they have foregone that opportunity. In any case, the U.S. Government can hardly devise an accordionlike program, involving hundreds of thousands of people, that can be altered and amended from week to week to fit the fluctuating declarations of Premier Khrushchev's intentions. We need a space program that fits our intentions and not his intentions, or professed intentions.

This country needs to go forward into the space age. In that age, every town and city and village will become a port upon that great sea which is the sky. This circumstance will bring about an alteration of the horizons of all mankind. It will put into the hands of mortals greater power than they ever have possessed to shape their own environment. The vision of this future world has illumined the minds of young people, thrilled them with the possibilities of this new epoch in man's destiny, awakened their interest and excitement in the advancement of all human knowledge. We have entered a new age of scientific exploration and conquest. We must proceed in it without vacillation, doubt or fluctuations of faith dependent on alternative claims upon our genius and resources or the varying emotions and intentions of rival powers.

Mr. President, I also wish to call attention to an article entitled "The Moon Race: Go or Not, the Cost Will be About the Same." The article, written by

Howard Simons, was published today in the *Washington Post*; and I ask unanimous consent that it be printed at this point in the *RECORD*.

There being no objection, the article was ordered to be printed in the *RECORD*, as follows:

THE MOON RACE—GO OR NOT, THE COST WILL BE ABOUT THE SAME

(By Howard Simons)

Whatever official Washington finally decides about the moon race—to go or not to go, or to slow down—the cost will be roughly the same.

It has been estimated that the U.S. moon program will cost \$20 billion.

But even before Soviet Premier Nikita Khrushchev took his nation out of the race—temporarily, at least—American space agency officials were telling Congress this wasn't really so. The point that National Aeronautics and Space Administration officials were making was that the manned lunar landing, itself, will cost between \$1 billion and \$3 billion.

The rest of the \$20 billion is earmarked for big-rocket boosters, launching pads, technical and scientific know-how, unmanned exploration, and tracking stations. And, these will be needed whether Americans travel to the moon's surface or not.

Doubt has been expressed in some quarters that NASA will be able to get Americans to the moon in this decade and for \$20 billion.

Informed sources yesterday said that in recent weeks NASA officials have reappraised the moon program in the light of rising costs and schedule slippages. Their conclusion: the moon effort will not cost more than \$20 billion and the 1970 target date still looks good.

To meet both the fiscal and the calendar goals, however, will require some program changes. These are now being made. Though the informed sources would not comment on the nature of the program adjustments, they did say the changes will be announced soon.

Unless the United States wants to abandon space exploration altogether or leave space superiority to the Russians, there seems little value in abandoning the manned lunar landing.

This is the view of many space experts who hold that the manned lunar landing, in spite of all the attention focused upon it, has been merely a symbol.

But because of this symbol, the United States is now racing to build bigger boosters than the Russians have thus far demonstrated. Unless this development continues, the Russians will continue to dominate space.

Moreover, in the view of these experts, although the pace of the U.S. space program has been set by real political needs, the ultimate objectives have always been there. Thus, there are military and scientific and practical applications of space near the earth. And beyond the moon there are the planets.

In effect, what these experts maintain is that with or without Soviet sputniks, Americans would have wanted to explore the heavens. The only question is whether to do it in a hurry.

Slowing down NASA's effort to get men to the moon within this decade brings as much horror to many space experts as does the suggestion of abandoning this goal outright. This is so because they say that it will cost the American taxpayer more to slow down than to keep on a steady pace.

NASA officials estimate that a slowdown in the sense of chopping a few hundred million from their budget request this year would raise the total cost of Project Apollo \$2 to \$3 billion. Not everyone agrees with the NASA officials.

But few persons argue with the notion that a slowdown or stretchout would cost the moon program some of its best scientific and technical talent, who would quit to seek other jobs.

Mr. FULBRIGHT. Mr. President, let me ask whether the Senator from Texas can tell us how much NASA is spending in Texas.

Mr. YARBOROUGH. I do not have in mind the exact figure, but the amount is a sizable one—although not as much as NASA is spending on research in California. As Senators know, 48 percent of all the research funds are spent in California. Furthermore, the amount being spent in Texas is not as great as the amounts being spent on the launching pads in Florida or the amounts being spent on the sites in Louisiana. However, Texas is among the four or five leading States in terms of the amounts being spent on research. In view of the research laboratories being established in Texas, I believe Texas will be among the leading four or five States.

Mr. FULBRIGHT. The NASA budget request was \$5.7 billion. Would the Senator from Texas say that one-fifth of that is to be spent in Texas?

Mr. YARBOROUGH. No, because much of that work is subcontracted, as Senators know.

Mr. FULBRIGHT. The contemplated NASA expenditures in Texas would not have anything to do, would they, with the position of the Senator from Texas in regard to the U.S. attempt to reach the moon?

Mr. YARBOROUGH. Mr. President, the opinions of more than 10 million people in Texas would have something to do with my opinion in regard to that matter; but I would have great qualms about that program if I thought it would result in stopping research. However, the *Washington Post* article which I have had printed in the *RECORD* states that this is not an "either or" proposition, but that if research, including research in the biological sciences, were to be stopped, that would be a matter of grave concern.

Mr. FULBRIGHT. But the Senator from Texas knows that NASA has already hired a great majority of all the available scientists in this field, and scarcely any are left for use by the industries and the universities.

Mr. YARBOROUGH. Yes; but I point out that the effort to reach the moon will use only a small part of the total number available for scientific research, and the expenditures for landing on the moon program will involve only a small part of that total. The greater part of the research is in regard to space, about which we need to know, in any event—in connection with weather developments and modifications, and many other programs.

The research as to the kind of vehicles we can land on the moon and as to how man can live on the moon is only a small part of the total amount of research. The overwhelmingly large part of the research—approximately 80 percent, I believe—is on space exploration, as such, as distinguished from making a landing on the moon; and we need this space research, because of its effect on many

other branches of science and many other effects on human life and environment, including pollution of the atmosphere and pollution of the space above the atmosphere. Many other important developments and programs are involved; and the cost of the effort to reach the moon is only a small part of the total.

Mr. President, I thank the Senator from Alaska for yielding to me.

Mr. GRUENING. Mr. President, last week the distinguished Senator from Arkansas [Mr. FULBRIGHT] made in the Senate a most important and impressive address in which he stressed the importance of our having priorities in connection with our Federal expenditures. He pointed out that there is a great shortage of educational facilities, classrooms, teachers, and also there are many unemployed, and that there are perhaps no more important programs or efforts than those in connection with education—not even the effort to reach the moon. I wish to say that I fully agree with him. I think it is extremely important that we take care of the necessities of mankind on this planet before we start reaching for the others, with which we can deal in due time.

Mr. YARBOROUGH. Mr. President, will the Senator from Alaska yield again to me?

Mr. GRUENING. I yield.

Mr. YARBOROUGH. As a member of the Educational Subcommittee, I have been a coauthor of most of the educational bills introduced in the Senate during the past 5 years. They include the National Defense Education Act of 1958. I thoroughly agree with the Senator from Alaska that we should make a real effort to provide Federal aid to education. I do not think the moon program or any of the other programs has slowed up the efforts to provide Federal aid in the field of education.

The Senator from Alaska knows that many people oppose the provision of Federal funds for education, on the theory that that program would infringe on their control, and on many other grounds totally unconnected with the cost involved in the effort to reach the moon. If I thought the program to reach the moon would slow up education in the United States, I would not advocate a continuation of the moon program. But the editorial and the article I have just now placed in the *RECORD* show that we are already so greatly committed to the effort to reach the moon that, in the long run, there will be little change in the cost, regardless of whether at this time any changes in that program are made, because the scientists are already employed and the money is being spent.

I thoroughly agree with the Senator from Alaska that we need to increase our efforts to have the Federal Government provide adequate aid to education. During the previous Congress, the conference between the House and the Senate on the aid-to-education bill bogged down, for the House would not agree. The House has said, both last year and this, that scholarships are among the things most needed. I honor

the Senator from Arkansas [Mr. FULBRIGHT] for the Fulbright exchange plan and for his leadership in the field of education. Many scholarships should be provided.

In connection with the National Defense Education Act of 1958, the effort to make provision for scholarships lost by a margin of only two or three votes on the floor of the Senate. Loans for fellowships are provided for; but we should have 7,000 fellowships a year—that many people working on their doctorates, with grants from the Federal Government. We now have 1,500 a year—only a small beginning.

I favor all these educational programs—a great Federal “crash” program for education. I do not think the space program is the cause of our failure to provide Federal funds for education. The issue of Federal funds for education has been fought over for 20 years or so—long before the moon program was even thought of. Yet we still find the same objections being made—although they have been made for decades—in an attempt to prevent Congress from undertaking a real aid-to-education program.

I thank the Senator for his interest.

Mr. GRUENING. We all recognize that the Senator from Texas has been a staunch supporter of all forms of education. He has even gone beyond the administration program in urging an important piece of proposed legislation of which I am happy to be a cosponsor—the cold war GI bill—which would extend to young men who are drafted the same educational or similar educational opportunities to those that were afforded to veterans of World War II and the veterans of Korea.

But the issue that I believe was raised by the Senator from Arkansas was that, after all, we have only a certain amount of money to spend on all of our needs. If we are going to spend \$5 billion annually on the space program, it is inevitable that some other domestic needs will be neglected. I share the view that we could take one or two of those billions of dollars and put them into education, into accelerated public works, and into measures which would put our unemployed to work and train those who are not adequately trained in order that they may obtain jobs. That would be more important than to have a target date for reaching the moon.

Let us suppose that we reach the moon in 1980 instead of 1970. Is the earlier date and its additional cost in billions of dollars comparable in importance to the needs of the people on earth? That is the point that I believe the distinguished Senator from Arkansas was trying to make—a view which I share.

Mr. YARBOROUGH. Mr. President, will the Senator yield for a statement at that point?

Mr. GRUENING. I yield.

Mr. YARBOROUGH. One of the frustrations that I am sure I share with the Senator from Alaska is that it is easier, relatively, to get money for foreign aid, a trip to the moon, or vast expenditures amounting to \$48 to \$50 billion, than it is to get a smaller amount of money for domestic improvements in our country.

I am coauthor—and I am certain that the distinguished Senator from Alaska is also—of the Youth Conservation Corps bill—700,000 youths between the ages of 16 and 21 who are unemployed and not in school will remain dropouts because their educational attainments are so small. They could be made productive members of society if we had the equivalent of the old CCC to work with. The bill passed by the Senate has gone to the House and has there bogged down.

The Senate has passed a program related to water research. The senior Senator from New Mexico [Mr. ANDERSON] has led the fight for water research and the purification of water in our country. We are reaching the stage of water scarcity all over our country—even on the Atlantic seaboard.

Such programs cost little compared to the defense program. They cost less than the proposed trip to the moon. Year after year these programs have been urged. Session after session we have urged action. We pass the bills, they cross the center of the Capitol, and then they die.

We need those programs. I do not believe the program for the exploration of space is slowing our domestic programs. The domestic programs are slowed by inertia at home. There is an unwillingness to explore. I have sat as a conferee in conferences with Members who have said, “I will not spend any more for new programs.” We would still be vassals of England if that attitude had prevailed in the Continental Congress. It is distressing that so many of these things are needed on the domestic front. It is not the exploration of space that slows them up; it is the inertia of the human mind that influences people to be reluctant to embark on a new program when the need is so patent.

The Youth Conservation Corps program is not new; the GI bill is not a new program. They represent the most successful programs for young people that our country has ever had. Yet we cannot continue such programs.

The need for water research is patent everywhere—certainly everywhere west of the Mississippi River. It is far more difficult to get a little money for many programs of that kind than to get a great deal of money for foreign aid or space exploration. Whether my views on space exploration are accepted or not, I am for those programs, and I shall fight diligently and as long as necessary for each of those needed domestic programs, particularly those in the field of education and public health.

FOREIGN AID REFORMS ARE NEEDED NOW—NOT LATER

Mr. GRUENING. Mr. President, I rise to commend the able and distinguished chairman of the Senate Committee on Foreign Relations and his colleagues on that committee for the truly excellent report they have filed on H.R. 7885—the foreign assistance bill.

Time and time again in its report the committee is frank in pointing out areas where the foreign assistance program literally cries out for changes.

For example, on page 5 of the report, the committee states:

The committee is less impressed with the case made by the executive branch for the maintenance of U.S. AID programs, even on a small scale, in virtually every underdeveloped country in the free world and in a few developed or relatively developed countries. The committee sees little merit in aid programs whose sole or major justification is the maintenance of a U.S. “presence” or the demonstration of U.S. interest. It is equally unenthusiastic about aid programs, both military and economic, whose major purpose is to provide an alternative to Soviet-bloc aid.

Mr. President, these words of the Foreign Relations Committee are long overdue. So are the words contained in the report further down on the same page:

Specifically, the committee believes that countries which can take care of themselves should be eliminated from the program, that even more selectivity among countries should be introduced.

This is what I—and a small group of my colleagues—have been urging for years now.

The committee's report is replete with similar instances of deep soul searching by the committee as it studied the foreign aid presentation for fiscal year 1964.

Thus on page 8 the report states:

The committee hopes through this amendment to avoid situations in which loans are made for projects beyond the technical and managerial capacities of the borrowing country.

And again on page 10 the committee stated:

No program of technical assistance shall be undertaken in the absence of a prior commitment by the recipient country to accept responsibility for the continuation and financing of the program at the end of a period of not to exceed 7 years unless the program is scheduled for earlier completion.

In my report to the Senate Committee on Government Operations of a study of U.S. aid programs in 10 Middle Eastern and African countries, I stated:

In the 10 countries studied, in the fiscal year 1962, there were 218 separate technical assistance projects on an almost unlimited number of subjects. There were in addition projects for which development loans were made, as well as local currency loans. Since they involve so many diverse subjects, it is a physical impossibility to make certain that their execution is efficiently carried out. We are thus scattering our aid as though from a shotgun rather than concentrating more effort on the fewer projects that need more aid now.

Copies of my report are available in the cloakroom.

It is to be noted that in its excellent report, the Clay Committee recommended a maximum period of 7 years for technical assistance projects—as did the Senate Committee on Foreign Relations—but the Clay Committee went further and stated that 3 years should be the average for such projects.

At least, however, the Senate Committee on Foreign Relations has made a beginning in this area.

With some of the other recommendations of the committee, I find myself in agreement. However, on some I find myself in total disagreement with the committee.

Thus beginning on page 6 the committee seems to be urging a wider delegation of lending authority to international de-

velopment agencies. In theory this may lead to objectivity. But I cannot support the suggestion since it also leads to a further dilution and possibly a renunciation of congressional responsibility and the turning over to an international agency the responsibility for lending and spending U.S. dollars. This could be an abdication of the constitutionally prescribed responsibility of the Congress. I could never support that.

Again on page 9 the committee supports increased development grants to Africa. This recommendation I cannot support. The Clay Committee has rightly pointed out that the primary responsibility for the economic development of the African nations should rightly rest on the former colonial powers. I support the Clay Committee recommendation, and in this case not that of the Senate Foreign Relations Committee.

On the same page the committee supports increased development grants for the Near East. Having just completed a detailed study of our assistance programs in 10 Middle Eastern and African countries, I can categorically state that with the exception of Tunisia and Jordan our economic assistance programs in those countries should not be increased. At least that is my view, which I believe I amply document in my report.

On page 11 the committee states that the American-sponsored universities in Beirut and Cairo are "spreading American ideals and culture." This statement I dispute. From the study I have made I would be more inclined to state that these two universities are spreading not American ideals, but the ideals and thinking of President Nasser. I think that no further increase in funds for these universities should be made until we are assured that there is full academic freedom on its campuses. I object to spending U.S. tax dollars to spread Nasser's particular concepts of history and politics.

On the other hand I commend the committee most highly for its amendment authorizing the use of research funds for population control studies. This too is a long overdue amendment. We cannot sit idly by while the population explosion nullifies whatever economic gains are brought about by our aid.

The committee should also be commended for its addition of fish products to the list of Public Law 480 products. As I have pointed out in the past, the use of fish products to feed the hungry peoples of the earth offers a great potential new food source. If we could but overcome the stubborn resistance of the Food and Drug Administration to the use of protein concentrate we would make a further gain in discovering new food sources.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. DOUGLAS. I say "amen."

Mr. GRUENING. No one has done more to promote the use and acceptance of fish flour, fish protein concentrate, than has the distinguished senior Sen-

ator from Illinois. I hope that his efforts will be successful in respect to having the agency which controls this matter change its policy.

In the days ahead, as we debate this most important bill, I shall have occasion to point to other sections of the Foreign Relations Committee report, which makes well-merited recommendations for improvements in the U.S. aid program. The ones I have already pointed to should serve to illustrate the high caliber of the report. However, Mr. President, the time is long past when the Senate can, year after year, continue to denounce the manner in which the U.S. AID program is administered, when instance after instance of shocking waste in the U.S. AID program is brought to our attention, and yet continue to authorize appropriations at just about the level requested by the President.

This year is no exception.

In my opinion, the amount authorized for this program in the other body is more than sufficient to carry on this program richly. We shall gain no friends by being profligate. We shall only lose the respect and confidence of the other nations throughout the globe. The action by the Senate Committee on Foreign Relations in raising the total amount to be appropriated for the U.S. AID program to within \$302 million of the amount requested, after correctly pointing out where savings can be made by tightening the program, is not only extremely disappointing, but also a negation of the committee's sound pronouncements. It is a case of not suiting the action to the word.

With all due respect to the committee, it should have started with the figure authorized by the other body and taken a hard look to see how much lower it would be if the committee's recommendations were carried out.

With foreign aid being dispensed in 79 countries, but with 80 percent of it concentrated in only 20 countries, the time has come to take a good hard look at our U.S. AID program in the other 59 countries and ask ourselves whether our aid program is really necessary to each and every one of those countries. Are we really doing our image any good in those countries, or are we doing it more harm than good? Are we really achieving something there in behalf of U.S. security and world peace—the long-presumed major objectives of our program?

We need to ask ourselves those questions and give ourselves honest answers, because U.S. economic and military foreign aid has in the past 16 years become part and parcel of our foreign policy.

In the days before the advent of these programs, the arsenals of U.S. diplomats abroad consisted almost entirely of their own diplomatic skills, their powers of persuasion, and the logic and soundness of the point of view they sought to convey. There was, of course, for an unfortunate numbers of years, our use of gunboat diplomacy in Latin America, but that has, happily, come to an end. I am glad that, as a journalist and later as the

adviser to the U.S. delegation to the Seventh Inter-American Conference in Montevideo in 1933, I played a small part in bringing about this desirable reversal of previous U.S. policy.

The role of the Congress prior to the advent of the AID programs was essentially a negative one. Both Houses passed on appropriations to support the embassies and their staffs abroad. Under the Constitution, the Senate was given the role of advising and consenting to treaties negotiated by the executive branch. Essentially this latter function is a negative function, even granted the power to attach reservations to a treaty.

But this role of the Senate was not always thus confined or conceived.

Initially our Founding Fathers intended that the major role in foreign relations should be carried on by the Senate itself. The President's role was intended to be minor.

As a matter of fact, as originally reported to the Constitutional Convention on August 6, 1787, the treaty clause of the proposed Constitution made no provision whatsoever for any participation by the President in the treatymaking process. The clause read:

The Senate of the United States shall have power to make treaties, and to appoint ambassadors, and Judges of the Supreme Court.

The exclusion of the President from the treatymaking process was urged by those who felt that, because treaties became, under the Constitution, the "supreme law of the land," the treatymaking process was basically a legislative function and should be entrusted to the Senate.

The provision in the Constitution giving the President a role in the treaty-making process is a unique clause. The President is given the power "by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur."

It should be carefully noted that the Founding Fathers intended the Senate's advice and consent to be a continuous process from the beginning to the end of the treatymaking process.

Thus Hamilton wrote in the *Federalist*—No. LXXV:

The history of human conduct does not warrant that exalted opinion of human virtue which would make it wise in a nation to commit interests of so delicate and momentous a kind, as those which concern its intercourse with the rest of the world, to the sole disposal of a magistrate created and circumscribed as would be a President of the United States.

Years later—in 1818—Rufus King, who had been a member of the Constitutional Convention and who held the seat in the Senate now occupied by the able and distinguished senior Senator from New York [Mr. JAVITS] said on the floor of the Senate:

In these concerns the Senate are the constitutional and only responsible counselors of the President. And in this capacity the Senate may, and ought to, look into and watch over every branch of the foreign affairs of the Nation; they may, therefore, at any time call for full and exact information respecting the foreign affairs, and express their opinion and advice to the President

respecting the same, when, and under whatever other circumstances, they think such advice expedient.

As the years went on, the power of the Senate gradually was eroded. But now times are different. Foreign aid impells each and every Senator to consider the conduct of our foreign policy his business and responsibility, for he is called to pass judgment on the utilization of large sums—huge sums—of U.S. dollars to be given to one nation, to be withheld from another, to be loaned to still another.

This power must be jealously guarded and carefully exercised. It is every bit as important as the Senate's role in approving treaties. In some respects it can be said to be an even more important function, for its actions on treaties are perforce such as to amount to coming in at the landings—approval of the foreign aid program in advance means that the Senate is coming in at the takeoff.

Let us take the time to do the job right and thoroughly.

During the course of the debate on the foreign aid authorization bill, I shall offer a number of amendments designed to strengthen the foreign aid program. Some of these I have submitted already. Others I shall offer in the days ahead.

Today, I shall confine myself to discussing the sums of U.S. dollars involved in the House-passed bill as opposed to the amounts involved in the Senate committee amendment.

I believe the amounts added by the Senate are a grave mistake. One of the biggest problems besetting the foreign aid program over the years has been its lack of selectivity. Thus, in the 10 Middle Eastern and African countries I studied in fiscal year 1962, there were at least 218 separate projects. Surely in the interests of efficiency some of these projects—many of which have been going for more than 10 years—could be eliminated and millions of dollars saved.

I suggest, therefore, that we reject the committee amendment without prejudice to the amendments being brought up one at a time and each considered on its merits.

The Senate committee has, for example, increased title II development grants and technical cooperation from the House-granted figure of \$217 to \$225 million—an increase of \$8 million. In the light of all these reports about doing too much for too many too fast, is that \$8 million necessary or can the program work as well without it?

The Senate committee, as another example, has added \$25 million to the contingency fund, making it \$175 million. I cannot, Mr. President, conceive of a genuine emergency arising of sufficient importance that could not be stemmed sufficiently by the President using \$150 million until the Congress can increase that fund. Is the added \$25 million really necessary? The committee states that in 1962 it was necessary to transfer \$275 million from the military assistance fund to the emergency fund. In 1963 the amount appropriated was more than was needed.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. GRUENING. Indeed, I yield.

Mr. FULBRIGHT. I merely want to make the RECORD clear that the Senator is comparing these figures with the House figures. He is not comparing them with the administration's request, because in each instance which the Senator has mentioned the committee cut the recommendation of the administration. Is that not correct?

Mr. GRUENING. I know what the chairman states is so.

Mr. FULBRIGHT. Let me for the RECORD state that originally the administration proposed to request approximately \$4.9 billion. After the Clay report was published, the administration revised the request to \$4.5 billion, in round numbers. They are not the exact figures. Again in round numbers, the committee cut that amount another \$300 million, to approximately \$4.2 billion. So it depends on how one is presenting the figures whether it is an increase or a decrease. We say in the report that we decreased the administration's request by \$300 million.

Mr. GRUENING. I welcome the comments of the chairman of the committee. I applaud the action of the committee in having reduced, in limited degree, the estimates of the bill presented to it, but I shall endeavor to point out how we could effectively save more money and improve the program.

Mr. FULBRIGHT. Let me add to what I have said, that it is no secret, it is the universal practice, without exception, that in going to conference with the House, the amount is still further cut. The Senator knows that.

Mr. GRUENING. I have a feeling we should not count on what may happen, but should act on the basis of what we think should be done.

Mr. FULBRIGHT. It is not a question of "may happen," I say with due deference; it has always happened, and is bound to happen again.

As another example, take the increase of \$300 million for military assistance. The House authorized \$1 billion—the Senate committee increased it to \$1.3 billion. We could save about \$125 million by the adoption of the amendment which I have introduced to stop military assistance to Latin America. I am certain that a military assistance package of \$1 billion as approved by the House will suffice.

This is what I mean, Mr. President, by full debate. Let us not adopt the committee amendments. Let us work with the House bill. Then let us add to it those amendments which one by one can be brought up by the committee and the Senate be permitted to work its will.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. PROXMIRE. Does the Senator plan to object to the usual unanimous-consent request that the committee amendments be treated en bloc and that the bill then be treated as original text?

Mr. GRUENING. Yes; I shall object on my own account and for the Senator from Oregon [Mr. MORSE].

Mr. PROXMIRE. I have done that before. I think in this particular case,

when there is substantial sentiment for something like the House bill, and when each amendment should be discussed carefully and thoughtfully, that is a logical way to achieve that objective. I think it is not in any sense obstructing or slowing down the process, because as I understand, we would have an opportunity to take up each amendment and go back to the House bill. So what the Senator is suggesting is constructive and will not delay the Senate.

Mr. GRUENING. Both on behalf of myself and the Senator from Oregon, who has been obliged to leave for another commitment, I shall object to any unanimous-consent request on the bill at the present time.

Mr. PROXMIRE subsequently said: Mr. President, will the Senator yield?

Mr. GRUENING. I yield with pleasure.

Mr. PROXMIRE. The Senator has made an excellent statement. The reason I am asking the Senator to yield is that I was in error a few minutes ago when I discussed amendments to this bill. An entirely different procedure was used on the Senate amendments yesterday than the one that is often followed in the Senate. Instead of reporting a series of amendments, the committee reported one committee substitute. The usual procedure is to have the committee amendments considered en bloc. For that purpose it is necessary to obtain unanimous consent. In connection with the procedure that was adopted yesterday, no objection is in order. It was made clear by the Vice President and other Senators who were on the floor at the time that the procedure adopted yesterday was a perfectly proper and appropriate procedure. The reason I rise at this point is that I wish to correct the erroneous impression I left in the RECORD a few minutes ago, when I indicated that I thought unanimous consent would be required to treat the committee amendments en bloc.

Mr. GRUENING. That was a highly technical parliamentary question. In reading the RECORD this morning, I found it not too easy to understand fully the reasoning of the Vice President, as suggested by the Parliamentarian. However, I believe our objective certainly is to have every amendment fully discussed, and not to be confronted with an accomplished fact. This is far too important subject to be decided in an offhand manner, a situation in which millions of dollars and fundamental policy are involved.

Mr. PROXMIRE. The Senator is underlining the point that I have tried to make. All amendments are in order. Any Senator may offer an amendment without objection being in order. Any section of the amended bill may be amended.

This was one of the few times, certainly in my 6 years of experience in the Senate, when a committee had made a series of changes in the bill and submitted to the Senate a single substitute amendment, instead of reporting several amendments to be treated en bloc. But I understand the Senate Foreign Relations Committee has done this quite often.

Mr. GRUENING. I thank the Senator. Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. FULBRIGHT. For the information of the Senator from Wisconsin, I should like to say that I have checked with the chief of staff of the committee, and I am informed that the procedure followed yesterday has been followed every year but one during the 6 years that the Senator from Wisconsin has served in the Senate. That procedure was followed in at least 5 of those years. It is not a devious plan to deceive Senators. It is a simpler way to do it that way than the other way.

Mr. PROXMIRE. I did not have any notion that anything devious was being done.

Mr. FULBRIGHT. That is the usual procedure.

Mr. PROXMIRE. The reason I raised the point was that in connection with most bills—although it is indeed different with foreign aid authorization bills, and I am sure that the Senator from Arkansas is absolutely correct with respect to foreign aid bills, and that it must have been handled in this way in 5 of the last 6 years—on most other bills, however, I am sure he will agree, when a number of changes have been made in a House bill, the committee reports the changes to the Senate in the form of committee amendments, which are treated en bloc. I see no objection to the procedure that has been followed here. It is a perfectly proper and desirable method of procedure. In fact it is probably more efficient.

Mr. GRUENING. Mr. President, as for money, I can make certain suggestions as to how the sums recommended by both the House and the Senate committee can be further reduced.

In Brazil, because of the chaotic conditions there, we could save at least \$172.3 million by stopping aid there. Brazil represents perhaps the most flagrant example of unwillingness to make itself eligible for U.S. aid under the Alliance for Progress program. It has welshed on every promise of reform. We have poured \$2½ billion into that rich country and there is next to nothing to show for it. Yesterday morning's New York Times, in an editorial, points out clearly the long overdue and repeatedly urged need for fiscal reforms in Brazil. Until those reforms are made, we should stop all aid to Brazil.

But of course we are not stopping all aid to Brazil, however overwhelming the evidence that we should do so. In this morning's Washington Post I saw a little item on an interior page headed: "AID Project in Brazil," which says:

The Agency for International Development has authorized an Alliance for Progress grant of \$130,000 to send three engineer-technicians from the U.S. Bureau of Reclamation to assist in the development of hydraulic works in northeastern Brazil and to train Brazilians in that field.

Mr. President, just what does this mean? Is this the beginning of plans for a multimillion dollar hydroelectric program? Are we planning to create a

Tennessee Valley Authority in Brazil? Are we contemplating one or more multimillion dollar power dams for Brazil? Certainly this item is highly suggestive, and I think it might be well if our Foreign Relations Committee, our Government Operations Committee, and our Appropriations Committee looked searchingly into what this entering wedge of Bureau of Reclamation officials to assist in the development of hydraulic works in northeastern Brazil and to train workers in that field, signifies.

Unfortunately, the history of our foreign aid has been one of making far-reaching entering-wedge commitments which may look innocent and praiseworthy enough at the time but ultimately results in our expenditure, often wasteful, of millions, tens of millions, and hundreds of millions of dollars. The mere fact that in the face of Brazil's record of broken promises and failure to straighten out its chaos, we are continuing foreign aid in any form is most disturbing.

In oil-rich Libya—which no longer needs our aid—let us stop the program and save \$12.5 million there.

The Dominican Republic and Honduras are already cut from economic and military aid, saving \$51.7 million and \$14.4 million for a total saving of \$66.1 million.

Let us stop aiding aggressor nations such as Indonesia and Egypt which cause neighboring countries, also receiving U.S. aid, to spend money for armaments rather than economic development. We could save \$140.9 million and \$198.7 million for a total of \$339.6 million.

Why should we continue to pour money into unstable Syria which also seems determined to build up their military might. We could save \$400,000.

Prosperous Europe can well afford to increase its military and economic expenditures by \$899.1 million to save the U.S. aid program that amount.

Algeria and Morocco are now bent on wasting their energies and our moneys on a war threatening to spread into world conflagration. According to press releases, Egypt's Nasser—made bold by our support of his actions in Yemen—has sent military forces to add fuel to the flames of the Algerian-Moroccan conflagration. Stopping aid to these two nations would save us \$154.6 million.

The Argentine situation is at the present time so unstable—despite the statements that there have been elections there—that it would be well worthwhile to halt further aid to that country until it is politically on that sound basis so essential for economic development. If aid to Argentina were stopped we could save \$156.5 million.

These few countries, where it is obvious that our money is either not needed or being wasted, received in fiscal year 1963 the grand total of \$1,801.1 million.

Think of it—nearly \$2 billion.

This amount should be unhesitatingly cut from the appropriation authorization.

To recapitulate, Mr. President, the following sums could be cut from the foreign aid authorization bill on the basis of fiscal year 1963 obligations:

	Million
Brazil	\$172.3
Libya	12.5
Dominican Republic	51.7
Honduras	14.4
Indonesia	140.9
Egypt	198.7
Syria	.4
Europe	899.1
Algeria	79.6
Morocco	75.0
Argentina	156.5
Japan	67.8
Total	1,868.9

Those of us who are in favor of foreign aid—who realize how vital it is to the nations of the free world—can do most for that program by transforming it into a program using a rifle approach rather than a shotgun approach.

Those friends of the foreign aid program who take the attitude that the smallest criticism of the program—however justified—is sacrilegious are doing the foreign aid program a real disservice.

And the time to improve the program is now—not next year. It is always next year with the foreign aid program—and it has been next year for years and years past.

How can we defend voting huge sums for a program which reaches into at least 79 nations all over the globe and stands ready apparently to come into any newly formed country right on the heels of the proclamation of independence. There is no rhyme or reason for our being in Africa with thousands of men and women flitting around from one newly independent country to another offering our economic assistance and plans and program even before the new government can take office and stabilize itself, as we have also done in British Guiana, to our sorrow.

Mr. President, I would rather aid the unemployed Negroes of the United States than the Negroes of Africa. I would rather spend our funds in putting our fellow Americans without jobs into gainful employment. Our accelerated public works program is out of funds while countless good projects are processed and waiting. They should have priority over increased aid to Africa.

There is one question I wish answered by those who say that a U.S. "presence" is necessary and therefore an aid program is needed in a particular country. That question is: How was diplomacy conducted abroad by our able diplomats in the days before aid? It seems to me that our diplomats were doing pretty well generally without the use of vast sums of U.S. funds. Let us stop using dollars to take the place of shrewd intelligent diplomacy geared to farsighted policies and objectives.

I should like to amplify briefly the point I have tried to make in my speech, which is that we have been confronted in the last 15 years with an entirely new basic fact in foreign policy. Prior to that time it was assumed, under the Constitution, that the President made foreign policy, and that in certain limited fields, such as in treaty-making, the Senate advised and consented. We are now confronted with the new and unprece-

dented situation that millions of dollars are used as an instrument of foreign policy through our foreign aid program. Of course Congress is responsible for the appropriation of funds. Therefore the House and the Senate have a new duty and a new responsibility, which did not exist before, to inject themselves much more vigorously into the foreign aid program.

We have a right to study and to know where our U.S. dollars are going, and whether they are being used wisely. I sought to point out that there were a number of specific countries where, in my judgment, we could properly withhold foreign aid from countries until certain interval reforms were made, and from countries which engaged in aggressive warfare.

I prefer that approach to the blanket approach of the House of Representatives, of cutting off large sums of money without specifying where or why. I have in mind specific countries—and have named them—from which we could cut off our foreign aid. I hope that in the course of the debate those countries will be discussed individually. I believe it is a mistake to give foreign aid regardless of a country's failure to make reforms and regardless of whether it is engaged in aggressive warfare and misusing our aid in this manner. If we follow such a policy we will not have, in my opinion, a successful foreign aid program, a program that will be useful.

I believe that foreign aid is desirable. It has been a necessary program. I think the Alliance for Progress was an inspired idea. However, it has not worked as it should because we have not insisted on a quid pro quo, as we have the right to insist.

It has been said that when we go into a foreign country and say to it, "You must do such and such," we are interfering with the sovereign right of a government. I do not share that view when we are giving that country our financial and other aid.

No country is obliged to accept foreign aid. Any country can reject it nor is there any obligation for the United States to give aid to any country. However, we have a right to say to a country, "You need not accept our foreign aid. If you do accept it, we ask you to accept it on such and such terms." If that country does not like our terms it can reject them. That is not interfering with the internal affairs of a sovereign government. I feel that this fundamental aspect of our foreign aid program has been lost sight of. If the United States has kept it in mind, had adhered to it and made its position unmistakably clear, our program would have been far more successful and at a much lesser cost. It would have obviated some of the difficulties which now confront it.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the RECORD following the conclusion of the statement of the Senator from Alaska [Mr. GRUENING] an editorial entitled "Reshaping Foreign Aid," published in the Washington Post of Friday, October 25, 1963.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

RESHAPING FOREIGN AID

The administration owes a debt of gratitude to the Senate Foreign Relations Committee. Not only did the committee recommend a total foreign aid authorization of \$4.2 billion—\$600 million more than the House has approved—but the Senators subjected the entire program to a thoughtful scrutiny. The report accompanying the committee's recommendations is in most respects a model of legislative responsibility.

What lends weight to the verdict is that the committee's realistic dollar authorization was not the result of a mood of cheerful assent. The committee dealt in a hardheaded way with a program that is sometimes indifferently explained or defended. And the committee's report contains constructive recommendations for new approaches to the foreign aid program.

Specifically, the committee felt that "countries which can take care of themselves should be eliminated from the program, that even more selectivity among countries should be introduced, and that prompt and serious consideration should be given to a greatly increased utilization of multilateral agencies, such as the International Bank for Reconstruction and Development, and its subsidiaries, notably the International Development Association."

The reason why international agencies can often be more effective in administering foreign aid was set forth by Eugene Black in a statement quoted in the report:

"Because they are known to have no ulterior motives, they can exert more influence over the use of a loan than is possible for a bilateral lender; they can insist that the projects for which they lend are established on a sound basis, and—most important—they can make their lending conditional upon commensurate efforts being made by the recipient country itself."

The committee's recommendation ties directly in with proposals already made to give more multilateral direction to the Alliance for Progress. This policy can point the way to a far greater return on the dollars invested in helping other countries to help themselves.

On some other details, there can be disagreements with the committee's recommendation. But on large points of dollar authorization and overall policy, Senator FULBRIGHT's committee offers the Senate a solidly wrought bill that should be overwhelmingly approved. That massive approval will be needed if the Senate, once again, is to rescue the foreign aid program from the brutal damage attempted in Passman's Gulch.

THE KERR-MILLS ACT—MEDICAL ASSISTANCE FOR THE AGED

Mr. DIRKSEN. Mr. President, in order that the Senate be familiar with the differences of opinion current regarding progress under the Kerr-Mills Act and voluntary efforts to provide medical care for persons past 65, I invite its attention to the minority views sets forth in the report issued yesterday by the Subcommittee on Health of the Elderly.

I am happy to acknowledge that even now it is out of date with reference to growth of health insurance. Yesterday the Health Insurance Association of America reported that at the end of 1962, 60 percent of all Americans over 65 were covered by voluntary health plans.

This increase of almost 10 percent in coverage during a single year dramat-

ically demonstrates the rapid progress being made.

I ask unanimous consent that a shortened version of the minority views be placed in the RECORD at the conclusion of my remarks. I also ask unanimous consent that the supplementary views of Senator HIRAM L. FONG be placed in the RECORD thereafter.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MEDICAL ASSISTANCE FOR THE AGED—THE KERR-MILLS PROGRAM 1960-63—MINORITY VIEWS OF SENATOR EVERETT MCKINLEY DIRKSEN, SENATOR BARRY GOLDWATER, AND SENATOR FRANK CARLSON

Improvement in methods of financing medical care costs for persons past 65 has been rapid and substantial during the past several years.

This improvement, which has been both quantitative and qualitative, has resulted in part from a continuation of higher income among older people, in part from volatile expansion and refinement of voluntary health insurance, in part from development of public programs encouraged by Federal grants-in-aid to the States and in part from continued growth of State and local aid programs which do not employ Federal funds.

It is almost inconceivable that an effort be made to evaluate any one of these major elements relating to medical care of older people without clear and careful reference to accomplishments by the others. Yet this is precisely what has been attempted in the majority report.

The Kerr-Mills Act medical assistance to the aged program, with which the report is concerned, was never expected "by itself" to provide the sole avenue for financing medical care for the Nation's 18 million persons past 65.

OTHER PROGRAMS

Expansion of the medical care aspects of the old-age assistance program by the same act indicated the desire of Congress to continue medical services under that program to persons receiving cash public assistance, now approximately 12 percent of the Nation's over 65 population, and to afford greater flexibility to the States in developing medical programs for older people with limited or no resources. This action regarding the OAA medical vendor payment program has resulted in this type of benefit being newly made available to at least 600,000 people in 11 jurisdictions and in an expansion of OAA coverage under such programs in 4 other States to include the medically indigent, not in need of subsistence payments. To ignore this, is to leave out an important part of the picture.

The majority statement fails, also, to take into account State and local programs providing medical care for older persons without Federal grants. Conceding that information about such programs may be difficult to assemble, their existence must be recognized in any appraisal of medical care for older people.

One striking example in this regard is the State of Colorado. It has not enacted MAA, but it does have a medical care program, State supported, which as of June 30, 1962, covered 53,000 persons, 32 percent of the State's over 65 population.

It is interesting to note further, that the Colorado State Legislature, apparently on the basis of its experience, adopted a resolution opposing enactment of a medical service program under the social security system.

That voluntary health insurance, and its role in meeting the needs of older people, should be disregarded in an appraisal of MAA, however, probably constitutes the most glaring omission in the majority statement.

So I took it upon myself to confer with the majority leader this afternoon with respect to the calendar from here on. I pointed out that there are two election days in November, one in Texas and one in Kentucky, in case Senators have not voted absentee ballot and would want to leave the Senate, and if there were yeas-and-nay votes, they would not be prejudiced by that fact.

It has been customary to have no real business on Veterans Day, the 11th of November. Then comes Thanksgiving, and finally comes that red letter day on the calendar—Christmas.

We have discussed the subject at some length, and I now ask the majority leader whether he has in mind at least a tentative schedule for the guidance and benefit of Senators and the country, and also for our friends in the press gallery.

Mr. MANSFIELD. I assume that the distinguished minority leader has had the same pressure directed against him that has been directed against me.

Mr. DIRKSEN. Precisely.

Mr. MANSFIELD. It is anticipated that the Senate will go over from Friday, November 8, to Tuesday, November 12. In that way, Veterans Day will be taken care of.

The Senate will go over from Wednesday, November 27, to Friday, November 29, for either a pro forma meeting on that Friday or for the passing of legislation as to which there is absolutely no question, and from Friday, November 29, to Tuesday, December 3.

Mr. DIRKSEN. That would take care of Thanksgiving Day, which falls on Thursday, November 28.

Mr. MANSFIELD. That is correct.

Then it is anticipated that the Senate will stand in recess or will operate on a 3-day adjournment basis between Friday, December 20, and Thursday, January 2. The Senate will reconvene at noon on January 2 and will complete the 1st session of the 88th Congress at noon the next day, January 3. If business is still pending, the Senate will adjourn at 12 o'clock noon, as it is required to do, and will convene for the opening of the 2d session of the 88th Congress at 12:01 p.m.

So far as voting in Texas, Kentucky, and elsewhere is concerned, we will do our best to accommodate Senators from those States to the extent that no votes will be taken on those days.

Mr. DIRKSEN. By the way, the election in Kentucky will be on November 5. In Texas, there will be a congressional election and also, I think, local elections on November 9, which falls on a Saturday.

Mr. MANSFIELD. The program I have outlined will accommodate that situation.

Mr. DIRKSEN. The program the majority leader has outlined would provide a respite from December 20 to January 2, which would be, I expect, 13 days, and would constitute the vacation, I take it, for the 1st session of the 88th Congress, in which to receive Santa Claus.

Mr. MANSFIELD. The distinguished minority leader and I are not playing Santa Claus but are facing up to the practicalities of a situation which we know will develop. But this is as nice a

way as any to tell Senators that we anticipate we shall be in session until the legal time limitation for the 1st session of the 88th Congress, and that outside of the days which have been announced this afternoon, they can expect no respite. I think this is a sufficient warning to them to wear the right kind of underwear and to prepare for the right kind of winter—a cold one.

Mr. DIRKSEN. I am glad the distinguished majority leader has left intact my supernal powers as a forecaster, because I have insisted repeatedly, during the last few months, that Senators should provide themselves with Christmas trees for Washington. Obviously, it is quite decorous and in order and, further, proper to set up Christmas trees as early as December 20, when the Christmas recess will begin. For that, I am deeply grateful.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, I was confused by one of the theses of the Senator from Alaska [Mr. GRUENING]. He stated, as I gathered, that the President has, in some sense, usurped the right of the Senate to conduct our foreign policy, as was intended, the Senator says, by the Founding Fathers. Yet in the latter part of his speech he seemed to suggest that the Senate should follow the House of Representatives in all of its recommendations, rather than the Senate Committee on Foreign Relations. I do not know whether he means to oust both the Senate committee and the President from determining these matters or not; but I am sure that is not what the Senator intended.

Mr. GRUENING. Mr. President, will the Senator yield, so that I may clarify my intention?

Mr. FULBRIGHT. I yield.

Mr. GRUENING. I tried to make two points. One was that since the advent of large sums of money as an instrument of foreign policy, which did not exist prior to the Marshall plan, Congress should assume a more active position in shaping foreign policy and not feel that, as traditionally, foreign policy should be left almost entirely to the White House. That was one point.

The other point was that I felt the House had done in effect what the Senate Foreign Relations Committee did not recommend specifically, but whose strictures and criticisms of foreign aid in its report on the bill should have led it to do. In other words, I felt that the committee report made some excellent criticisms and recommendations for improvements, but did not implement those criticisms and recommendations by saying, "Consequently, to correct these shortcomings, such and such sums can be eliminated." On the other hand, the House did not present the fine arguments the Senate committee did; nevertheless, the House acted as I feel the Senate committee should have acted.

Mr. FULBRIGHT. In its usual far-seeing way, the House used a meat ax on the amount.

Mr. GRUENING. That is correct. It should not have used a meat ax. The Senate Committee on Foreign Relations was prepared to wield a scalpel, and detailed how it should be wielded but never actually inserted it in the flesh.

Mr. FULBRIGHT. As I have said, the fate of the bill has not yet been determined. Much yet remains to be done by both the Senate and the committee of conference. So I do not think we can say that there will not be any improvements, even along the line he discerns.

Be that as it may, I appreciate the kind remarks the Senator made as to the substantive provisions of the bill. I believe there is some distinction between policymaking as a broad policy as distinguished from the administration of a program such as this. Apparently some members of the committee—I do not say this with regard to the Senator from Alaska—believe they can administer this program better than the administration itself can do it. They well might do that. However, I think that would lead to confusion, too.

Really, I believe the principal criticism by members of the committee was of the administration of the program rather than of the broad policy of what it seeks to accomplish and what its objectives are, which I feel is the primary responsibility of the committee and of the Senate itself.

Mr. GRUENING. I think those criticisms could have been interpreted as a directive to the administration to make such changes as would conform to those very valid criticisms.

I think possibly the inclusion of one sentence to that effect might have eliminated all question I had as to the difference between the committee's action and the committee's word. In other words, if, after making these criticisms, the Foreign Relations Committee had seen fit to say, "We urge the administration to make appropriate cuts in line with these criticisms," that would have been appropriate and logical. In short, I think it would have been very useful if the action taken by the committee had been somewhat more specific. However, I emphasize that if these recommendations are carried out, I think that will be very helpful, indeed.

Mr. FULBRIGHT. I thank the Senator from Alaska.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from Mrs. Robert J. Phillips, president of the League of Women Voters, in which she discusses this program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LEAGUE OF WOMEN VOTERS

OF THE UNITED STATES,

Washington, D.C., September 12, 1963.

HON. J. W. FULBRIGHT,
Senate Office Building,
Washington, D.C.

DEAR SENATOR FULBRIGHT: League of Women Voters testimony in support of foreign economic aid was presented to the Senate Foreign Relations Committee in

June, but we would like to add a few words now in view of the present plight of the Foreign Assistance Act of 1963. League members have been following the various steps of congressional action during the summer. They regretted the cuts proposed by the House Foreign Affairs Committee and then were shocked by the further slashes made by the House as a whole on August 23.

Writing on behalf of league members all over the country, I urge that you, as a member of the Senate Foreign Relations Committee, consider very seriously restoring adequate authorizations for funds. The House cuts concerned several categories of aid, but we are especially worried about the \$160 million cut in the Development Loan Fund and the \$150 million cut in Alliance for Progress. These are basic economic development programs with prior authorizations that should have been respected. We were, and are, convinced that the administration requests were suitable and necessary for development lending to countries able and ready to utilize such loans, and for carrying out our Latin American commitments.

We understand that your committee has already tentatively cut from the foreign aid requests some \$300 million more than the House Foreign Affairs Committee. We especially deplored the cut in the Alliance for Progress social progress trust fund, from \$200 to \$175 million. We urge you now to review your recommendations and to submit the most favorable report on which you can reach agreement. Only thus will the eventual compromise in conference have a chance of being somewhere between administration requests and the inadequate, House approved authorizations.

Opportunity to save the foreign aid program from grave damage now rests with the Senate—more immediately with the Senate Foreign Relations Committee. We find it hard to understand why the passage of a sound foreign aid bill should be such a struggle—why reluctant and halfhearted approaches should be made to programs that have so greatly served the security and cohesiveness of the free world. We hope your committee will reaffirm the objectives of foreign economic aid and recommend authorizations for stronger, not weaker, implementation of those objectives.

Sincerely yours,

MRS. ROBERT J. PHILLIPS,
President.

FRANCE AND THE WESTERN ALLIANCE

Mr. FULBRIGHT. Mr. President, at this time I wish to discuss a subject not directly related to the pending bill. I understand that Senators who wished to discuss the foreign-aid bill today have now concluded their remarks.

Mr. President, one of the most heartening developments it has been my good fortune to witness was a speech by Chancellor Erhard, of the West German Republic, on Sunday; and at this time I wish to make comments on the attitude of the French toward the Western Alliance.

In his press conference of July 29, President de Gaulle made certain general statements which France's friends and allies can heartily endorse. The General also made certain observations, both general and specific, which are disappointing and perplexing to France's NATO partners. There is a tone of recrimination in General de Gaulle's remarks, of doubt and mistrust as to the motives and objectives of American policy. It is this mistrust that disturbs

France's partners and weakens the Atlantic Alliance. It is important, therefore, that the suspicions that now divide us be discussed and debated in all their particulars, with a view toward restoring trust and confidence in the Western Alliance.

I think the remarks of Chancellor Erhard on Sunday did a great deal in this particular, in regard to Germany's part in the Western Alliance.

In his statement of July, President de Gaulle set forth certain basic principles that comport entirely with the views of the United States that "the fundamental factors of French-American relations are friendship and alliance"; that this friendship is "an outstanding psychological reality in keeping with the nature of the two countries"; that the Atlantic Alliance is an "elemental necessity" and that within it France and the United States have a "capital responsibility."

These broad principles are as valid in content as they are eloquent in expression. President de Gaulle is also correct in warning us against "depicting each scratch as an incurable wound." At the same time, I think it appropriate for us to remind France and the other countries of Western Europe that a viable alliance depends on common policies as well as common objectives, on cooperation in fact as well as agreement in principle. If the Western Alliance is to remain strong and united, it must be built on more than bonds of friendship and high regard. It requires working agreements for political consultation and the command and disposition of military forces, for economic cooperation and the lowering of trade barriers.

It is on this level of practical cooperation that French policy has been deeply disappointing to France's allies. It is a policy which, if long continued, could lead to the disruption of the Western Alliance, not by open repudiation but by abnegation in detail.

In a meeting at Harvard University last spring, a distinguished young professor of politics told me that I had made what he called a "useful and necessary" effort to understand what is going on in the Soviet Union and he urged me to make a similar effort with regard to France. I believe this suggestion was entirely appropriate. It is certainly important for Americans to make an effort to understand the political, military, and historical motivations of current French policy. It is no less important for France to make a commensurate effort with regard to the problems and objectives of American policy.

A meaningful dialog between France and the United States must begin with an examination of the profound impact on both countries of the events of the last 25 years.

France, as President de Gaulle pointed out on July 29, was "materially and morally destroyed by the collapse of 1940" and by the discreditable Vichy interlude. Following the liberation, France was beset by political and economic weaknesses at home and by the long and fruitless struggles in Indo-China and Algeria. All this time France was forced into a relationship of military

and economic dependence on the United States, a deeply humiliating experience for a great and proud nation. Since General de Gaulle's return to power in 1958, France, with astonishing speed, has recovered her political stability, ended the colonial wars, and returned to vibrant economic health.

As a result of this great resurgence, France has ended her economic dependency on the United States and reasserted herself with vigor and confidence as one of the great nations of Europe. These developments are as welcome to the United States as they are to France, but the memory of defeat and dependency remains and one perceives in current French policy an excess of pride and assertiveness that is entirely natural for a great nation which was struck down and has only recently recovered its dignity and strength. It is natural for France to be acutely sensitive and proud at this juncture in her history, and it is even natural for her to feel resentment toward those who liberated her and then sustained her through the years of weakness.

It is natural but it does not represent an accurate interpretation of the events of the last 20 years. The United States did not wish to become the protector and benefactor of Europe after World War II. Still less did it wish to dominate Europe. Through the Marshall plan and subsequent programs of military and economic support, America came to Europe's assistance for the simple but compelling reason that Europe was momentarily incapable of sustaining itself and its recovery was vital to the interests of the United States. America's postwar policy toward Europe was by no means an exercise in pure altruism but neither was it an effort to dominate Europe. It was a policy of enlightened mutual interest and its success has brought signal benefits to both Europe and America.

These elemental facts provide the basis for an accurate assessment of the motives and objectives of American policy. I do not believe that President de Gaulle is disposed at present to take such a dispassionate view of American policy. One perceives in his remarks of July 29 that he is still looking at America through the distorting prism of wounded pride.

This attitude is reflected in the general's comments on economic and trade relations and on the American balance-of-payments problem. He acknowledges that the United States is carrying a heavy burden of military and economic assistance to many countries and that the balance-of-payments and dollar problems of the United States have become essential concerns. One might have hoped that President de Gaulle would regard these problems as essential concerns of the entire Alliance, which America's partners would wish to help alleviate. Instead, the general reasserted his hopes for a closed European economy.

France—

He said—

cannot and does not wish to see the nascent economy of Europe and itself dissolved in a system of a type of Atlantic community

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

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For actions of October 30, 1963
88th-1st, No. 174

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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Young (N. Dak.) discussed failure of Russian farm system to produce sufficient food. Sen. Hart commended Land and People Conference in Great Lakes region. Rep. Dorn urged passage of the Cooley cotton bill. House committee voted to report public debt limit increase bill. House committee agreed to provisions of clean pay bill.

SENATE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 19516-25, 19531-62, 19568-74). Sen. Ellender objected to the inclusion in this bill of amendments to various sections of Public Law 480 and urged that such amendments be deleted from the bill "particularly in view of the fact that Public Law 480 will be up for over-all review next year at which time all proposed amendments can be considered at the same time and their effect on over-all legislation can be better weighed and determined" (pp. 19524-5). Sens. Lausche, Javits, and Proxmire submitted amendments intended to be proposed to this bill (p. 19496).
2. RECLAMATION. Passed as reported S. 26, to authorize construction of the Dixie reclamation project, Utah. pp. 19513-6
3. ADMINISTRATIVE PROCEDURE. Passed as reported S. 1664, to provide for continuous improvement of the administrative procedure of Federal agencies by creating an Administrative Conference of the United States. pp. 19566-7

4. WATER RESOURCES; ELECTRIFICATION. The Subcommittee on Irrigation and Reclamation of the Interior and Insular Affairs Committee voted to report to the full committee H. R. 5949, to grant consent to the amendment by Colo. and N. Mex. of the Costilla Creek Compact, and H. R. 4062, to amend the act authorizing the transmission and disposition by Interior of electric energy generated at Falcon Dam on the Rio Grande and to authorize Interior to market power generated at Amistad Dam on the Rio Grande. p. D853
5. RURAL AREAS DEVELOPMENT. Sen. Hart reviewed and commended the Northern Great Lakes Regional Land and People Conference to explore resource development possibilities in the area, stating that "I am in complete sympathy with this regional approach to our problems. I commend Secretary Freeman for providing the impetus for this effort." pp. 19505-6
6. FOOD; SOVIET AGRICULTURE. Sen. Young (N.Dak.) reviewed the causes of a food shortage in Russia, stating that it was due in part to a drought but "the most important factor is failure of the Communist system to produce sufficient food." p. 19497
7. FOREIGN TRADE. Sen. Stennis urged stricter measures to discourage ships and planes under the registry of friendly nations from transporting cargo to or from Cuba. pp. 19525-6
8. FOREIGN POLICY. Sen. Mansfield inserted his recent address, "U. S. Foreign Policy in the World Today." pp. 19508-11
9. NATIONAL PARKS. Sen. Byrd (Va.) paid tribute to Conrad L. Wirth upon announcement of his intention to retire as Director of the National Park Service. pp. 19507-8
10. AIR POLLUTION. Sens. Muskie and Bayh were added as cosponsors of S. 432, to extend and accelerate the Federal air pollution control program. p. 19496

HOUSE

11. COTTON. Rep. Dorn urged passage of the Cooley cotton bill and stated that the bill "is scheduled for action on this floor the week following Veterans' Day." p. 19577
12. APPROPRIATIONS. Rep. Jensen said that "it is the opinion of the minority members of the House Appropriations Committee that there should be no further delay in finally processing legislation respecting the expenditures for fiscal year 1964." pp. 19577-8
13. PUBLIC DEBT. The Ways and Means Committee voted to report (but did not actually report) H. R. 8969, to temporarily increase the public debt limit for the period ending June 30, 1964 (p. D855). The Committee was given permission to have until midnight Mon., Nov. 4, to file a report on the bill. p. 19587
14. FARM LABOR. Rep. Cohelan inserted an article stating that the crop growers in Tulare County, Calif., would be hurt if the Mexican farm labor program were ended. pp. 19615-7
Rep. Gonzalez summarized the reasons for his opposition to extending the Mexican farm labor program. pp. 19635-7
15. PERSONNEL; SALARIES. The "Daily Digest" states that the Post Office and Civil Service Committee agreed to provisions of a clean bill on Federal pay increases and that the Committee will meet Thurs., Oct. 31, to act on the new bill, H. R. 8986. p. D855

establishment, bureau or office upon a reimbursable basis any technological service of a kind rendered by commercial organizations until (A) the cost of the rendition of such service by such other department, establishment, bureau or office has been ascertained, and (B) it has been determined that such service of like quality cannot be obtained at lower cost under acceptable terms and conditions from any nongovernmental firm or business enterprise.

"(2) Determination whether any such service of like quality can be procured at lower cost from any nongovernmental firm or business entity shall be made by (A) advertisement for bids for the rendition of such service by nongovernmental firms or business entities; or (B) in connection with engineering, architectural, and other professional services authorized by law to be obtained under negotiated contract, a comparison of costs will be made on the basis of firm estimates submitted by any Federal agency or agencies offering to provide these services, and fee quotations submitted by a private firm selected for the assignment following selection and negotiation procedures recognized and approved by the agencies concerned. Whenever the head of any executive department, independent establishment of the Government, or any bureau or office thereof, determines that any such service cannot be so obtained from any nongovernmental firm or business enterprise, he shall cause to be prepared and published in the Federal Register a notice which shall contain a full and complete statement of the facts and circumstances relied upon in the making of that determination.

"(3) This subsection shall not apply to the procurement of the personal services of an individual, or to the procurement of any other service if it is determined that—

"(A) the requirements of national security preclude procurement of such service from nongovernmental sources;

"(B) the procurement of such service without regard to the provisions of this subsection is otherwise authorized by law.

"(4) All determinations made under this subsection shall be made in compliance with regulations which shall be promulgated by the Director of the Bureau of the Budget with the approval of the Comptroller General."

SEC. 2. The amendment made by this Act shall take effect on the first day of the fourth month beginning after the date of enactment of this Act.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, RELATING TO TAX CREDIT FOR CERTAIN TUITION AND FEES

Mr. GOLDWATER. Mr. President, I send to the desk a bill and ask that it be appropriately referred to committee.

Mr. President, during the many days of hearings held by the Education Subcommittee of the Senate Committee on Labor and Public Welfare on education legislation, it became more and more evident that one of the major problems facing our Nation's colleges and universities and the parents of college students, is not the need to build more academic facilities, but to ease the burdens of parents who are sending their children to institutions of higher education and to give some relief to college administrators in order for them to increase salaries of faculty and to combat rising educational operating expenses.

Testimony dealing with these major problems of higher education was of-

ferred to the committee by Mr. Roger A. Freeman, senior staff member of the Hoover Institute on War, Revolution, and Peace, Stanford University; Dr. John Howard, president of Rockford College, Rockford, Ill.; Dr. Landrum R. Bolling, president, Earlham College, Richmond, Ind.; and Dr. J. O. Edmunds, president of Stetson University, De Land, Fla.

I have, therefore, prepared a bill incorporating the recommendations made by these distinguished witnesses before our committee. Briefly, the bill consists of two amendments to the tax code: First, it would provide a tax credit to parents for the tuitions and fees incurred by their dependents in attending college; second, it would grant a tax credit to individuals and corporations for gifts and contributions made to non-profit institutions of higher education.

Mr. President, I have prepared a section-by-section analysis of my proposal and I ask unanimous consent that it be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the section-by-section analysis will be printed in the RECORD.

The bill (S. 2269) to amend the Internal Revenue Code of 1954 to allow a tax credit for certain tuition and fees paid by individuals to institutions of higher education and to allow a tax credit for certain contributions made by individuals or corporations to institutions of higher education, introduced by Mr. GOLDWATER, was received, read twice by its title, and referred to the Committee on Finance.

The section-by-section analysis presented by Mr. GOLDWATER is as follows:
SECTION-BY-SECTION ANALYSIS OF GOLDWATER-CURTIS BILL

SECTION 39—TUITION AND FEES PAID TO INSTITUTIONS OF HIGHER EDUCATION

(a) Taxpayer is allowed to take as credit against his final tax the amount of tuition and fees paid by him during the taxable year to one or more college or institution of higher education for himself or for any other individual for whom he can claim an exemption.

(b) (1) Credit for tuition and fees shall be allowed on the following schedule: (a) 100 percent of the first \$100; (b) 30 percent of the next \$400; (c) 20 percent of the next \$1,000.

For example, a parent pays \$1,350 in tuition and fees to a college on behalf of his son. Thus the parent would be entitled to a credit of \$390 as follows:

(a) 100 percent of first \$100-----	\$100
(b) 30 percent of next \$400-----	120
(c) 20 percent of next \$850-----	170
Total-----	390

The maximum credit allowance under this provision would be \$420.

(b) (2) Where more than one taxpayer pays the tuition and fees the credit allowance shall be prorated among the taxpayers. For example, a parent pays \$500 and his son pays \$1,000 in tuition and fees to a college. The credit allowance would be \$420, of which the parent would be entitled to one-third or \$140, and the son would be entitled to two-thirds or \$280. NOTE.—The application of this subsection would be very limited inasmuch as each taxpayer must be able to claim an exemption for the individual for whom tuition and fees are paid. In the case

cited above, the parent could continue to claim his son as an exemption even though the son is himself a taxpayer provided that the parent contributes more than one-half of his son's support while the son is a student).

(c) (1) Defines "tuition" and "fees" as those required for enrollment or attendance or required for courses of instruction at an institution of higher education. It excludes amounts paid for meals, lodgings and other personal, living or family expenses. If the tuition and fees include an amount for meals, lodging, etc. not separately stated, the portion of the amount attributable to meals, lodging, etc. shall be determined by the Secretary of the Treasury.

(c) (2) Defines "institution of higher education" as one which: (1) normally maintains a regular faculty and curriculum; (2) normally has a regularly organized student body in attendance where the educational activities are carried on (thereby excluding correspondence schools); (3) offer education at a level above 12th grade; and, (4) gifts made to it constitute charitable contributions within the meaning of the code.

(d) (1) If an individual receives a scholarship or fellowship grant (which are not included in gross income) or receives an education and training allowance under the Korean GI bill or War Orphans' Educational Assistance Act, the amount of such grant or allowance is deducted from the amount paid for tuition and fees in determining the credit allowance. Thus, if the amount paid for tuition and fees is \$1,500 and the individual receives a grant or allowance of \$800, then the credit allowance is based on \$700, and not \$1,500.

(d) (2) In the case of an individual who is a candidate for a college degree, credit allowance will be given only for tuition and fees paid for courses for which credit is allowed for a college degree. In the case of an individual not a candidate for a degree, credit allowance will be given for tuition and fees paid for courses required for the attainment of an educational, professional, or vocational objective. For example, a Foreign Service officer, transferred to a new post, may take a limited course of instruction in the language, culture, and history of the country to which he has been assigned, or a lawyer may wish to enroll in several graduate law courses to upgrade and enlarge his legal skills. Under both examples, it is intended that credit for tuition and fees paid would be allowed. On the other hand, a certified public accountant who enrolls in a course on Shakespeare merely for his own enlightenment and entertainment would not be entitled to a credit for tuition and fees paid, since the course in Shakespeare would not be part of an educational, professional, or vocational objective.

(d) (3) Provides that the credit allowance cannot exceed the amount of tax owed by the taxpayer. If the credit allowance is \$420 and the amount the taxpayer owes is \$400, then the credit allowance is reduced to \$400. Simply a technical amendment to prevent a claim by the taxpayer that the Government owes him \$20 or the amount in excess of his tax.

(e) If a taxpayer is entitled to a deduction under section 162 (relating to trade or business expenses) for tuition and fees paid, he may continue to claim the deduction and the credit allowance as well. However, the deduction and the credit together cannot exceed the amount actually paid for tuition and fees. For example, a taxpayer in the 30 percent bracket pays \$150 in tuition and fees. He reduces his tax by \$45 (30 percent of \$150) by way of the deduction and is entitled to \$115 as a credit. Since the total amount of the credit and the deduction is \$160, the credit is thereby reduced to \$105.

(f) Secretary of the Treasury is given authority to prescribe regulations to carry out this provision.

SECTION 40—CONTRIBUTIONS TO INSTITUTIONS OF HIGHER EDUCATION

(a) Provides a credit against his final tax for an individual for the amount of his contributions to one or more institutions of higher education during the taxable year.

(b) The credit cannot exceed \$100 in the case of an individual or \$10,000 in the case of a corporation.

(c) Such credit will apply only if the contribution to or for the use of an institution of higher education is deductible as a charitable contribution. Where the contribution is made not to a college or university but to an agency, foundation or institution, such contribution may be only used by the agency for the same purposes that a college or university may use its funds.

(d) Definition of "institution of higher education" same as section 39(c)(2).

(e) Same as section 39(d)(3).

(f) Permits taxpayer to continue to take a deduction for charitable contributions as well as the credit provided by this section. In no event shall the deduction and the credit together exceed the actual amount of the contribution. Similar to the example set forth in section 39(e)(2).

(g) Secretary of the Treasury authorized to issue regulations to carry out provisions of this bill.

(h) Technical amendment—renumbering of code sections.

Section 2: Provisions shall apply to taxable years ending after the enactment of this act. If this bill becomes law in September 1963, a taxpayer may take advantage of the credits provided herein in filing his income tax return for the taxable year 1963.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954 RELATING TO TAX CREDIT FOR CERTAIN HOMEOWNERS

Mr. GOLDWATER. Mr. President, on behalf of myself, and Senators ALLOTT, YOUNG of North Dakota, MORTON, and TOWER, I introduce a bill to amend the Internal Revenue Code of 1954, and ask that it be appropriately referred to committee.

Mr. President, early in this session of Congress, I introduced a bill, S. 181, which provided for a national merit scholarship program and two amendments to the tax code. S. 181 was referred to the Senate Committee on Labor and Public Welfare and was the subject of hearings along with other matters before the Education Subcommittee.

I am now reintroducing this bill without the national merit scholarship program in order that the amendments to the tax code can be considered by the Senate Finance Committee during its hearings on the House passed tax bill.

I ask unanimous consent to have included in the body of the RECORD a summary of the major provisions of this bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the summary will be printed in the RECORD.

The bill (S. 2270) to amend the Internal Revenue Code of 1954, introduced by Mr. GOLDWATER (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

The summary presented by Mr. GOLDWATER is as follows:

1. TAX CREDIT TO HOMEOWNERS FOR THAT PORTION OF THEIR REAL PROPERTY TAX WHICH IS USED FOR THE MAINTENANCE, OPERATION, AND CONSTRUCTION OF PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

A. The taxpayer would continue to deduct the amount of his real property tax from his gross taxable income; after he determines what his tax will be, he then credits against his final tax that amount of his real property tax which is used for the maintenance, operation, and construction of public elementary and secondary schools.

B. Tax credit would be the amount actually paid by the taxpayer or \$100 whichever is less. To illustrate, a taxpayer pays a real property tax of \$600, or which \$350 is used for public school purposes. As he does at present, the taxpayer would be able to deduct from his taxable income \$600, and assuming that he is in the 20 percent bracket, this would result in a tax saving to him of \$120 (20 percent of \$600). After determining his final tax, for example, \$500, the taxpayer in addition would be able to take a credit of \$100 against his net tax, thus, instead of paying a tax of \$500, he would pay only \$400.

C. The taxpayer who takes a standard deduction would also benefit since the credit granted is taken against the final tax after all exemptions and deductions have been made.

D. The deduction together with the tax credit cannot result in a saving to the taxpayer of more than the actual amount of that portion of the real property tax devoted to public school needs. For example, the taxpayer pays a real property tax of \$100, of which \$60 is used for public school purposes. Assuming the taxpayer is in the 20 percent bracket, he would be able to reduce his tax by \$20 (20 percent of \$100), \$12 of which is attributable to the tax for school purposes. Giving such a taxpayer a \$60 credit—the actual amount paid for school purposes—would return a saving to the taxpayer of \$72 or \$12 more than the tax he paid for support of the public schools. Thus, the tax credit in this case would be limited to \$48.

2. TAX RELIEF FOR FAMILIES WITH CHILDREN ATTENDING COLLEGE

A. The taxpayer is granted an additional deduction from his taxable income for the expenses incurred by him, his spouse, or his dependent or dependents, while attending college.

B. Expenses shall include tuition and fees charged by the college for a course of instruction and attendance at such college; books, supplies, and equipment; room and board, whether the student is living on or off the campus. The amount the taxpayer may deduct shall be the actual amount of expenses paid but not to exceed \$2,000 for each child attending college. Of this amount, the cost of room and board may not exceed \$90 a month while the student is in attendance at college (\$45 in the case of a student living at home).

C. In addition to his child or children, the taxpayer may also deduct such expenses which he incurs as a student as well as those of his wife and anyone else whom the taxpayer can lawfully claim as a dependent.

D. The deduction is available to a taxpayer whose dependent is attending a college, university, or other institution of higher learning, such as medical school, dental school, law school, or other graduate school. This deduction is not available to a taxpayer whose dependent is attending a trade or vocational school or any other school which does not award a baccalaureate or higher degree.

E. The amount of expenses which the taxpayer may deduct from his taxable income shall be reduced by the amount by which the taxable income of the taxpayer exceeds \$10,000 if the taxpayer is unmarried or if

married, files a separate return or, \$20,000 if the taxpayer is married and files a joint return or is a head of a household or a surviving spouse. Thus, if a taxpayer has \$2,000 in educational expenses and a taxable income of \$20,800, he would be entitled to a deduction of \$1,200 (\$2,000 less \$800, the amount in excess of \$20,000). The taxpayer thereby reduces his taxable income from \$20,800 to \$19,600. If the taxpayer is in the 50-percent bracket, he would thereby reduce his tax by \$600 (50 percent of \$1,200).

FOREIGN ASSISTANCE ACT OF 1963—AMENDMENTS (AMENDMENT NO. 269)

Mr. LAUSCHE (for himself and Mr. DOMINICK) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. JAVITS submitted amendments (No. 270), intended to be proposed by him, to House bill 7885, supra, which were ordered to lie on the table and to be printed.

Mr. PROXMIRE submitted an amendment (No. 271), intended to be proposed by him, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

CLEAN AIR ACT OF 1963—ADDITIONAL COSPONSORS OF BILL

Mr. RIBICOFF. Mr. President, I ask unanimous consent that at the next printing of Senate bill 432, to accelerate, extend, and strengthen the Federal air pollution control program, the name of the distinguished Senator from Maine [Mr. MUSKIE], the chairman of the Subcommittee of the Public Works Committee, and the name of the Senator from Indiana [Mr. BAYH] be added as cosponsors.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PROTECTION OF THE RIGHT OF THE PUBLIC TO INFORMATION—ADDITIONAL COSPONSOR OF BILL

Mr. HUMPHREY. Mr. President, I ask unanimous consent that at the next printing of the bill (S. 1666) to amend section 3 of the Administrative Procedure Act, chapter 324, of the act of June 11, 1946 (60 Stat. 238), to clarify and protect the right of the public to information and for other purposes, introduced by the Senator from Missouri [Mr. LONG], on June 4, 1963, the name of the Senator from Tennessee [Mr. WALTERS] may be added.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PLANNING FOR PEACE—ADDITIONAL COSPONSORS OF CONCURRENT RESOLUTION

Under authority of the order of the Senate of October 15, 1963, the names of Mr. MORSE, Mr. PASTORE, and Mr. PELL

sent 304 wagons loaded with families and their provisions to the area. This was known as the Cotton Mission or the Dixie Mission because of the hot climate. Today a stalk of cotton would be a source of wonder to the children of Utah's Dixie, but in 1861 the people did plant and raise cotton for the State in a valiant effort to become self-sustaining.

Those early colonizers initiated an irrigation system which opened up the croplands and the fruit orchards that are in Utah's Dixie today. However, without river control and storage, it was then and still is today impossible to divert a plentiful supply of water from the rivers and streams in this arid region.

Water storage facilities are the primary need of the Dixie project area. Development of such facilities will enable the conservation and orderly release of water that is now largely wasted in floods. The project also will permit the conservation of those portions of normal flows which are in excess of immediate requirements for irrigation and other purposes. A reserve of stored water will serve as the foundation upon which to base a revitalized and modernized agricultural development. Any substantial economic increase and population growth for the region hinges heavily on this project.

LEGISLATIVE BACKGROUND

In addition to hearings conducted in Washington, D.C. on May 7 and in St. George, Utah on May 17 by the Senate Irrigation and Reclamation Subcommittee, the House Interior and Insular Affairs Committee also held hearings on the Dixie project in St. George on October 2.

To express my unqualified support I have been privileged to appear and testify in favor of the project on two separate occasions.

I also have found at these hearings that the people of Utah are united in their earnest desires to see the Dixie project built after its having been under study by the Bureau of Reclamation since at least 1918. It was only World War II which blocked much earlier construction of the project at a cost that would have been but a relatively small fraction of the burdens which the people of Utah's Dixie are willing to undertake today so that the project may become a reality.

Since coming to the Senate I have thrown my full support behind the Dixie project—first to secure funds for the Bureau of Reclamation's investigation and planning activities, and then, after the Bureau had completed its restudy, to offer the first Dixie project bill, which was S. 14 of the 87th Congress. My colleague, Senator Moss, and others in the Utah congressional delegation introduced similar bills.

On January 9 of this year, I directed a letter to my junior colleague from Utah [Mr. Moss], inviting him to join in sponsoring the Dixie project. Five days later he chose instead to introduce his own bill, S. 26. So that I could be clearly on record in support of the project I introduced my bill, S. 655. Utah's Representatives in Congress LAURENCE J. BURTON

and SHERMAN P. LLOYD also introduced their Dixie bills in the House.

The bills introduced by the junior Senator from Utah [Mr. Moss] and myself were essentially the same, except for one provision in my bill which pointed out the already existing contractual arrangement under which the Cedar City area would receive 8,000 acre-feet of water annually. This language was written so that Cedar City's citizens would be fully protected. When the Kolob Dam and Reservoir was constructed by the Kolob Reservoir and Storage Association in Washington County, Utah, in 1956, it was agreed that Cedar City would construct works for the diversion of up to 8,000 acre-feet of water from tributaries of the Virgin River for municipal use. It should be noted that Cedar City agreed to reimburse the project for power revenue losses resulting from this diversion.

In my testimony before the Senate subcommittee in Washington on May 7, I said it would be equally satisfactory to me for the subcommittee either to have my colleague's bill amended to add this clause or to approve my bill, whichever the committee desired. On October 16 the committee agreed to include my Cedar City amendment in the bill which it reported to the Senate.

Of course, the major benefits of the project will accrue to Washington County, in which it is located. The Dixie project is a proposed multiple-purpose water resource development in the Virgin River Basin in southwestern Utah. By regulation of flows of the Virgin River and its tributary, the Santa Clara River, the project would provide supplemental irrigation water to 9,455 acres of presently developed land and a full water supply for 11,615 acres of new land. The city of St. George would be provided with 5,000 acre-feet of water annually for municipal and industrial purposes. Construction of three powerplants would produce about 44,500,000 kilowatt-hours of firm electric energy and about 1,900,000 kilowatt-hours of secondary energy for sale annually. In addition, minor flood control benefits would result, as would fish and wildlife and recreation benefits.

Water storage facilities are considered to be the primary need of the Dixie project area. Development of such facilities would provide for the conservation and orderly release of water that is now wasted. The resulting supply of stored water would serve as the foundation for a revitalized and modernized agricultural development, and to permit local industry and population growth.

The proposed Dixie project will be divided into two divisions. The first is the Hurricane division along the Virgin River. It would consist of the Virgin City Dam, reservoir, and powerplant, the Hurricane division main canal, and the Bench Lake and Warner powerplants. The second is the Santa Clara division, which will consist of the Lower Gunlock Dam and Reservoir and rehabilitation of an existing canal. The total cost of the project is now estimated to be \$44,822,000.

Utah's Dixie has experienced years of serious drought, and the water situation is even now critical. Unless the Dixie project is built, there appears to be no possibility that additional water supplies can be developed. The future of the entire area is dependent upon congressional approval and construction of the Dixie project.

PROJECT REPAYMENT

That is why the local people have agreed to impose an almost unprecedentedly high tax to repay their share of the project costs. This 5-mill ad valorem tax contrasts with the usual levy of from 1 to 2 mills for other reclamation projects.

The local people have further demonstrated their complete cooperation by forming a local conservancy district which, based upon the high tax levy, will repay 76 percent of the irrigation costs. In order to complete repayment, the Dixie bill provides for allocating the remainder to power revenues that will arise from Lower Colorado Basin dams, since the Virgin River is a lower basin stream. This same principle is used in connection with the Colorado River storage project, which established a formal basin account. Moreover, it is my understanding that some 15 additional western reclamation projects have utilized the same principle without establishing a basin account.

As my colleagues know, it has been rumored that Secretary Udall and the Kennedy administration wish to make the Dixie project a hostage of the Lower Colorado River Basin bill, which could delay its approval by months and even years. It is my sincere hope that this is indeed a rumor, for I cannot stress too vigorously the urgency of the Dixie project and its importance to the economy and future well-being of southern Utah.

It is a well-known fact the projects included in the overall Lower Colorado River Basin legislation have been the subject of long litigation between the States of Arizona and California over rights to the waters of the Colorado River. The Supreme Court, on June 3, 1963, announced its opinion in the case of Arizona against California, et al. This opinion appears to clear the way for the Lower Colorado River Basin developments, though California has filed an appeal to the decision.

NO ADJUDICATION ON SANTA CLARA AND VIRGIN

However, Utah's only use of water within the lower basin is from the Virgin and the Santa Clara tributaries—the right to which the Court did not adjudicate. Accordingly, Utah's right to expand its present lower basin tributary uses is not limited by the Court's decision, and likewise should not be included in the package of legislation for the Lower Colorado River Basin. The Virgin River is a captive stream and not an issue in the Arizona against California decision. It should be developed and considered on its merits alone, and the time for action is now, not a year or several years from now.

AMENDMENTS TO THE BILL

In favorably reporting the bill about a week ago the Senate Interior and Insular Affairs Committee attached several amendments to the measure. I have been told by professional staff members of the committee that they are of a relatively minor nature and should not have any major effect to the overall project plan.

Despite these assurances I have taken the liberty to send the amendments and copies of the new bill to officials of the State—to Utah's Gov. George Clyde, who is one of the Nation's outstanding reclamation engineers; to Mr. Jay R. Bingham, the State's director of the Utah Water and Power Board; and to officials directly involved in the project in southern Utah.

To date I have not as yet received any replies, nor did I expect them this soon.

However, I feel the record should be clear that we are carefully studying these new amendments and should any new proposals or problems arise, I can only hope they will be considered when this legislation goes through the process in the House.

Initially, I am particularly concerned about the amendment limiting the power contribution from the lower basin for Dixie to \$3.5 million. Our concern is mainly with protection of the Dixie people against being shortchanged because of this language. However, rather than obstruct the project at this time I am going to support the bill and, as I say, pave the way for further study before it reaches the House Interior and Insular Affairs Committee hearing stage.

URGE PROMPT APPROVAL

In conclusion, Mr. President, I again voice my wholehearted backing of the Dixie project and urge its favorable approval. It has been determined by all agencies concerned that the project has engineering feasibility, that it is economically justified, that the reimbursable cost can be repaid within the standard 50-year repayment period, and that construction would be a forward step in the conservation and utilization of the lands and water resources of the entire region.

The passage of this bill will fill a vital niche in this arid region of the State and of the country. I support the bill, and ask my colleagues in this body to do the same.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none; and, without objection, the committee amendments are agreed to en bloc.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 26) was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MOSS. Mr. President, I move to lay the motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. ELLENDER. Mr. President, almost two decades ago we commenced the drainage of American wealth with the inception of the foreign aid program we are discussing today. Since the beginning of this program, in excess of \$100 billion have been lavished on almost every country on earth.

It is too late now to discuss what might have been done by us when our foreign aid program was first established. But, I cannot help but remark we would be much better off today if most of the aid under our original Marshall plan, which was doled out on a 90 percent grant basis to the Western European countries, had instead been made available on a loan basis. It will be recalled that the Marshall plan contemplated loans for the rehabilitation of Western Europe. It did contemplate gifts. There is no question, but that if the words of General Marshall had been heeded—as to making loans instead of gifts—our economy would be in a much better shape today than it is. At least we would not be confronted with the enigmatic balance-of-payments problem that hangs over our heads today like the sword of Damocles.

As early as 1957, I believe I was the first Senator to bring to the attention of the Senate the drain on our gold taking place not only because of the foreign aid program but also because of the large number of soldiers that the United States had stationed all over the world, particularly in Western Europe.

Though we cannot change what might have been, there is no reason for us to continue our folly by making the same mistakes over and over again.

If the nations of Western Europe had accepted the original concept of the Marshall plan, they would now be helping us in our endeavor to develop the backward nations of the world. But that has not happened, and is not happening. Western Europe still has its hand out and is looking for assistance, perhaps not in the same form it was given to them under the Marshall plan, but they are looking for a handout, nevertheless.

The recent military exercise we conducted, known as Operation Big Lift, caused our Western German ally, one of the most important nations in Western Europe, to become greatly concerned because she feared we were going to remove some of our divisions from Germany—which, by the way, contribute handsomely to the German economy.

When the NATO agreement was first conceived, we envisioned, with our Western Allies, that it would require, as I

recall the figures, 95 divisions to be stationed on the Rhine.

Of that huge number of divisions, the United States was to contribute five to five and one-half divisions.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. JOHNSTON. Is it not true that having American soldiers in foreign countries has greatly helped the economy of each foreign country where our troops are stationed?

Mr. ELLENDER. The Senator anticipates me. I expect to show that fact.

In my opinion, it is one of the main causes for the drain on our gold.

To maintain our divisions all over the world, particularly in Western Europe, it costs, in cold cash, over \$3 billion a year. We do not pay soldiers with collar buttons—we use good hard tax dollars. The soldiers, in turn, spend that money abroad. To my way of thinking, that has been one of the chief causes for the gold outflow from our country.

Mr. JOHNSTON. In order to let the people know what effect stationing American soldiers in a particular place has, when military installations are located in certain parts of the United States, does it not increase economic activity in those particular localities?

Mr. ELLENDER. There is no doubt about it; but, of course, that does not affect the gold outflow.

Mr. JOHNSTON. No. I am using that illustration to show how military installations located in foreign countries help their economy.

Mr. ELLENDER. I see the point. In other words, the fact that South Carolina may have several thousand troops located there helps her economy. By the same token, the fact that we have in excess of 450,000 U.S. personnel in Western Europe is bound to have a salutary effect on the economy of Western Europe, particularly West Germany. The Senator is absolutely correct. There is no question about it. In my judgment, that is what caused Germany to take the position it did recently, as I shall point out later when I cite excerpts from some of the local newspapers.

I hold in my hand an article that appeared in the Washington Star, under date of the 27th of this month, by Mr. John Weyland, the headline of which reads, "United States Irritated With Allies Policy Attacks—Americans Stress We Alone Meet Arms Obligations."

The article reads:

The United States is getting increasingly impatient with its European allies for criticizing U.S. military policies while refusing to meet their own Atlantic Alliance commitments, U.S. sources said today.

Secretary of State Rusk, in Bonn for 2 days, had to reassure West German leaders about the continued presence of U.S. troops in Europe. There have been fears that Operation Big Lift would be used as a prelude to a partial withdrawal.

REASSURANCE AWAITED

Mr. Rusk's talks here did not produce an official West German statement that these fears have been entirely dispelled. The Government is understood to be waiting for further reassurances. Mr. Rusk is expected

to give these in a public speech tomorrow in Frankfurt.

Which he did. I wonder where he obtained his authority.

The article continues:

West Germany, like other European members of the Atlantic Alliance, has failed to meet its own NATO military obligations. These are being fulfilled only by the United States.

The U.S. sources described an increasingly tough attitude on the part of the Kennedy administration toward such examples of a "double standard." They said that concern is mounting in the United States over the standard being frequently applied not only to military matters but to U.S. policy in general.

They likened the Atlantic Alliance to a 20-mule team and said only one mule has been pulling while the others rode. It was time, they said, for the other mules to get out and help.

The U.S. plan to sell wheat to the Soviet Union was mentioned as another example of Europe criticizing the United States for what Europe itself does. European trade with the Soviet Union is much greater than United States-Soviet trade.

The U.S. sources said that for 17 years America tried to obtain a coordinated policy among the Allies on trade with the Soviet Union, but has not been able to get anywhere.

On U.S. military strength in West Germany, the U.S. sources said that this represents an inconceivable amount of power, greater than any ever massed in this country before. They said the United States does not see any basis for reducing its combat capability in NATO. They added that the United States hopes the other members will show the same willingness to keep making sacrifices.

WEST GERMANS PRAISED

The sources said the United States does not feel that the rest of the alliance, particularly on the central front, is doing its share. West Germany was praised for making the second best showing after the United States, but it was said German military forces need to make big improvements in logistic support, equipment, and general combat readiness.

West Germany announced at the beginning of this year that for economy reasons the planned buildup of its armed forces to half a million men will be delayed until late in the decade. This half million was its original NATO goal. The present strength is about 400,000 men.

The Bonn government takes the position that the United States should not reduce its 250,000-man garrison in this country, though it represents a heavy drain on the U.S. budget and complicates the balance-of-payments problems.

NO GUARANTEE GIVEN

The U.S. sources indicated that Mr. Rusk did not guarantee in his Bonn talks that the number of U.S. troops will never be reduced, but emphasized that military strength is not determined by numbers alone. The U.S. Government recently announced a buildup in firepower in Europe through the shipment of more nuclear weapons.

Mr. Rusk met for an hour today with West German Foreign Minister Gerhard Schröder. The meeting, like Mr. Rusk's others here, produced no official word on the troop issue.

A Foreign Ministry spokesman issued a statement saying that Mr. Rusk and Mr. Schröder discussed East-West relations in a cordial atmosphere.

As I started to show a moment ago, when this alliance was first talked about, 95 divisions were envisioned, 5½ of

which were to be supplied by the United States, and the rest by the countries of Western Europe. That arrangement was changed a few years later, and the number of divisions envisioned was reduced from 95 to 66. Of that amount, the United States was still required to furnish 5½ divisions.

Since I serve on the Appropriations Committee of the Senate, in 1960 I was given top secret information regarding the status of forces in NATO, by our armed services. Naturally, because this information is classified "top secret," I cannot give it to the public. But I can say that up to that time Western Europe had absolutely and positively failed to meet its obligations. Indeed I was so astounded by the information that was furnished to me that I wondered if it were true. I wondered how it was that our Defense Department, the Department responsible for NATO, could let this matter slide, as they did.

Between the Republican and Democratic conventions in 1960 I made up my mind to visit Western Europe to learn for myself whether or not the top secret documents reflected the true picture in Western Europe.

The picture was worse than what was shown by the secret documents. I invite Senators who are entitled to see these secret documents of 1960 to see for themselves. They will learn that most of the divisions in Western Europe were paper divisions at that time and very little had been done along the lines that were agreed upon back in 1951 and 1952.

What I am saying now was substantiated in 1961 when the Berlin crisis took place. At that time, we had to obligate ourselves to the tune of \$3.247 billion to improve our readiness to meet this particular crisis.

In addition, \$419 million was expended for the callup of the two National Guard divisions. We had to send more soldiers over there. Why? Because our so-called allies in Western Europe failed to carry out their part of the agreement. They reneged on their commitments. Now we are being asked to keep our soldiers there. We are being asked to let them stay there, and to spend the money to maintain them there. We are being asked to do that by our friends in Western Europe.

I ask unanimous consent to have printed in the RECORD an article which appeared in the Washington Post of October 29; also an article entitled "French Minister Urges Sweeping Revision of NATO," which appeared in the Washington Post this morning.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 29, 1963]

RUSK VISIT CALMS GERMAN FEARS; GIVES ERHARD A WEAPON

(By Robert S. Elegant)

BONN, October 28.—Responsible West Germans today considered Secretary of State Dean Rusk's 52-hour mission of reassurance with sighs of relief. The greatest demonstration of his success was their tendency to remark sheepishly, "Of course, we weren't really worried at all."

Rusk's spirited renewal of the pledge to keep American combat forces in the Federal Republic at their present strength has calmed immediate German fears. But both German and American political analysts feel that it will not be long before the development of the next in the series of minor crises of confidence that have characterized relations between the two countries for the last 20 months.

The Germans' regular manifestation of the desire for reassurance has two chief sources.

First is the immediate fear that any detente between Washington and Moscow will result in the withdrawal of a substantial number of American troops from Europe, leaving Germany unprotected before her enemies. Rusk, therefore, went out of his way to stress that the two great powers are still a long way from a real detente.

The second reason is undoubtedly more abstruse and, probably, more fundamental. The West Germans, living in an incomplete nation behind an 800-mile-long frontier with Communist Eastern Europe, have an acute emotional need to know that they are inextricably linked with a powerful ally—and protector.

"We'll just have to reconcile ourselves to coming here two or three times a year to tell the Germans that we still love them," remarked one official in Rusk's entourage.

At the moment when an uncertain, new era has just begun with the succession of Ludwig Erhard to the chancellorship held so long by Konrad Adenauer, Rusk's confident demeanor and blunt manner were even more effective than his words.

Erhard had particular reason to be grateful for the visit, which many Germans have interpreted as a demonstration of President Kennedy's personal esteem for the new German administration. The new Chancellor has been given a powerful weapon with which to confront his enemies who charge that his political ineptitude and softness will weaken the ties between Washington and Bonn, thus imperiling German security. Now possessed of a pledge that American military power will continue to shield the Federal Republic, Erhard will undoubtedly utilize his visit to Washington next month to make that weapon even stronger.

The Secretary of State came to Germany over the weekend because of longstanding engagements to dedicate a memorial to Gen. George C. Marshall in Frankfurt and to confer with 31 American Ambassadors in Bonn. Instead, he spent most of his time calming perennial German jitters. He was so concerned with public opinion that he spent most of Saturday afternoon in discussions with the press.

The burden of Rusk's message, both public and private, was that the Germans need fear no reduction of American combat forces in the Federal Republic, despite the coincidence of the much touted aerial operation Big Lift, which deposited 15,000 American troops in Europe within 65 hours, and Deputy Defense Secretary Roswell Gilpatric's remarks that the new airlift capacity would enable the United States to reduce permanent garrisons abroad.

Rusk also struck a new note in American discussions with the European allies. In effect, he rejected German charges before they were made, noting that it was ridiculous for allies who had not met their full "force goal" commitments to NATO to be constantly questioning the purpose of the one ally that has met its commitments in full.

That approach disarmed the Germans. Rusk was himself somewhat startled when Defense Minister Kai Uwe von Hassel, who had earlier announced that his Ministry required detailed explanations of American intentions, dealt with the matter almost perfunctorily. Prepared to discuss the question at length, the Secretary found that von Hassel was content with a brief interview.

Erhard himself hardly touched on the troop issue. Instead, Rusk outlined the present state of negotiations with the Russians at length—another, but quite distinct aspect of Operation Reassurance.

"You can feel the difference in the atmosphere now that hard-nosed, suspicious Konrad Adenauer is on the sidelines," said one U.S. official.

Nonetheless, the seeds of the next German demand for more reassurance—another demonstration of affection—were already sprouting.

The Rheinische Post, a stalwart of Erhard's—and Adenauer's—Christian Union editorialized with satisfaction on Rusk's pledges. But the newspaper jumped on one phrase in Frankfurt, his speech in Frankfurt, his promise that "American troops will remain as long as they are needed." Asked the Rheinische Post plaintively: "And who will decide whether the troops are needed or not? The Americans of course."

[From the Washington Post, Oct. 30, 1963]
FRENCH MINISTER URGES SWEEPING REVISION OF NATO

PARIS, October 29.—French Foreign Minister Maurice Couve de Murville today said the current structure of the North Atlantic Treaty Organization (NATO) is out of date and called for sweeping reorganization of the 15-nation alliance.

He stressed, however, that a major reorganization will be possible only if other European members pull their full weight.

In a broad foreign policy review to the National Assembly, Couve de Murville defended France's decision "to play her own role in defense."

This decision, he said, was forced by the failure of other Western allies to meet their defense commitments.

"The United States has complained for several years now," he said, "that Europe today, risen from the ruins of the war, does not agree to a sufficient effort for its own defense, leaving to the United States the essential part of the burden, just as in the far-away days of 1950 when it alone had the necessary resources."

"And in fact, most of their European allies find this situation convenient where they can, without other preoccupation, to attend to their own affairs."

"That is the reason," he said, "why France wanted to get back control of its own forces—land, naval or air. That is why she decided on an atomic military program. In doing this, she has perhaps upset some of the fixed ideas in the Atlantic alliance. But she has shown herself as having a national will, and as a result is a real ally."

"The day when necessary changes are made and other European members of the alliance show the same will, then a reorganization of the Atlantic alliance on durable foundations will become possible."

"Then we will be able to satisfy the legitimate request of America for a different distribution of duties, because there will be a different distribution of responsibilities. Then we will assure, for the duration, the maintenance of this alliance and as a result the participation of the United States in the defense of Europe."

Couve de Murville said "systematic agreement is not a policy. Neither is it, in an alliance, a guarantee for promises made. France is perhaps a difficult ally. It is above all a loyal and sure ally. When grave crises come, everyone can see it."

Mr. ELLENDER. Mr. President, what does that mean? Only the future will tell. We are having a little trouble today in Western Europe in having our so-called allies collaborate with us. In the future I can see much trouble. How

can we blame them? If we continue to furnish the money, if we continue to keep our soldiers there, if we continue to let the countries of Western Europe lean on our shoulders, of course they are not going to do anything about it, but let Uncle Sam carry the whole burden.

That has been the case in the past, and it will continue if we enact such bills as we have been enacting in the past 7 or 8 years.

For the past 10 years I have been traveling all over the world. I have brought back reports which are now Senate documents. They indicate what is happening. But they have had little effect on a curtailment of the vast sums that are being spent by our Government to maintain an umbrella, particularly to safeguard Europe.

While all this was going on, what did Europe do? Europe did not have to spend much money to protect itself militarily, because good old Uncle Sam was carrying the burden. While we were carrying that burden, the economy of those countries was raised to the point where we are having great difficulty now to dispose of some of the goods that we have produced.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from South Carolina.

Mr. JOHNSTON. I commend the Senator for the facts he is bringing to the Senate in this connection. I also agree with him thoroughly when he says that our allies have not built up their military strength in connection with NATO. We could excuse them if they were not able to do it; but those countries are well able to do their share in putting soldiers in the field. Is that not correct?

Mr. ELLENDER. There is no doubt about it, I have brought that to the attention of the Senate on many occasions. However, my voice was a voice in the wilderness. Very few listened. We only succeeded in making small reductions in the budget estimate for foreign aid each year. However, no sincere effort has been made to taper off the program. We started the program in 1947, in the hope of completing it in 5 or 6 years, insofar as Western Europe was concerned. Did it stop? Here we are in 1963; and the amount of money being asked by the executive department is almost as much as the amount that was requested when the program was first placed on the statute books.

There is no end to it. As I say, we cannot expect our allies to do their part unless we stop or curtail these expenditures.

(At this point Mr. RIBICOFF took the chair as Presiding Officer.)

Mr. ELLENDER. Mr. President, with all the prosperity that now reigns in Western Europe, with the many thoroughly equipped divisions we have there, with all the money we are spending there now, there is in the pending bill \$229,356,000 for use in Western Europe. How silly can we be? Those countries are better able to carry the burden than we are; yet some "striped pants" people from the State Department, who do not stop

to think of the impact that all of this will have on our own economy, are recommending that we continue these programs, in the face of the condition of our own Treasury and in the light of the prosperity that reigns in Western Europe.

We must add to the amount that I have just indicated the amount of military assistance that we are giving to Greece and Turkey, a part of which should be provided by the countries of Western Europe.

There is in the bill the amount of \$486 million-plus that we are furnishing countries that belong to NATO.

This goes on year after year. Eight years ago I brought it to the attention of the Senate at which time prosperity was already reigning in Western Europe. The answer I got was, "We are giving it to them this year because we are committed to do it. After we get through with this commitment, we will stop it."

Yet the commitments are made from year to year. I believe we must pay some attention to this problem.

It is shameful for us to appropriate as much as \$486 million to assist our NATO allies. Of course, this is only military assistance. In addition we are furnishing a handsome sum for economic assistance to Turkey and Greece. Strange to say, that assistance does not appear in the European part of the program. The military assistance appears in the European program, but so far as economic assistance is concerned, Greece and Turkey appear in another area of the justification.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MORSE. I would like to have the record show, as the Senator knows, that most of the assistance which goes to Greece and Turkey is paid for by the American taxpayers, and a very small amount of it comes from our so-called NATO allies.

Mr. ELLENDER. Yes; a very small amount. The accent is on "very." I intend to bring this fact out when I speak on my amendment to reduce the military assistance program by \$300 million.

I have been there, Mr. President, to check on all of this, particularly during the 1960 trip I spoke about a moment ago. I spent 6 weeks there, trying to verify the information I had obtained from the Department of Defense. It irked me to learn that our military missions abroad tried to justify what I discovered there. The divisions that were supposed to exist were mostly paper divisions. A few of them were armed. Perhaps to the extent of 60 to 65 percent of what could be called combat ready. I cannot give the exact number, because it is secret—although I have seen the figures in the newspapers on many occasions.

If in the summer of 1960 the Russians had struck, the only ones prepared to meet the foe would have been the divisions supplied by the United States and a brigade from Canada. The rest of the countries were not prepared. Yet, I repeat, what irked me was that our military missions, which were on the scene

and watching what was happening, did not raise their voices at all. On the contrary, they justified what was happening, until I showed them that I knew what I was talking about, because I was armed with the top secret document to which I previously referred.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield to the Senator from Oregon.

Mr. MORSE. I am glad the Senator from Louisiana is making this point. I wish to supplement it with this statement: One of the myths that has been spoken around the Senate Chamber for a long time is that West Germany has been living up to her NATO commitment. Yesterday I checked with the Committee on Armed Services. Before this debate has been concluded, I shall have the figures, but I want to burst the bubble of that myth: West Germany has not been living up to her armament commitments to NATO, either. The fact is that the overwhelming burden of NATO obligations has been carried by the United States.

The senior Senator from Oregon has made it very clear that he does not intend to vote a single dollar for NATO until the NATO countries proceed to live up to their commitments. If they do, we can greatly reduce the amount of money that the United States is now spending in connection with NATO.

Mr. ELLENDER. I am sure the Senator from Oregon will find that there has been very little improvement since 1960. We still seem to be living on promises. This practice started a few years ago, when it was said that the NATO countries would have 500,000 troops in the field. Now the number has been reduced to 400,000. That situation should have been corrected quite a while ago, when the NATO agreements were entered into in 1951, and in 1952, when the NATO meeting was held at Lisbon. But none of our allies in Western Europe have lived up to more than a fraction of what they promised.

We are told by the Department of Defense and others that we are receiving from Germany quite a large number of orders for the manufacture of hardware for their troops, and that that will balance the money we are spending for the stationing of our troops in West Germany. Mr. President, those purchases do not amount to a drop in the bucket. When they buy from us, some of our treasure and resources are consumed. They are not doing us a favor. We now have a golden opportunity to force the issue, to force those people to contribute their share. If they do not, we should withdraw.

I said this many years ago—at least 6 years ago. And this lack of interest on the part of allies does not apply solely in Western Europe; it applies also in South Korea, South Vietnam, and Taiwan. Who is there today but the local troops and the troops of good old Uncle Sam? Consider South Korea, for example. The military operation there is supposed to be under the jurisdiction of the U.N.; it is supposed to be under the wing of the U.N. But how is it made that way?

To make the operation in South Korea a U.N. operation, the British have supplied two soldiers, the Canadians two, New Zealand two, Turkey a handful, Greece a handful, and Ethiopia and Thailand a handful. The total number of soldiers in South Korea, outside of the Republic of Korea troops and the 2 divisions supplied by the United States, is about 325.

To add insult to injury, the United States has been paying for the logistics for all of these soldiers, except the two supplied by the British, the two from New Zealand, and the two from Australia. Who can stand for a situation like that? It is a farce. Yet under this bill, we shall still be spending millions of dollars to maintain such a position.

As I have said for several years, there is a way to settle this problem. We have been furnishing Korea aid at the rate of half a billion dollars per year. We have been assisting Taiwan every year. We have once again started to provide assistance on a big scale to South Vietnam, and we shall continue to do so. But in all of these areas we are not receiving any assistance from our wealthy allies of Western Europe. As I have said on many occasions, the only time that those countries contribute a little money is when they are directly interested; when they are involved in something that they want to protect, as in Malaya, or to protect the oil in Kuwait. They will assist in those areas, because they are directly interested. But they are not directly interested in South Korea, or in Taiwan, or in South Vietnam. The burden in those areas is being carried solely by the United States, and we shall continue to carry it as long as we have this inept foreign aid program. I issue a warning that if it is important that freedom be maintained in South Korea or Taiwan or South Vietnam, we should get help from our Western European allies or pull out.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield to the Senator from Oregon.

Mr. MORSE. I am glad the Senator from Louisiana has placed in the RECORD the figures concerning the so-called allied assistance in South Korea. To me, those figures spell the word "deception." It is about time that the U.S. Government stopped deceiving the American people. It is about time the American people were given the facts about foreign aid.

I say to my administration: "You ought to lift the label of secrecy on about 85 percent of the material that is now marked 'Top Secret', because that information belongs to the American people. The American people are entitled to know the facts."

If the American people ever knew the facts about foreign aid and its administration, either Congress would stop supplying foreign aid in its present form, or most Members of Congress would remain at home the next time the people had an opportunity to enter the citadel of freedom in this country, which is the voting booth.

I wish to refer for a moment to the Senator's discussion of the situation in Europe. I am glad he has commented

on what I call the bribery argument that is being used in an attempt to influence American public opinion to support this foreign aid bill. For weeks past, I have said that the pressures for it are tremendous. Hour after hour, Senators are receiving telephone calls from administration spokesmen who urge them to vote against the Morse amendments, the Ellender amendments, and other amendments. If the administration wants to pick that fight, I am ready to take it on, because I am going to disclose to the American people every fact in regard to the foreign aid program that I can disclose within the limits of secrecy that seal my lips with regard to a good many facts.

It is a sad commentary that under the Kennedy administration we have moved so far down the road toward Government by secrecy that we cannot disclose to the American people a good many of the facts they should know in connection with our foreign policy in regard to foreign aid.

So I wish to refer briefly to the purchases of military equipment made by Germany in the United States. That program is opposed by many of the labor leaders in this country, and I have been hearing from them. American workers need to be put to work in factories producing civilian goods—not munitions of war for Germany or for any other countries, but civilian goods that will help the economy of the United States and will expand it. We sorely need to expand it for the benefit of the underdeveloped areas within the territorial limits of the United States.

Let me say further, in regard to the argument about bribery—the argument that we should continue to vote for a continuation of this shocking foreign aid program because some of the money under it is spent in the United States, that we should use some of that money for heart research, cancer research, and health programs, and we need to use some of the money for education for the youth of America, and we also need to use some of the money to stop the waste of our natural resources and for programs to make better use of the natural resources of the United States. In short, we should use that money in this country, to develop our own economy.

The Senator from Louisiana spoke about our troops in Europe. Yesterday, I did some work with the Senate Armed Services Committee, in order to obtain some facts and figures which I shall use in a subsequent speech during this debate. At this time, I wish to ask whether the Senator from Louisiana is as aware as I am that Secretary of State Rusk went to Germany, the other day, and gave assurance that all the American divisions now in Germany would remain there.

Mr. ELLENDER. Yes, and I have already placed in the RECORD articles about that.

Mr. MORSE. I am glad to know that; and I am sorry I could not be in the Chamber at the time when the Senator from Louisiana began his speech.

Let me ask whether he knows of any right of the Secretary of State to go to Germany and, in behalf of the American

people, give assurance that those divisions of American troops will remain there. Does the Senator know by what authority the Secretary of State could do that?

Mr. ELLENDER. I asked the same question when I presented the data, for I want to know. As the Senator from Oregon knows, I should like to have the answer put into the RECORD. I do not know of any such authority.

Mr. MORSE. Neither does the Armed Services Committee.

Mr. ELLENDER. But I say to the Senator from Oregon that today we seem to be in the hands of the military. They are "calling the shots"; they ask us for anything they want, and get it. We have military missions scattered all over the world. As I have often stated, the little missions we have abroad only keep things stirred up, in my judgment.

Mr. MORSE. The Senator from Louisiana has heard me say before, and I do not hesitate to repeat it, that the two greatest threats to the peace of the world are the American military and the Russian military.

Mr. ELLENDER. Certainly Senators should go abroad and should talk to some of our military men, in order to find out for themselves what is going on.

The members of some of our military missions say to the governments of those countries, "Thus and so needs to be done by you. Do as much as you can; and if you cannot do all of it, we will help you."

Mr. President, let us consider the money we have spent in Iran. As I have pointed out on many occasions, we have spent almost \$1 billion training Iranian troops to fight Russia. As everyone knows, Iran is on the border of Russia. If we are to believe that Russia is equipped with many missiles which can travel 200 miles, 500 miles, 1,000, 2,000, or 5,000 miles, then it is obvious that in a matter of seconds Russia could destroy all of Iran. So I have often said that, despite the vast amounts of money we have sent to Iran, Iraq, and other small countries, to develop little armies there, those armies would be almost as effective to protect those countries as a popgun corps would be to protect the city of Washington against our generals. Yet we continue to send funds abroad; and in a few moments I shall show that we are now beginning a program in Africa—a brandnew area for our AID administrators to build their little empires. I have an amendment on that subject which I hope the Senate will adopt. The amendment would limit the military equipment we are to furnish to Africa for internal security.

Mr. MORSE. I shall support the amendment.

Mr. ELLENDER. And the amendment will limit the amount which can be put into the whole continent of Africa.

Mr. MORSE. I shall support the amendment.

Mr. President, will the Senator from Louisiana yield further to me?

Mr. ELLENDER. I yield.

Mr. MORSE. In my judgment, one of the greatest needs of this country today is to place drastic checks upon the American military; but I am satisfied that will

not be done by the executive branch of our Government. Certainly, Congress has, under our system of checks and balances, a duty to do that; and one of the places to start it is at the purse strings.

The study I have made of American military forces in Germany satisfies me that it is an overstatement, in regard to any justifiable need, to say that we need to keep two divisions there. Two divisions are the maximum number, and it may be that we should not keep more than one division there. I believe the time has come to bring thousands of American troops back to the United States from Germany, for Germany knows very well that she is going to be protected in case of any offensive conducted against her by Russia. Germany knows very well that if Russia were to make that great mistake, Russia would be starting a nuclear war. So there is no need to have six divisions of American troops in Germany, in order to protect Germany.

Therefore, the time has come—now that our balance-of-payments problems are what they are—to see to it that those troops are brought back home. I do not buy the argument to the effect that Germany buys enough goods from the United States to really absorb the cost of maintaining those troops in Germany. First of all, Germany would have to spend the money for those goods, anyway; and if she wants to buy them somewhere else, let her do so. But we are now spending in Germany a great deal of the money we need to spend on domestic developments needed by our own country. So I wish to say that when the Secretary of State made that statement, he did not speak for me or for millions of other Americans.

Mr. ELLENDER. Neither did he speak for me.

Mr. MORSE. Millions of Americans were shocked by the gratuitous statement the Secretary of State made, the other day, in Germany; and I believe he should be held by Congress to an accounting for his going to Germany and telling the people there—without any check whatsoever with the legislative branch of our Government—what he thought should be our policy with regard to maintaining American troops in other countries.

It is time for us to serve clear notice on the State Department that we have had enough of the State Department's assuming legislative functions in connection with the foreign aid program and the defense budget.

Mr. ELLENDER. Mr. President, as I remember, 3 or 4 weeks ago former President Eisenhower indicated that he thought most of our troops should be removed from Western Europe. I recall reading somewhere that when the agreement was first made, our contribution of 5½ divisions to NATO was supposed to be on a temporary basis until the countries of Western Europe became wealthy enough or got back on their feet so that they could provide the NATO shield. But although Western Europe has become wealthy enough, that has not happened.

I repeat what I said a while ago. In

1960, when I questioned representatives of our own military missions, I was incensed to learn that we had more power in Western Europe than the rest of the European countries put together. I say that they failed to meet their obligations, and that there ought to be a way to put them on notice that either they must meet their commitments or we will stop our huge expenditures in that area. A continuation of those expenditures would so blunt our economy that in a short time we might lose our way of life. If we go too deeply in debt, as we are today—our debt is about \$310 billion, requiring an expenditure of from \$10.5 to \$11 billion merely to pay the interest—we shall soon be led into some kind of "ism." We shall lose our way of life as we know it. I do not wish that to happen if I can help it.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CARLSON. I compliment the Senator from Louisiana for calling to the attention of the Senate and the country a problem about which I believe we must take some definite action. We have troops scattered all over the globe, so to speak. We have large installations in Germany, Korea, and Vietnam. We make military contributions to many countries in which we do not have troops, but rather military personnel as advisers. While I realize the value of such a course, the time has come to look into the situation, as the Senator from Louisiana has well stated with a view to returning many of those troops to the United States. We are in a different situation, in my opinion, than we were 10 years ago. We now have modern weapons with nuclear warheads. Our manpower in Germany could well be reduced based upon our defensive and offensive power and weaponry.

The Senator has rendered a real service. I sincerely hope that some action will be taken as the debate continues on the foreign aid authorization bill this year. It was discussed in committee. The problem was discussed from every angle.

For example, we learned that in Germany the United States is the only country that maintains its full quota of troops and equipment for NATO. Germany has been second. France, Italy, and Great Britain are far behind. Not only would it be in our own interest, but I think it would have a wholesome effect on those countries if we should serve notice on them that we shall make some changes.

Mr. ELLENDER. We are also maintaining the 6th Fleet in the Mediterranean. The 7th Fleet is in the Pacific waters around Taiwan. All that contribution is in addition to our NATO obligations.

What contribution has been made by our so-called allies? Nothing. We are carrying the entire burden. As I have often said, if we continue to carry it, if we continue to spend \$50 to \$60 billion a year for military equipment during peacetime, it will be only a question of a few years when the taxpayers of our country will be unable to carry the bur-

den. We are going deeper and deeper into debt now. As all of us know, in the past 30 years, approximately, our budget was balanced only three or four times. But I do not call those budgets balanced budgets.

Once or twice the balancing occurred under former President Truman. That was due to the fact that much more money was appropriated than was needed toward the end of World War II. The war had ended; we had not spent what had been previously authorized.

We have read that under former President Eisenhower the budget was balanced. It might have been balanced on June 30—at the end of the fiscal year—but within 30 days we were again in the red. We did not pay our debts promptly, and probably for that reason we remained in the black. My friend the Senator from Kansas [Mr. CARLSON] could also keep his bank account in the black if he should postpone the payment of his debts in a similar way.

Mr. CARLSON. It would help.

Mr. ELLENDER. I cannot understand why the people who serve us in the Armed Forces, including the military men abroad who are at the head of military missions, can permit the things to happen that I have been describing, particularly in Western Europe. It is unbelievable. One must go there to see the situation for himself.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. CARLSON. The Senator from Louisiana has mentioned Vietnam. As the Senator knows, at the present time we have 12,000 American boys in Vietnam. We are presently spending \$1 million or \$1.5 million a day in Vietnam.

Mr. ELLENDER. One and one-half million dollars.

Mr. CARLSON. It ought to be of interest to people in that area to preserve the freedoms that we try to protect for those people. But what help are we receiving? We are getting a few soldiers from Australia and very little assistance from New Zealand. That is all the help we are getting in Vietnam.

Mr. ELLENDER. Mr. President, the Senator must have been in Vietnam recently. When I was in that country 2 years ago the information I received was that Australia, which was the only contributor to the forces, had provided a few trucks. But as far as manpower was concerned, we were the only nation which had supplied such help. If the Senator's statement is correct, I am glad to know that those countries are contributing a few soldiers in Vietnam. I hope that they are paying the logistics for the soldiers.

Mr. CARLSON. The reason I made that statement is that Secretary Rusk supplied a memorandum during the hearings, which appears on page 248, and reads as follows:

ALLIED CONTRIBUTIONS IN SOUTH VIETNAM

Currently Australia is providing a military advisory group to South Vietnam consisting of [deleted] officers and noncommissioned officers to instruct in antiguerrilla warfare. [Deleted.]

New Zealand is now making arrangements to provide a small advisory group.

Mr. ELLENDER. Those are advisers, not soldiers. In other countries there are similar military missions consisting of a couple of officers and perhaps a few sergeants who train the local people how to use certain implements of war.

Mr. President, I submit that I have discussed only some of the cases where our allies are leaning on our shoulders. I assure the Senate that they will continue to do so unless we take the necessary and long-called-for action. That action will be taken only when we begin to make firm efforts toward reducing our foreign aid commitments. Our Western European allies are now financially able to supply most of the manpower required by the NATO shield; furthermore, they are financially able to give more assistance to the underdeveloped countries of the world, as I previously stated. But I am confident that so long as we continue our foreign aid program, they will do neither of those things.

Mr. President, a while ago I mentioned our ventures in Africa. It was my privilege to visit that great continent last year. I spent almost 12 weeks there. I made a complete circuit of Africa in 1953, when the only two independent countries were Liberia and Ethiopia. Last year when I visited, more than 30 countries had become independent.

During the course of my stay, I happened to tell the truth in the wrong place about the capabilities of some of those countries. Two weeks ago the head of one of the countries I was speaking of at the time, and on which I had commented, paid a visit to the United States with hat in hand. He was the Premier of Nyasaland. I said last December that Nyasaland was incapable of self-government, that it lacked both human and natural resources. Nyasaland is strictly an agricultural country. There is nothing there but agriculture, and the most part of it is subsistence agriculture. Ninety-eight percent of those who farm in Nyasaland use the machete, the hoe, and the rake; while 2 percent have traction, that traction consists not of tractors, but bullocks and a few jackasses.

How can a country that farms the way I have described maintain a modern government? Nyasaland formerly received \$20 million a year from North Rhodesia, which has a copper mine economy; and received additional money from South Rhodesia, which has a great many minerals and some very good farmland. The British agreed to permit Nyasaland to secede from the Federation of the Rhodesias and Nyasaland. What has happened? What I predicted in December happened last week. Dr. Hastings Banda, the Premier of Nyasaland came to the United States with hat in hand and said he had to have money in order to be able to operate his government.

That situation prevails not only in Nyasaland, but also in many other countries in Africa. I hope and pray that nobody thought the report I made on Africa was biased or prejudiced because I am from the South. I have tried to make objective all of the reports I have presented to the Senate. The things that I have predicted will come to pass.

In 1953, when I visited all of Africa, I

put the Belgian Congo at the top of the ladder so far as progress was concerned, except for education. The Belgians had a good policy, which was to force those who invested in the Belgian Congo to plow back their profits into the economy of that area. Investors were not permitted to take out of the Congo more than a 6-percent profit on their investments.

In 1953 I said that, if and when Belgium ever left the Congo, darkness would return. That is in my report of 1953. When I went back in 1962, the prophecy that I made in 1953 had come to pass. I would say that now, the Belgian Congo is certainly in darkness. In 1953, it was a country which had a balanced budget, and a \$225 million favorable balance of trade if I remember correctly. Its exports were greater than its imports. Today the outside world, particularly the United States, is putting up the money in order to keep this Government alive.

In Africa as a whole, through fiscal year 1962, we have already spent \$2½ billion. If the Senate should foolishly pass this bill, an additional amount of \$683.2 million would be provided.

Mr. President, Africa is a great continent. It has vast natural resources to support it. In my judgment, if those natural resources were exploited for the benefit of the people there, a great economy could be developed over most parts of Africa. There is no question about that.

I should like to ask all Senators: If all those resources are in the hands of Europeans, and if those resources are being exploited for the benefit of Europeans, without taking care of the local people, how can that economy be developed?

No matter how much money we put into the hands of these new leaders, it will be insufficient, because we could not print enough money to raise the economy of Africa overnight. Two-thirds of the people of Africa live in central Africa, known as tropical Africa, which consists of two-thirds of the area.

I do not like to say this, but it is true that while the countries in that area have fine leaders, they do not have the resources with which to work—and that applies to natural and human resources.

Chad is one of the newly created states. It was only 7 years ago that the inhabitants of that area ever saw a plow or ever saw a wheel. They had never seen a wheel there yet an independent country has been made out of Chad.

The same applies to quite a few other so-called independent countries in Africa. Not one nation has been created out of French Equatorial Africa, French West Africa, or some of the British possessions that are not dependent upon the Europeans or our country. They are coming after us for assistance—assistance that we are unable to give unless we continue to borrow and pile up our debt.

I say that any assistance we provide for those people will not do the masses of the people much good. It will give them a little more buying power, but who will benefit from that? Those who own and control the businesses and the resources of Africa. Who are they?

The Portuguese, the British, the French, and the nationals of quite a few other European countries.

Africa is in the sphere of influence of the Europeans, the same way that I believe the South and Central American area should be the sphere of influence of the United States. If we as a nation should need iron ore, copper, and other minerals to feed our hungry mills, we could not look to the west, the east, or the north for those resources. We must look to the south.

In my first trip to South and Central America, in 1952 as I recall, and again in 1958, I stated that if America is to remain strong and have sufficient resources to remain strong, we should in some way try to enmesh our own economy with the economies of the countries to the south of us.

I went so far as to state that our State Department should give no protection to an American investor in South or Central America unless that investor first made efforts to take care of the people locally, to help them build roads and schools. And if this were done, who would benefit? The investor. I am sure if the resources of Central and South America are explored, and not exploited, they will be sufficient not only to take care of our needs, but to develop the countries to the south of us and bring to the people there happiness and contentment.

I could give much more information with regard to Africa, but let me merely state that it would be the height of folly for us to agree to let the countries of Africa have \$683.2 million of borrowed money.

Nigeria is one of the most developed of the new independent countries of Africa. All of the resources of this country, which is the most thickly populated one in Africa, are owned and controlled by the British—particularly gold, timber, and cocoa plantations. They are taxable resources and they are the resources that could be made to pay Nigeria's way to prosperity. But, they are under the supervision of and are owned by the British. It would seem that the British should be the ones to put up the money to develop this country.

Mr. President, are Senators aware of what the State Department has done? I do not know where it obtained its authority, but it agreed to make available to Nigeria \$225 million over the next 5 years.

I point out to the Senator from Kansas [Mr. CARLSON], who is present, that about half of that amount would be in grants, and the other part on easy terms, at three-quarters of 1 percent interest, with 10 years' grace, and 40 years to pay. The British, who own and control all the resources in that area, agreed to put up \$50 million.

I reiterate that, so long as we are so soft, so long as we continue to give of our treasure to those people, so long as we have personnel in our State Department and in the AID program who will peddle our resources to them, those people are not going to try to get anything from anybody else but soft Uncle Sam.

We should, by all means, stay out of Africa, except, as I have said, to provide

some technical assistance. The Lord knows that they need that kind of assistance badly. I would be willing to vote the necessary sum to assist those people in this way. This could be done at a very small cost. We do not have to send college graduates there to teach those people how to read and write.

Technical knowledge could be given to those people on the same basis as was done in my own State 60 years ago, when I was a boy. The Extension Service was started in Louisiana about 60 years ago. At that time it was difficult to get the State to put up a sufficient amount of money to hire Extension Service workers. When the State consented, we had difficulty persuading the farmers to follow the example set by the personnel of the Extension Service. How was it done? Little farms were established in certain sections. They were model farms where the people could see what would happen if a little more fertilizer were put on the ground, or if it were cultivated in a certain way, or more water were put on the soil.

A similar program could be carried out in some areas of Africa, to the great advantage of the people there. I would willingly vote for technical aid projects of that kind. But when it comes to giving all this money to governments that are incapable of handling their own affairs because of a lack of human resources and natural resources, I am against that, because, no matter how much is given to them, it will all be

wasted and we will go broke in the process.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CARLSON. I have been much interested in the discussion of the Senator from Louisiana in regard to Africa. During the hearings on the foreign aid authorization I went into this subject at some length with the Director, Mr. Bell, as shown at pages 582 through 585 of the hearings, in which we discussed aid to Africa. The Senator from Louisiana has not mentioned Public Law 480, the cost under that program amounting to \$100 million last year. Nor has the Senator mentioned the cost of the Congo operation, of which we paid 48 percent.

I asked the Director, Mr. Bell, to submit for the record a list of the personnel we have in Africa. I shall ask to have included in the RECORD the table furnished by Mr. Bell, which appears on page 585 of the hearings. The table shows we have 2,461 employees there, made up as follows: 1,037 in direct hire for AID, 361 by contract, 913 in the State Department, 150 in the USIA—which total, according to my figures, 2,461.

Then we have 1,466 Peace Corps members. I ask unanimous consent that the table be made a part of the RECORD. It will be of interest to all Senators.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S. Government personnel in Africa by agency, as of May 1963

Country	AID		State	USIA	Peace Corps
	Direct-hire	Contract			
Algeria.....	3	2	33	5	
Angola.....			13	1	
Burundi.....			24	2	39
Cameroun.....	18		8	2	
Central African Republic.....	1	1	9	1	
Chad.....	3		20	3	
Congo (Brazzaville).....	4	1	70	15	
Congo (Leopoldville).....	22	24	8	2	
Dahomey.....	7		46	8	278
Ethiopia.....	101	47	12	2	41
Gabon.....	6		62	8	129
Ghana.....	51		26	3	
Guinea.....	25	16	26	2	51
Ivory Coast.....	22		24	5	
Kenya.....	32	11	43	2	129
Liberia.....	102	68	49	8	
Libya.....	72	3	12	2	
Malagasy Republic.....	12	1	17	3	
Mali.....	19		5		
Mauritania.....			54	11	56
Morocco.....	39	3	6		
Mozambique.....			9	2	16
Niger.....	4		62	21	295
Nigeria.....	157	106	25	6	42
Rhodesia/Nyasaland.....	30	16	6		
Rwanda.....			23	4	33
Senegal.....	8		17	1	120
Sierra Leone.....	19	8	25	5	39
Somali Republic.....	59	40	52	4	
South Africa.....			37	5	
Sudan.....	76		11	2	59
Tanganyika.....	15	4	15	2	45
Togo.....	12		30	7	94
Tunisia.....	67	1	12	3	
Uganda.....	15	6	13	2	
Upper Volta.....	8	3	3	1	
Zanzibar.....					
Regional.....	28				
Total.....	1,037	361	913	150	1,466

Mr. CARLSON. Mr. President, I share the views of the Senator from Louisiana with regard to the personnel who can render technical assistance, and can render aid to these people. I have sometimes been critical of certain of the

folk we have sent over there, but when we realize that they are entering underdeveloped areas, it is not so easy for them, and therefore I give them credit. Our Nation has done much in those countries with missionaries of all de-

nominations, and we have done it for many years. That is the type of people who will help improve the living standards of those people.

Mr. ELLENDER. There is no question about it. Of the \$683 million, \$270 million is for Public Law 480 food that we are sending there.

With respect to the Peace Corps, I have been in favor of it 100 percent. However, the way some of the work has been done and the way the money has been spent has been disappointing to me. In my opinion, the Peace Corps should try to teach the people of Africa to do a much better job than they are now capable of doing. They should be taught to use tractors and other equipment so that they may improve their agriculture and build roads.

The Senator from Oregon may be interested to know that we have more than 300 Peace Corps members in Ethiopia. Instead of having them teach the people there to do a better job than they are now doing in agriculture and in other areas, the Peace Corps personnel are employed as teachers in elementary and secondary schools, under the direct jurisdiction of the Department of Education of Ethiopia. In other words, we are paying about \$9,500, on the average, for a Peace Corpsman to become a school teacher in Ethiopia. In this connection, Ethiopia pays us \$72 for each Peace Corps teacher we furnish.

The same thing is true in Ghana, except that in Ghana we have approximately 200 teachers and Ghana pays about \$130 or \$140 a year of the \$9,500 that we are spending on the teacher.

The Peace Corps is capable of doing a great job by having its members live among the people of Africa, Asia, and South America, encouraging the people to do some of the simple things of life. However, when we must pay as much as I have just stated for these corpsmen, and let them act as teachers, that may be all right; but it is not along the line of what I thought the Peace Corps would do. I do not believe it was ever intended that we should send Peace Corps men into Ethiopia, Ghana, Nigeria, and other places to serve as teachers under the same supervision as other teachers who serve there.

I must leave for another time a further discussion of Africa. There is a very fertile area there, as I have indicated in my report. A great deal of money has been spent without results because of a lack of capability of the people in many areas.

Returning to my prepared text, when anyone criticizes the foreign aid program, the proponents will always respond with the reply that "Surely, the program is not perfect, but it has accomplished important objectives." It is said that it has stemmed the Communists on the 38th parallel in Korea; and that it has prevented the Communists from taking over the little island of Formosa.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MORSE. I wish categorically to state that in my opinion the foreign aid

program has not had any cause-and-effect relationship with respect to any of the alleged results. The fact that the Communists have not taken over Formosa is due to the presence of our 7th Fleet there, and no other reason. The fact that they have not taken over Korea is due to the 7th Fleet and the presence of 50,000 American military forces in Korea and tens of thousands more nearby, and no other reason.

The interesting thing is that in most of the places where we are pouring in military aid we have American boys there, and it is the American boys who give the guarantee and the protection. The military aid, for the most part, is either wasted or creates serious problems, to the detriment of our own welfare.

Mr. ELLENDER. The Senator understands that I was not expressing my own views.

Mr. MORSE. I understand. I wished to reinforce the Senator's statement.

Mr. ELLENDER. It is said that the program has kept the Communists from taking over the countries of Western Europe. The abject failures of the program are overlooked.

These include such failures as the loss of Laos, the loss of Cuba, and the problems in South Vietnam, where we are currently spending \$1.5 million a day.

In South Korea we are still spending at the rate of nearly one-half billion dollars a year and that has been going on for 10 years.

In Taiwan we are still spending in excess of \$200 million a year. It seems unending. It is as though we were putting the money into a bottomless pit. In Korea we are over the barrelhead. There is no democratic government there, as we expected. It is more or less governed by a military government. Of course, it is true that a recent election was held; however, the democracy practiced in those areas is not the kind that we have in our own country.

Through fiscal year 1962 we have already spent \$5,269 million in Korea. That does not include fiscal year 1963, and what is included in the pending bill.

In Formosa, during the same period—that is, through 1962, and not including the expenditures of 1963 and the amount provided in this bill—we spent in that little area, that little island one can almost jump across, \$4,349,900,000.

In Vietnam, where we have just begun to spend in a big way—through 1962, but not including 1963 and the amount that is provided in the bill—we have already spent \$2,447 million. We are still pouring money into those areas in larger sums than we did when the program was first started.

When I was in South Vietnam in 1961, President Diem refused to see me. On three previous occasions he was glad to see me. But on my last visit, he would not see me, because I had a bone to pick with him. On previous occasions, I had tried to point out that all his troubles stemmed from two areas or pockets inside his country. One of them is about 60 miles northeast of Saigon, and one

is in the lower delta. In those areas were groups of people who never agreed with the Government of Diem. I doubt whether much of the assistance that we provided for that country was ever spent in those areas.

It is from those two areas that most of the trouble in South Vietnam stems. It seems to me that if sincere efforts had been made by the local government, there would not be any trouble in those areas today. Yet we have spent almost \$2.5 billion in South Vietnam already. Last year we spent a huge chunk, and this year again a large amount will be spent.

We are being asked to continue the spending irrespective of the results. But we do not have the money to spend there. We receive no assistance except what the distinguished Senator from Kansas [Mr. CARLSON] spoke of; namely, from Australia, which sent a small training division of a few officers and a small contingent of men, and also New Zealand.

But the United States has more than 12,000 men in South Vietnam. What is in progress there is more or less an undeclared war. We are bearing the burden of taking care of that country, with hardly any assistance from other countries. So far as I am concerned—and I have said this on many occasions—I would have our allies chip in and help, or else I would have the United States pull out. I suggested many years ago that this is the only way to make our allies help. So long as we continue to supply the money lavishly our allies will not make a move. They will continue to rest their weary heads on Uncle Sam's shoulders.

In the 1964 budget, we have provided for South Korea and Taiwan a total of \$635,800,000 for operations in those areas, without assistance from any other country. The whole free world ought to be interested in those areas. We are the only ones who are "ponying up," as it were.

Any of our successes, few though they are, can be attributed not to our foreign aid program, but to the successful implementation of a clear-cut foreign policy. Conversely, the failures have resulted not because of a lack of foreign aid money, but from the lack of a clear-cut and realistic policy. I am inclined to think that our foreign aid softheadedness has often harmed the implementation of our foreign policy. The leaders of foreign nations cannot help thinking that our softness in economic matters must spill over into other fields. Unfortunately, I myself believe that this is often the case.

But of greater importance than the little failures or minor mishaps is the complete failure of the program to attain the objectives we sought in Western Europe. After restoring Western Europe to a state of economic prosperity, unparalleled in all its history, we still have failed to eliminate communism from this area of the world. Today in Italy, the Communist Party, almost two decades after the inception of Marshall plan aid there, is stronger than ever. In France, the Communists can still obtain

large percentages of the vote. All over Western Europe the Communists are waiting, and are hopeful of toppling any weak government at the first opportunity.

But, irrespective of the Communist threat, we are now seeing every day that the hand which has fed Western Europe is very often bitten. Today, the European Economic Community, to whom we acted as midwife, is holding a veritable dagger at our throats in almost every marketplace of the world. Instead of turning their new-found largess toward the underdeveloped nations of the world, as we have been doing, although our wealth has long since been expended, they are turning it within, strengthening their own economy at the expense of ours.

The time has come to replace idealism with realism. The action taken by the House on the foreign aid authorization bill is a step in the right direction, but it is still too expensive. We should insist on a tapering-off date.

In due course, I shall present to the Senate a number of amendments. I hope Senators will give their utmost consideration to them. I feel that such amendments would not only reduce the amount of money made available for foreign aid in fiscal year 1964, but would also strengthen a weak foreign aid program. Congress has been an overindulgent parent to the foreign aid program over the years. As a result, the program cannot stand on its own feet, and has produced little of value. It has failed, just as a pampered or coddled child can be expected to fail when he steps out into the world. It is time to begin to bend the twig in the way that it should grow.

AMENDMENTS TO PUBLIC LAW 480 IN FOREIGN AID BILL

Among the amendments that I plan to offer is one to which I hope the Committee on Foreign Relations will pay heed. I wish to discuss it now. This amendment was incorporated by the House. I hope that the conference committee will stand firm on the Foreign Relations Committee decision.

From time to time, amendments have been made to the Agricultural Trade Development and Assistance Act of 1954 in the Foreign Assistance Acts. Many of those amendments did not receive the consideration which they would have received if they had been considered within the framework of all the other provisions of Public Law 480. This has resulted in a jerrybuilt patchwork which is a burden rather than a strengthening of Public Law 480. In principle, I feel it is unsound to attach an isolated amendment to a complicated act such as Public Law 480 by inserting it in some other authorization act.

In principle, I feel it is unsound to attach an isolated amendment to a complicated act, such as Public Law 480, by inserting it in some other authorization act, and I respectfully request that all such amendments be deleted from the Foreign Assistance Act of 1963—H.R. 7885—particularly in view of the fact that Public Law 480 will be up for overall review next year at which time all

proposed amendments can be considered at the same time and their effect on the overall legislation can be better weighed and determined.

AMENDMENT IN HOUSE BILL TO AMEND ELLENDER AMENDMENT

For example, there is a particularly bad piece of proposed legislation included in part IV, section 402 of the pending bill, in the form of an amendment to section 101(f) of Public Law 480, otherwise known as the Ellender amendment. While this proposed amendment was not included in the Senate version of this bill, I wish to go into it now in some detail, for the purpose of urging that the Senate make sure such an amendment is not included in the final bill.

In 1961, I pointed out in my report to the Senate Appropriations Committee on Foreign Operations that agricultural commodities had been sold to numerous countries under Public Law 480, title I, at great loss to the United States, through the acceptance of unrealistically low exchange rates. For instance, commodities had been sold to Yugoslavia for 300 dinars to the dollar, when the regular market rate of exchange was from 600 to as much as 750 to the dollar. In Poland, sales were being made at 24 zlotys to the dollar, when the regular exchange rate was 55 to \$1. Such giveaway practices occurred in sales to Spain, Turkey, Brazil, and numerous other countries. In other words, not only was the United States subsidizing the sale of its commodities to the world market price and, as a result of the ship subsidy, financing about half of the costs of the ocean transportation, but it was also accepting in foreign currencies, in some cases, less than 50 percent of the world market price in payment for these commodities. This, of course, was the height of folly, for although we were loaning or granting about 75 percent of the proceeds of these sales back to the recipient countries, to assist in their economic development, the sales themselves were supposed to be business transactions.

There will also be found in the Senate Agriculture Appropriations Subcommittee hearings in 1961, a schedule of Public Law 480, title I sales reflecting the foreign exchange collection rate received, as compared to the market rate at the time of the sale, which shows that the United States suffered a loss of around \$700 million, as of that date, as a result of this unconscionable practice. Although the United States was selling its agricultural commodities to these countries at unrealistically low exchange rates—as in the example of Poland, at 24 to \$1—at the same time it was permitting the U.S. agencies which were using a minor percentage of the proceeds of these sales to purchase zlotys at the rate of 55 to \$1, a more realistic rate.

On the basis of these facts, and to correct such abuses, I introduced an amendment to Public Law 480—section 101(f)—which was approved August 8, 1961, and which required this country, in making Public Law 480, title I sales, to obtain, under such agreements, rates of exchange which were not less favorable than the rates at which U.S. Government agencies could buy currencies from

the U.S. disbursing officers in the respective countries.

This amendment, for the most part, stopped this giveaway practice. However, there now appears in the House foreign aid authorization bill for 1963, as section 402(a), an amendment which would change section 101(f) of Public Law 480 so as to require only that the United States obtain the highest rates of exchange legally obtainable. This amendment would not only permit the relaxing of the terms of the sales agreements with respect to the rate of exchange; it would also permit U.S. Government agencies conducting programs with foreign currencies to purchase such currencies at rates other than those at which the commodities were sold. House Report No. 646, at page 48, gives this as the only substantial reason for this amendment, and states that the Government agencies would like to get the currencies at realistic rates of exchange from the U.S. Treasury. Nothing is said as to why the U.S. Government should not get realistic rates when the commodities are sold—and, Mr. President, let no one tell you that these unfavorable rates we received for these sales resulted from a desire to get rid of the commodities. They resulted from political or giveaway considerations dictated by the State Department or the foreign assistance group.

Perhaps I can shed more light on this amendment by going into a little more detail. It is my understanding that in two countries—namely, Indonesia and Poland—the purpose of the Ellender amendment was defeated—although I do not know on what authority—by fixing the official rates of exchange between these two countries and the United States at arbitrarily low rates to correspond with the collection rates received in the Public Law 480 sales. This, of course, did not please the agencies downtown which had a need for foreign currencies, because when they came up for an appropriation from Congress for construction or other program purposes in certain foreign countries, they wanted to receive their full dollar's worth. In this regard we cannot blame them; but why should we not also get our dollar's worth in making these Public Law 480 sales?

It probably was not surprising that at the hearings on the State Department appropriation bill this year, representatives of the Foreign Buildings Operations of the State Department, which uses substantial foreign currencies, complained:

The recent Ellender amendment to Public Law 480 had the effect of requiring this program to purchase Public Law 480 Polish zlotys at the rate of 24 to \$1 instead of the previous rate of 55 to \$1, which overnight multiplied the cost by a 2.3 factor.

It was pointed out that this was not at all the result of the so-called Ellender amendment, but was due to the action of the executive department in accepting an arbitrary low exchange rate in connection with Public Law 480 commodity sales to Poland. Inasmuch as the witnesses indicated that they had received their impression from the Treasury Department, there was addressed to the Secretary of the Treasury,

by the subcommittee chairman, a letter, dated September 12, 1963, which, in substance requested advice as to why such an arbitrarily low exchange rate had been established.

By letter of October 11, 1963, from the Secretary, after an explanation to the effect that 24 zlotys to \$1 was the best rate the U.S. negotiators could get in negotiating the sales to Poland, it was pointed out that any of the sales proceeds which the United States did not use, would, by the terms of the agreement, be repaid by Poland in dollars, after a specified number of years, at the same rate, and that as the disbursing officer's sales to the U.S. agencies were also at 24 to \$1, no loss to the U.S. Government was involved. In other words, it was simply bypassing the law. Accordingly, why is there any need to change section 101(f), if we are not losing money under it now, provided Poland lives up to its agreement and we do not decide later to give Poland most of the proceeds? Why should we change the law, so that we shall begin to lose money on such transactions? Again, let me point out that we did not have to make the sales to Poland at substantially less than half of the world market price; and, accordingly, the decision to make these sales had to be a purely political determination, and in the interest of foreign aid. Incidentally, it is my understanding that the Treasury Department reportedly was unable to advise the committee what a realistic exchange rate between the United States and Poland would be at the present time; but if we ask any traveler who recently has been in Poland, he will tell us that, except from the U.S. disbursing officer and from official Polish banks, one can obtain throughout Poland 75 zlotys to \$1, and nobody asks any questions.

I think the facts that I have given show ample reason why an amendment such as this should not be attached to the foreign aid authorization act, and I again urge my colleagues who will attend the conference with the House on this bill not to recede to the House position on section 402(a) of H.R. 7885.

OTHER PROPOSED AMENDMENTS

The other proposed amendments in the House bill; namely, sections 402(b) and 402(c), I object to on the principle which I have stated earlier.

There are two amendments to H.R. 7885 proposed by the Senate Committee on Foreign Relations which relate to a change in the Public Law 480 law. While I have not studied these amendments and offhand see no great objection to them in substance—as stated before, I see no reason for their inclusion at this time in the foreign aid bill, as we will have an opportunity—hopefully, early next year—to review the whole Public Law 480 act, at which time they can be considered in proper context.

The first amendment, section 403(a) would change section 104(e) of Public Law 480 to permit an increase from 25 percent to 50 percent of foreign currency proceeds from title I sales to be used for loans to private business—Cooley (e) loans—and to broaden the purposes for which these loans might be made. I might say here, in passing, that where

104(e) money is presently available, it is due to the fact that the country does not have a favorable climate for investment, or is socialistically inclined and restricts this type of private loan. Where it is in short supply, the present purposes for which loans can be made are entirely sufficient to use all of the currencies available.

The other amendment, contained in section 403 (b) and (c), would make it possible to include fish as a commodity in Public Law 480 sales under titles I and IV. As the effective date of this amendment would not be until January 1, 1965, such an amendment could be included in next year's Public Law 480 act, with no loss.

Mr. President, in passing, let me say that I have no objection whatever to the inclusion of fish as a commodity for sale under Public Law 480, but I think it should be done in the proper manner through the Committee on Agriculture and Forestry.

Mr. President, as I stated, I have a number of amendments that I shall submit to the Senate which I have not discussed. I hope to discuss them when the time comes to consider the amendments.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CARLSON. I appreciate the Senator's yielding, for the reason that he discussed the amendment which would strike out the provision for 25 percent which is permitted to be loaned under the Cooley funds and substitute a 50-percent loan. I mention that subject because the Senator referred to my amendment. I submitted it for a definite reason. There are funds in many countries which need housing programs. I am advised that those funds could be used to great advantage for housing. While we have had difficulty in securing loan programs, it seems to me that there was one place in which we might, to great advantage, use Public Law 480 funds for a housing program rather than permitting those funds to lie around and not be used. That is my only reason for offering the amendment.

Mr. ELLENDER. The entire Public Law 480 program will be revamped next year. It is my belief that such amendments should be considered by the Committee on Agriculture and Forestry, and not here. Several amendments to Public Law 480 have been proposed which in my judgment should not be offered to the bill. There are amendments relating not only to Public Law 480, but also to other subjects which in my judgment should not be considered in connection with foreign aid bill.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. CARLSON. I assure the Senator from Louisiana that, as far as I am concerned, no one is more familiar with the language of the law and the use of the funds authorized under Public Law 480 than is the Senator from Louisiana. Therefore, I appreciate the statement that the Committee on Agriculture and Forestry will next year revise the act, or at least study it with the hope of revision. But I did not desire personally to

be in a position in which we would use dollars and not the funds we have already accumulated under Public Law 480. That is my only point.

Mr. ELLENDER. I very much appreciate that suggestion from the Senator from Kansas. As chairman of the Committee on Agriculture and Forestry, I assure the Senator that one of our first tasks when we return next year will be to revise Public Law 480 and to see to that the funds to which he has referred will be properly spent not only for our benefit but also for the benefit of the host countries that have them.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

Mr. RUSSELL. Mr. President, will the Senator withhold his request?

Mr. MANSFIELD. I withhold the suggestion.

Mr. RUSSELL. I hope that the Senator will make the quorum call a live quorum call. There has not been one for 3 days. Senators get out of the habit of even coming into the Chamber. There ought to be a live quorum call at least every 3 days.

Mr. MANSFIELD. I think that is a good idea. I ask the attachés of the Senate to advise Senators that the quorum call will be a live quorum call.

Mr. LAUSCHE. Mr. President, will the Senator yield so that I may ask a question of the Senator from Louisiana?

Mr. MANSFIELD. I yield for a question.

Mr. LAUSCHE. Will the Senator from Louisiana tell me by what amount his amendments would reduce the total appropriation recommended by the Committee on Foreign Relations? I understand that the Senator from Louisiana has several different levels. What would be the maximum reduction?

Mr. ELLENDER. Approximately \$650 million.

Mr. LAUSCHE. Would that reduction bring the bill down to the House figure?

Mr. ELLENDER. Almost.

Mr. LAUSCHE. It would be above the House figure?

Mr. ELLENDER. Slightly; but I have other amendments to offer which would probably bring the amount within the range of the House figure.

Mr. LAUSCHE. That is the maximum. Does the Senator have a second level of reduction?

Mr. ELLENDER. I should like to see the figure lower than the House figure because, as I said in my main argument, we should begin to taper off the program and not increase it from year to year.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

USE OF SHIPS IN TRADE WITH CUBA

Mr. STENNIS. Mr. President, in May of this year, the Preparedness Investigating Subcommittee, of which I am

privileged to be chairman, issued a report of its investigation into the Soviet military buildup in Cuba, pointed out the menace to the Western Hemisphere presented by communism in Cuba, and warned the Nation of the necessity for alertness and vigilance to all its sinister implications.

In recognition of the dangers presented by communism only 90 miles from our shores, the administration has taken certain steps to isolate Cuba through economic moves, including regulations to prevent or reduce the ocean traffic to Cuba in free world ships. Unfortunately, these regulations may have operated to accelerate and assist such traffic, rather than impede it. Since such traffic had increased rather than decreased, I submitted, on September 11, an amendment to the Foreign Assistance Act, S. 1276, designed to make it less attractive to our allies to continue carrying vital cargoes to Cuba, which only helps to perpetuate the communist regime of Fidel Castro.

The amendment was identical with an amendment offered in the House, and the substance of these amendments is included in the bill recommended to the Senate by the Foreign Relations Committee.

The language of my amendment would broaden and strengthen existing legislation and plug the loopholes in existing legislation. These loopholes have, for example, permitted the United States to furnish continuing military assistance to free world countries which were nevertheless carrying Soviet bloc crude oil to Cuba.

As provided in the amendments the reported bill would:

First. Broaden the scope of existing legislation—section 107 of the Foreign Assistance Appropriations Act of 1962—to deny assistance of any kind to any country failing to take steps to prevent vessels under its registry from carrying to Cuba, equipment, materials, or commodities, in addition to military items which have been embargoed under the Battle Act. Presently only the Battle Act items plus those commodities designated as items of economic assistance, fall within the proscription of the statute;

Second. Broaden the coverage of existing law to deny any assistance in the case where equipment, materials, or commodities are transported from, as well as to, Cuba—presently, only the latter situation is within the statute.

Third. Prohibit the furnishing of assistance to countries in the Cuba trade which permit planes of their registry to transport materiel of war to or from Cuba—presently such transportation is not forbidden by the statute providing foreign assistance.

There is a crying necessity for putting more teeth—stronger teeth—into the existing law. The present law denies economic assistance, alone, to countries permitting their ships to transport items of economic assistance to Cuba, but these countries nevertheless are permitted to receive military assistance from the United States. The new language would plug the loophole in a number of re-

spects, particularly in the case of crude oil, a critical military item which is being transported to Cuba in free world ships of countries receiving large amounts of assistance from this country.

Our experience since January 1, 1963, indicates that the following military aid program recipients have permitted the use of their ships for trade with Cuba: Great Britain, Lebanon, Italy, Norway, Denmark, and West Germany. It does not appear, however, that West German or Danish ships are now engaged in the Cuban trade. In fact, West Germany has recently taken legal steps to prevent this.

However, some of our other so-called free world allies have not been so cooperative. Italy, for example, which received \$300 million in military and economic assistance in fiscal year 1963 was continuing through August to send vessels under its registry into the Cuban trade.

While there is no evidence that any free world country has itself furnished any Battle Act commodities or "items of economic assistance" to Cuba, since January 1, 1963, some free world tankers have transported Soviet bloc crude oil to Cuba. Since crude oil has not been placed on the Battle Act list of embargoed commodities, military assistance is not prohibited to countries which permit ships of their registry to transport this bloc crude oil. The amendment would correct this situation and should prove an important step in imposing the burden of crude oil and other petroleum delivery on already burdened Soviet bloc transport capability.

Unfortunately trade with Cuba through free world ships—plus Polish and Yugoslavic ships—has continued on a very large scale although some steps have been taken in the direction of isolating Cuba from the economic life of the free world. Such steps include a ban on transportation of U.S. financed goods by ships which have been to Cuba; an embargo on U.S. trade with Cuba and steps to freeze Cuban assets in this country.

Notwithstanding these efforts, however, it appears that free world shipping to Cuba has been increased through a great part of 1963 and exceeded Russian shipping in the Cuba trade although Russia was far ahead at the beginning of the year.

It is evident from the figures obtained from naval intelligence and the Maritime Administration that free world shipping to Cuba has been increasing steadily over that of Russia shipping since April of this year and that the trend in this increase became clear much earlier in the year.

Since the beginning of this year, numerous free world nations have allowed their flag ships to carry Russian and Soviet bloc goods to Cuba. During the period January 1, 1963, through September 20, 1963, the leaders in this shipping have been as follows: Britain, 93 trips; Greece, 81 trips; Lebanon, 40 trips; Italy, 14; Norway, 13. This is to name just a few of the countries carrying bloc goods to Cuba. Preliminary estimates show that Britain, Greece, Norway, and

Italy alone, have been the recipients of \$488 million in military and economic assistance for fiscal year 1963 alone.

Now let me introduce a table comparing free world shipping and Russian shipping to Cuba during 1963 which shows that although Russian shipping to Cuba in January 1963 led free world shipping 35 trips to 12; by April the free world held the lead 37 to 27 and has continued to hold this dubious honor.

Shipping to Cuba

	Free world	Russian
January.....	12	35
February.....	19	34
March.....	28	32
April.....	37	27
May.....	44	38
June.....	43	31
July.....	45	31
August.....	29	23

It is a chilling fact to contemplate, but the increase in free world shipping by nations receiving our assistance has been spurred—it is reported—by the premium rates being paid by the Soviets. The Soviets pay these bonus rates since present U.S. regulations, as stated, provide that any foreign vessel in the Cuban trade stopping at Cuba is ineligible to carry U.S.-financed cargoes. So the Russians make it up to them. These mercenary so-called allies have it both ways then—by assistance from us and by premium payments from the Russians.

I say that we should tell these countries that they cannot have it both ways, and I think these provisions should go a long way in bringing that message home to these greedy countries. If they want our help it is not too much to ask of them that they desist from aiding communism on our doorsteps, the communism that is being exported into so many South American and Central American countries like a spreading cancer.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield.

Mr. SYMINGTON. I congratulate the able Senator from Mississippi on his statement. I know that the American people will be gratified to realize that, as chairman of the Preparedness Investigating Subcommittee, the Senator is constantly following developments in Cuba.

Mr. STENNIS. I thank the Senator for his remarks, and for his very fine assistance. I did not realize that the Senator from Missouri was in the Chamber. I know of his fine interest in the work on this subject.

Mr. President, I yield the floor.

Mr. RUSSELL. Mr. President, I suggest the absence of a quorum.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. RUSSELL. I will defer to the Senator for 1 moment, but I believe there should be a quorum present at least once every 3 days.

Mr. LAUSCHE. Mr. President, on behalf of myself and the Senator from Colorado [Mr. DOMINICK] I submit an amendment to the bill now pending before the Senate, which I probably will call up.

Its lack of sympathy for a free competitive economy has been made abundantly clear.

The current administration is pessimistic. It believes that economic growth can only come through bureaucratic growth and heavyhanded bureaucratic controls. They fear the people spending their own money and argue that Government should spend more and more of it for them.

The current administration plans deficits. Republicans seek to end them. Republicans believe, as their declaration of principles states, in "a thorough overhaul of the tax system to encourage production, build jobs, and promote savings and investment." But they believe also that economic responsibility must couple that with a halt to the upward spiral of Federal spending, especially for nondefense purposes.

We have spelled out a guiding principle here and I will quote it directly: "We believe that government must prudently weigh needs against resources, put first things first, rigorously tailor means to ends, and understand the difference between words and deeds. The future will be built by those who work for it—not by those who only promise it."

The currency of this Nation, upon which the security of homes and families is based, is no plaything to Republicans. It is a prime responsibility, needing stability, not political whimsy.

At every point these Republican principles point a way far different from the New Frontier's, with its fear of the people and love of power.

What does our statement of principle say of health care and education? All Americans should heed it well. It is no feeble echo of New Frontier nonsense. It is exemplary of the basic difference in our approaches, the basic difference between hand-held power and individually held responsibility.

"Republicans seek to preserve the system that has provided the highest quality of hospital and medical care available anywhere on earth. We reject attempts to run a legislative bulldozer through the structure of voluntary health insurance and private medicine. Effective tax relief for medical and hospital insurance should be given to all."

The same Republican approach is clear in the field of education. Rejecting schemes that would substitute Federal direction for local or private control of our schools, we urge a course that is closest to the people, most responsive to their needs, most responsible of their freedom.

Our declaration says that "tax relief should be given to those who bear the burden of financing education for themselves for others."

Of public assistance programs we say that they should put "a floor over the pit of poverty, never a ceiling on personal achievement. They should strive to equip individuals to become self-supporting. The qualified recipient, as well as the taxpayer, must be protected from the abuse of welfare funds."

In the area of Federal-State relations, the whole great area of the Federal system, our principles are clear and challenge clearly the effrontery of the New Frontier. We believe in the Federal system of balanced powers and the prevention of centralization of power. The New Frontier distrusts the Federal system and moves everywhere to weaken it.

It is New Frontiersmen who attack the Congress, most violently, damning it for doing its job, demanding that it become a rubber-stamp for the Executive.

It is New Frontiersmen who scoff at the State houses of this Nation, denying them credit for the ability to solve their problems or denying them the opportunity.

It was a New Frontiersman, Senator JOSEPH S. CLARK of Pennsylvania, who downgraded the Congress in the most astounding fashion I have ever heard of. He said in a recent article—and I quote:

"The legislatures of America, local, State and National are presently the greatest menace to the successful operation of the democratic process."

It is Republicans who stand foremost in their dedication to a Federal system based upon 50 great States and one great Constitution.

Federal, to Republicans, means all of us—means the responsibility and the means to act when and only when the people cannot be adequately served by State or local governments. Federal, to the New Frontier, means unprecedented peacetime concentrations and uses of power to mold and force, to bend and break; not to serve but to silence and command.

Republicans believe in the individual's right and capacity to govern himself—to set his own goals—to make his way to them without the restraints of regimentation. That, too, is a Republican principle for all to hear and all to heed.

We Republicans believe that Americans consent to be governed. We do not elect to be ruled.

In foreign policy, Republican principles are no mish-mash of promises to be broken under every pressure of negotiation. They are guidelines for a world of open societies, secure in freedom, blessed by peace with justice. Such principles can inspire men. Lesser ones can but confuse them as they now are confused.

Let me quote these principles too, for all Republicans can be proud of them, all Americans can be proud of them, and the whole world could be inspired by them.

"The world cannot permanently endure part Communist and part free. In a world dominated by communism, liberty would become a luxury which Americans could not afford. Republicans believe that this Nation which has, under God, proclaimed liberty throughout the land, must now dedicate its strength to proclaiming freedom throughout the world.

"In foreign policy, the overriding national goal must be victory over communism through the establishment of a world in which men can live in freedom, security, and national independence. There can be no real peace short of it.

"An active strategy aimed at victory does not increase the risk of nuclear war. Weakness and irresolution on the part of the United States—which could lead the Communists to underestimate the intensity of the devotion of free men to their freedom—are more likely to bring the world to hot war than are strength and firmness.

"American strategy should be tested by this standard: If it advances the cause of freedom, do it. If it injures that cause, reject it."

What has the New Frontier to offer in that area? It has the wall in Berlin. It has the slow takeover of Laos. It has the Bay of Pigs. It has chaos in Vietnam. It has the drying shell of what was once the mightiest alliance for peace and freedom ever forged, NATO. It has new enemies and few good neighbors in Latin America. It has in short, failure and fear where, under Republicans, we had known forthrightness, hope, and confidence.

Americans must be disillusioned by the defaults at home and the disarray abroad. The whole world must be dismayed. Only our enemies can be comforted by the world picture painted in the arid and barren policies of the New Frontier, the new wasteland of American will. Munich also was such a frontier of folly and a waste of hope.

History and destiny watch us today but could discard us tomorrow should we fail to respond, not simply react, to the challenge both have placed before us.

I love this land and I believe in its future and its people. Its institutions of freedom have been worth dying for and remain worth living for.

There is a new mood in this land that clearly calls upon us to say these things and do these deeds for which Republican principles, Republican experience, Republican dedication befit us.

The history of liberty, it has been said, is a history of the limitation of government power, not the increase of it. It is such a turn in the history of liberty that must concern us at home.

The history of liberty, also, is a history of resistance to tyranny and its overthrow. It is such a turn in the history of liberty that must concern us everywhere in the world.

Those whom we will oppose in 1964 have defaulted their leadership to turn the tide against tyranny abroad. And they have rejected limited government at home. They stand naked in the indictment of basic principle no matter how well clad they may be by sequin slogans and flannel promises.

America must have a choice and freedom must be a chance. Republican principles, Republican candidacies offer the choice, give the chance, and reaffirm the right of the people of this God-blessed Nation to reclaim the powers they are losing, to rededicate the will they are wasting, and to win the peace for which they are praying.

THE UNITED STATES IS BUYING BOTH BUTTER AND GUNS FOR AGGRESSOR NATIONS—WE MUST STOP IT NOW

Mr. GRUENING. Mr. President, I ask unanimous consent that the names of the junior Senator from New Jersey [Mr. WILLIAMS], the junior Senator from Connecticut [Mr. RIBICOFF], and the junior Senator from Ohio [Mr. YOUNG] be added as cosponsors of my amendment number 231 to the Foreign Assistance Authorization Act, which I am now about to discuss.

The PRESIDING OFFICER (Mr. McGOVERN in the chair). Without objection, it is so ordered.

Mr. GRUENING. Mr. President, one of the amendments to the Foreign Assistance Act—H.R. 7885—amendment 231, which I have submitted, on behalf of myself, Mr. JAVITS, Mr. MORSE, Mr. CASE of New Jersey, Mr. WILLIAMS of New Jersey, Mr. RIBICOFF, and Mr. YOUNG of Ohio, would deny assistance to any nation which the President determines "is engaging in or preparing for aggressive military efforts directed against" the United States or any nation receiving aid from the United States.

This is a perfectly simple amendment, based on a perfectly simple principle. Its adoption would strengthen the bill and will enhance the reputation, prestige, and good name of the United States.

Our military assistance is given to enable a friendly foreign nation to be strong enough militarily to defend itself against aggression. Our military aid is not being given to enable any nation to become a military aggressor.

Our economic assistance is given to help an undeveloped friendly country

help itself economically. When this economic assistance is diverted—directly or indirectly—by the receiving nation, so that it can arm itself in order to be the aggressor militarily against another nation, then the basic principle of our aid program is violated, for the nation thus acting is obviously not helping itself grow economically.

In both cases, the receiving nation is indicating that it is more interested in aggression than in economic growth and in the welfare of its people which U.S. aid aims to succor. There then remains not a particle of reason why the United States should continue its assistance to that nation.

The urgency of taking this action is vastly increased when the nations against which aggression is aimed are also receiving our assistance, for it requires such threatened nations to divert badly needed development funds to strengthening themselves militarily to resist the threatened or actual attack.

Thus we can say that any aided nation which embarks upon a course of military aggression—whether actual or potential—is causing a double waste of U.S. taxpayers' dollars.

Mr. President, let me lay to rest for all time, I hope, the myth that if the U.S. aid dollar cannot be traced directly to the purpose of military hardware or the paycheck of a member of the aided nation's armed forces, then our economic aid is not being used to arm the aggressor. Such a statement is utter nonsense.

One cannot look at a nation with blinders on. We must look at the total economy. If our aid money relieves one area of the economy, then the nation thus aided with our funds is able to purchase arms, rather than to devote both sums to economic development. The situation is just that simple.

Aggressor nations, such as Egypt, Algeria, Morocco, and Indonesia, do not want to choose between guns and butter. They want both guns and butter, and they want the U.S. taxpayers to foot the bill—or at least a part of it. They want to use butter money to buy guns. And, Mr. President, the amazing part of this sorry tale is that the U.S. Government is going along with this support of military aggressive buildups.

Consider, Mr. President, our actions vis-a-vis Egypt: Here is a country with a population of 25.3 million living on a land of 386,000 square miles, with a literacy rate—a literacy rate, not an illiteracy rate—of 25 percent.

Earlier this month, I made a report to the able and distinguished senior Senator from Minnesota [Mr. HUMPHREY], as chairman of the Subcommittee on Reorganization and International Organizations, of the Senate Committee on Government Operations, of my study of the U.S. foreign aid programs in 10 Middle Eastern and African countries. The report covers 472 printed pages. One of the countries studied was Egypt. I shall call to the attention of the Senate certain portions of my report; and I ask unanimous consent that the entire chapter dealing with Egypt be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRUENING. Mr. President, I now read certain portions of my report:

Col. Gamal Abd el-Nasser, President of the United Arab Republic (Egypt), has been responsible, more than any other single individual, for keeping the political caldron boiling furiously in the strife-torn, arid Middle East since July 23, 1952. He has also been responsible for the other nations in this area diverting funds from sorely needed economic development to arms.

He is still, 11 years later, pouring oil on whatever brush fire breaks out there, seeking his own personal and Egypt's national aggrandizement, in that order.

Mr. President, the fact remains that he is the only ruler of any of the nations in that area who avowedly and persistently seeks to export his own brand of economic and political socialism and urges the violent overthrow of neighboring governments. In this regard, he is on a par with the Communists, with whom he is professedly at loggerheads, but whose arms and economic aid he willingly accepts.

The parallel between Khrushchev's Russia, Nasser's Egypt, and Hitler's Germany is striking.

Both Egypt and Russia are police states where individual freedoms are ruthlessly suppressed. So was Nazi Germany.

Both Egypt and Russia are states in which the Central Government owns and operates the total economy. So did Nazi Germany.

And, most important, both Egypt and Russia want to export their own brands of government, being willing—and they speak openly of their willingness—to repress resistant peoples by force, if necessary. So did Nazi Germany.

It must be remembered that it was Colonel Nasser himself who, after the Suez Canal fiasco in 1956, gave the Russians their first foothold in the Middle East. It was Colonel Nasser who invited them into Egypt with their arms and their technicians.

Egypt has been most adept at playing off the Soviets against the United States. Egypt, Syria, and Yemen are absolutely dependent upon Soviet arms—so much so that Soviet transport jets were standing by to transport Egyptian troops to Yemen even before the revolt broke out there, and have continued to furnish the transportation for the Egyptian troops in Yemen and their supplies. All three countries, while blowing hot and cold with respect to local Communists, continue to welcome technicians, in sizable numbers, from the Soviet-bloc countries. And, most recently, on September 3, 1963, in the Security Council of the United Nations, the Soviet Union vetoed a resolution, sponsored by the United States and the United Kingdom, condemning the "wanton murder" of two Israel farmers by Syrians within Israel territory, 2 weeks before. The resolution was supported by the United States, the United Kingdom, France, Nationalist China, Brazil, the Philippines, Norway, and Ghana. It was the third time since 1954 that the Kremlin had vetoed a resolution opposed by the Arab nations. Yet,

despite the military maneuvering of these three countries with the Soviet-bloc nations, U.S. economic assistance continues most generously to them.

When I spoke to Colonel Nasser, he stated that after the poor showing made by his soldiers against the English, France, and Israelis, his officers had demanded that he accept the Soviet offer of arms. Against this statement must be placed the fact that the three-party invasion was precipitated by his rash action, in a fit of pique, in seizing the Suez Canal—a lifeline for Britain, France, and Israel.

Today, militarily, Egypt is completely dependent on Soviet-bloc countries. Colonel Nasser has maneuvered himself into the position of being completely dependent on Communist Russia for a continued flow of arms and parts. Should that flow be cut off, Egypt is militarily unarmed. Syria and Iraq are in the same position. And those are the very countries in which the Nasserites seem strongest.

It is difficult to obtain any reliable figure as to how much military and economic aid has been going to Nasser from the Soviet Union. The best figures are that it is roughly equivalent to \$920 million, although not on as liberal terms as ours. We sell Colonel Nasser Public Law 480 food and fiber for Egyptian pounds which are used for the development of Egypt and its people. Soviet Russia sells Egypt weapons in exchange for cotton which is used for the benefit of Soviet Russia and its people.

One cannot help but wonder where our policy vis-a-vis Colonel Nasser will ultimately lead.

The fact is that since September 1962 Nasser has been carrying on a war of destruction against the people of Yemen in which 28,000 of his troops are engaged and in which he is aided by Soviet fighter planes. The fact also is that his powerful radio transmitters constantly beam messages of hate and destruction against Jordan, Saudi Arabia, and Israel. Until he succeeded in bringing about the revolutions in Syria and Iraq, his radio urged the violent overthrow of the governments of those countries. Now he is engaged in a hate campaign against the Baathists in Syria because they have not seen fit to go out of existence in favor of Nasser's own followers in Syria.

The current official suggestion is to disregard Nasser's radio hate campaign because that is the way things are done in the Middle East and that both sides are doing it. A careful study of foreign radio broadcasts in that area will show that this statement is not in accord with the facts. Nasser's radio beamed for outside consumption is the only radio preaching the violent overthrow of other governments and the assassination of their rulers.

It is indeed ironic that Nasser's proficiency in radio propaganda—and everyone admits that he is proficient—should have been achieved, or aided, through the use of AID funds. Thus, AID project 263-G-22-AA, for which over \$1 million has been obligated through fiscal year 1963 is "to assist the United Arab Re-

public to establish and operate within 5 years a 'Telecommunications Research and Training Institute.' The U.S. Government set out in fiscal year 1961 to assist the United Arab Republic staff in operating this institute so that, in time, it will be well organized and efficiently operating."

Two points must be stressed in connection with this arms buildup by Nasser.

First. He is doing it with U.S. AID dollars just as surely as though the AID dollars were going directly to Russia for the purchase of jet fighters or directly into the pockets of the German Nazis masterminding the design and construction of these weapons. There are some with blinders who would say that this is a misstatement—that AID dollars go for Public Law 480 food and fiber, and for worthwhile development projects. To the extent that we relieve Nasser's normal budget of the cost of food, fiber, and development projects we permit Nasser to have his cake and eat it too. He can divert that much into his arms budget for an arms buildup and let the United States pick up the check for the food, fiber, and development projects.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield to the Senator from Oregon.

Mr. MORSE. I am so glad that the Senator from Alaska has made that point, because although those who do not share our criticisms of the bill will say, as the Senator from Alaska has pointed out, that we are not giving Nasser direct military aid; we are giving aid to his economy, which means that his own funds are released to that amount for other purposes. Therefore, he uses the funds that otherwise he would have to use to supply the food for his people for the very instrumentalities of war which enable him to continue to threaten to make war in the Middle East whenever he thinks he is strong enough to do it. So what the Senator is really raising is the basic fundamental question as to whether or not we are going to give support to any country, including Nasser, that takes the position that they will use their military might for nonpeaceful purposes.

The United States cannot have its cake and eat it, too. The United States cannot hope to have the confidence and respect of the people of the free nations of the world if we continue to support, aid and abet in their warlike tendencies totalitarian nations.

No one can dispute the fact that Nasser operates a totalitarian nation. No one can dispute the fact that he is a totalitarian, that he is a dictator, that he is a despot.

What we are trying to do in a series of amendments is to get the Senate to face the basic foreign policy question. Has not the time come in the history of American foreign policy for us to square our actions with our professions?

Mr. GRUENING. That is true; and the amendment is a strengthening amendment. The amendment would not merely strengthen the foreign aid program, but would enhance the repute and

good name of the United States throughout the world.

Mr. MORSE. I could not agree more completely. It is an amendment that would strengthen the cause of freedom around the world, because unless we are able and willing to devote our resources to the aid of freedom in the world and stop using them to aid dictatorships and despots who threaten to breach the peace, we cannot hope to maintain the prestige that we ought to have among the free people of the world—and we are not maintaining it.

The American people had better get over the attitude that our Government can do no wrong. The fact is that our Government is doing wrong constantly in the field of foreign policy. But the American people do not know about it. The American people are not aware of the wrongs of the Government of the United States. The American people do not know the facts about American hypocrisy in the field of foreign policy. The American people have concealed from them facts that they are entitled to know about the administration of the American foreign policy. We, the elected officials of the people, cannot tell them, because our lips are sealed by so-called top secret labels.

As the Senator from Alaska knows, for he has been joining me in the endeavor, I have been battling away, along with some wonderful colleagues, to take us down another fork of the road of American foreign policy. I desire that we turn back from our present direction and go down the road that will lead to the goal of full public disclosure of the public's business, for we do not have a democracy if we do not have full public disclosure of the public's business.

But the question is asked, "Senator, does this mean that you would make available to your potential enemies information that would assist your potential enemies in weakening the fabric of the American system?"

Of course not.

I point out that such information is de minimis compared with the great bulk of information on which our Government stamps the label "top secret." I do not like to say these things, but they are true, and they need to be said. Many items marked "top secret" should not be marked "top secret." The American people are entitled to know what is being done in the field of foreign policy, because it must be their foreign policy, and not the policy of the President or of the Secretary of State. There will be no system of freedom as a government in this country if the foreign policy does not belong to the American people, with the President carrying out his constitutional obligation to administer the people's foreign policy.

As a member of the Foreign Relations Committee I say to the Senator from Alaska that if a great deal of the material marked "Top Secret" were made available to the American people, they would demand that the policy be changed. I have explained this to the present administration, and also to the previous administration, because this problem is not new with the present ad-

ministration. For 8 years under the previous administration, under another party, the same policy prevailed.

Mr. GRUENING. That is correct.

Mr. MORSE. I do not believe there are many significant differences between the foreign policy of this administration and the foreign policy of the preceding administration. There should be some changes. We should have a new policy. So we have prepared the amendment.

I have been in conference today with administration officials, in connection with another amendment of which the Senator from Alaska is a cosponsor, as I am a cosponsor of his amendment. I have made clear to the administration that I have no intention of changing my position on the amendment.

I shall discuss later this afternoon the amendment which would provide that no economic or military aid shall be granted to any regime which comes into power through a military overthrow of a democratic, constitutionally elected government. The notorious cases of the moment are, of course, the Dominican Republic and Honduras. They will not be the last ones—if we do not change our policy.

Mr. GRUENING. That will inevitably happen unless we stand firm.

Mr. MORSE. If we maintain this policy, the United States will have to assume its full share of responsibility for more military overthrows in Latin America.

Mr. GRUENING. And the Alliance for Progress will be destroyed.

Mr. MORSE. I do not intend to put that blood on my hands, for there will be bloodletting in those overthrows.

Mr. GRUENING. There was bloodletting in Honduras, when some 80 people were killed, and there is violence now in the Dominican Republic, which there was not under its duly elected democratic regime.

Mr. MORSE. I do not know how long the opposition will last, but at this moment the administration looks askance at my amendment, which would provide that if there were an overthrow, and subsequent events caused the President of the United States to believe it to be in the national interest that we should grant economic and military aid to a government which had overthrown a constitutionally elected democratic government, the President would be required to send a report to both Houses of Congress setting forth the reasons for his request that economic and military aid be made available to the new government. If Congress by concurrent resolution approved the report, the President could grant the aid, but if Congress did not, he could not do so.

What is wrong with that procedure?

Why is there so much concern about it? Are those opposed to my resolution afraid of Congress? Are those opposed to my amendment afraid of the people who elect the Congress under our system of checks and balances? There is a constitutional duty of Congress to check a President if he follows a course of action which in the opinion of Congress is not in the public interest.

This amendment would not interfere with the constitutional powers of a President, but it would guarantee the exercise of the right of Congress to check on the expenditure of taxpayers' dollars; because when we talk about military and economic aid, we are talking about taxpayers' dollars. We are talking about a good many other policy questions, too, but we are talking about the people's money.

In my judgment, we have a clear duty to see to it that no President—I care not what his party affiliation may be—is given the unchecked power, after a military overthrow of a constitutionally elected government, to supply the new military government with money for economic and military aid, even though it may be acting behind a facade of civilian stooges.

I shall discuss this question many times before a final vote on the bill, because I am perfectly satisfied that the American people are with me. I am also perfectly satisfied that the leaders of democratic, constitutionally elected governments in Latin America, in an overwhelming majority of cases are also with me. I shall continue to discuss this issue until I am satisfied it is understood across the land, and then I shall call for a vote and let the majority work its will.

Mr. GRUENING. Mr. President, there may also be some who would say that if the United States did not sell Nasser the food and fiber, the Russians would be glad to do so. This does not jibe with the facts. The Russians are not giving anything to Nasser. They are bartering arms for cotton. They are loaning him money to build the Aswan Dam. And, finally, Russia's agricultural economy is not good enough to take on the added burden of feeding 22 million Egyptians. Russia has trouble doing that for Castro and herself.

Nasser's diversion of AID dollars to an arms buildup requires his neighbors to follow suit—at the expense of their own sorely needed economic development and, in the case of Jordan and formerly Israel, at the expense of the U.S. taxpayer—the New York Herald Tribune for January 2, 1963, reported Israel's defense spending up 17 percent for this year.

They do not want to do it, but they feel they must because of Nasser.

Here again there will be those with blinders who will say that we have given no military assistance to Israel and comparatively little to Jordan. Here, too, those who make such a statement will have missed the point. To the extent that Jordan or Israel have had to divert badly needed funds from their own economic development, because they felt it necessary to be prepared to defend themselves against Nasser's open threats, to that extent has the United States been forced to give both Israel and Jordan economic assistance, which in the case of Jordan has amounted to \$325.3 million, and in the case of Israel to \$878.9 million.

On April 30, 1963, I stated on the floor of the Senate:

At the same time Nasser is receiving military aid from Soviet Russia, he has a great many ex-Nazis working to provide the modern weapons of destruction for his purpose to carry on the war against Jordan and Israel. In a recent book entitled "Behind the Egyptian Sphinx," which was called to our attention by our American military in Egypt, are listed a number of ex-Nazis who are wanted in Germany for their manifest crimes, who are not merely safely ensconced in the United Arab Republic but are employed to help Nasser in his sinister purpose to destroy his peaceful neighbors.

What possible justification can there be for the United States to be pouring in its dollars, not only to support, but to encourage, a regime of this kind, which has drawn to itself all the elements which are antithetic to the professed purposes of the United States, in order to carry on a warfare which Nasser has never ceased to preach and for his objective to conquer and destroy.

Unless the United States reverses its program promptly, and does more than merely study, review, and view with alarm, unless we act definitely, there is going to be a destructive war to the death in the Middle East in which thousands of people will be killed and in which we will inevitably be involved.

Mr. President, I am not alone in making this comparison between President Nasser, Adolf Hitler, and Joseph Stalin.

Others have made it, and I am quite concerned that these repeated warnings have gone unheeded.

Mr. President, I ask unanimous consent that articles from the Reporter magazine, from the Committee to Prevent World War III, and from the New York Times, the Washington Post, and the New York Herald Tribune be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 2 through 7.)

Mr. GRUENING. Mr. President, I especially call to the attention of my colleagues the following statement from the excellent article which appeared in the Reporter magazine entitled "Our Yemen Policy: Pursuit of a Mirage," by Philip Horton in the October 24, 1963 issue of the Reporter:

The U.S. decision also sharply reduced the leverage Washington could have exercised on Nasser through its aid program, which provides a third of Egypt's food. It eliminated the possibility of any official U.S. negotiations with the royalist government to seek a peaceful compromise between the two factions. Finally, on the international scale, recognition was widely interpreted in Middle Eastern countries, Arab and non-Arab alike, as a U.S. acknowledgement of Nasser's right to pursue his ambitions and his "philosophy of revolution" by sending a large expeditionary force into a neighboring country.

I also call to the attention of my colleagues the following portions of the articles entitled "Unmasking German Plans in Egypt" and "German-Egyptian Rocketry" published by the Committee to Prevent World War III, which in my opinion has rendered an outstanding public service in calling these matters to the attention of the public:

The society has published a number of articles dealing with the German general staff's postwar plans. We now charge that here in Egypt as well as in Spain, the Germans shortly after the end of the war, were able to continue and to expand their work

in all military spheres for the day when they could once again confront the world with an ultimatum. To some of our readers this may sound unduly alarmist and melodramatic. In that case, let them ponder the following statement: "Nazi party members, German industrialists and the German military, realizing that victory can no longer be attained, are now developing postwar commercial projects, are endeavoring to renew and cement friendships in foreign commercial circles and are planning for renewals of prewar cartel agreements * * *. German technicians, cultural experts, and undercover agents have well-laid plans to infiltrate foreign countries with the object of developing economic, cultural and political ties.

German technicians and scientific research experts will be made available at low cost to industrial firms and technical schools in foreign countries. German capital and plans for the construction of ultra-modern technical schools and research laboratories will be offered at extremely favorable terms since they will afford the Germans an excellent opportunity to design and perfect new weapons. This Government is now in possession of photostatic copies of several volumes of German plans on this subject * * *." This statement is excerpted from a State Department declaration dated March 30, 1945.

The society solemnly declares that it is the duty of our Government together with our allies to conduct a full-scale investigation of all of the ramifications in connection with the German presence in Egypt and present its findings to the world. To equivocate or to pretend that this matter has been unduly inflated is to literally gamble with the security of the United States and our allies.

Mr. President, it will be noted that these articles point out the same dangers as I point out in my report. Just within the last few days, newspaper accounts show that President Nasser is interfering in the conflict between Morocco and Algeria and sending his troops to aid Algeria. And always there is the sinister figure of the U.S.S.R. in the background, supplying arms and technicians.

The time has come, Mr. President, when we must reexamine our entire policy of continuing to aid aggressor nations such as Algeria, Morocco, Egypt, and Indonesia.

Over the years we have given to Algeria, Morocco, and Egypt a total of \$1,328,500,000, according to the following table, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S. foreign assistance, in millions

Year	Egypt	Morocco	Algeria	Total
1946-48	\$18.1		(1)	\$18.1
1949-52	1.5	\$0.3	(1)	1.8
1953	12.9	(2)	(1)	12.9
1954	4.0	.3	(1)	4.3
1955	66.3	.1	(1)	66.4
1956	32.9	.3	(2)	33.2
1957	.3	29.8	\$0.8	30.9
1958	—2	34.5	.1	34.4
1959	49.2	48.2	.7	98.1
1960	92.9	81.1	.6	174.6
1961	106.4	107.5	2.3	216.2
1962	224.1	49.8	10.4	284.3
1963	198.7	75.0	79.6	353.3
Total	807.1	426.9	94.5	1,328.5

¹ No programs prior to fiscal year 1956.

² Less than \$50,000.

Mr. GRUENING. Mr. President, our aid has enabled them to wage these aggressive wars. Since they appear to be more interested in personal aggrandizement than in the economic development of their countries and since they have diverted our economic aid to their own rearmament for aggressive purposes, I propose in my amendment that further aid to these countries be stopped—and stopped at once.

It is time the United States recognized that we and the world can no longer continue to buy butter for Egypt, Algeria, Morocco, and Indonesia, thus freeing their own meagre resources to buy guns to wage war upon their neighbors.

I ask support of my amendment—No. 231—which I remind my colleagues is identical with the provision in the House-passed bill.

In conclusion, Mr. President, I would point out that President Nasser has been the most disturbing element in the Middle East in the last decade. He has been able to become this disturbing influence because we have backed him up in each instance and have come to his rescue whenever he has gotten in over his head.

The time has come to revise our policy.

It is high time that our Ambassador to Egypt, Mr. Badeau, be recalled. He

is more Egypt's Ambassador to the United States than the reverse.

When I was in Cairo earlier this year and when I suggested that we no longer support through our economic assistance program Nasser's aggressive wars in Yemen and now in Egypt—aided and abetted by the U.S.S.R.—I was told that unless we continued to furnish Nasser with economic aid—in large part Public Law 480 grain—he would turn to the U.S.S.R.

The recent requests of the U.S.S.R. for grain from Canada and the United States show how clearly fallacious these arguments are.

Let the United States stand on principle.

We will aid aggressors nowhere in the world. The time to act is now before our own inept policies plunge the world into a worldwide conflagration.

EXHIBIT 1

III-J—EGYPT (UNITED ARAB REPUBLIC)

I. ECONOMIC DATA

Basic data on Egypt

Population (1959).....	million--	25.3
Annual growth rate (1959) percent--		2.2
Area.....	square miles--	386,000
Literacy rate:		
1958.....	percent--	25
1959.....	do--	25

Egypt (United Arab Republic)

Year	Gross national product			Agricultural production index	Cost of living index (1958=100)	Government expenditures (millions of dollars)
	Millions of dollars	Percent of 1961 in national currency	Per capita			
1954.....	(1)	85	\$120	94	94	564
1955.....	(1)	94	130	102	94	646
1956.....	(1)	99	130	103	96	776
1957.....	(1)	100	130	107	100	790
1958.....	(1)	(1)	(1)	116	100	794
1959.....	(1)	(1)	(1)	115	100	765
1960.....	(1)	(1)	(1)	120	101	828
1961.....	3,185	100	120	(1)	101	839

¹ Figures not available.

II. CURRENT POLITICAL BACKGROUND

Col. Gamal Abd el-Nasser, President of the United Arab Republic (Egypt), has been responsible, more than any other single individual, for keeping the political caldron boiling furiously in the strife-torn, arid Middle East since July 23, 1952. He has also been responsible for the other nations in this area diverting funds from sorely needed economic development to arms.

He is still, 11 years later, pouring oil on whatever brush fire breaks out there, seeking his own personal and Egypt's national aggrandizement, in that order.

And he is doing so with the assistance of the United States which still continues to prop him up and, whenever he gets in over his head, to bail him out.

That is not to say that the dove of peace would have settled in the Middle East during these past 11 years if there had been no Colonel Nasser. There is in that troubled area of the world too long a history of political instability and the existence of such factors as poverty and disease to attribute all the woes of the Middle East to Colonel Nasser alone.

But the fact remains that he is the only ruler of any of the nations in that area who avowedly and persistently seeks to export his own brand of economic and political socialism and urges the violent overthrow of neighboring governments. In this regard, he is on a par with the Communists with

whom he is professedly at loggerheads, but whose arms and economic aid he willingly accepts.

The parallel between Khrushchev's Russia, Nasser's Egypt, and Hitler's Germany is striking.

Both Egypt and Russia are police states where individual freedoms are ruthlessly suppressed. So was Nazi Germany.

Both Egypt and Russia are states in which the Central Government owns and operates the total economy. So did Nazi Germany.

And, most importantly, both Egypt and Russia want to export their own brands of government, being willing—and speak openly of their willingness—to repress resistant peoples by force if necessary.

So did Nazi Germany.

As one highly qualified writer has stated:¹

"The promotion of a regime like that of Egypt therefore would seem to be dangerous. For while it is entirely possible to stabilize it through subsidies, it cannot, in the presence of the Soviet Union, be influenced in the direction of a peaceful or liberal development. American assistance has only a very indefinite assurance of Egyptian good will to go on. And even while stabilizing the authoritarian regime it indirectly serves

¹ "The United States and Egypt," Arnold Mottinger, Swiss Review of World Affairs, October 1962, p. 17.

to finance Cairo's subversive campaigns in the neighboring countries.

"Many Americans who listen to these criticisms with complete understanding nevertheless ask: 'But what else can we do but help Nasser? Can we look on passively while he slides into the Russian fangs, or is the victim of a putsch in his own country? Who will guarantee that his successor will not be even more dangerous? Should one give the Soviets the opportunity to nestle even more comfortably in the country via their economic policies?'

"It seems to us that such questions overestimate the danger of a pro-Communist overthrow in Egypt today, but fail to envisage clearly enough the possibility of a Communist revolution after 5 or 10 more years of authoritarian state socialism. Today, it seems to us, there is still a chance for a return to power of an older generation of Egyptians which grew up with liberal ideals."

This same thought was brought forcefully home to me when I visited Egypt in February 1963. It is definitely a police state, as much so as Communist Russia, which I visited 2 years ago. There, too, Nasser is "Big Brother" just as Lenin and Stalin were in Russia, and as Khrushchev seeks to be. The economy is controlled by the state just as firmly as it is in Russia.

As I stood in one of the principal squares in Cairo watching preparations for a major speech by Colonel Nasser that evening and saw the multitude of large posters bearing his picture and as later I heard his speech with its slogans and stirring platitudes, I, too, felt that all that it would take to have that Government become a Communist bloc nation would be to add a few slogans and change a few pictures—or maybe the pictures would not have to be changed.

It must be remembered that it was Colonel Nasser himself, after the Suez Canal fiasco in 1956, who gave the Russians their first foothold in the Middle East. It was Colonel Nasser who invited them into Egypt with their arms and their technicians.

In that connection, the following testimony before the House Committee on Foreign Affairs on April 30, 1963, on H.R. 5490 (Foreign Assistance Act of 1963) at page 437 is most interesting:

"Mr. FARBERSTEIN. According to the book, there were 150 U.S.S.R. personnel in Yemen in 1961, but since the revolution in September 1962 the number of U.S.S.R. personnel has risen to about 450. How many do we have there?

"Mr. GRANT [Deputy Assistant Secretary for Near Eastern and South Asian Affairs, Department of State]. Is it under a hundred?

"Mr. GAUD [Assistant Administrator, Bureau for the Near East and South Asia, Agency for International Development]. It is under a hundred Americans.

"Mr. GRANT. I might note on that, Mr. Farberstein, that it was the leader of the present royalist regime that invited the Russians in, several years ago. So that we have an interesting reversal of positions.

"Mr. FARBERSTEIN. Except that the facts as I stated them are correct, aren't they?

"Mr. GRANT. Yes; there have been increases. One of our real concerns there has been that the Russians would greatly increase the number of technicians that they have in Yemen. They have been making notable efforts to try to get an enlarged position.

"Mr. FARBERSTEIN. * * * You say you assume they are trying to have more people admitted into Yemen, the suggestion being, therefore, that they couldn't get them in under the old regime. Now, with the new regime, they are trying to get them in, and not only are they trying, but they are succeeding."

Representative FARBERSTEIN's interrogation serves to point up a disturbing aspect of the relationship of Egypt, Syria, and Yemen's new regime to the Kremlin. (Iraq can be

included in this trio, but it is not included in these comments because it was not among the 10 countries studied.) Egypt has been the most adept at playing the Soviets off against the United States. All three of these Arab States are absolutely dependent upon Soviet arms—so much so that Soviet transport jets were standing by to transport Egyptian troops to Yemen even before the revolt broke out there and have continued to furnish the transportation for the Egyptian troops in Yemen and their supplies. All three countries, while blowing hot and cold with respect to local Communists, continue to welcome technicians in sizable numbers from the Soviet bloc countries. And most recently on September 3, 1963, in the Security Council of the United Nations, the Soviet Union vetoed a resolution sponsored by the United States and the United Kingdom condemning the "wanton murder" of two Israeli farmers by Syrians within Israeli territory 2 weeks before. The resolution was supported by the United States, the United Kingdom, France, Nationalist China, Brazil, the Philippines, Norway, and Ghana. It was the third time since 1954 that the Kremlin had vetoed a resolution opposed by the Arab nations. Despite the military maneuvering of these three countries with the Soviet bloc nations, U.S. economic assistance continues and most generously. This policy is in sharp contrast to the threatened U.S. crackdown on Pakistan because Pakistan had signed an agreement with Communist China providing for the establishment of flights between Dacca and Chinese cities and had signed agreements with Communist China with respect to border demarcation and trade.

When I spoke to Colonel Nasser he stated that, after the poor showing made by his soldiers against the English, French, and Israelis, his officers had demanded that he accept the Soviet offer of arms.

Against this statement must be placed the fact that the three-party invasion was precipitated by his rash action, in a fit of pique, in seizing the Suez Canal—a lifeline for Britain, France, and Israel.

Today, militarily, Egypt is completely dependent on Soviet bloc countries. Colonel Nasser has maneuvered himself into the position of being completely dependent on Communist Russia for a continued flow of arms and parts. Should that flow be cut off, Egypt is militarily unarmed. Syria and Iraq are in the same position. And those are the very countries in which the Nasserites seem strongest.

It is difficult to obtain any reliable figure as to how much military and economic aid has been going to Nasser from the Soviet Union. The best figures are that it is roughly equivalent to \$920 million, although not on as liberal terms as our. We sell Colonel Nasser Public Law 480 food and fiber for Egyptian pounds which are used for the development of Egypt and its people. Soviet Russia sells Egypt weapons in exchange for cotton which is used for the benefit of Soviet Russia and its people.

One cannot help but wonder where our policy vis-a-vis Colonel Nasser will ultimately lead.

What have been the reasons advanced for this buildup by the United States of Colonel Nasser as the big man in the Middle East?

The State Department justification for its policy of appeasement was ably set forth by Warren Unna, a staff reporter for the Washington Post in his News Analysis on January 11, 1963, before the revolt in Syria and Iraq. Mr. Unna stated:

"Moreover, to justify its gamble on Nasser, the administration points to the following 'positive' steps he has taken:

"Nasser now is trying to reestablish the United Arab Republic's links with the West, particularly in Europe, and last month provisionally joined the General Agreement on Tariffs and Trade (GATT).

"He and his country have done a complete turnabout in the Congo—from being one of the chief supporters of the late Patrice Lumumba and his leftist successor, Antoine Gizenga, to joining ranks behind the United Nations in its current efforts for Congo unity.

"Nasser has played down his country's Arab holy war with Israel, proposed to his colleagues a while back that the issue be put in the icebox and, for his pains, has been accused by Syria of 'subversion.'

"Nasser personally kept a strict silence a few months ago when it became known that the United States was going to sell Hawk missiles to Israel to help that country defend itself. In former years, this would have been the occasion for a major anti-U.S. campaign.

"Nasser proved more forthright than many of his fellow nonaligned leaders at the August 1961 Belgrade conference when he condemned the Soviets' sudden resumption of nuclear testing.

"Nasser, a big booster of Cuban Premier Fidel Castro in the past, is considered to have been surprisingly moderate when the United States had its showdown with the Soviet Union over Cuban missile bases last fall.

"All of these factors are said to convince administration officials that Nasser, despite his penchant for interfering in the internal affairs of his Arab neighbors, still comes out on the plus side, in permitting room for reasonably friendly relations with the free world."

Mr. Unna's column is set forth in full as exhibit III-J-A.

"EXHIBIT III-J-A"

"[From the Washington Post, Jan. 11, 1963]

"AMERICAN AID FOR NASSER FACES REVIEW

"(By Warren Unna, staff reporter)

"United Arab Republic President Gamal Abdel Nasser's open participation in the revolt in Yemen and his hospitality to potential Saudi Arabian and Jordanian rebel leaders are beginning to raise questions over the wisdom of the U.S. friendly aid program to the United Arab Republic.

"The Israelis fear the success of the Nasser-assisted Yemeni military group in pushing out Yemen's antiquated imamate may encourage Nasser in other foreign adventures in the Middle East.

"The London Daily Telegraph this week said the United States, in making Nasser 'its instrument in the Middle East * * * is committed to the support of an expansionist revolutionary who must, by the very nature of his appeal to Arab sentiment, continually threaten the stability which the United States is hoping to preserve.'

"It was about a year ago that the Kennedy administration decided to take a hard look at Nasser as an independent whom the United States could deal with in the same arm's-length respectful way it deals with Yugoslavia's President Tito.

"The idea was that Nasser now had decided to emphasize domestic needs over Arab and Communist-bloc involvements. U.S. officials thought there could be mutual regard, no hope or thought of conversion, but conviction that since Nasser is keeping his own house in order he and the United Arab Republic would remain within at least a halloo distance of the free world.

"U.S. economic aid to the United Arab Republic was stepped up to \$146 million a year, most of it in the surplus food stocks Nasser so badly needed to raise the subsistence level of his people.

"And more recently, preliminary consideration has been given to Nasser's desire for an international consortium, similar to India's and Pakistan's, that would enable the United Arab Republic to double her national income of \$140 million by the end of her second 5-year plan in 1970.

"But now comes Yemen, in which the United Arab Republic has invested troops, aircraft, and political direction to turn out one neighboring Arab government it didn't like and keep another in.

"And Egyptians have given considerable publicity to the four Saudi Arabian royal princes, all brothers of ailing King Saud, who defected to Cairo and recently proclaimed the 'Democratic Republic of the Arabian Peninsula.'

"Nasser's government also makes no secret of its delight over providing asylum for the Jordanian air force chief of staff who, along with several other Jordanian pilots, recently defected to Cairo.

"And Nasser's annoyance with the regimes in his fellow Arab States of Syria and Iraq has been repeatedly proclaimed.

"Nasser also undeniably has been putting a lot of money in arms and a large army which might otherwise be devoted to economic improvement.

"But the United States still does not think it has misplaced its bets on Nasser. Administration officials are aware that his meddling in other Arab countries conflicts with U.S. policy to maintain stability and avoid Middle East disputes. But they have no objection to his doctrine of Arab socialism which is aimed at raising the economic level of the Middle East.

"And they consider Nasser the one big figure of the Middle East who neither can be ignored nor forced, through economic needs, into any further dependency on the Communist bloc.

"Nasser already gets arms from the Communists, and the Soviet Union is financing the construction of his giant Aswan Dam. But observers report that Nasser has sensed the danger to his own country's independence of too much involvement with the Communist well-wishers.

"Moreover, to justify its gamble on Nasser, the administration points to the following positive steps he has taken:

"Nasser now is trying to reestablish the United Arab Republic's links with the West, particularly in Europe, and last month provisionally joined the General Agreement on Tariffs and Trade (GATT).

"He and his country have done a complete turnabout in the Congo—from being one of the chief supporters of the late Patrice Lumumba and his leftist successor, Antoine Gizenga, to joining ranks behind the United Nations in its current efforts for Congo unity.

"Nasser has played down his country's Arab holy war with Israel, proposed to his colleagues a while back that the issue be put in the icebox and, for his pains, has been accused by Syria of subversion.

"Nasser personally kept a strict silence a few months ago when it became known that the United States was going to sell Hawk missiles to Israel to help that country defend itself. In former years, this would have been the occasion for a major anti-U.S. campaign.

"Nasser proved more forthright than many of his fellow nonaligned leaders at the August 1961 Belgrade conference when he condemned the Soviets' sudden resumption of nuclear testing.

"Nasser, a big booster of Cuban Premier Fidel Castro in the past, is considered to have been surprisingly moderate when the United States had its showdown with the Soviet Union over Cuban missile bases last fall.

"All of these factors are said to convince administration officials that Nasser, despite his penchant for interfering in the internal affairs of his Arab neighbors, still comes out on the plus side in permitting room for reasonably friendly relations with the free world."

Mr. Alfred Friendly, managing editor of the Washington Post, 3 months later on March 27, 1962, under a Cairo dateline, had a slightly different analysis. He said:

"To what purpose does the United States support President Gamal Abdel Nasser's United Arab Republic? Why, already in this fiscal year, has it poured some \$200 million worth of aid (mostly wheat) into a nation that is a political dictatorship, a police state, and a roaring advocate of economic socialism?"

"Americans here * * * have several answers, not the least of which is the argument that no better alternative can be seen. Were Nasser toppled, he would be succeeded by one of his own clique, not so able, or by the Communists. Remnants of the old regime scarcely exist, which may be just as well, since it was a remarkably conscienceless pack of boodlers. In any event, they could never command the people's support."

"A variation of the same argument points out that cutting off American aid simply means presenting the United Arab Republic as a gift to the Soviet Union. Egypt must have huge wheat imports to survive, and will get them from Russia if it cannot obtain them from the United States. It would be in no position to bargain; Moscow could call the tune down to the last note."

Of late a new argument has been advanced in support of our Nasser buildup. That argument is that Nasser has matured since the Suez crisis and is no longer the impetuous "young officer" he was then. Thus Arnold Beichman writing for the Washington Post on July 20, 1962, from Cairo stated:

"American policy in the Middle East, and particularly since President Kennedy took office, has been to seek the disengagement of the Nasser regime from any close Soviet relationship. That policy has succeeded because of:

"Soviet ineptitude.

"U.S. firmness vis-a-vis Nasser military adventurism whether against other Arab countries or Israel.

"Tremendous internal economic problems in Egypt itself, whose solution depends on foreign aid.

"Development of a close personal understanding between President Kennedy and Nasser chiefly through a continuing exchange of letters. None of these letters has been published and their contents are not known.

"What is described hopefully is the coming of some mature, statesmanlike wisdom to the 45-year-old President Nasser."

All these arguments in support of our foreign policy toward Egypt have been advanced repeatedly by our State Department and by many columnists whose columns reflect the State Department indoctrination.

But many of these arguments do not become tenable no matter how often they are repeated.

Consider, for example, the argument of "U.S. firmness vis-a-vis Nasser military adventurism whether against other Arab countries or Israel." The fact is that Nasser has since September 1962 been carrying on a war of destruction against the people of Yemen in which 28,000 of his troops are engaged and in which he is aided by Soviet fighter planes. The fact also is that his powerful radio transmitters constantly beam messages of hate and destruction against Jordan, Saudi Arabia, and Israel. Until he succeeded in bringing about the revolutions in Syria and Iraq, his radio urged the violent overthrow of the governments of those countries. Now he is engaged in a hate campaign against the Baathists in Syria because they have not seen fit to go out of existence in favor of Nasser's own followers in Syria.

The current official suggestion is to disregard Nasser's radio hate campaign because that is the way things are done in the Middle East and that both sides are doing it. A careful study of foreign radio broadcasts in that area will show that this statement is not in accord with the facts. Nasser's radio

beamed for outside consumption is the only radio preaching the violent overthrow of other governments.

It is indeed ironic that Nasser's proficiency in radio propaganda—and everyone admits that he is proficient—should have been achieved—or aided—through the use of AID funds. Thus, AID project 263-G-22-AA, for which over \$1 million has been obligated through fiscal year 1963 is "to assist the United Arab Republic to establish and operate within 5 years a 'Telecommunications Research and Training Institute' * * *. The U.S. Government set out in fiscal year 1961 to assist the United Arab Republic staff in operating this institute so that, in time, it will be well organized and efficiently operating. * * *"

I was in the Middle East when the United States recognized the revolutionary Government in Yemen and can attest that our action was greeted by our friends in Lebanon, Jordan, Syria (former government), Israel, and Greece, as anything but showing "firmness vis-a-vis Nasser military adventurism."

It should be remembered that when Nasser embarked upon his costly expedition to Yemen, his prestige was at low ebb. H. B. Sharabi of Georgetown University has described the situation accurately in his article on "The Egyptian Revolution" in April 1962 issue of Current History:

"The setback to Nasser's leadership in the Arab world came suddenly and soon, long before Syria's revolt in September 1961. In itself, the Syrian-Egyptian union was only a first step, which, if not carried farther, was meaningless in terms of pan-Arab unity; in order to exist the United Arab Republic had to grow, and the natural direction of growth was in the Fertile Crescent—in Lebanon, Jordan, and Iraq. The crucial decision in these countries was made in the summer of 1958. Jordan was rocked by a series of attempts to bring down the Hashimite monarchy; Lebanon was plunged into civil war; and Iraq experienced a military coup d'etat which toppled the pro-Western regime of Muri al-Sa'id. But the outcome of these events was unfavorable to the United Arab Republic. King Hussein's position, which for a while seemed desperate, was strengthened; in Lebanon a compromise between the pro-Nasser Muslim faction and the separatist Christian groups led to the consolidation of Lebanese independence; and in Iraq, the most important country in this configuration, the new revolutionary regime, after a short period of friendship with Nasser, broke with the United Arab Republic. The Cairo-Baghdad rivalry was resumed with new fury.

"With their hopes frustrated, the Egyptians now resorted to desperate methods to bolster Nasser's declining prestige. Tactics included diatribes on the Voice of the Arabs, open support of Shawwaf's anti-Kassim uprising in Iraq (March 1959), and ringleadership throughout the area in incidents of subversion and violence such as the dynamiting in Amman of the Prime Minister's office which cost many lives including that of the Jordanian Premier (August 1960). Meanwhile, as the drive toward Arab unity began to meet with reverses, relations between Syrians and Egyptians also started to deteriorate. The United Arab Republic was beginning to crack at the seams."

There are also those who believe that the United States is out on a limb because it has sought to save Nasser by recognizing Yemen. Thus Patrick Seale in the New Republic for January 26, 1963, wrote:

"By the turn of the year, then, most neutral observers of the fighting were agreed (a) that Sallal's Republic would not survive an Egyptian withdrawal; (b) that the Egyptians themselves were in embarrassing straits, committed to a grim war with little prospect of victory; (c) that the royalists had scored

considerable successes but did not seem to have the weapons or the organization for a really decisive push. This was the situation in which the United States recognized Marshal Sallal's regime. * * * The Yemen is the latest area in which Nasser has needed and has secured U.S. help. What are the arguments behind the U.S. decision to recognize Marshal Sallal?"

"One view expressed by some American officials in the Middle East is that the initiative came from keen young New Frontiersmen in Washington, determined at all costs to dissociate America from the old, shaming, "feudal" regimes of Saudi Arabia and Jordan and throw their weight on the side of progress and the forces of history. Another view is that support for Sallal was, in a roundabout way, a pro-Saudi move, intended to "scare" the Saudi princes into reforming themselves.

"A third, more convincing explanation, derived from more authoritative sources, is that the initiative for the American recognition came from U.S. Ambassador Badeau's Embassy in Cairo and that it was intended as a rescue operation for President Nasser. The calculation was as follows: American recognition would be followed by Britain's; the Saudis and Jordanians would falter in their support of the Imam; Sallal would breathe freely for awhile and, in the lull, Nasser could withdraw his troops with honor, claiming that even the "imperialists" had conceded that Sallal's Yemen Republic was firmly established. The operation was presented to the world as an American-Egyptian agreement whereby Nasser undertook to withdraw his forces in return for American recognition. (Actually, Nasser's agreement to disengage was conditional on cessation of Saudi and Jordanian aid to the royalists.)

"But something went wrong with the predictions: there has been no lull; Britain has not recognized Sallal; the Imam is determined to press some his advantage and Nasser is faced with the painful dilemma of withdrawing ignominiously or doubling his stakes by throwing in more troops. In the meantime, American diplomacy is out on a limb having secured no quid pro quo for its overt support for Sallal's precarious regime."

A careful analysis of many other explanations advanced for our policy toward Nasser will show that we are interpreting Nasser's words as indicating his intentions rather than his actions.

True, he did not rant and rave when it was announced that the United States would sell Israel the Hawk missiles. True, he is accepting economic aid which he vitally needs. True, as a supporter of Fidel Castro, he was "surprisingly moderate" at the time of the crisis over Cuban missile bases—but so was Khrushchev.

But these are words. What of the deeds?

While he was talking softly, he was constructing missiles so that he could proudly parade them in Cairo on July 23, 1963—missiles constructed through the know-how of former German Nazis. Jay Walz reported that parade from Cairo in the New York Times for July 24, 1963, as follows:

"The United Arab Republic paraded two new rockets today and announced that it has developed "the first Arab submarine, which will be tested at sea within 15 days." One of the new rockets was a Soviet-made SA-2 ground-to-air weapon recently demonstrated in the desert near Cairo. The second was the first two-stage missile developed in the United Arab Republic. * * * This missile, called Pioneer, is of ground-to-ground type. * * * A jet fighter that thunderously broke the sound barrier over the Nile was identified as the first faster-than-sound fighter built in the United Arab Republic. * * * The Palestine Army, recruited among refugees at Gaza, participated. This army is being trained to participate in the "liberation of occupied Palestine (Israel) that President Nasser has promised."

Two points must be stressed in connection with this arms buildup by Nasser:

1. He is doing it with U.S. AID dollars just as surely as though the AID dollars were going directly to Russia for the purchase of jet fighters or directly into the pockets of the German Nazis masterminding the design and construction of these weapons. There are some with blinders who would say that this is a misstatement—that AID dollars go for Public Law 480 food and fiber and for worthwhile development projects. To the extent that we relieve Nasser's normal budget of the cost of food, fiber, and development projects we permit Nasser to have his cake and eat it too. He can divert that much into his arms budget for an arms buildup and let the United States pick up the check for the food, fiber, and development projects.

There may also be some who would say that if the United States did not sell Nasser the food and fiber the Russians would be glad to do so. This does not jibe with the facts. The Russians are not giving anything to Nasser. They are bartering arms for cotton. They are loaning him money to build the Aswan Dam. And, finally, Russia's agricultural economy is not good enough to take on the added burden of feeding 22 million Egyptians. Russia has trouble doing that for Castro and herself.

2. Nasser's diversion of AID dollars to an arms buildup requires his neighbors to follow suit—at the expense of their own sorely needed economic development and, in the case of Jordan and formerly Israel, at the expense of the U.S. taxpayer. (The New York Herald Tribune for January 2, 1963, reported Israel's defense spending up 17 percent for this year.) Here again there will be those with blinders who will say that we have given no military assistance to Israel and comparatively little to Jordan. Here, too, those who make such statement will have missed the point. To the extent that Jordan or Israel have had to divert badly needed funds from their own economic development, because they felt it necessary to be prepared to defend themselves against Nasser's open threats, to that extent has the United States been forced to give both Israel and Jordan economic assistance which in the case of Jordan has amounted to \$325.3 million and in the case of Israel to \$878.9 million.

Many have been sharply critical of our policy toward Nasser.

Thus Vincent Sheean in the New York Standard for February 12, 1963, in an article entitled "Gamal Nasser: Tricky Riverboat Gambler of the Nile," wrote:

"The Government in Washington recognized the puppet republic of the Yemen on December 19, 1962, as Gamal's wish, just in time to save him again from a terrible disaster—this time, no doubt, the final disaster. He had supported the revolt in that dismal wasteland (if he did not, in fact, create it) in the obvious hope of striking at Saudi Arabia from there. * * * Gamal seems to know exactly how far he can travel with his American guarantee. He let Syria go without a whimper, for instance; the Americans would not have liked to see Egyptian troops in Damascus (where, in sober fact, no Egyptian troops would survive long). And yet our present Government, then new to its tasks, purred and looked the other way when he sent troops to the Yemen. His patrons in Peiping and Moscow must have laughed heartily. They do not trust him any more than we do (perhaps even less) but they work him for all they can get out of him, which is quite a lot under the present conditions."

Thus Carl Leiden writing in the National Review for July 3, 1962:

"Nonetheless, it would be inaccurate to suggest that Egypt is moving in any other direction than the extreme left and it is wish-

ful thinking on the part of those who suggest otherwise. Still there are many who do not think in this fashion, including no doubt a goodly percentage of those who officially represent the United States in Egypt."

Thus Arnold Hottinger in the article previously referred to—

"Returning to the question of American aid, * * * one suddenly realizes that virtually every argument of the proponents of this aid is of a tactical nature. Tactically, they believe Nasser may be used—for the moment at least—as a Pan-Arab nationalist Egyptian barrier against communism. They even hope to stabilize for a short time the chronically unsettled region by the predominance of "Nasserism," although the last 4 years have shown that "Nasserism" is not so easy to sell outside of Egypt.

"To this argument one may well reply that if the strategic aim is to promote liberal institutions and to preserve and strengthen existing liberal systems or beginnings, then the measures which help consolidate the authoritarian Egyptian regime or extend its influence are clearly harmful. Stability purchased at the price of freedom may be a tactical necessity in certain cases; at the same time however it is a loss in terms of the overall strategic aim."

No discussion of the current political scene in Egypt would be complete without a discussion of Nasser's use of former German Nazis to work on his missile program.

Even before going to Egypt I was intrigued by a book by Sedar and Greenberg entitled "Behind the Egyptian Sphinx," which detailed charges that former German Nazis were being extensively used as a regular part of Nasser's government to train his troops, to organize the Egyptian youth along Hitler's line, and to work on missile projects.

The book was so replete with names, dates, and places that I was surprised that even though it had been published recently it had created so little stir. For example:

"Colonel Nasser's chief military and geopolitical adviser, intimate foreign collaborator, and confidant, is none other than the fullblooded Nazi, SS Col. Otto Skorzeny, who was dispatched to Cairo in 1953 upon the advice of his father-in-law, Dr. Hjalmar Schacht, Hitler's former financial wizard, now president of a Düsseldorf bank, specializing in the promotion of German-Arab trade. * * * As a double insurance against another defeat by the Israeli Army, the Nasser regime has formed an Arab Foreign Legion to fight against the Jewish State. Its nucleus consists of 400 former Nazis and Gestapo veterans, who were recruited by Arab League agents in Germany. The entire project came to light when in September 1959 the authorities of Hamburg arrested Herr Wilhelm Adami, one of the principal German recruiting agents. * * * (Adami) was a Gestapo Storm Trooper and served in Poland with the Dirlewanger Extermination Brigade. * * * Nasser's State Security Cadre * * * under the direction of Lieutenant Colonel Al-Nasher, whose real identity is Leopold Gleim, chief of Hitler's personal guard and Gestapo Security Chief of German-occupied Poland, who was sentenced to death for war atrocities. * * * In the fields of political and psychological warfare, vicious anti-Western and anti-Israeli propaganda is unremittingly carried on by the Nasser regime under the direction of Johann von Leers, one of the former high-ranking Nazi propagandists in the Berlin Foreign Ministry. * * * von Leers * * * has assumed the Arabized name of Man Amin von Leers."

The book contained the following specific charge:

"Only the French, with the cartesian sense of realism, thought that the presence of so many Germans in the Nile Valley was an ominous sign and could not be taken lightly nor easily be explained. Devoid of illusion, they rightly concluded that the Germans

were in Egypt for the express purpose of reestablishing their power and influence in the Middle East at the expense of the United States, Britain, and France. * * * Skorzeny's ultimate aim is to create, in conjunction with Nasser, the Grand Mufti of Jerusalem, and the Arab League, a German-Egyptian dominated third-power bloc and empire stretching from Berlin to Capetown, and from Bonn to New Delhi. The time is not yet ripe, however, to unmask themselves and operate in the open."

In another book, "The Boss," by Robert St. John, published in the same year, 1960, was found a repetition of these charges:

"There were hints of other activities that disturbed many people inside and outside Egypt. Naguib had quietly appointed one of Adolf Hitler's economic experts, Dr. Wilhelm Voss, head of the Egyptian Central Planning Board and chief adviser to the War Ministry. Dr. Johann von Leers, who had been one of Goebbels' most trusted anti-Semitic rabble rousers, was named political adviser to the information department. * * * Voss and von Leers were only two. Every day additional names were whispered. Other foreigners might be trying to get out of Egypt, but the ex-Nazis were pouring in. There were hundreds of them, who saw in postrevolutionary Egypt a place they could fish in troubled waters. They changed their names so as not to embarrass their hosts. * * * Many of these men had been brought in by Farouk, but they were not unpopular with free officers like Anwar el Sadat, who had seen nothing wrong with Hitler except that he lost."

When in Cairo in the latter part of February 1963 I questioned the Ambassador and his top political advisers concerning these charges. They stated they had not read "Behind the Egyptian Sphinx" and that they were unaware of the infiltration of the Nasser government by former Nazis. Our military attachés, however, were well aware of this and called my attention to it.

On April 30, 1963, I stated on the floor of the Senate:

"I visited the Middle East last fall and this winter as a member of the Committee on Government Operations, to look into the operations of our foreign-aid program. I found that throughout the Middle East there was great apprehension about the growing power of Nasser and a resentment over the manifestly lavish aid which the United States was giving to him, which he uses to achieve his objectives, the objectives of conquest and domination of that entire area, the extermination of the free State of Israel and driving its people into the sea.

"We found these objectives voiced by officials in Turkey, in Iran, in Syria before the latest revolt, in Lebanon, in Jordan, and in Greece. Their expressions varied, but there was wonderment as to why we neglected our friends and built up our potential enemies and their enemies.

"President Nasser has made no secret whatever of his purposes and intentions. His broadcasts, both through the official radio station, radio Cairo, and through the secret radio station which he entirely controls, clearly show his intentions. Opinion and expression in Egypt and the United Arab Republic are 100 percent controlled, with no freedom on the press whatsoever. In fact, there is greater control—more nearly absolute control—than is found almost anywhere else. Not only are the newspapers forbidden to print anything that President Nasser does not want, but also they are instructed precisely what to print, what not to print, what to conceal, and how to slant and color the news. Thus the people become pawns in Nasser's ambitious programs and cannon fodder in the wars of his making and planning.

"Through the years President Nasser has preached openly the assassination of the rulers and other officials of the countries which he wishes to subvert.

"It has been alleged by some defenders of our policy in this area that Nasser is softening his tone, that he is not as rambunctious or violent in his declarations as he has been in the past. That is not the case. He continues to preach assassination. He continues to preach violence. He continues to incite to subversion in neighboring countries. He continues to preach warfare. He makes no secret whatsoever of his determination to destroy the little country of Jordan, which is one of the democratic hopes in the Middle East, and little Israel.

"I very much fear unless the U.S. policy of building up Nasser by pouring in money to enable him to carry on his military and subversive ventures is reversed, that there will be a bloody war in the Middle East, for which we shall bear a considerable responsibility, and into which we shall perhaps be inevitably drawn.

"As recently as March 19 of this year there was a broadcast of The Voice of the Arab Nation from Cairo. I could cite and quote from many other such broadcasts, but this is a clear illustration of what is going on today; not 5 years ago, not 2 years ago, and not 1 year ago although it went on then. This type of propaganda—this type of incendiary preaching of assassination of rulers and officials of friendly countries—has been going on all through this period of time.

"The Voice of Cairo on March 19 broadcast as follows: 'Free officers, soldiers, students and Arab brothers in Saudi Arabia and Jordan, how long are you going to tolerate Saud and Hussein?' Saud and Hussein are the respective monarchs of those two countries.

"The time has come for the army and the people to purge the Arab land of the imperialist vestiges—the lackeys who have sold their honor and dignity and who cooperate with the archenemies of the Arabs—the English, the Americans, and the Jews."

"These are the words of the Voice of Cairo in a country which we have subsidized and are continuing to subsidize to the extent of millions of dollars, and in greater amounts now than ever previously. These words list us among, indeed call us—Americans—the 'archenemies of the Arabs.' This is but one more example, among many, of 'biting the hand that feeds you.'

"The broadcast goes on:

"Free Arab soldiers and officers, the people call on you to shoulder your full responsibilities in the forthcoming battle for the liberation of Palestine. You will not be able to do so as long as the traitorous renegade clique is controlling the fate of the country."

"Those words are addressed to the people of Saudi Arabia and of Jordan.

"Even the Arab people in other parts of the Arab homeland will meet great difficulties in the battle for the liberation of Palestine as long as there are people like Hussein in Jordan and people like Saud and Feisal in the Arabian Peninsula.

"Imperialism was able to establish the State of Israel in 1948 after deceiving the Arab people with the lackey Arab rulers to whom it entrusted leadership.

"Freemen in Jordan and Saudi Arabia, the situation is serious. Our Arab people are irrevocably determined to wipe away the disgrace of Israel and to purge the Holy Land of the remnants of Zionism, which is hostile to the Arabs and humanity.

"Our Arab people call upon the free Arabs, both military and civilian, to unite their efforts to purge Jordan and the Arabian Peninsula of the traitors. All the Arab people stand at the side of the Arab liberation revolutions in any part of the Arab homeland, because the Arab liberation battles and the aims as regards the fate of the Arab nation are indivisible units.

"Free officers, come forward and fix the zero hour; surge like flames to the palaces in Riyadh and Amman—the respective cap-

itals of Saudi Arabia and of Jordan—and destroy the hireling traitors—enemies of God and of the people.

"We will then march together on our dear usurped land—Jerusalem, Jaffa, and Haifa—and the crime of Israel will no longer exist.

"We call the army and the people in the Arabian Peninsula and Jordan to quick action and to bloody revolution. Death to the enemies of God and of the people."

"This comes as the official voice of the ruler whom the Western World and the United States in particular have repeatedly saved from extinction. The United States saved him at the time of the Suez crisis. Since that time we have poured in hundreds of millions of dollars to help him, presumably to rehabilitate Egypt's economy, but in effect, finance his wars. He went into the Yemen some 9 months ago, sending in first 18,000 men, and then 20,000, and now, I am reliably informed, 28,000 troops by daily airlifts in Russian-supplied planes. That war is costing Nasser, at the very least, \$500,000 a day. It has continued for 9 months. It has cost him more than \$100 million to date. While we are pouring in money on the one hand to aid him in domestic rehabilitation he is pouring it out in warfare on the other.

"What kind of policy is that for people of the United States who are dedicated to promoting peace in the world?

"At the same time Nasser is receiving military aid from Soviet Russia, he has a great many ex-Nazis working to provide the modern weapons of destruction for his purpose to carry on the war against Jordan and Israel. In a recent book entitled 'Behind the Egyptian Sphinx,' which was called to our attention by our American military in Egypt, are listed a number of ex-Nazis who are wanted in Germany for their manifest crimes, who are not merely safely ensconced in the United Arab Republic but are employed to help Nasser in his sinister purpose to destroy his peaceful neighbors.

"I read the name of a few:

"SS Col. Otto Skorzeny, son-in-law of Dr. Hjalmar Schacht, who is recruiting former Nazi, and is an importer—arranges for arms shipments into Egypt.

"SS General Dirlewanger, known as the 'Butcher of Warsaw' a Nasser military adviser on guerrilla warfare.

"SS Sturmführer Baumann, alias Ali ben Khader, who is with the Algerian rebel government in Cairo, and was involved in the Warsaw massacre.

"Willi Berner, alias Ben Kashir, who is with the Algerian rebel government in Cairo, and was an SA führer and guard at Mauthausen concentration camp.

"Karl Luder, alias Abdel Kader, who is with the Algerian rebel government in Cairo, and was a Hitler youth leader in Danzig.

"Dr. Erich Alten, alias Ali Bella, who is with the Algerian rebel government in Cairo, who played a major role in the assassination of Prof. Theodor Lessing at Carlsbad in 1934, and who was Gestapo "Commissar for Jews" in Galicia.

"Leopold Gleim, alias Lieutenant Colonel Al-Nasher, who is in charge of Nasser's state security cadre, modeled after Hitler's SS corps, and was a chief of Hitler's personal guard, and a Gestapo security chief in Poland.

"Joachim Daemling, who is an adviser on special activities—concentration camps in Egypt—a former chief of the Gestapo in Düsseldorf.

"Dr. Hans Eisele, who is a cochief of medical program at concentration camps; who is a former chief physician at Buchenwald.

"SS Hauptstarzt Heinrich Willermann, alias Lt. Col. Naim Fahum, who is a cochief of medical program at concentration camps and the former medical director at Dachau.

"SS Führer Bernhardt Bender, alias Col. Ben Salem, who is in charge of Nasser's secu-

rity police which runs the prisons, and was chief of intelligence service of Wehrmacht security division in Ukraine.

"SS Gruppenführer Moser, alias Col. Hassan Suleiman, who is in charge of youth training.

"SS Gruppenführer Buble, alias Lieutenant Colonel Amman, who is assistant to Moser.

"Johann von Leers, alias Omon Amin von Leers, who is in charge of propaganda work for Nasser, and was formerly in the Berlin Foreign Ministry.

"Louis Heiden, alias Louis al-Hadsch, former chief of Deutsche Press Agentur; works with Leers—distributes Arabic translation of "Mein Kampf."

"Daniel Perit-Gentil, former SS führer, worked for Wehrmacht Intelligence Service in France during war—sentenced to death by France but expelled. Now is French program director of Radio Cairo.

"Georges Dieudonné, alias Georges Oltramare, former leader of Swiss Nazi Party. Works on anti-Semitic and anti-Israel propaganda with von Leers."

"And so forth. What possible justification can there be for the United States to be pouring in its dollars, not only to support, but to encourage, a regime of this kind, which has drawn to itself all the elements which are antithetic to the professed purposes of the United States, in order to carry on a warfare which Nasser has never ceased to preach and for his objective to conquer and destroy.

"Unless the United States reverses its program promptly, and does more than merely study, review, and view with alarm, unless we act definitely, there is going to be a destructive war to the death in the Middle East in which thousands of people will be killed and in which we will inevitably be involved.

"I may have more to say on this subject at a future time, but I think I should again pay tribute to and commend the fine statement of the Senator from New York and say that in my view he is absolutely correct. We have been led down a false trail in the Middle East.

"It is about time that we supported and prevented the destruction of the one free nation in that area, the one that has worked for the rehabilitation of its own and other people, the one that has manifested only peaceful intentions, that is trying merely to exist and do its work to advance civilization at home and abroad.

"If the United Arab States, under Nasser would, instead of planning to go to war, emulate Israel, work to educate their people, to sanitize their countries, irrigate their deserts, and make a contribution to peace, we would have peace in the Middle East and all its countries would progress and prosper.

"It is a notable fact that of the many nations in the Middle East which have received our foreign aid, none was more conspicuous in the effective utilization of foreign aid than was Israel. None showed more public appreciation of this aid. It is somewhat depressing to note in many countries which we have helped to lift up from dire destitution, to see how little they have shown their appreciation. That has not been the case with Israel. Not only did we see signs on highways proclaiming that the roads were built as a result of joint efforts by the United States and Israel, but Israel has, at its own expense, issued a very beautiful documentary film in color, going into detail giving an historic account of what U.S. aid has done to help the people of Israel rehabilitate themselves.

"I think it is time that we realized that this is one country that honestly is for peace and civilization, that is firm in its democratic faith, whose people enjoy all the freedoms, a little country which has no aggres-

sive designs, that merely wants to live and let live, but which is actually also doing something for backward countries by sending its own scientists there and that we ought to affirm the policy which we should long ago have stood for; namely, that we will not countenance invasion and destruction of Israel. We will not permit our funds to be used to finance an aggressive war in the Middle East, which, unless we adopt such a policy, is bound to come."

Previously, however, concerned about the worsening situation, I addressed the following two letters to the President:

APRIL 10, 1963.

MY DEAR MR. PRESIDENT: I recently returned from the Middle East on an official trip for the Senate Committee on Government Operations.

What I saw there disturbed me greatly and, after talking to Mike Feldman, I thought I would pass on to you my observations even ahead of my official report, which will, in the main, deal with our AID program in the countries visited.

I visited Turkey, Iran, Syria, Lebanon, Jordan, Israel, Greece, Tunisia, Libya, and Egypt.

It is my firm conviction that U.S. foreign policy in the Middle East is set on a disaster course just as surely as it was when we thought we could appease Hitler.

I fervently hope that no future historian will be able to write a book concerning this period of U.S. activity in the Middle East entitled "While America Slept."

We dropped Nasser up at the time of the Suez crisis—in fact saved him from extinction—and have been his mainstay since. Nasser's prestige in the Middle East declined with the Syria breakaway and continued to slide downward until, when his armies were bogged down in Yemen, we came to his rescue again and recognized the revolutionary government in Yemen. I have no doubt that the revolution in Yemen was Nasser-inspired and Nasser-instigated. The speed and the manner in which Egyptian troops were rushed to Yemen on Russian planes demonstrate that we are dealing with a new Egyptian military force and confirm the reports that it has been completely revamped with the aid of Russian technicians and former German Nazis.

What is hurting U.S. prestige in the other nations in the Middle East and what is hurting the administration's posture here at home with a sizable segment of our population is that Nasser is carrying on this war in Yemen for personal aggrandizement with U.S. money.

It is conservatively estimated that the Yemen adventure is costing Nasser \$500,000 per day. At that rate, since the Yemen revolution on September 26, 1962, Nasser has spent over \$100 million in waging his war in Yemen. Thus, in 6 months he has spent the equivalent of our economic aid to Egypt for a whole year. Of course, a portion of this is in Public Law 480 grains—but without those grains he would soon realize the futility of his present predicament and might listen to reason. On the other hand, part of our economic aid is in the form of U.S. dollars for the purchase of goods here in the United States which Nasser needs.

The implications of our early recognition of Yemen—that it was a boost for Nasser and Nasserism—were forcibly called to our attention by officials in many of the countries visited. Officials in Turkey, Jordan, Iran, Syria (former regime), and Lebanon were especially vehement. I do not believe that the precipitate manner in which we recognized Yemen (especially before such a recognition by the United Kingdom) has helped our prestige in this area or served to strengthen the Jordanian or Iranian Governments. Had I written to you earlier, I would have added the Syrian Government to this list, but events have overtaken my report.

One important point concerning the effectiveness of our Foreign Service that strikes me in this area is the fact that very few of our representatives abroad (or, for that matter, working on the Near East desks in Washington in the Department of State) have ever been to Israel. Such a situation is completely unintelligible to me. Our so-called Near East hands are thus representing the interests of the United States in this area without adequate appraisal of the facts. Is it any wonder that after all these years we are no nearer a peaceful solution of the problems of this area?

And finally, Mr. President, Israel itself should hold a special place in U.S. efforts in the Middle East. As the only true democracy in that area, as the one nation which has made determined and successful efforts to raise its economic level, as the one nation in the area that freely and publicly acknowledges that it has received and benefited from U.S. aid, we cannot afford—from the standpoint of our own security—to continue a policy which builds up a Frankenstein monster in that area that, openly, frankly, and persistently announces the order of its next victims—Jordan, Saudi Arabia, and Israel—and whose official radio voices continue to preach assassination of the officials of these countries.

The oft repeated excuses that the Nasser line on this point is "softer" than it was a year ago are not borne out by the facts. In this connection I must point out that when Hitler published widely his plans in "Mein Kampf" people likewise refused to heed.

We are doing the same thing with Nasser.

Will we again wait too long—until grown strong with our help and independent of that help, he turns and swallows up country after country, including Israel?

One thing which will, I believe, relieve the pressures in this area is for the United States promptly to guarantee the borders of Israel in the same manner in which the borders of Saudi Arabia were guaranteed. We have backed and filled so often in the past with Nasser that we must give him no chance at misunderstanding our purpose and intent. A public guarantee of the borders of Israel by the United States would do much to assuage the fears of Israel—which today, with Nasser's increased trained military force, has much more to fear than ever before—and might also serve Nasser with an excuse to desist from his threats.

I would be glad to come up to talk to you at any time convenient to you.

With all best wishes, I am,

Sincerely yours,

ERNEST GRUENING,
U.S. Senator.

APRIL 12, 1963.

MY DEAR MR. PRESIDENT: This is to supplement my letter to you of April 10, 1963, after my conversation with Mike Feldman, concerning U.S. policy in the Middle East.

In that letter I did not underscore strongly enough the thought that we are supporting an arms race in the Middle East just as surely as though American dollars were used directly to pay for the arms purchased.

Under Public Law 480 we are supplying a vital part of the food needs of the Egyptian people. As a consequence, Nasser is left free to exchange his cotton for Russia's missiles. Because Nasser has missiles, Israel must purchase the Hawk from us, at an expense upward of \$25 million and an increase in the size of her standing army trained to use these modern, sophisticated weapons. The \$25 million could be spent to a much better purpose on the economic development of Israel just as the \$100 million spent so far by Egypt on Nasser's war in Yemen could have been better spent on the economic development of Egypt. Similar comparisons could be made with respect to the other countries aided by us in the Middle East such as Jordan and

Iran which feel compelled to step up their own defense budgets.

I make these comments to you with a full awareness of the historical and political background of the tensions in the Middle East. But the time has surely come for the United States to take a firm stand and declare that it will no longer permit its aid dollars to be used for an arms race or for aggressive adventures beyond a Nation's own borders. We cannot continue to aid—directly or indirectly—in maintaining or increasing the tensions in the Middle East. As Nasser subverts one country after another, his high-powered radios—also indirectly supported by the United States—blare across the Middle East preaching violence against Jordan, Saudi Arabia, and Israel and actual assassination of their rulers. About 3 weeks ago Nasser's radio was predicting: "But the day will come when those who sought shelter with Husayn [Hussein, King of Jordan] will lament their fate, when they watch the people dragging Husayns in the streets."

I earnestly believe that at least one way to lessen the tension in the Middle East would be through a U.S. declaration that we will guarantee the borders of Israel and Jordan just as we have made similar declarations recently with respect to Saudi Arabia's borders. We should of course not continue to subsidize Nasser's costly military adventures beyond his borders.

But it is essential that our intent to safeguard the borders of Israel, Jordan, and Saudi Arabia is made crystal clear, publicly, not only to Nasser but to the entire world.

With all best wishes, I am,

Cordially yours,

ERNEST GRUENING,
U.S. Senator.

I have now received the following letter from Assistant Secretary of State Fred Dutton:

DEPARTMENT OF STATE,
Washington, July 25, 1963.

DEAR SENATOR GRUENING: The President has asked the Department of State to comment further on matters raised in your letters regarding U.S. policy in the Near East. The Department is pleased to have this opportunity to review with you some of the elements of this policy.

The Department believes that the principal questions which you have raised concerning our policies in the Near East do not arise from any failure of our policies with respect to the free world confrontation with communism in that area. It should be remembered that free world interests in the Near East were at their greatest peril in the mid and late fifties, when we had no aid program to the United Arab Republic, and that our policies of recent years have been paralleled by a material but gradual reversal of that dangerous situation. Today Soviet presence, prestige, and influence in the Near East have diminished to the lowest point in many years. At the same time, the capacity of the United States to exert a constructive influence on a wide variety of issues important to the free world, while still limited, is far greater now than at any time in the past, and the United States is listened to with respect in every capital in the area.

The Department agrees, of course, that tension and danger are inherent in many of the specific points you list. The Department is very much aware of this situation and is determined that these tensions and dangers not be excited by a U.S. posture governed by impatience and hastiness rather than planning and perseverance.

The President's statement of May 8, in which he reiterated this Government's opposition to the use or threat of force in the Near East, relates directly to the principal recommendation of both your letters. The President emphasized not only that the United States would support appropriate measures in the United Nations and adopt

other courses of action, but also that it supports the security of both Israel and her neighbors.

As the President pointed out, the balance of military power in the area has not been changed by recent developments. This does not, however, mean lack of concern with the Near East arms race and the dangers it carries for the future. The United States is unalterably opposed to the introduction of nuclear weapons of any kind into the area and considers the acquisition of sophisticated offensive weapons to be a luxury which neither side can afford. The United States does not condone the diversion of the scarce resources of the area to the arms race or to such tragic events as the Yemen strife. It has avoided contributing to the arms race and continues to work to reduce the tensions which foster it. In the case of Yemen, as you know, the United States has exerted efforts to arrange a disengagement of the United Arab Republic and Saudi Arabia.

The Department appreciates the concern expressed in your letters that U.S. assistance might make it possible for the United Arab Republic to acquire arms thus presenting an increasing threat to Israel and other countries, to engage in radio propaganda, and to become involved in the internal affairs of other Arab countries such as Yemen. It has accordingly kept the program under stringent review to assure against such possibility. Again it is worth noting what the situation was in 1957 and 1958 when there was no U.S. program of assistance to the United Arab Republic. During those years, Arab-Israel hostility was most intense, Syria and Egypt merged to form the United Arab Republic, Yemen and Egypt affiliated themselves, the pro-Western Government of Iraq was overthrown, the United Arab Republic carried out the greatest expansion of its armed forces and, as noted above, Communist influence soared.

In determining its policy toward the United Arab Republic, the United States has done so only after thorough consideration of all factors in the light of its national interests. Assistance to the United Arab Republic, as noted above, continues to be designed as carefully as possible to assure its use for internal development purposes. Over three-fourths of U.S. assistance to the United Arab Republic has been in the form of surplus agricultural commodities mainly sold for local currency, part of which is used to meet U.S. expenses and the balance of which is used for economic development purposes.

As in the case of many countries seeking to meet national security requirements, military programs of countries in the Near East inevitably absorb resources which might otherwise contribute to development. But U.S. interests, the Department believes will not be served by ignoring or rejecting legitimate requests for assistance to facilitate economic progress or, for that matter, for food itself. It would only increase the tensions without curbing priorities which are given to military preparedness. The absence of the oft-alleged correlation between U.S. economic assistance and United Arab Republic arms acquisition is well illustrated by the fact that the United Arab Republic's most intensive procurement of arms occurred while the United States suspended aid in the post-Suez period. This procurement was financed then, as now, primarily through surplus United Arab Republic cotton not disposable in Western markets at reasonable prices. On the other hand, the United Arab Republic's more than threefold increase in its economic development budget has occurred after U.S. economic assistance was resumed. The \$700 million increase in the United Arab Republic's annual development accounts is some four times larger than the amount of U.S. aid.

Of course, our program of assistance to the United Arab Republic has been paralleled by development assistance to other countries in

the Near East which has contributed substantially to their growth and stability. During the period fiscal years 1949-62, for example, we provided Israel and Jordan with over \$400 and \$190 per capita respectively, while providing \$26 per capita to the United Arab Republic.

With reference to your concern that officers dealing with Near Eastern affairs either at our posts in the area or in Washington may not have visited Israel, the Department wishes to assure you that many of our Foreign Service officers in the Near East have visited Israel and are encouraged to do so. Most of the Department's Near Eastern specialists have visited Israel, some of them a number of times.

In closing, the Department would like to assure you that it is not and cannot be indifferent to the dangers of the Near Eastern situation. The Department has taken and is taking steps designed to reduce or eliminate the tensions underlying the Arab-Israel dispute and to keep to a minimum the flow of arms to the area. The Department seeks to conduct these policies and actions so that they will not of themselves precipitate an adverse chain of events which would be difficult if not impossible to contain and be welcome only to the Soviet Union.

It has been amply demonstrated in the Near East that the use of an assistance program in this area as a bludgeon to force solutions will not work where deepseated beliefs and longstanding grievances are held. Experience also has shown that the American interest in denying the Communists a position dangerous to us in the Near East and our interest in easing the tensions of the area to permit increasing stability is best served by maintaining and multiplying ties with the countries of the Near East.

If I can be of further assistance, please do not hesitate to call on me.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

III. ECONOMY

A. Agriculture

The majority of Egypt's population is engaged in agriculture and derive their livelihood from it. Per capita income is approximately \$118 per annum. The most important single crop is cotton. It is also the largest export commodity; it accounts for 70 percent of annual exports. One-fifth of the total cropped area is used for cotton growing. Cotton, however, has unfortunately been subject to wide price fluctuations in world markets.

Other cultivated crops are corn (or maize), wheat, rice, "Berseem" (clover-fodder), sugarcane, fruit, and vegetables. The total cultivable area is roughly 10 million acres.

Perennial irrigation is necessary over most of this land. The need to bring more land under cultivation points to the importance of the Aswan Dam project. It is the cornerstone of Egypt's plans for future development. It is expected to make available 2 million acres of land for cultivation and bring about approximately a 33-percent increase in the national income. The first stage of the dam is due to be completed in 1965 and the second stage by 1970.

Besides increasing the land area under cultivation, improved methods of agriculture and cooperative organization (to provide seeds, fertilizer, equipment, and advice) are being applied to increase crop yields, especially of long staple cotton. Land reform which was started in 1952 was revised and intensified in July 1961. Individual landholdings were reduced from 200 to 100 feddans. Excess holdings were to be redistributed among landless peasants with a maximum of 5 feddans for each. A total of over 800,000 feddans (or acres approximately) will thus eventually be distributed among 250,000 rural families.

B. Mining

Egypt has no large mineral resources. Some oil is produced—approximately 3,350,000 tons—mostly in the Sinai Peninsula and west of the Gulf of Suez. A continuing search is underway for new oilfields in the western desert. Crude oil is imported for domestic use and refined in the oil refineries at Suez and Alexandria. The state-owned General Petroleum Co. which exploits and refines most of the oil is controlled by the newly created General Petroleum Authority. Iron deposits found in the Aswan region are mined and the ore is smelted at the new Helwan iron and steel plant. Deposits of manganese, phosphate, salt, and gold are also mined.

C. Industry and manufacturing

Approximately 1 million workers were employed in industry in 1961. Many new industrial concerns have been established in Egypt within the last 5 to 7 years. These produce radios, steel rails, diesel engines, motor vehicles, railway wagons, textiles, cement, fertilizer, electricity (generating plants), and electric bulbs. The Government has sought to expand the industrial sector, and especially heavy industry, in order to reduce the country's dependence on agriculture and especially cotton. Approximately 30 percent of development funds are being devoted to industrial expansion under the second 5-year plan. It is also hoped that this sector will provide employment to approximately 200,000 more workers between 1960-65.

The state has acquired ownership or control over most of the important industries, manufacturing, financial, and commercial concerns—approximately 80 percent of all business. This increased state control was effected under the laws promulgated in July 1961. A National Investment Fund was also established with E£200,000 (E£1=\$2.30) initial resources. It was hoped that this would encourage small savers to invest in industry. Exchange controls and import restrictions were put into effect 1½ years ago and a state monopoly was created over all cotton exports. In part this was a reaction to the alarming decrease in trade and foreign exchange earnings from the Western countries.

The Suez Canal has become an important source of foreign exchange earnings yielding approximately \$150 million per year. A loan of \$56.5 million was approved by the World Bank in December 1959 to widen and deepen the canal. The United States voted to approve this loan despite the fact that, contrary to United Nations action, Egypt was still barring Israeli shipping from the use of the canal and barring ships of other nations, including the United States, carrying goods to and from Israel.

D. Economic development plans

A National Planning Institute was established and given responsibility to formulate and oversee development plans. The second 5-year plan was officially started in July 1960. It envisaged a total expenditure of E£1,697 million—E£392 million on irrigation and the Aswan High Dam, E£434 million for industry, E£145 million for electricity generation, and the rest on transportation, housing, education, health, and welfare. It was hoped that by the end of this 5-year plan per capita income would increase from \$118 to \$140, and that employment in industry alone would increase by 200,000. The rate of population growth, however, may not allow per capita income to rise significantly.

Under a decree issued in July 1961 at least 25 percent of profits of all industrial or manufacturing concerns were to be distributed among workers, and their representatives were to be included on the board of directors. A ceiling was set on individual salaries of executives. Numerous cooperatives for industrial as well as agricultural workers

have been set up to benefit the working classes and to provide them with consumer goods at controlled prices.

The Soviet Union had committed \$920 million in aid to Egypt up to mid-1962, one-third of it in the form of military assistance. A large share of Soviet aid has been devoted to the construction of the Aswan Dam and the rest to smaller industrial projects, including oil refineries, and technical assistance. Soviet aid is likely to continue as long as it desires to maintain a foothold in the

Middle East. Czechoslovakia has also been an important source of aid, especially military aid, to Egypt. Egypt secured aid from the Communist-bloc countries under barter agreements, trading cotton for military and industrial equipment and technical assistance. As a result of this arrangement the Soviet Union and Czechoslovakia became Egypt's most important trading partners. The resulting shortage of essential Western currencies and the sad experience with re-export of Egyptian cotton to Western Eu-

ropean markets by Czechoslovakia caused Egypt to ponder over its economic ties with the Communist bloc.

E. U.S. economic assistance program

According to AID figures (exhibit III-J-B) in the 11 years since 1952 we have loaned or granted Egypt \$862.8 million. To this must be added the \$30 million, three-fourths of 1 percent, 40-year loan made to Egypt this last February, making the total \$892.8 million.²

EXHIBIT III-J-B

U.S. assistance to the United Arab Republic

[In millions of dollars]

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957	Fiscal year 1958	Fiscal year 1959	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Total
I. Technical assistance:													
Agricultural and natural resources		1.528	0.992	0.658	0.312	0.100	0.003		0.419	0.109	0.489		4.610
Industry and mining		.241	.366	.088	.094	.029			.033	.421	.380		1.652
Transportation and communications		.029	.007	.052	.063	.008		0.291	.217	.181	.444		1.292
Health and sanitation		.153	.472	.235	.216	.035							1.111
Education		.270	.471	.250	.321	.085	.001						1.398
Public administration		.008	.023	.286	.054			.021	.002	.018	.185		.604
Community development and housing		10.109	.061	.198	.198	.046		.104	.119	.120	.097		11.052
Technical support	0.376	.313		.301	.185	.214		.021	.132	.202	.231		1.975
Special participant program									.548	.394	.201		1.143
Total	.376	12.651	2,392	2,068	1,443	.517	.004	.437	1.470	1.452	2.027	1.769	26.606
II. Special assistance:													
Agricultural and natural resources									.250	.410			.660
Transportation				16.439				2.550	.981	.130			20.100
Health and sanitation				6.262									6.262
Public administration									.250				.250
General miscellaneous				1.408									1.408
Commodity imports				7.639				7.218	2.200				17.057
Total				31.748				9.768	3.681	.540		(1)	45.737
III. Food for Peace (Public Law 480):													
Title I					19,600			48,300	72,700	79,800	165,800	104,000	496,740
Title II											29,100		29,100
Title III	.808		.744	23,544	17,514	.455	2,080	9,587	8,299	23,550	27,300	35,582	149,463
Total	.808		.744	23,544	37,114	.455	2,080	57,887	80,999	103,350	222,240	239,582	675,303
IV. Export-Import Bank:													
Suez fertilizer plant				7,500				5,000					12,500
Diesel locomotives									12,000	22,500			34,500
Total				7,500				5,000	12,000	22,500		(1)	47,000
V. Development loans:													
Edfina								.200					.200
Bagasse plant									6,700				6,700
Industrial bank									7,000				7,000
Telecommunications										1,300			1,300
Misrayon											3,000		3,000
Grain handling											17,000		17,000
Commodity imports											20,000	10,000	30,000
Total								.200	13,700	13,000	40,000	10,000	65,200
VI. Fulbright program	.415	.335	.279	.206	.186	.056	.002	.003	(4)				1.482
VII. Exchange of persons program (Public Law 402)					.151	.151	.151	.198	.284	.400	.171		1.506
Grand total	1.599	12.986	3.415	65.066	38.894	1.179	2.237	73.493	112.134	129.542	264.438	151.351	862,834

¹ Total for fiscal year not as yet determined.

² Loan has been repaid.

³ E£7,520,000 will also be granted by United States to support this activity.

⁴ United Arab Republic and United States agreed that E£404,798 in U.S.-owned foreign currency would be used for the ensuing fiscal years.

Jan. 23, 1963.

Broken down, this assistance went for the following purposes:

	Millions
Technical assistance	\$26.6
Special assistance	45.7
Food for peace	675.3
Export-Import Bank	47.0
Development loans	95.2
Fulbright program	1.4
Exchange of persons	1.6
Total	892.8

The major portion of our assistance to Egypt has therefore gone for sales of food and fiber.

Our technical assistance program has been relatively small. Thus we were involved in the following projects according to an AID report:

263-A-12AA—Groundwater investigations in the western desert.

(a) Brief description and justification of each project:

One of the most pressing problems facing the United Arab Republic is the necessity for finding means of feeding its 27 million people who are increasing at the rate of about 2.5 percent per year. The pressure on the available land supply is exemplified by the fact that 96 percent of the people live on 4 percent of the land and the arable land supply is only about one-fourth of an acre per person.

There are two main aspects to the problem of increasing agriculture production:

(1) Increasing production on existing land by more intensive cultivation, i.e., use of more fertilizer, better seeds, double cropping, etc.

(2) Increasing the supply of arable land. This can be done in two principal ways:

(a) Application of water to areas not now receiving water.

(b) Reclaiming land which has gone out of production through salinity, waterlogging, etc.

The High Dam project will attack the problem on both fronts. It will enable the Government to double or triple the cropping on some 700,000 acres which now grow

Through the years Egypt has received a total of \$72.3 million from:	Million
International Bank for Reconstruction and Development	\$56.5
United Nations technical assistance program	7.3
United Nations Special Fund	8.5

a single crop. It will also enable the use of approximately 1 million acres not now receiving water. However, the dam will take up to 10 years in construction and it is estimated that the population increase in the interim will probably absorb most of the increase in production. Prospects exist for increasing production by raising yields (intensification) notwithstanding the fact that yields are relatively high. They still are below averages obtained on irrigated lands.

The Western Desert comprises an area of 250,000 square kilometers and supports a population of only 45,000. It is believed much additional land could be cultivated if adequate water can be located and there is sufficient recharge to support significant resettlement.

The water program is divided into two segments:

1. Research and Investigation through June 1964.

2. Development and Utilization (10 to 15 years).

The United States is assisting with the completion of the first stage by providing the services of six technicians including geologists, well drillers as well as a mechanic. An extensive aerial and magnetometer survey has been completed covering 86,000 square miles of the desert area. This has been under contract with the Aero Service Corp. of Philadelphia, Pa. Photomosaics have been made and the necessary mapping for the project will be done by the Egyptian Government. These maps will serve as a basis for soil classification, minerals locations, additional potential water sources, etc., which will all contribute to the possible future development of the area. The investigation itself is being carried out largely by professional personnel of the Egyptian General Desert Development Organization with technical assistance and training from American hydrologists, geologists, and other specialists.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars	\$5,199,000
(c) U.S. contribution:	
U.S. dollar funds	\$2,252,000
U.S.-owned local currency (in equivalent U.S. dollars)	\$242,000
(d) Local government contribution—	
(i) From country budget (in equivalent U.S. dollars)	\$2,388,000
(ii) From counterpart funds (in equivalent U.S. dollars)	\$317,000
(e) Percent U.S. contribution to total cost	48

(f) Estimated completion date: Fiscal year 1964.

263-A-11AB—Agricultural education and extension

(a) Brief description and justification of the project:

Agriculture is the backbone of the United Arab Republic economy and affects the income of most of her people. Consequently, the Government has embarked upon a broad-scale agriculture program and in this connection recognizes the importance of conveying to the farmer the latest results of field trials, applied research and demonstrations. The Ministry of Agriculture and, in particular the Agricultural Extension Department, has experienced considerable difficulty in securing trained personnel to meet its expanding requirements. The Ministries' present plans are (1) to upgrade the 67 agricultural centers already established; (2) to establish up to 58 additional centers within the next 6 years; (3) to provide inservice training for extension personnel; and (4) to train additional specialists and other extension workers.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars	\$10,965,000
(c) U.S. contribution:	
U.S. dollar funds	\$2,918,000
U.S.-owned local currency (in equivalent U.S. dollars)	\$600,000
(d) Local Government contribution—	
(i) From country budget (in equivalent in U.S. dollars)	\$7,447,000
(ii) From counterpart funds (in equivalent U.S. dollars)	
(e) Percent U.S. contribution to total cost	32

(f) Estimated completion date: Fiscal year 1969.

263-A-11-AC—Development of hydraulic research and experiment station

(a) Brief description and justification of the project:

The principal long-term objective of this project is to develop a modern hydraulic experiment station capable of carrying out research essential to the coordinated and efficient development of the United Arab Republic's water resources. The project includes fundamental research in river hydraulics, open channel flow, sedimentation, transportation, design and maintenance of irrigation works, the study of river training problems by the use of models and the experimental design of hydraulic structures. The significance of solving the problems outlined above can hardly be overemphasized since the United Arab Republic is so heavily dependent up the Nile for development.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars	\$541,000
(c) U.S. contribution:	
U.S. dollar funds	\$125,000
U.S.-owned local currency (in equivalent U.S. dollars)	\$135,000
(d) Local government contribution—	
(i) From country budget (in equivalent U.S. dollars)	\$273,000
(ii) From counterpart funds (in equivalent U.S. dollars)	\$8,000
(e) Percent U.S. contribution to total cost	48
(f) Estimated completion date: Fiscal year	1964.

263-A-15AE—Grain handling facilities

(a) Brief description and justification of the project:

This project provides a system of storage facilities at 49 locations serving all of the United Arab Republic. Included will be three new port facilities located at Alexandria, Port Said, and Safaga on the Red Sea. There will be 10 terminal silos and 36 distribution silos located throughout the country. The 54 silos, with associated facilities, will have a combined storage capacity of 837,000 metric tons. The total cost of the project is estimated to be about \$66 million of which about \$32 million represent foreign currency requirements.

Construction of this modern storage system is expected to save the United Arab Republic Government millions of pounds annually incurred through losses due to spoilage, insect infestation, etc.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars	\$66,000,000
(c) U.S. contribution:	
U.S. dollar funds	
U.S. owned local currency (in equivalent U.S. dollars)	\$16,920,000

(d) Local government contribution—	
(i) From country budget	\$49,080,000
(ii) From counterpart funds (in equivalent U.S. dollars)	
(e) Percent U.S. contribution to total cost	25.6

¹ Includes the \$32 million U.S. loan which represents the foreign currency requirements for this project.

(f) Estimated completion date: Fiscal year 1965.

263-A-12AF—Egyptian-American Service for Rural Improvement (EARIS)

(a) Brief description and justification of project:

One of the major approaches in the drive to increase agricultural production, in addition to increasing intensive production on present lands (other than double cropping planned through the application of the high dam water), is the utilization of new lands. There are two aspects to this approach: (1) discovery of underground water which can be applied to potentially arable but presently desert land, and (2) reclamation of presently unusable lands because of salinity or water-logging.

This project is directed to the reclamation aspect of the problem and the resettlement of landless farm families.

This project was initiated in 1953 and is the only activity which has continued since that time. However, as U.S. participation was reactivated, the project emphasis was reoriented. The present approach is directed to reorganizing the administration in such a way that by 1964 the entire activity and certain principles evolved therein can be totally integrated within the overall framework of the program to be carried out through all of the Egyptian region by the United Arab Republic Ministry of Agriculture and Agrarian Reform.

The project is under Egyptian and American codirection and the joint fund is controlled by the two codirectors.

The present goals are to—

1. Reclaim approximately 40,000 acres of land in 3 areas, the largest consisting of 32,000 acres located just south of the city of Alexandria.

2. Construct irrigation and drainage canals.

3. Leach land and prepare it for production.

4. Construct approximately 8,000 houses.

5. Resettle approximately 8,000 farm families on 5-acre plots.

6. Develop a pattern of community life and village administration consistent with local conditions and in accord with the regulations of the Agrarian Reform Cooperative.

At Abis, the largest of the three projects included in EARIS, approximately 13,300 of the 30,800 acres in the area have been reclaimed and 11,393 acres have been distributed to farmers. An additional 6,700 acres is ready for distribution. Three complete villages of nearly 4,000 houses have been constructed complete with schools, shops, mosque, hospitals, clinics, and administrative buildings.

The families selected for settlement had to demonstrate they had little or no land holdings, were experienced farmers, could manage 5 acres, have relatively good health, and a previous good community record. As a result of the careful screening, the present settlers have been over 99 percent successful. Over 1,000 additional houses are presently under construction. This project is included in the present economic development program, and it is planned that this project will serve as a model for the total reclamation and development effort which envisages the resettlement of one-fourth to one-half million farmers.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$50,093,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$10,982,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	\$3,286,000
(d) Local government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	\$35,695,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$130,000
(e) Percent U.S. contribution to total cost-----	28.4

¹ The U.S. contribution is related to the total cost of the project. Additional U.S. contribution of local currency may be required. However, it is not contemplated that the U.S. contribution will exceed 40 percent of the total cost of the project.

(f) Estimated completion date: Fiscal year 1965.

263-W-19AA—Agricultural training project
(a) Brief description and justification of the project:

The United Arab Republic is in need of qualified personnel to plan and carry out the activities included in its economics development plan which calls for a significant expansion in agricultural production. The objective of this project is to train a small number of selected officials of the Ministry of Agriculture and Ministry of Land Reform and Reclamation in methods of improved crop and livestock production, soils irrigation, farm management, and farm machinery maintenance and operation.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$56,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$42,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	
(d) Local government contribution—	
(i) From country budget-----	\$14,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	
(e) Percent U.S. contribution to total cost-----	75

(f) Estimated completion date: Fiscal year 1962.

263-31-169—Highway development project

(a) Brief description and justification of the project:

Motor vehicle transportation is an extremely important element of Egypt's internal transportation. Approximately 16,000 motortrucks are registered and the quantity is constantly increasing. These trucks transport over 2 million ton-miles of cargo per year and no less than 75 percent of all cotton products and half of the petroleum products. Buses carry approximately 50 million passengers a year. During the period from 1956 to 1961, inclusive, the United Arab Republic Government spent about \$52 million on road construction and has made good progress in improving the highway system. It is a vital element in the United Arab Republic development program.

The United States has provided assistance through a contract with Charles M. Upham Associates, Inc., in the establishment of a training center for the training of highway department personnel in the operation, care, and maintenance of highway equipment and in the techniques of efficient low-cost road construction. They also developed a general

specification manual for construction standardization.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$28,052,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$2,326,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	\$5,221,000
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	\$18,213,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$2,292,000
(e) Percent U.S. contribution to total cost-----	26.9

(f) Project completed fiscal year 1961.

263-W-37AC—Civil aviation development

(a) Brief description and justification of project:

Egypt is an important traffic-generating point in the Middle East. Cairo is on the main Southern East-West trunk route from Europe through the Middle East to the Far East and a main trunk route from Europe to Africa.

An improved airways system will greatly enhance economic development and increase revenues through greater utilization and traffic-handling capacity of its airports.

At present the Cairo International Airport handles 800 total operations per week (350 flights) but it is conservatively estimated that the traffic potential is 1,200 operations per week within 5 years. The project system when completed will enable handling of approximately 1,500 operations per week.

The project is designed to assist the United Arab Republic Government in the establishment of a modern airway system which can efficiently cope with the requirements of both domestic and international aircraft operations and in particular to the operation of jet aircraft.

U.S. assistance is being provided by a team of seven technicians from the Federal Aviation Administration (FAA) to advise and assist in the planning, engineering, and installation of airways facilities and in the local training of personnel to operate and maintain the system.

Supervisory personnel are being sent to the United States for advanced training. Equipment is being provided from Special Assistance funds to meet the needs of the system.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$11,143,200
(c) U.S. contribution:	
U.S. dollar funds-----	\$1,988,300
U.S.-owned local currency (in equivalent U.S. dollars)-----	\$952,900
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	\$9,142,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$60,000
(e) Percent U.S. contribution to total cost-----	26.4

(f) Estimated completion date: fiscal year 1964.

263-G-22-AA—Telecommunications Training Center

(a) Brief description and justification of project:

Since 1955 the United Arab Republic Government's Telecommunication organization has been engaged in carrying out a planned three-phase 15-year Telecommunications pro-

gram to expand facilities which is estimated to cost \$170 million. Illustrative of some of the projects involved which have recently been completed under the plan are: installation of a coaxial cable network in the Delta area to connect Cairo, Alexandria, and the main cities, with a total length of about 275 miles; and establishment of automatic exchanges in Cairo, Alexandria, and 5 other cities with a total of 44,000 lines.

The U.S. Government has been requested to provide assistance to the Telecommunications Organization toward establishment and operation of a Telecommunications Training and Research Institute in Cairo. As a first step in implementing this project two RCA consultants spent 6 weeks in Cairo reviewing conditions and prepared a report outlining an organization and curriculum for the Institute calling for a team of eight technicians. It is estimated that after 5 years of U.S. assistance the Institute, consisting of a technical school, a maintenance and installation school, a traffic school, an administrative school, a research laboratory, and an advanced studies school, will function entirely under local direction and management.

Graduates from these schools will fill the need for increasing numbers of trained personnel to administer and operate the rapidly expanding telecommunications system.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$4,417,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$1,953,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	\$2,464,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	
(e) Percent U.C. contribution to total cost-----	44

(f) Estimated completion date: Fiscal year 1968.

263-J-29-AA—Technical advice to the 5-year plan organization

(a) Brief description and justification of the project:

This is a new project to provide technical assistance and advice to the General Organization for Executing the Five Year Industrial Plan (GOEFYIP) of the United Arab Republic Government Ministry of Industry, on the economic and technical planning aspects of the United Arab Republic industrial development program. Comprehensive long-range industrial development programs are in the process of planning and implementation throughout the Nation. As the industrialization program progresses, increasing attention must be given to the economic and technical analyses of industrial development objectives and to the economic and technical feasibility determinations for industrial projects comprising the program in order to insure optimum productive results. While United Arab Republic technical competence levels are relatively high and many qualified engineers and technicians are available to carry out the industrial program it is imperative that GOEFYIP reinforce its own staff resources with competent outside consultants to assist in the study of these complex industrial planning problems. Technical advice and assistance will be provided under this project by a team of full-time consultants supplemented by short-term specialists to help GOEFYIP establish and develop this major staff facility and to develop and train technical staff to meet the rapidly expanding demands of their organization.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$1,107,000
(c) U.S. contribution:	
U.S. dollar funds-----	784,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	323,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	
(e) Percent U.S. contribution to total cost-----	71
(f) Estimated completion date: Fiscal year 1966.	

263-J-28-AC—Industrial technical training

(a) Brief description and justification of the project:

Egypt's industrial development program including establishment of new industries and expanding and modernizing those already existing is seriously hampered by the shortage of trained subprofessional technical personnel. In order to assess this problem objectively and to recommend the fields in which U.S. assistance should be provided, the services of a three-man Industrial Technical Training survey team (Sept.-Dec. 1962) have been obtained. Upon completion of their survey the team will report on means of improving manpower development programs and specifically determine the nature and extent of training facilities needed to meet required manpower skills. Lack of these skills represents a critical bottleneck and prevents effective communication between graduate engineers and skilled and semiskilled workers. Following the survey team it is planned to expand this project and contract for a group of qualified technicians, whose specialties and periods of assignment are to be based on findings in the survey report. This group will organize, staff, define objectives, and establish standards of the technical training institution(s) selected to address this problem.

The basic objective of this project is to alleviate the shortage of subprofessional personnel which is a problem of prime importance in accelerating the rate of Egypt's industrial development.

(b) Total estimated cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$3,485,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$1,230,000
U.S.-owned local currency (in equivalent U.S. dollars)---	\$675,000
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)---	\$1,580,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	
(e) Percent U.S. contribution to total cost-----	54.7
(f) Estimated completion: Fiscal year 1967.	

263-27-250—Iron and steel industry development

(a) Brief description and justification of the project:

An iron and steel plant of 225,000 tons annual capacity has been erected at Helwan to utilize the iron ore deposits at Aswan.

In 1960 the U.S. AID was requested to provide assistance to the industry as production was far short of rated capacity and quality was defective.

Following its usual custom, U.S. AID procured the services of two short-term, highly specialized consultants to advise as to the requirements of the situation and to ascer-

tain what, if anything, could be done to assist. The conclusion reached by the consultants suggested improvement of marketing methods, many improvements in quality control and related items. The Government of the United Arab Republic decided that its interests was in increasing production per se and not in other activities. U.S. AID then decided that any further activities in this area would not be feasible.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars---	\$9,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$8,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	
(d) Local government contribution—	
(i) From country budget (in equivalent U.S. dollars)---	
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$1,000
(e) Percent U.S. contribution to total cost-----	88.9
(f) Percent terminated: Fiscal year 1960.	

263-J66-AG—Engineering education, University of Assiout

(a) Brief description and justification of project:

Assiout University is the youngest and most modern university in the United Arab Republic. It was opened in 1957 and graduated its first class in 1961. Organized on departmental lines, the university is more comparable to an American institution of higher learning than any other non-American sponsored university in the Arab world. The university is currently very short of staff. Many members of the faculty are drawn from other universities in Egypt and commute to Assiout for 1 or 2 days per week. Eighty-seven members of the engineering staff alone are commuters.

The University has approached the U.S. AID for assistance in the development of its department of engineering with emphasis on mechanical, electrical and civil engineering departments. This mission has requested the services of a survey team to conduct a survey of the university and its needs for faculty and curriculum development.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$9,958,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$2,250,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	
(d) Local government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	\$7,708,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	
(e) Percent U.S. contribution to total cost-----	22.6
(f) Estimated completion date: Fiscal year 1967.	

263-W-69-AG—Special participant program

(a) Brief description and justification of project:

The objective of this project is to improve the technical abilities of the United Arab Republic Government officers in areas related to economic development in the United Arab Republic.

This project originated in fiscal year 1960 when AID sponsored 98 participants, USIS sponsored 40 participants and the American Friends of the Middle East sponsored 50 participants. The AID-sponsored participants were selected from a variety of fields including agriculture, industry, mining, chemistry, and nuclear engineering.

Some of the AID-sponsored participants

have already completed their training and a number of the participants presently receiving training in the United States will complete their program this year. As of September 30, 41 participants were still in the United States receiving training under this program.

The Government of the United Arab Republic has assured that each returning participant will be employed by the Ministry which can best utilize his training.

This project has been closely coordinated with USIS and the American Friends of the Middle East.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$1,231,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$1,176,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	\$19,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$36,000
(e) Percent U.S. contribution to total cost-----	95.5 percent
(f) Estimated completion date: Fiscal year 1963.	

263-W-78-AH—Population census

(a) Brief description and justification of project:

The United Arab Republic Department of Statistics and USAID/United Arab Republic cooperated in a population census project. Under this project, the USAID provided funds for the rental of statistical equipment and the purchase of necessary cards and paper for the machines. Prior to the negotiation of the agreement obligating funds for this project, the USAID provided the services of a short-term consultant to assist the United Arab Republic Department of Statistics in planning for the use of the machines and equipment ("A Report on the 1960 Population Census of the United Arab Republic," by Lawrence A. Marzetti) and, under the fiscal year 1959 program, the USAID provided training in the United States for six United Arab Republic statisticians in census operations and population analysis. The participants completed their training and returned to the United Arab Republic to participate in the preparation of the data collected during 1960 prior to actual machine punching and tabulation.

The first census was carried out in the Egyptian region in 1882 and the second was in 1887. Thereafter, it was carried out every 10 years up until 1957. The eighth census was to be carried out in 1957 but was delayed until 1960. One important defect in past censuses was that the information collected was seldom published before the lapse of about 5 years, a fact which defeated the purpose of such an operation. For this reason it was hoped that all necessary information concerning the 1960 census would be published 1 year after its collection. Therefore, training in the use of the most up-to-date electronic equipment and the subsequent rental of such equipment was needed for processing the information obtained in the shortest possible time.

The population census in the United Arab Republic was carried out in 1960, and the project was completed in March 1962.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars---	\$366,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$239,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	

(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)---	\$122,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$5,000
(e) Percent U.S. contribution to total cost-----	68.8

(f) Project completed fiscal year 1962.

263-98-260—Atomic energy training

(a) Brief description and justification of project:

The Government of the United Arab Republic, through the Egyptian Atomic Energy Commission, has established a reactor and nuclear center at Inshass Village, which is about 40 miles from Cairo, where a light water reactor has been built. A nuclear physics laboratory comprising a Van De Graff two-man unit and an isotope production plant was planned to be constructed at Inshass. This nuclear reactor project and isotope center was planned to employ around 250 to 350 technicians and other personnel. During fiscal year 1961 the United States provided training for one participant under this project.

The present light water reactor at the nuclear center at Inshass is only an experimental type for further development and it is anticipated that different kinds of reactors such as heavy water and power reactors might be developed in the future.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$32,000
(c) U.S. contribution:	
U.S. dollars funds-----	\$24,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	-----
(d) Local government contribution:	
(i) From country budget (in equivalent U.S. dollars)-----	\$6,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$2,000
(e) Percent U.S. contribution to total cost-----	75

(f) Project terminated fiscal year 1961.

263-R-79-AA—National economic planning

(a) Brief description and justification of project:

Under this project high-level technical assistance in national planning and management is provided by the United States to the Institute of National Planning and other governmental departments concerned with national planning. The institute was established in 1960 as an independent public agency attached to the Presidency of the Republic. The institute among other things encourages national planning research and studies related to the formulation and execution of the national development plan; and conducts, supervises, and direct studies, and research in fields of planning, economy, statistics, technology, and social services. The program of assistance developed with the institute encompasses exploration of techniques of national planning and management from a technical, theoretical, and philosophical viewpoints.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$2,153,000
(c) U.S. contribution:	
U.S. dollar funds-----	\$758,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	-----
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	\$1,314,000
(ii) From counterpart funds (in equivalent U.S. dollars)-----	\$81,000

(e) Percent U.S. contribution to total cost-----	35.2
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(f) Estimated completion date: Fiscal year 1966.

263-Z-99AA—Technical support

(a) Brief description and justification of project:

This project supports technician costs, commodities, rents, utilities, vehicles, local travel, house furnishings not chargeable to a single project or field of activity.

(b) Total cost of project: U.S. dollars plus equivalent U.S. dollars-----	\$2,482,000
(c) U.S. contribution:	
U.S. dollar funds-----	1,878,000
U.S.-owned local currency (in equivalent U.S. dollars)-----	-----
(d) Local Government contribution—	
(i) From country budget (in equivalent U.S. dollars)-----	-----
(ii) From counterpart funds (in equivalent U.S. dollars)-----	404,000
(e) Percent U.S. contribution to total cost-----	75.7

¹ Cost through fiscal year 1962 (estimate) only—future years costs are not determinable due to unpredictable changes in projects and cost elements.

(f) Estimated completion date: Unknown.

LOANS

(a) Loan Agency: DLF (No. 115).
Project: Edfina Canning and Freezing Plant.
Borrower: Edfina Canning and Freezing Plant.

Borrower: Edfina Pour L'Exploitation et La Fabrication des produits Agricoles (SAE).
Amount: \$200,000.
Date: October 7, 1960.

Terms: 5½ percent interest; repayable over 10-year period in Egyptian currency.
Purpose of loan: To assist the borrower in carrying out a project of expansion and diversification of their canning and freezing facilities.

(b) ¹ Loan agency: DLF (No. 116).
Project: Bagasse mill.
Borrower: Al Nasr Co. for bagasse pulp industries.
Amount: \$6.7 million.
Date: November 1, 1960 and November 22, 1960.¹

Terms: 5¾ percent; repayable within 13 years in Egyptian currency.
Purpose of loan: To establish a bagasse pulpmill in conjunction with the Edfu sugar mill to process pulp from sugarcane bagasse, which is then used in the production of various kinds of paper and paper products.

Comments: Project underwritten initially by Government of the United Arab Republic. Stock to be offered for general public.

(c) Loan agency: DLF (No. 123).
Project: Industrial Bank.
Borrower: Industrial Bank, SAE, Cairo, Egypt, United Arab Republic.
Amount: \$7 million.
Date: August 31, 1960.

Terms: 5 percent interest; repayable over 10-period in Egyptian currency.

Purpose of loan: To assist the borrower in carrying out a program of making intermediate and long-term loans for development projects to private industrial enterprises in the Egyptian region of the United Arab Republic falling in industrial categories acceptable to DLF.

Comment: Loan guaranteed by Government of the United Arab Republic.

(d) Loan agency: DLF (No. 142).
Project: Telecommunications scatter system.

¹ Signed in United Arab Republic, Nov. 1; in Washington, Nov. 22.

Borrower: Telecommunications Organization, Government of the United Arab Republic.

Amount: \$1.3 million.

Date: January 19, 1961.

Terms: 3½ percent interest; repayable over 15-year period in Egyptian currency.

Purpose of loan: To assist the borrower in carrying out a project for the establishment of a 24-channel telephone and telegraph tropospheric scatter system link from Damietta in the Egyptian region to Saroukhia in the Syrian region of the United Arab Republic, a line-of-eight ultrahigh frequency link from the scatter terminal at Saroukhia to Damascus and a line-of-eight ultrahigh frequency link from Damietta to Mansoura, and related facilities.

Comments: Loan to be guaranteed by Government of the United Arab Republic. Implementation of this loan has been suspended since the withdrawal of Syria from the United Arab Republic.

(e) Loan Agency: IBRO.

Project: Suez Canal Improvement.

Borrower: Suez Canal Authority.

Amount: \$56.5 million.

Date: December 22, 1959.

Terms: 6 percent interest; repayable over 12 year period beginning March 15, 1962 with final payment September 15, 1974 in US\$.

Purpose of Loan: To deepen Port Said; enlarge entrance to canal; deepen and widen the canal by removing 100 million cubic meters of sand; build quays and other port handling facilities; purchase tugs, dredges and other equipment.

Comment: Guaranteed by Government of the United Arab Republic.

(f) Loan Agency: ICA.

Project: Railway Improvement.

Borrower: Egyptian State Railways.²

Amount: \$7.5 million.

Date: February 7, 1955.

Terms: 4 percent interest if repaid in Egyptian pounds, 3 percent if repaid in U.S. dollars; repayable over period of 40 years—first interest payment September 30, 1958; first principal payment March 31, 1959.

Purpose of Loan: To purchase machine tools, railroad ties, locomotives, and coaches.

Comments: Originally ICA grant in the total amount of \$15,583,175.04 of which \$7.5 million made available on basis of a U.S.-dollar loan.

(g) Loan Agency: Ex-Im Bank.

Project: Diesel Electric Locomotives.

Borrower: Egyptian State Railways.³

Amount: \$12 million.⁴

Date: Fiscal year 1960.

Terms: 5¾ percent interest.

Purpose of Loan: To purchase 16—1,000 horsepower units; 42—1,900 units.

Comments: Guaranteed by Government of the United Arab Republic.

(h) Loan Agency: Ex-Im Bank.

Project: Diesel Electric Locomotives.

Borrower: Egyptian State Railways.

Amount: \$22.5 million.⁵

Date: September 1960.

Terms: 5½ percent interest; delayed payoff system of 5 percent first 2 years; 10 percent next 3 years; 20 percent remaining 3 years; repayable over 8-year period in U.S. dollars, commencing May 1962.

Purpose of Loan: To purchase 100 diesel locomotives from General Motors.

Comments: Guaranteed by Government of the United Arab Republic. Along with the orders from Henschel of West Germany and Hatchi of Japan, the Egyptian State Railways probably will be able to completely dieselize mainline passenger and freight traffic. The majority of these units have been re-

² Semiautonomous government agency.

³ Semiautonomous government agency.

⁴ An additional \$3,000,000 or ½ of the total is financed by General Motors.

⁵ An additional \$5,000,000 is financed by General Motors.

ceived and it is expected that all deliveries will be completed by 1963.

(i) Loan Agency: Ex-Im Bank.

Project: Nitrogenous Fertilizer Plant.

Borrower: Societe Egyptienne d'Engrais et d'Industries Chimiques, SAE.

Amount: \$5 million.

Date: September 1958.

Terms: 5 percent interest repayable over 5-year period in 10 equal installments; repayable in U.S. dollars.

Purpose of Loan: For expansion of ammonia plant; construction of sulfur plant and ammonia sulfate plant and procurement of necessary equipment in connection therewith.

(j) Loan agency: AID—Loan No. 18.

Project: Grain-handling facilities.

Borrower: General Organization for Storage Affairs (agency of United Arab Republic Government).

Amount: \$17 million.

Date: April 26, 1962.

Terms: Currency of repayment—U.S. dollars.

Interest rate: Three-fourths of 1 percent per annum, payable semiannually, first payment due no later than 6 months after the first disbursement.

Amortization: Grace period 10 years. Loan payable in equal semiannual installments over a period of 30 years.

Purpose of loan: To finance purchase and installment of a system of grain storage and distribution facilities planned to serve all of Egypt.

Comment: To finance the local currency costs of this project the U.S. Government is making a grant of 7.52 million Egyptian pounds from funds available under Public Law 480, section 104(e).

(k) Loan agency: AID—Loan No. 17.

Project: Misrayon cellophane plant.

Borrower: Societe Misr pour La Rayonne.

Amount: \$3 million.

Dates: April 26, 1962 (loan agreement), and June 27, 1962 (amendatory agreement).

Terms: Currency of repayment—U.S. dollars.

Interest rate: Three-fourths of 1 percent per annum, payable semiannually, first payment due no later than 6 months after the first disbursement.

Amortization: Grace period of 2½ years. Loan payable in equal semiannual installments over a period of 9 years.

Purpose of loan: Assist the borrower expand its production of viscose slurry and cellophane at Kafr-El-Dawar, Egypt.

Comment: The Government of the United Arab Republic is the guarantor.

(l) Loan Agency: AID—Loan No. 17.

Project: Economic Stabilization Loan.

Borrower: Government of the United Arab Republic.

Amount: \$20 million.

Date: June 1, 1962.

Terms: Currency of repayment—U.S. dollars.

Interest rate: 2½ percent per annum, payable semiannually, first payment due no later than 6 months after the first disbursement.

Amortization: Grace period 2½ years. Loan payable in equal semiannual installments over a period of 7 years.

Purchase of Loan: To provide the borrower with foreign exchange for the acquisition and importation into the United Arab Republic of commodities in certain categories as approved by AID.

(m) Loan Agency: AID.

Description: A portion of Egyptian pounds, generated as a result of U.S. agricultural commodity sale under title I of Public Law 480, section 104(e), are made available as "Cooley Loan" funds for (a) loans to U.S. firms or their branches, subsidiaries, or affiliates for business development and trade expansion in the United

Arab Republic or (b) either U.S. firms or firms of the United Arab Republic for expanding markets for, and consumption of U.S. agricultural products abroad.

Two loans as described below have been negotiated under this arrangement:

1. Borrower: Pfizer, Egypt, SAE.

Guarantor: Charles Pfizer Co., Inc., United States.

Amount: E£107,400 (equivalent to \$242,372).

Date: August 17, 1962.

Terms: Currency of repayment—Egyptian pounds.

Credit fee: 5½ percent per annum on the unpaid principal payable semiannually, first payment due 6 months after disbursement to the borrower.

Amortization: Grace period of 1 year. Principal repayable in 20 installments over a period of 9½ years.

Purpose of loan: To finance the local currency cost of a new pharmaceutical manufacturing plant.

2. Borrower: National Bottling Co. of Egypt, SAE.

Guarantor: Pepsi-Cola Co., United States. Amount: E£350,000 (equivalent to \$789,854).

Date: January 7, 1961.

Terms: Currency of repayment—Egyptian pounds.

Credit fee: 5½ per annum on disbursements under credit agreement.

Amortization: Grace period of 1½ years from date of the loan agreement. Principal repayable in 10 approximately equal semiannual installments over a 4½-year period commencing June 15, 1962.

Purpose of loan: To assist the borrower in financing of local currency expenditures in the United Arab Republic in connection with the reorganization and expansion of its plant in the United Arab Republic and repayment of any outstanding debts to banks operating in the United Arab Republic.

Comment: At the time this loan was negotiated funds generated by Public Law No. 480 were handled by the Export-Import Bank of Washington but have since been placed under auspices of the Agency for International Development.

PUBLIC LAW 480.—Local currency

GRANTS

Fiscal year	Amount (Egyptian pounds)	Brief description
1962-----	100,000	Funds provided for construction costs of buildings, access roads, and power connections for installation of air navigation equipment provided under special assistance.
1963-----	7,520,000	Local construction cost of grain silo project for which foreign exchange obtained under development loan (fiscal year 1962).
	228,000	Additional funds required for construction costs of buildings, access roads, and power connections for installation of air navigation equipment provided under special assistance.

LOANS

[All loans to date at 4 percent for 30 years]

Fiscal year	Amount (Egyptian pounds)	Brief description
1960-----	4,500,000	Equivalent to total cost of (1) TV network in Egypt and Syria, (2) electronic equipment assembly and manufacturing plant in Egypt (equipment supplied by U.S. firm), and (3) TV receiver sets for assembly.
1961-----	15,000,000	Production (development) budget support for investment.
	15,000,000	Production (development) budget support for investment under 5-year plan.
1962-----	22,000,000	Do.
1963-----	30,000,000	Unified budget support for investment under the 5-year plan.
	4,166,784	Local costs of civil works for Cairo west power station (dollar cost provided as development loan).
	4,000,000	Local currency cost of housing construction in urban and rural areas (excludes cost of land).

¹ Planned.

Special note should be made of project No. 263-A-15AE for the construction of grain-handling facilities. According to the project description, the 54 silos to be constructed

at a cost of \$66 million will have a combined capacity, with associated facilities, of 837,000 metric tons. This should be compared with Egypt's consumption of:

Egypt's consumption of main grains and quantities received from the United States, 1959-62

[1,000 metric tons]

Commodity	Year	Total consumption	Quantity received from the United States
Corn-----	1959	1,801	50
	1960	1,612	62
	1961	1,730	103
	1962	1,982	390
	1959	450	244
Wheat flour-----	1960	483	408
	1961	402	401
	1962	517	497
Wheat-----	1959	1,932	368
	1960	2,185	608
	1961	2,122	496
	1962	2,681	825

Source: U.S. Department of Commerce, Bureau of Census—U.S. Trade Data. Consumption data—attached reports and Egyptian food balance sheets.

The grain facilities being built with U.S. AID funds will permit Egypt to store more than 75 percent of its 1962 receipts of Public Law 480 corn and wheat from the United States.

As a result of our economic assistance, where does Egypt stand now economically?

As Arnold Hottinger has written in the article before cited:

"Definite accomplishments are present in the not very extensive agrarian reform, the beginnings of industrialization; the expansion of education and of rural welfare; the improvement of the lot of certain groups of the working classes; the abolition of privileges for the rich and for foreigners and the increase of the average Egyptian's self-consciousness. Opposed to these achievements are the crippling of private initiative; the emergence of a new class of governing officers and bureaucrats; creeping inflation; an inflated, inefficient civil service machinery; a decline of educational standards in schools and universities; the chronic misery of 20 million slum dwellers, destruction of all the beginnings of a parliamentary system of government, of freedom of opinion, and of the independence of judges; a police state system; a privileged and expensive professional army and a mentality of unrealistic self-conceit."

Carl Leiden in his previously cited article in the *National Review*, sums up the situation as follows:

"What Nasser has done is to gamble his place in history and the future of Egypt on the assumption that Titoist communism—call it Arab socialism—will dissolve the effects of extreme poverty, and overgenerous birthrate, and a cultural backwardness. He is a man of action * * * and so it is action only that counts. * * * It has not been an intelligent gamble. He has destroyed every source of indigenous capital * * * and has created an atmosphere in which foreign capital is well advised to stay away. He has compromised his reservoir of talent. * * * The tragedy is that there is no turning back. Millions of Egyptians have lived like animals for centuries. Once aroused, they will continue to demand those things that will prolong the contemporary political and economic chaos. Until the ravages of overpopulation are met, literally nothing can be done that will solve the basic economic problems of Egypt. Nasser's socialism left to itself is rather inexorably doomed to failure. But he has made his task much greater by ruthlessly extinguishing what drives, energies, and abilities the old Egypt had. Neither he nor his followers realize that he has already failed, as they play out the game that can lead only to disaster."

There is grave danger to the free world in this situation. Much has been made of the great hope for agriculture in the completion of the Aswan Dam. However, most experts agree that, because of the great population increase in Egypt, the completion of the Aswan Dam will enable Egypt only to remain even. It is when this realization strikes the people—and Nasser—that the world must guard against another irresponsible action such as Nasser took in 1956.

The cost of Nasser's misadventure in Yemen with its 28,000 Egyptian troops there has been estimated to cost him \$500,000 per day. He has been engaged in that misadventure since September 26, 1962. It would be safe to say, therefore, that his Yemen project has cost him over \$150 million. There is no accurate estimate as to what Nasser's missile adventure has cost him, although estimates place it as high as \$1 billion. The United States cannot afford to continue to support Egypt to the tune of over \$200 million a year while he fritters it away in an arms race and in wars of conquest.

On July 30, 1963, the distinguished senior

Senator from Iowa, Mr. HICKENLOOPER, the ranking minority member on the Senate Foreign Relations Committee, on the floor of the Senate, expressed his concern about the situation in Yemen. At that time he said in part:

"Seven months have gone by. The Egyptians have not withdrawn their forces. If anything, they have stepped up their activities in the Yemen against the tribesmen, against the former government."

"Saudi Arabia and Jordan have in substantial degree done exactly what they said they would do. They have withdrawn their participation with the former government. Egypt has failed in every detail to keep its agreements and understandings, upon which recognition was based."

"I have been considerably concerned about this matter because I had some firsthand exposure to it late last fall at the time of recognition, in the countries of Egypt and Saudi Arabia."

"On July 16 I wrote a letter to the Secretary of State. I shall not read the letter in full, but I shall ask unanimous consent to have it printed in the *Record* at the conclusion of my remarks."

"Briefly, in the letter I recited the events, and I said that the Egyptians had not carried out their commitments. I said that, among other things, they had stepped up their military activities and had increased their use of napalm bombs."

"I quote one sentence from the letter:

"From all available reports there is strong evidence that the Egyptian forces have enlarged the area of attack and have used increasing patterns of aerial bombardment with napalm bombs and other weapons and have on occasions used gas with poisonous and lethal capability."

"These things have been established. In other words, the situation is growing worse rather than better."

"I suggest to the Secretary of State and to the administration that, unless the situation is corrected immediately and the Egyptian troops withdrawn according to the agreement, we should seriously consider withdrawing the recognition which we granted to that Government in December."

"I go further and say that, so far as I am personally concerned, unless we do something to correct the operation, which, up to now, has been a mistaken operation, I shall consider the advisability of submitting a resolution for consideration by the Senate, which would state that it is the sense of the Senate that the United States should withdraw recognition."

Egypt's aggressive attitude continues to keep the already troubled Middle East in a constant turmoil, as witness his warlike speech on August 11, 1963, reported by Jay Walz in the *New York Times* as follows:

"NASSER CHARGES ISRAEL IS THREAT—HE TELLS TROOPS HOME FROM YEMEN TO PREPARE FOR ACTION IN PALESTINE"

"(By Jay Walz)"

"ALEXANDRIA, UNITED ARAB REPUBLIC, August 11.—President Gamal Abdel Nasser greeted troops returning from Yemen today as a fighting force ready and able 'to defend Arab nationalist principles.'

"The United Arab Republic's President said there could be no disarmament in the Middle East until the rights of the 'Palestinian people' had been restored in Israel. The armed forces must stand as a 'national shield' against Israel, he declared."

"We must prepare ourselves to face Israel and the imperialists," President Nasser said. 'So long as the situation in Israel exists, any call for disarmament in the Middle East would be a bluff.'

"The entire Arab nation thanks you for what you have done," the United Arab Republic President told the veterans.

"Signed test ban treaty"

"We work for peace and we have signed the treaty to ban nuclear tests," he declared, "but we cannot reduce our army as long as we are threatened by Israeli attack."

"The Arab peoples feel safer because of you."

"Two transports, carrying 3,000 soldiers and officers, were escorted into Alexandria's new marine terminal by naval units and the harbor's commercial and fishing craft, all with whistles open."

"The returning troops were not the first contingent to come back from Yemen, but they were the first to be received at Alexandria and the authorities took every measure to make it a noisy welcome."

"In his 45-minute address, President Nasser made only oblique references to the military and civil situation in Yemen. He congratulated the troops on 'bringing triumph to the revolution in Yemen' but did not disclose plans for withdrawing the armed forces still there."

"United Arab Republic forces numbering up to 28,000 men have been in Yemen for most of the last year, supporting the revolutionary government of Abdullah al-Salal. The United Nations is now trying to disengage the United Arab Republic on one side and Saudi Arabia on the other. The Saudi Arabians have been supplying arms and ammunition to tribesmen fighting to restore Imam Mohamad al-Badr to his throne."

"Last Wednesday Field Marshall Abdul Hakim Amer, deputy commander of Cairo's armed forces, reported, 'Military operations in Yemen are over.'"

"President Nasser said several times that his forces had fought in Yemen for all Arabs."

"Our responsibility was to the entire Arab world, not just to the artificial borders of one country," he declared. "Our forces were created to defend the whole Arab world. When we cheer for Arab unity, we mean what we say. You have offered your blood and your lives to back up our slogans. Ours is a free nationalist army that wants to liberate Arabs."

"President Nasser rejected any suggestion that Egypt might join the Baath Party leaders, who now control Syria and Iraq, in Arab unity."

"We wanted unity with the Syrian and Iraqi people," he said, "not with the Baath Party, which rules through blood and Fascism."

Nasser's charges on their face are unbelievable when the area and population of Israel and the Arab League are compared:

	Area in square miles	Population
Arab League:		
Algeria.....	852,600	10,200,000
Iraq.....	172,000	6,590,000
Jordan.....	37,500	1,690,000
Lebanon.....	4,000	1,626,000
Morocco.....	172,104	11,600,000
Saudi Arabia.....	870,000	6,500,000
Sudan.....	967,500	11,928,000
Syria.....	72,234	4,657,000
Tunisia.....	48,313	3,783,000
United Arab Republic (Egypt).....	386,198	26,065,000
Yemen.....	75,000	4,500,000
Total, Arab League....	3,657,449	89,139,000
Israel.....	7,993	2,106,000

On August 7, 1963, Nasser pledged \$30 million for the Inter-African Bank. If the U.S. AID funds are to be diverted by Nasser to the Inter-African Bank, then it does seem to me that the United States should make the payment directly so that the people of Africa can give credit where credit is due. I cannot understand why we should permit Nasser to make political capital in Africa with our money.

"[From the New York Times, Aug. 8, 1963]
CAIRO PLEDGES \$30 MILLION FOR INTER-AFRICAN BANK—WILL BE BIGGEST CONTRIBUTOR TO PROJECT PLANNED BY 32 INDEPENDENT COUNTRIES

"Special to the New York Times

"CAIRO, August 7.—The United Arab Republic committed itself today to make the largest contribution to the capitalization of the projected African Development Bank.

"Ahmed Zendo, Minister of Economy, said the Government was prepared to buy \$30 million in shares. He said Algeria would be the second largest backer with an investment of \$24 million.

"A total capitalization of \$250 million is planned.

"Mr. Zendo made the statement on his return from Khartoum, the Sudan, where 32 independent African States signed an agreement yesterday establishing the bank. Economy ministers met to discuss the economic and social development of emerging African countries.

"If the agreement is carried out, the bank will be the first product of Organization for African Unity formed at the conference of African heads of State in Addis Ababa, Ethiopia, last May.

"The bank is designed to promote development by making loans to individual countries and guaranteeing projects undertaken by regional groups of countries.

"Mr. Zendo said that the conference had unanimously accepted an Egyptian proposal to set the capitalization at \$250 million instead of the projected \$200 million so that countries becoming independent soon might participate. Shares valued at \$10,000 each are to be made available to participants.

"The aggregate capital will be divided into two equal parts—subscribed capital and capital to be made available on request.

"Terms of the Khartoum agreement stipulate that 5 percent of each member's share should be paid before ratification documents are submitted. The remainder will be paid in five installments beginning with one of 35 percent, followed by four of 15 percent each.

"Mr. Zendo spoke of the bank's capitalization in dollar terms. It was not made clear immediately what local currencies, if any, would be acceptable.

"All independent African countries, including the United Arab Republic, are hard pressed for dollars and other convertible foreign currencies to finance their own development programs.

"Mr. Zendo said that the bank would elect a council of governors when ratification procedures are completed and that the governors would choose the site of the bank's headquarters."

IV. FINDINGS AND RECOMMENDATIONS

Findings

While professing to be genuinely devoted to the economic development of his country, President Nasser of Egypt has involved his country in a costly war in Yemen at a time when his own country faced no threat at all from events taking place in Yemen. Egypt committed approximately 28,000 troops to that war in Yemen in September 1962 at an estimated annual cost of \$150 million. Our AID program for fiscal year 1962 was \$224.1 million. The United States is pouring its dollars into Egypt to help its economy while Egypt is pouring it out in foreign war.

In addition, Egypt is spending untold millions in preaching, through all possible propaganda media, the violent overthrow of the Governments of Jordan and Saudi Arabia.

In addition, Egypt is spending additional untold millions on arms, including the development of missiles, for the publicly avowed purpose of waging an aggressive war against Israel, which has made no such threats but which, because of the Egyptian

arms buildup, has been forced to divert much needed resources from its own economic development.

It can rightly be said that U.S. dollars are enabling Egypt to wage war in Yemen, to foment trouble in Jordan and Saudi Arabia, and to arm to attack Israel just as surely as though they were spent directly for that purpose.

In addition, U.S. AID dollars are being used to build a police state with the Government owning and operating everything through nationalization of industries and businesses. U.S. AID dollars are therefore being used to prove that such totally Socialist type of police state can work economically. (See ch. III-J.)

It is therefore recommended that the continuance of the U.S. financial aid program to Egypt be conditioned upon—

1. Egypt's prompt compliance with the terms of the United Nations settlement of the Yemen dispute; and

2. Egypt's reversal of policy so as to cease production of missiles, warplanes, submarines, and other implements of war clearly designed for aggressive purposes.

EXHIBIT 2

[From the Reporter magazine, Oct. 24, 1963]

OUR YEMEN POLICY: PURSUIT OF A MIRAGE

(By Philip Horton)

On the night of September 26, 1962, a palace coup took place in the remote city of Sana, the capital of the kingdom of Yemen. The royal Government of Iman al-Badr was ousted in favor of a junta headed by Brigadier Abdullah Sallal, former chief of the palace guard. With the immediate arrival in Yemen of Egyptian troops and Soviet-provided equipment, the implications were clear enough to most of our friends and allies in the Middle East. The Iranian view, for instance, conveyed to the State Department as early as October 9, was that President Nasser's ultimate objective was to gain control of Saudi oil in order to establish his independence of the United States and be free to collaborate with the Soviet Union.

Yet on December 19, after 2½ months of hesitation and uncertainty, Washington recognized the Nasserite republican government. Since then, what had seemingly begun as a peripheral civil war has become a war by proxy between Egypt and Saudi Arabia, which in turn has threatened the security of the Arabian Peninsula and the West's strategic lifelines to the Indian Ocean, brought Soviet combat missions into play against our major Arab ally in the area, and, finally, raised serious doubts about the good faith of our Government.

In recent months sharp and angry questions about the failure of our policy have been raised on the floor of Congress, but the answers supplied by administration officials were more notable for muddled rationalization than for clear and persuasive reasoning. One Congressman who had tried to get some light on our Yemen policy in the course of the House hearings on foreign aid aid, "I have never heard so much double talk in all my life."

The simple fact is that doubletalk has been the order of the day in Washington ever since the State Department recognized Sallal's republican regime. Why, then, was recognition granted when it was, and over the strong opposition of almost every U.S. ally in the Middle East and Europe? Why did the State Department feel that it was in the interests of the United States to support Nasser's Pan-Arab imperialism, particularly since this aspect of Nasser's policy has always been sedulously encouraged by the Soviet Union? Why—and this is the question most often asked by critics of our Yemen policy both within and without the administration—did the administration feel that it had to make a decision to recognize instead of watching

and waiting to see just which way the struggle in Yemen was going?

Among the first answers given was that, of course, it was the fault of Chester Bowles. This accusation was given wide circulation, and a number of papers carried a report blaming Bowles (who was charged with similar mistakes in other appointments) for having named John Badeau, an eminent supporter of Nasser's Pan-Arabism, as U.S. Ambassador in Cairo.

There can be no question about Ambassador Badeau's sympathetic attitude toward Nasser and Arab nationalism. As former president of the American University in Cairo and later of the Near East Foundation, he had developed a deep attachment to the cause of Egypt's betterment. "Egypt," he wrote in 1959 in his introduction to Nasser's "The Philosophy of the Revolution," "has rapidly emerged as the dominant influence in the Arab world, and its revolution has spilled over the Nile Valley to become the 'wave of the future' in adjacent lands." Within a few days after the Yemen coup and before Washington had even had a chance to sort out just what was happening, Ambassador Badeau received the foreign minister of the new revolutionary government, Mohsin al-Aini, in Cairo. Thereafter, he continued to argue vigorously for recognition of the new regime, backed up throughout by the reports of Robert W. Stookey, the U.S. chargé d'affaires in Yemen.

In Washington, apart from the general support of the National Estimates Board of CIA and the Policy Planning Council at the State Department, the Yemen policy was thought to be largely the handiwork of Robert C. Strong, then Director of the Office of Near Eastern Affairs under Assistant Secretary of State Phillips Talbot, and of Robert Komer, a New Frontiersman of CIA background who handles Middle East problems on Presidential Assistant McGeorge Bundy's staff. In recent months, however, a kind of reverse competition has set in, with everyone remotely involved struggling for a lower place on the totem pole of responsibility. As Bundy put it, with a smile, to an inquiring critic: "When the news from the Yemen is good, it's Komer's war; when it's bad, it's Talbot's." From now on, however—war, peace, or stalemate—the troubles in Yemen are the responsibility of the U.N.; as has happened before with Washington policies that have misfired, the U.N. was persuaded to pick up the pieces.

BREAKING WITH BRITAIN

Most critics of the Yemen policy inside or outside the administration are convinced that the most basic mistake was the underlying assumption that the republican coup represented a revolution against "the notoriously despotic" rule of the Imams and a "yearning for Arab unity" and social reform. This in turn led the policymakers to overlook or at least badly underrate the most important single fact about Yemen—its physical location.

The map tells much of the story. Situated near the southwestern corner of the Arabian Peninsula, Yemen to the north and east borders on the great desert reaches of Saudi Arabia. To the south it faces on the South Arab Federation and the Aden Protectorate, both British-controlled, as well as Aden Colony, which, next to Singapore, is now the most important outpost of British power, sheltering both the world's greatest bunkering port and the headquarters of the British Middle East Command. Yemen, in short, is a natural back door to the Arabian Peninsula, itself a prize of incalculable value, which since 1945 has produced for the West 1,000 billion barrels of oil, contributed a billion dollars of revenue to Great Britain and the United States last year alone, and provides, via the Dhahran and Aden bases, indispensable defense links by air and sea to the Indian Ocean and southeast Asia.

To define the peninsula's strategic and economic value to the West is a fortiori to describe Nasser's ambition to take it over, not to mention Moscow's desire to help him do so. What makes Yemen a logical starting point for Nasser is the fact that of all the countries of the peninsula it is the only one not under some form of British or United States protection. Since the Second World War, in fact, Anglo-American hegemony has sealed the peninsula off from the disorders that have beset the rest of the Middle East and provided the one element of relative stability in the area. One would think it would be a cardinal objective of U.S. policy to keep it that way. "You will see," said one Middle East diplomat; "by parting ways with the British over your Yemen policy and backing Nasser's adventure there, you have pried the lid off Pandora's box. The big question now is—will you ever be able to clamp it back on again?"

The British, remembering Nasser's frequent promises to drive "the forces of reaction and imperialism" out of the peninsula, stuck to their decision to withhold recognition of the Yemeni republicans, despite reportedly heavy pressure from Washington. Most of the Middle Eastern governments, fearful of any new Nasserite aggression, were also deeply troubled by the appearance in Yemen of Soviet combat personnel early last October and by evidence of close coordination between Moscow and Cairo in the stepped-up delivery of TU-16 bombers, which were immediately pressed into service in the fighting. The strongest opposition, however, came naturally enough from Saudi Arabia's Prince Faisal, who had been summoned home from New York where as Foreign Minister he headed the Saudi U.N. delegation, to take over the reins of government in Riyadh. In a series of meetings in Washington in the first weeks of October, including a private lunch with the President, Faisal agreed to initiate badly needed reforms in his own country. In return, he warned his listeners against the great dangers of Nasser's military adventures in Yemen and urged them to persuade Nasser to cease his aggressions against Saudi Arabia.

On his return to New York and on the eve of his departure, Faisal was dismayed to learn from an old American friend that the State Department had the impression from these talks that Faisal had agreed to seek a détente with Nasser in the interest of securing the safety of his country and his régime. This, he said, was impossible: "It would be like giving someone a sleeping pill when a murderer was after his life." Furthermore, he could not consider cutting off support of the Yemeni royalists, who were the legitimate government in Yemen and with whom he had treaty ties.

The policymakers stuck stubbornly to their course. Their line of argument, however, seemed at times to suggest that they were taking their cue from Nasser himself, who in the January 1955 issue of *Foreign Affairs* had written: "There would not be any Communist infiltration in any part of the Middle East and Africa if the United States could develop a courageous policy—and the only morally correct one—of supporting those who are anxious to get rid of foreign domination and exploitation."

These ideas had won Nasser a limited hearing in the early years of the Eisenhower administration, but it was not until the arrival of the New Frontier that he had a real chance to sell his "philosophy" to Washington. According to reliable diplomatic sources in the capital, Nasser's Ambassador to Washington, Mostafa Kamel, on one of his first visits to the White House suggested to President Kennedy that Nasser would greatly welcome a direct exchange of views, an initiative that led to an extensive personal correspondence between the two leaders. The first exchange took place

in the early spring of 1961, before the President undertook, in a series of letters to the heads of all the Middle East governments, to convey the substance of the policies he intended to pursue in that part of the world. Though couched in the most general terms, the import of these letters seemed fairly clear to those on the receiving end: U.S. support for broad social reform, for movements toward Arab unity, and for the untrammelled independence of the Arab nations. As one senior Arab diplomat recently put it, perhaps with the benefit of hindsight, "The heart of Washington's Middle East policy to us seemed to be that in return for recognizing the absolute U.S. commitment to the security of Israel, Nasser was given more or less a free hand to pursue his ambitions in the Arab world."

Thereafter President Kennedy continued to take a direct personal interest in the problems of the area and, after last September, in the Yemen war in particular, which clearly threatened to expose his Middle East policy to an embarrassing test. Toward the end of November, after the Egyptians had already indicated an interest in reaching some kind of settlement in Yemen that would secure their interests, the President dispatched personal messages to the leaders involved—Prince Faisal, King Hussein of Jordan, Nasser, and Sallal. The texts of the messages were never released, but, according to the *New York Times*, they "proposed as a first step that Egyptian troops withdraw from the republican side in Yemen and that Saudi Arabia and Jordan halt material support of the royalist cause." The implication was that U.S. recognition of the republican régime would then be in order.

RECOGNIZING THE PUPPET

By mid-December the State Department had two further reasons to rush through recognition of the new Yemeni government. One was to secure and increase the American presence in the country in order to counter the growing number of Soviet personnel, many of whom were already serving as crew members in the Egyptian bombing raids against Saudi and royalist bases. The other consideration, more important by far, was the mounting evidence that the war in Yemen was not going well for Nasser. A long dispatch in the *London Times* of December 21, for instance, written by a British M.P. who had just returned from a fortnight in Yemen, noted a "universal hatred of the Egyptians" and concluded that without Egyptian aid, "Sallal would not survive more than a few days against the forces of the Imam."

The fear in Washington was that further progress by the royalists would bring a still heavier build-up of Egyptian forces in Yemen, with the possibility that if things continued to go badly, Nasser might, in a desperate effort to save face, plunge into an all-out war against Saudi Arabia and thus present the White House with a painful dilemma: To turn against Nasser or to betray our commitments to the Saudis. The solution put forward by Washington, as foreshadowed by the President's November letters, was U.S. mediation or, more accurately, a swap: U.S. recognition of Nasser's puppet régime in return not for an accomplished and verified withdrawal of Egyptian forces from Yemen, as Prince Faisal finally urged, but simply for Nasser's promise to withdraw under conditions he has been amending and reinterpreting ever since. This left the State Department with the sticky task of proving that the Sallal government qualified for recognition.

The internationally accepted criteria that had to be met before recognition could be granted to the new republican government were that it be in effective control of the country and the machinery of state; that it have the general support of the people; and that it demonstrate its willingness to

honor its international obligations—most particularly to live at peace with its neighbors.

By mid-December, on the eve of recognition, there was ample reason to doubt that the republican government could meet any of these criteria. Most of the leaders of the new government had come out of the free Yemen group that Nasser has supported in Cairo in recent years. One of the first to arrive, the very day after the coup, was Abdul Rahman al-Baidani, who on becoming vice president broadcast an announcement to the tribal leaders that if Sallal could be called the Naguib of the revolution, he himself, in effect, was its Nasser. Baidani, who was born in Cairo of an Egyptian mother and an Indian father and who has at various periods held both Egyptian and Yemeni citizenship, played his role to the hilt. Apart from persuading Sallal to reinforce key Yemeni garrisons with Egyptian forces in greatly superior numbers, he also succeeded in purging from the new cabinet the three or four officers known to be nationalists, including the defense minister, Mahmoud el-Jaifi, who was sent off to Cairo as ambassador. With Baidani running short of further targets, Sallal soon found it prudent to get rid of him, and in January 1963 he relieved him of his portfolios and sent him packing back to Cairo under military escort. By late summer Baidani showed up in Aden, where he seemed to be playing a different kind of game which led the Sallal government to revoke his Yemeni citizenship on August 29 and denounce him as "an imperialist stooge * * * an impostor * * * and a dangerous spy." By late September, according to the *New York Times*, he was back in Cairo, this time in jail for interrogation.

As for effective control of the country, the size of the Egyptian force provided a kind of answer. By mid-November these forces in Yemen reportedly numbered at least 6,000; by mid-December, on the eve of U.S. recognition, 12,000 to 14,000; and by late spring—and despite the Egyptian promise of withdrawal that recognition was supposed to secure—reached a peak strength of 28,000 men. Their Soviet-made armament was impressive, and included medium and heavy tanks, infantry carriers, some Ilyushin-28 bombers, two squadrons of Mig-21's, and two squadrons of TU-16 medium bombers. Altogether it was the largest military operation in the Middle East since Suez and, according to testimony by Senator JACOB JAVITS before the Senate Foreign Relations Committee, was costing Nasser upward of \$500,000 a day.

Its sheer weight and size, in a small and sparsely settled country, made it look more like an army of occupation than an expeditionary force, especially since in the early weeks of the fighting there were no comparable enemy forces in sight. According to the best military intelligence available, neither Jordan nor Saudi Arabia ever had more than a hundred or so officers and advisers assigned to the royalists, while the tribes under the Imam at that time were still scattered and badly organized. More significant, however, is the fact that at no time since the coup has the republican Yemeni Army numbered more than 3,500 combat soldiers.

Early in November the first open attacks on Saudi territory were launched, culminating on November 5 in a 14-hour bombardment by sea and air of the Saudi port of Muwas-san on the Red Sea. From the Saudi capital of Riyadh, Prince Faisal, noting that the attacking units "were Egyptian because Yemen has neither aircraft nor a navy," broke off relations with Cairo.

Washington's response was the hasty dispatch to Riyadh of a number of F-100's described as a "good will" mission and the arrival of a U.S. destroyer in the port of Jiddah. As a reminder to Nasser of U.S. commitments to Saudi Arabia, the gesture fell short of the mark. In a letter of De-

ember 18 an old executive, with excellent sources of information in the Middle East, summed up the situation on the eve of recognition as follows: "The Egyptians apparently have decided to accept phased withdrawal of some kind. Yemen, however, has refused to give guarantees to respect its international obligations to stop attacking Saudi Arabia—and to stop threatening the position of Aden Colony and the protectorates. Just recently Sallal has even been throwing up roadblocks to the American plan for recognition. He has just made a speech giving the Americans 'one' last chance to extend the recognition he wants on his own terms."

In the same speech, Sallal declared: "We celebrate the birth of the greater Arab Republic which will inevitably be brought about and emerge and follow the Yemeni revolution * * *. We are celebrating the birth of the Republic which will sweep away his [Saudi's] kingdom * * * and furthermore annihilate the royal Saudi family."

The speech was delivered on December 14 and broadcast over the Sana radio. Five days later the State Department announced that it had recognized the republican government, noting that Sallal had undertaken "to honor all treaties concluded by previous Yemeni governments." According to the New York Times of December 20, the Department said that "recognition had become possible because of two developments in the last 24 hours." The first was the declaration by the Sallal government that it would honor its international obligations—which as a matter of record included treaties of amity and nonaggression with the Aden Protectorate and Saudi governments. The second was Nasser's last-minute assurance that he "would withdraw the 12,000 Egyptian troops now serving the republican cause in the Yemen."

SALLAL SHOWS HIS HAND

Through the winter months and on into the spring and summer, the State Department continued to argue that recognition of the Sallal regime had been a sound decision. In late July, in reply to an angry letter from Senator BOURKE HICKENLOOPER charging failure of the recognition policy, Assistant Secretary Talbot declared: "We realized that only by recognizing the regime could we play a useful role in preventing an escalation of the Yemen conflict causing even more foreign interference and placing in serious jeopardy major U.S. economic and security interests in the Arabian Peninsula."

Almost the very opposite was true. In the months following recognition the total Egyptian forces in Yemen rose from 16,000 to an estimated 28,000, while Soviet and Soviet-bloc personnel increased from less than 100 just before the coup (under the old Imam, who died just a few days before the Sallal coup, their number had reached a peak of 500 to 600 and then declined) to something upward of 1,500 by latest estimates. The American presence, of such deep concern to the State Department as a counter to growing Soviet influence, has remained less than 100 persons.

The U.S. decision also sharply reduced the leverage Washington could have exercised on Nasser through its aid program, which provides a third of Egypt's food. It eliminated the possibility of any official U.S. negotiations with the royalist government to seek a peaceful compromise between the two factions. Finally, on the international scale, recognition was widely interpreted in Middle Eastern countries, Arab and non-Arab alike, as a U.S. acknowledgment of Nasser's right to pursue his ambitions and his "philosophy of revolution" by sending a large expeditionary force into a neighboring country.

The most embarrassing evidence of just how bad a bargain Washington had made began to appear in the days immediately following recognition. On December 20

Sallal gave an interview in Sana to a correspondent of Pravda in which, far from expressing any gratitude for U.S. recognition, he attacked Washington for supporting Saudi and Jordanian attempts to put down his revolution. "I advise the American people," he declared, "to demand an account from their leaders * * * for their reckless policy, which is followed by the rest of the Western World on every point." On December 23, by way of counterpoint, Nasser delivered a speech at Port Said declaring that his troops were engaged in a "sacred battle" in Yemen and that "Saudi and Hussein will have their Sallals just as the Imam did." For good measure he went on to denounce Great Britain and promised to liberate Aden and the protectorate. Then it was Sallal's turn once more. On December 27 he boasted that he now had modern rockets which he was prepared to use against Saudi Arabia and Jordan. Addressing himself to the Arab monarchs, he went on to declare that his regime was "building an army strong enough to liberate the entire Arabian Peninsula."

These words were quickly followed by action. For 3 days, beginning December 30, Ilyushin-28 bombers carried out heavy raids into Saudi territory directed against Najran, the major transit area for Saudi arms and supplies for the Yemeni royalist forces. Sharp protests from Riyadh and Washington had no effect, and a week later, on January 7, Najran suffered another bomber attack that lasted throughout the day.

This time Prince Faisal did not wait for Washington's reaction. Deeply angered not only by Egypt's latest aggression but also by Washington's failure to take a more vigorous stand, Faisal decided to release to the world the text of President Kennedy's letter to him of October 25 assuring him of "full U.S. support for the maintenance of Saudi Arabia's integrity," together with his own reply. The first broadcast of the letter went out over the Mecca radio in the late afternoon on January 7. There was little the White House could do but follow suit. The following day the President, without referring to Faisal's move, also made the letter public. The Washington Post headlined its report, "Kennedy Reveals Support of Faisal."

Given the timing of the release, one passage of the letter in particular must have made curious reading to the Arab world. "I am fully aware," wrote the President, "that in order to accomplish your goals [of modernization and reform] you must have the requisite tranquility—an atmosphere devoid of recriminations and instigations from within or without. I share your concern at the tensions which prevail in the area and which hamper your design to strengthen the fabric of government and society in Saudi Arabia. As I indicated to you in Washington, the United States desires to be helpful in finding means of reducing these tensions."

With its left hand, it seemed, Washington had committed itself to defending Saudi Arabia against aggression. With its right hand it had just indorsed a government and a program of conspiracy clearly directed against the stability and security of the Arabian Peninsula.

Just one day later, on January 9, in a major speech at Aswan, Nasser declared, "We had to back the Yemeni revolution from the first day and the first moment," and launched into his usual threats against the Saudi Government. But this time he also has some embarrassing and humiliating words for Washington. "Last December," he stated, "we said that we were willing to withdraw our forces from the Yemen under conditions * * *. Of course some people now forget the conditions and say the United Arab Republic had said it would withdraw when the United States extends recognition. We said we were willing to withdraw our forces by stages when the Saudis and Jordan-

ians withdraw from the border regions which they use as bases for aggression, when outside aggression has also ended and when aid is stopped to the deposed royal family and also when outside interference from Bayhan [in the British protectorate] stops." In short, he was demanding that the Saudis evacuate their own territory. The proposition was in the best Nasser style.

PASSING THE BUCK

The U.S. proposal for disengagement, as originally put forward in the President's letters of late November, clearly called for the U.N. to play a supporting role, if and when necessary. Although the U.N., which had recognized the republican government one day after the United States had, was not markedly eager to take over the burden, pressure from Washington prevailed. In the closing days of February, Dr. Ralph Bunche, Under Secretary for Special Political Affairs in the Secretariat, was dispatched to the Middle East on a factfinding mission.

At about the same time, Washington was mounting a parallel drive to expedite the U.N. intervention. In early March it assigned the task to Ellsworth Bunker, a former Ambassador to India who had also performed a similar service for the administration in maneuvering the Dutch New Guinea crisis into the hands of the U.N. As special envoy of the President, Bunker, after 2 or 3 weeks of secret and separate talks with Nasser, Faisal, and Sallal but not with the Yemeni royalists, obtained their agreement to a plan for phased Egyptian withdrawal tied to cessation of Saudi aid to the royalists. This set of proposals he quickly brought to U Thant at the U.N. According to Newsweek, in the course of his talks he told Faisal: "We have no policy to deal with Nasser or any other leader in the Near East as a chosen instrument of U.S. policy. We do not think Nasser is the wave of the future * * *. I may say also that the President is aware of and intends to block Nasser's adventures." From Nasser he won a pledge to refrain from making further "inflammatory speeches" and from both parties a promise to cooperate with any effort the U.N. might make to check on the progress of disengagement.

On April 8, accordingly, a draft of the agreement was initialed at the U.N. by the contracting parties. On April 29, in a report to the Security Council, U Thant formally announced the disengagement agreement, carefully underlining the role of the Bunker mission, from which "emerged the agreed terms of disengagement." At the close of his report U Thant also declared his intention to send a U.N. observer team to Yemen to keep tabs on how well the contracting parties were keeping their promises.

Neither Washington nor the U.N. was particularly pleased by their joint handiwork. One high U.N. official, unwilling to criticize his own organization, nonetheless made his point by remarking that the Bunker agreement was completely "weasel-worded" and full of holes. Indeed, the heavy pressure Washington now brought on U Thant to get his observer mission into Yemen as quickly as possible was a tacit recognition of how little confidence the State Department had in the agreement.

In the earliest days of May, President Nasser started to withdraw his forces, it is true. But the ships and planes that ferried the battle-worn troops back to Egypt invariably returned in systematic rotation to Yemen loaded with fresh replacements. He had not, it appeared, in any way changed his objective. On May 20, in a speech to honor some of the returning veterans, he declared that his troops would remain in Yemen until the hour of victory. A few days later Gen. Anwar Qadi, commander of the Egyptian expeditionary force, declared that Egypt's task in Yemen might take 5 years and would consist "first, of securing the revolution com-

pletely and, second, of working on creating a sound Yemeni national army." Both the fact and the rationale of rotation were in clear violation of the spirit, if not the letter, of the U.N. agreement; but in the opinion of administration officials who were queried by the press there was nothing to be done about it—except, of course, to protest to Cairo and appeal to the U.N. to hasten the dispatch of its observer mission. Meanwhile they continued to hope for the best. On April 29, the very day U Thant announced the disengagement agreement, James Grant, Assistant Secretary Talbot's deputy, had assured the House Foreign Affairs Committee that "we expect the Egyptian Army to start its withdrawal in a matter of a relatively few days." A month later, Secretary Rusk declared he expected the disengagement to "become fully effected * * * in the very few next days." By the end of July, Talbot seemed less certain about the matter: "We are satisfied that the Saudis have terminated their assistance * * * and are hopeful the United Arab Republic will fulfill its part of the agreement."

Of all those concerned, perhaps only Nasser was really pleased by the disengagement agreement. For one thing, it laid down no deadlines for withdrawal. This omission, coupled with the fact, as U Thant put it in a later report to the Security Council, "that fulfillment by one side is contingent on fulfillment by the other," provided a self-renewing invitation to delay and evasion. Another feature of the agreement that worked to Nasser's advantage, at least for a time, is that it was never agreed to or signed by the royalists. This omission, which reflected Washington's long-standing conviction that the royalist forces were of no account and that the real danger lay in all-out war between the United Arab Republic and Saudi Arabia, has had several important consequences. It meant that the second largest fighting force in Yemen remains free to do as it pleases. So long as Nasser wants to remain in Yemen, it provides him with an ideal excuse: the right of self-defense against attacking forces that are not bound by the disengagement agreement. In trying to deal with this sticky aspect of the problem in his reply to Senator HICKENLOOPER's angry letter, Talbot was once more forced to resort to dubious rationalization. "The United Arab Republic," he wrote, "is not prohibited by the disengagement agreement from fighting tribes who continue to operate against the Central Government. However, the agreement does prohibit punitive attacks against tribes on the basis of resistance mounted before the agreement went fully into effect." (He was referring, of course, to the forces which U.N. documents designate as "Royalists.") In a later passage, by way of clarification he added: "In other words, the United Arab Republic wants to withdraw its troops from Yemen. Its delay in doing so appears to result, therefore, not from any lack of desire. Rather it seems to flow from the continuance of tribal guerrilla warfare in the Yemen highlands and perhaps also from the multiplicity of problems facing the new government."

Neglect of the royalists also posed embarrassing problems for the U.N. Important sectors of the proposed U.N. buffer zone along the Saudi-Yemeni border, from which all military forces and equipment were to be excluded, had been under royalist control from the earliest days of the fighting. How, then, could Gen. Carl von Horn, the Swedish chief of the U.N. observer mission, send his men into these areas? He had no mandate to back him. Rather, it appeared, the contrary. In late August he resigned his U.N. post in anger and frustration, with sweeping charges of gross incompetence and moral cowardice against U.N. headquarters. At the same time, he also declared to a correspondent of the London Observer that he had been "expressly forbidden to make con-

tact with the royalists or even to acknowledge receipt of their letters."

In the report U Thant was obliged to make to the Security Council on September 4 at the end of the mission's first 2-month tour of duty, he freely admitted the failure of the mission: "It cannot be said at this stage that encouraging progress has been made toward effective implementation of the disengagement agreement. * * * No plan for phased withdrawal of United Arab Republic troops has been received." Nevertheless he asked for and received permission to continue the observer mission for another 2 months; i.e., until November 4, with the United Arab Republic and Saudi Arabia once more agreeing to pay the costs.

THE TRAINING MISSION GAMBIT

By the end of September, with the disengagement agreement largely discredited, other solutions came up for speculation, including the possibility of extending the U.N. role to a peacemaking mission and even the chance that the two Yemeni factions will reach a compromise.

Although Washington policymakers are keeping an eye on these alternatives, publicly they still cling to their original scheme; in some way to salvage the republican government. It is hard to imagine just how this could be achieved unless some means could be found for getting Nasser out of Yemen while keeping him in. For some months there have been passing references in the press to plans for an Egyptian training mission which, after Nasser had fulfilled his pledge to withdraw his forces, would help create a strong republican army in Yemen. Although no such training mission is provided for by the U.N. agreement, it was, said a White House official, "part of the Bunker agreement. Bunker discussed it with both Nasser and Faisal. He made it clear that the United States naturally did not expect the United Arab Republic to cease all support to the republicans after its withdrawal. It was only reasonable that Nasser would want to give them a certain amount of financial and technical assistance—and of course a training mission to help build up their army." In private discussions, State Department estimates of the size of the training mission have ranged from 2,000 to at least one mention of 5,000 men. At the maximum figure, this would mean that Egyptian forces in Yemen would outnumber the present republican army by almost half.

In what is probably the only mention of the training mission in official documents of public record, the ill-starred Talbot letter to Senator HICKENLOOPER, there is this passing reference: "In view of the sustained Communist interest and activity in Yemen, the most probable alternative to a republican régime beset by tribal anarchy and without United Arab Republic help at least in the form of a military training mission would be one with a Communist coloration heavily dependent on Soviet support."

The State Department is, in effect, proposing for Yemen a kind of U.S. "presence" by proxy. The Egyptian proxy, however, is known to be wholly dependent in turn on Soviet arms, with all that means in terms of potential leverage from Moscow, and furthermore is itself being trained by the Russians. The important question would seem to be just who is training whom and for what purpose.

To be sure, the State Department and Pentagon are also considering a U.S. training mission for Yemen. If and when approved, it would consist of three to five republican Yemeni officers who would be brought to the United States for language courses, general orientation, and some military training. The total cost of the mission would not exceed \$15,000.

The State Department has repeatedly declared that the United States has three "essential concerns" in Yemen: first, to protect

Egypt's neighbors, in particular Saudi Arabia, from the dangers of a spreading conflict—which is to say from Egypt's ambitions beyond Yemen; second, to prevent the Soviet bloc from developing "a predominant position" in Yemen; and third, to encourage "a relatively stable and independent" Yemen. As the record shows, the administration's policy has gone a long way toward securing the reverse of these objectives.

In a dispatch from the Yemeni capital on September 12, Dana Adams Schmidt, Middle East correspondent for the New York Times, wrote: "Departure of the Egyptians from Yemen seems remote. Cairo's burden of maintaining soldiers and planes in Yemen is heavy, but it is not unbearable so long as Western and Soviet-bloc aid to the United Arab Republic continues." Thus the fundamental question arises, as it does in other sectors of U.S. foreign policy, whether in Yemen and the United Arab Republic we are competing with the Soviet Union or working with it against ourselves.

EXHIBIT 3

[From Prevent World War III, summer 1962]

UNMASKING GERMAN PLANS IN EGYPT

In the previous issue of Prevent World War III (No. 61) we published a study (German-Egyptian rocketry) dealing with the activities of German rocket scientists and technicians in Egypt. The subject has now become a front page story and its repercussions have been felt from Cairo and Tel-Aviv to Bonn and Washington.

Many people were surprised to learn that Egypt was harboring Germans with the scientific know-how for the development of weapons of mass destruction. However, to readers of Prevent World War III this should come as no surprise at all. Ten years ago, Prevent World War III published a detailed exposé concerning German penetration in the Middle East, entitled "Berlin-Baghdad Again." For those who may not recall this analysis or who are unfamiliar with its contents, we should like to recapitulate some of its essential points.

BACKGROUND FACTS

The article was written a few months following the overthrow of King Farouk in Egypt. In that connection Newsweek (August 25, 1952) reported that General Naguib who was the nominal leader of the coup, was being guided by German military brass. This is what Newsweek said: "There is no evidence that the Germans initiated the coup. It is however known that the young officers who did the actual planning consulted the German advisers as to 'tactics.' The Cairo reports attribute the smoothness of the operation to German advice. Also, the young officers are reported to have chosen General Naguib as their leader on German advice. Later, Naguib publicly praised the work of the German advisory group, thus giving it an official stamp."

The leading adviser to Naguib was the German, Gen. Wilhelm Fahrmbacher. General Fahrmbacher had been corps commander in the Nazi army during World War II and had, at one time, been held by the French as a war criminal. Among his associates was Maj. Gen. Oscar Munzel who was considered a great favorite in the German officer caste. Another member of the German military who played an important role in the Egyptian army, was Gerhard Mertins. He was a veteran of the Nazi air invasion of Crete. In 1945, Mertins served as a battalion commander during the Nazi offensive in Western Europe. His assignment in Egypt was to teach specially selected Egyptian units the art of parachute jumping and attack.

The article pointed out that, while the number of German military officers was a closely guarded secret, "it is known that the Egyptians had set up an office in Germany to recruit German specialists who served under Field Marshal Gen. Erwin Rommel in

the North African campaign of World War II." It was also indicated that Naguib's German military advisers possessed valid West German passports and traveled freely between Egypt and Germany.

The article noted that the German military influence in Cairo was followed by an influx of important German industrialists. Thus, Albert Degener became responsible for the operations of the German-Egyptian Chamber of Commerce in Cairo. Degener had headed a similar organization in the United States up to the outbreak of war between Nazi Germany and our country. While in the United States, Degener proved to be an active propagandist and apologist for Nazi Germany. As late as May 16, 1940, he worked assiduously to organize German war relief among German-Americans while the Nazis were attacking France and Great Britain. Walter Rohland, another influential German industrialist, helped to direct the building of a German steel plant in Egypt. As one of Germany's industrial war lords, Rohland was a key figure in the German steel industry which had profited greatly from Hitler's wars of aggression.

Besides military and economic penetration, the Germans mounted a cultural offensive. The aim was to inculcate among the Egyptians appreciation for German cultural works. German professors were brought to the University of Alexandria, and it was proposed that the German language should be made compulsory in Egyptian schools.

MORE FACTS

Three years after we had carried this initial article, *Prevent World War III* published another piece on the same subject, entitled "Middle East Caldron." Additional data was supplied concerning the large numbers of German militarists and war criminals who had gained key posts in the Egyptian military setup. It was brought out that there were at least 600 German technicians working in various fields, particularly in the military. In this connection reference was made to Dr. Wilhelm Voss who had once been a prominent leader in the war economy of Hitler's Third Reich. On the recommendation of the West German Government in February 1951, Voss was appointed by the Egyptian Government as head of the central planning board. In that capacity he served as the chief advisor to the War Ministry in Egypt. The reliable German weekly *Der Spiegel* (October 26, 1955) reported that under Voss' command "were employed more than 50 German military and armament experts." *Der Spiegel* revealed that Dr. Voss maintained intimate contacts not only with Chancellor Adenauer's chief diplomatic aids Blankenhorn and Hallstein "but also with the highest officers in * * * the Bonn War Ministry."

One year later, *Prevent World War III* (No. 49) carried an article which examined the nature of Egyptian propaganda. It was brought out that "Prof. Johann van Leers, a former top Nazi propagandist, was * * * masterminding Egypt's propaganda campaign." Van Leers, this article observed, was head of a "corps of Nazis reputedly numbering 200 in the service of President Nasser." In his youth, van Leers was a member of the notorious Freikorps, one of the precursors of the Nazi movement. As early as 1929, he joined the Nazi Party. He was also an official of the German foreign office. In 1936, he was accepted as a member of the German general staff with the rank of major. Van Leers' main talent lay in the field of propaganda. Thus, he served Goebbels and was the chief editor of Goebbels' journal *Wille und Weg* (The Will and the Way).

In the No. 50 issue of *Prevent World War III* we continued to examine the Nazi influence in Egyptian propaganda. We published an article showing how Hitler's "Mein Kampf" had become a best seller among

Egyptian officers. Another article in this same issue revealed how former German Nazis had taken control of Nasser's punitive forces. This element was responsible for the ruthless elimination of all opposition to Nasser and for the setting up of concentration camps.

In the next issue of *Prevent World War III* (No. 51), we ran a full length article dealing with the role played by Nasser and his associates in working for the German general staff during World War II. This information was called from a book written by one of President Nasser's closest colleagues, Col. Anwar el Sadat. In his book, "Revolt on the Nile," Sadat recounts the story of how Nasser and a group of young Egyptian officers collaborated with the forces of the Rome-Berlin-Tokyo Axis against the Allied Powers. With regard to the services rendered to the Fascist Axis by Nasser and his friends, Colonel Sadat wrote: "We made contact with the German headquarters in Libya and we acted in complete harmony with them."

Sadat is candid enough to tell us that Nasser and his cohorts were resolved "to fight side by side with the Axis." Even after the war Sadat expressed his sympathies for the Axis. Thus, when asked in 1951 by an Egyptian magazine how he would appraise Hitler's activities 8 years after his death and what advice he would give the Fuehrer, should he appear again, Sadat replied: "Dear Hitler, I welcome you back with all my heart. You have been defeated, but in fact one should regard you as the real victor: There will be no peace in the world until Germany again takes first place. Your main mistake was in opening too many fronts, but everything has been forgiven, for you are a shining example of belief in one's fatherland and people. You are eternal, and we shall not be surprised if we see you again, or a second Hitler, back in Germany." This is the man who is one of the foremost figures in the Egyptian Government today.

GERMAN AID

This brief review of what *Prevent World War III* wrote in the past, provides the background for what is now occurring in Egypt. It is not by chance that German technicians and scientists are working for the Egyptian military establishment. Actually, this co-operation is the result of official agreements between the West German Government and Egypt. Indeed, one of these agreements reached in 1960, provided that the Germans would "help the UAR in the development of its atomic research for nuclear development."

(*Baltimore Sun*, March 26, 1963): "Bonn has known for years that Cairo was a haven for former Nazis; it has been aware of the financial rewards available there to scientists; it could not have been blind to the manufacture in Germany of precision parts destined for Egypt * * *."

"The Cairo research allows German scientists to operate with considerably more freedom than on German soil. A Germany suddenly disenchanted with the West could recall these men to the service of the Fatherland. In Germany's present respectability, the prospect is no threat, but it is a shadow on the horizon of history, perhaps no longer than a man's hand, but disturbing all the same."

However, this is only one facet of the collaboration which has been going on for a number of years. Thus, during the last 4 years, it has been reliably reported, that West German economic aid to Egypt has been larger than either Soviet or American assistance. Since 1959, the Germans have set up 76 plants in Egypt whereas the Russians have built 53 and the United States 28. The number of German scientists and technicians runs into the thousands. It is difficult to arrive at a firm figure because

many of these Germans have taken on Arabic names and have married Egyptian women. Nevertheless, it is estimated that of these thousands there are at least 300 German scientists and technicians who are specialists in nuclear armaments. Some of these Germans have boasted that part of the program of German-Egyptian collaboration is financed by the hundreds of millions of dollars given to the Nasser government by the Soviet Union and the United States. While these Germans work assiduously in Egypt, scores of Egyptian students have been sent to the West, particularly to West Germany where they are trained.

The building up of the Egyptian air force, according to the noted British correspondent Sefton Delmer, is now under the direction of "Hitler's ace designer, Prof. Willy Messerschmidt" (*Sunday Telegraph*, Mar. 31, 1963). Shortly after the end of the war, Messerschmidt showed up in Spain where, under the benevolent protection of Franco, he worked on new designs for fighter aircraft. Having completed his "tour of duty" in Spain, Messerschmidt moved to Cairo to take over direction of the 300 German aircraft technicians working there.

Messerschmidt told Delmer that these German experts were building a powerful jet fighter for President Nasser "in two vast factory complexes on the Nile." This aircraft, Delmer reports, "is designed as a powerful weapon of attack." Messerschmidt informed Delmer that as much as £100 million (approximately \$300 million) have gone into the project so far. The funds, Delmer reports, come from the revenues which Nasser obtains from the Suez Canal. Here is another source of aid for Nasser's military buildup which comes primarily from the West.

ALARM AND RESPONSE

It is, of course, understandable that the Government of Israel is deeply alarmed over this situation. Israel's Foreign Minister, Mrs. Golda Meir, made it clear that the West German Government could not claim that it had no responsibility for this situation. Following her speech, the Parliament of Israel unanimously adopted a resolution declaring that it was "the duty" of the German Government to put "an immediate end to this dangerous activity of its citizens * * *". The resolution also stated that "the German people cannot exempt themselves of the responsibility for the continuation of this vile work."

The initial reaction of the West German Government to these charges was evasive. Anonymous spokesmen for the West German Government declared that Bonn had no legal means to prevent German scientists from working in Egypt. Another unnamed Government source declared that legislative action to control the movement of West German citizens abroad or to limit their activities "was out of the question." The Federal Republic, according to his view "is a nation of law" and the freedom of movement of its citizens is guaranteed (*New York Times*, Mar. 22, 1963). Guenther von Hase, the official spokesman for the German Government, told reporters that there was no proof that the Germans in Egypt were actually working on "aggressive" weapons. Apparently, Von Hase did not check with the West German Foreign Ministry whose spokesman had admitted that "a maximum of 11 German experts are working in Egyptian rocket production" (*Reuters*, Mar. 22, 1963).

However, these alibis and denials failed to dissipate the mounting alarm expressed in many circles in Europe and in the United States. Consequently, on March 25, 1963, a West German Government spokesman announced that "there are a number of measures that might be taken." Chancellor Adenauer, who was vacationing in Italy, ordered that a report be sent to him concerning the

investigations which the Germans would conduct on this matter. Two days later, Von Hase said that the problem was complex and that it was difficult to say when legislation could be drawn up to remedy the situation. In an exchange with one reporter at a press conference, Von Hase agreed with his interrogator who alleged that there was no work in West Germany for missile scientists and that is why they go abroad. Von Hase immediately took the cue and replied, "This just goes to prove our loyalty to international agreements."

THE TRUTH COMES OUT

While the West German authorities thought up all sorts of excuses and pretended that they were in the dark and would investigate the real situation obtaining in Egypt, the German scientists in Cairo were not so silent. Ferdinand Brandner, a top German technician, a former Nazi storm trooper, and now a key adviser to Nasser, boasted: "We have obtained all the equipment and material for laboratories, workshops, and test stands from West Germany, Austria, Switzerland, and the United States" (London Daily Express, Apr. 8, 1963). This same Brandner charged that the attacks against the German scientists in Egypt were "intended to defame us and force the German Government to take measures against our activity" (Christian Science Monitor, Apr. 3, 1963). In this connection, another German technician complained: "We are worried about the Jewish terror * * * but why doesn't our Government in Bonn give us support? They know why we are here and what we are doing" (London Daily Express, Apr. 8, 1963).

The reports concerning the activities of the German scientists in Egypt indicate that they have been working not only on missiles capable of carrying nuclear warheads, but they are also experimenting on poison gas as well as on radiological and bacteriological weapons. The German Government has denied all of this. Inspired reports appeared in the press declaring that it would be illogical for the Germans to use Egypt as a secret development ground for new weapons since they were receiving far more sophisticated weapons directly from the United States. But this line falls flat in the face of a letter written to a correspondent by Adolph Karch, the lawyer for one of the top German scientists, Eugen Saenger. In that letter Karch made the sensational admission that "the Egyptian Government undertook to put at the full disposal of the German Federal Republic all the results of the [rocket] development works, and, as the occasion arises, they also put at German disposal the Egyptian ground installations and launching pads for such German experiments as could not be carried out in the Federal Republic."

Here is the key to the whole deal. It creates much doubt as to the official assurances issued by the West German Government that the world has no cause for concern. The so-called investigations which the West German Government promised to undertake can go on indefinitely unless world public opinion insists on prompt results. There is no question but that our Government, if it wishes, can do much in this matter. After all, the United States is not only involved through treaties with West Germany relating to the development of weapons for mass destruction, but we have also provided ample opportunities for the West German Government, its scientists and technicians, to acquire vital information in the field of rocket technology and atomic arms. Indeed, U.S. help has been decisive in the continuing buildup of West Germany's military power. We cannot wash our hands of that responsibility. Yet the response of our Government to the protests concerning the German scientists in Egypt, has been most disappointing, to say the least.

New York Post, April 2, 1963: "The specter of German science enlisted in the service of those who would destroy Israel is an intolerable sequel to the Nazi nightmare."

"But this is not only a German responsibility. This is an area that urgently calls for regional disarmament, starting if necessary with an arms freeze."

"All that is required is for the great powers who are the suppliers of the more sinister weapons littering the region to agree on a cutoff. Why not? It should be clear by now that arms purchase no lasting friendship in the Middle East for either East or West."

EVASION

When the story first broke, the State Department said it was contemplating what steps it might take, if any, with regard to the charges that the Germans were working on bacteriological and chemical warheads in Egypt (New York Post, Mar. 26, 1963). The snowballing protests, however, had to be answered more directly and this was undertaken by Under Secretary for Political Affairs, Averell Harriman in a reply to Congressman LEONARD FARBSTEIN. In a leading editorial, the Washington Post (Apr. 13, 1963) described Mr. Harriman's letter as curious and that, instead of coming to grips with the issues involved, it retreated into lifeless platitudes.

What were the essential points in Mr. Harriman's reply? After assuring Congressman FARBSTEIN of the State Department's continued interest in the security of all Middle East states, he expressed the view that, if these German scientists were recalled, they might be replaced by Soviet bloc personnel equally qualified in such work, again forcing the UAR into greater reliance on the U.S.S.R. To this argument the Washington Post retorted: "This comes close to arguing that we should be grateful for the Soviet forces in Cuba because otherwise there might be a Chinese army in the Caribbean." With a touch of sarcasm the Post editorial noted that "it is of small comfort to Israel that these may be good, non-Communist missiles developed with the help of Germans so thoroughly anti-Russian that some of them worked for Hitler."

The Post editorial made mincemeat of Mr. Harriman's arguments. Nevertheless, it is of the greatest importance to challenge Mr. Harriman's implication that the German activities in Egypt are of an episodic character. Actually, as had already been shown in this article, the German role in the Middle East in general and in Egypt specifically, has deep roots, going back to more than 10 years at least. German scientists and technicians did not appear in Cairo all of a sudden. Nor is there any intention that they will leave all of a sudden. In short, the German move in Egypt has basically nothing to do with the question of Soviet activities in that country.

POSTWAR STRATEGY

The Germans were in Egypt years before the Russians came in 1955. As the world knows, the Soviets, since 1955, have provided Nasser's armies with vast amounts of military hardware while the United States has given hundreds of millions of dollars which enables the Egyptian economy to sustain this vast military buildup. During this entire period and before, the German scientists and technicians continued their work.

Mr. Harriman's reply also reflects how devastatingly effective Nasser's blackmail policies have been and continue to be. The idea that, if the West does not provide Nasser with weapons of mass destruction, the Soviets will, is part and parcel of the same argument which has obliged us to continue to underwrite Nasser's imperialistic moves.

One other major implication in the Harriman note which must be challenged, is the notion that the matter of German scientists in Egypt is part of the continued conflict

between Israel and Cairo and that this is a local affair of no direct concern to the United States. This attitude, if we may say so, smacks of the same approach that certain statesmen in Britain took when Hitler claimed his pound of flesh from Austria and later Czechoslovakia. If this is indeed the State Department's view, then the irresponsibility of our policymakers is greater than we had first thought.

The society wishes to go on record in stating that this is not a local matter but one which directly touches on the national interests of the United States and world security. We also wish to go on record in charging that the German presence in Egypt is an intrinsic element in the postwar plans of the German general staff to rebuild Germany's war potential by evading and violating the obligations she assumed following her surrender.

The society has published a number of articles dealing with the German general staff's postwar plans. We now charge that herein Egypt as well as in Spain, the Germans, shortly after the end of the war, were able to continue and to expand their work in all military spheres for the day when they could once again confront the world with an ultimatum. To some of our readers this may sound unduly alarmist and melodramatic. In that case, let them ponder the following statement: "Nazis party members, German industrialists and the German military, realizing that victory can no longer be attained, are now developing postwar commercial projects, are endeavoring to renew and cement friendships in foreign commercial circles and are planning for renewals of prewar cartel agreements * * *. German technicians, cultural experts, and undercover agents have well-laid plans to infiltrate foreign countries with the object of developing economic, cultural and political ties. German technicians and scientific research experts will be made available at low cost to industrial firms and technical schools in foreign countries. German capital and plans for the construction of ultramodern technical schools and research laboratories will be offered at extremely favorable terms since they will afford the Germans an excellent opportunity to design and perfect new weapons. This Government is now in possession of photostatic copies of several volumes of German plans on this subject." This statement is excerpted from a State Department declaration dated March 30, 1945.

The society solemnly declares that it is the duty of our Government together with our Allies to conduct a full scale investigation of all of the ramifications in connection with the German presence in Egypt and present its findings to the world. To equivocate or to pretend that this matter has been unduly inflated is to literally gamble with the security of the United States and our Allies.

DANGEROUS MEN

Daily Express, London, March 25, 1963: "Today Germany, tomorrow the world" was a slogan of the Nazis. With more and more German rocket experts working for Nasser, the slogan may become: "Today Egypt, tomorrow Germany."

"For these German scientists who are helping Nasser to build a modern military machine could one day use their knowledge and experience to build an even better machine—for Germany."

"The Western Powers can require Nasser to give up his rocket program simply by threatening to cut off financial aid. They can prevent West Germany from ever embarking on a missile program simply by imposing their will as Germany's conquerors."

"Britain and America should act swiftly and decisively against the German rocketeers."

EXHIBIT 4

[From Prevent World War III, No. 61]

GERMAN-EGYPTIAN ROCKETRY

The decision of our Government to make available certain defense weapons to Israel has unleashed a torrent of abuse from Egypt. President Kennedy himself has come under attack by the Cairo Government's controlled radio and press. A cartoon in one of the leading Egyptian newspapers, Al Ahrām, depicted the President in the role of the notorious gangster Al Capone. A prominent Egyptian commentator, Tawfiq Hasan, told Egyptian radio listeners that the United States held "contempt for the United Nations" and was pursuing a policy of "aggression against the Arabs" (Oct. 2, 1962). Another broadcast over Cairo Radio (Oct. 5, 1962) described the United States as "the commander of the * * * imperialist camp." Parenthetically, American taxpayers ought to bear in mind that Egypt has received over \$700 million in U.S. aid and expects an additional \$500 million from Uncle Sam in the next few years.

That Egypt should let loose this wild fury reveals at least two significant things: (1) The professions of Egypt's friendship for the United States which some of our policymakers are trying to convince the American people as being genuine, turns out to be a thin veneer concealing a profound contempt and animosity toward our country; (2) in view of the fact that the Hawk missile which the Israeli Government intends to purchase, is designed solely to oppose invading aircraft, why should the Egyptian Government complain unless it contemplates some dangerous adventures?

CAIRO'S BOAST

The story of missiles in the Middle East has serious implications and deserves careful thought by all security-minded Americans. We may be able to understand what is involved if we examine the problem by retracing some of its background. On the occasion of the 10th anniversary of Nasser's seizure of power Radio Cairo (July 21, 1962) broadcast to its listeners the following: "Rise of Sun of our Arab Nation, illuminate the world and tell everyone we shall always be glorious and triumphant * * *. The United Arab Republic has successfully launched a missile." President Nasser himself was at the scene when four missiles were fired and he boasted in a speech that their missiles were in "large-scale production." Press reports indicate that all of Cairo's propaganda guns made the most of the occasion. Cairo Radio devoted 2 hours to martial music. It was, indeed, a gala event.

The missiles were given specific names as though each of them possessed super heroic qualities. For example, one of the missiles, having a range of 400 miles, was called the Conqueror. When reporters asked President Nasser to explain the military significance of this rocket, he replied that it should be regarded in terms of the range that it can reach. Pressed still more for a specific answer, Nasser blithely replied that the exact range was "a little south of Beirut." On the map the target is obvious; namely, Lebanon's southern neighbor, Israel.

It is interesting to note that military experts have declared that Egypt's rockets are of minimal value without nuclear warheads. In this connection, the London Economist (July 28, 1962) wrote the following: "President Nasser gave a nightmare glimpse into the far distance when he casually answered the Pravda correspondent's question about nuclear warheads with: 'We have not reached that yet.'"

As for the cost of this ambitious program, Cairo has been very coy. The Egyptian Government has not published any figures but in the latest budget allocations for the armed forces there is a substantial increase

over the previous year's total. The increase, according to the London Times (July 23, 1962), is about 12 percent of the state budget. Thus, while President Nasser continues to promise his people all of the good things of life and even boasts that "we manufacture everything from sewing needles to rockets," the statistics show that the Egyptians will have to continue to forgo better living standards for the greater glory of Nasser's rockets. Indeed, Nasser has attached a sacredness to these rockets. The day before they were displayed he declared that "God willing, you (the Egyptian people) will be able to see these rockets." In that same declaration he boasts that "we have war factories" and he assured his listeners that "the will of the people is bound to triumph."

BONN AND CAIRO

When Cairo's entry into the missile age became front-page news, stories began to pop up about a mysterious group of German scientists and technicians who were said to have contributed to the development of Nasser's rocket arsenal. When the Cairo government was asked to comment, it remained silent. On the other hand, the New York Times (August 5, 1962) reported that the Bonn government "denied this week that any German company or individuals officially were known to have participated in Cairo's rocket effort." The formulation of this denial, as reported by the Times, is fascinating. Please note the word "officially." This is the key to the denial for, in effect, the West German Government is telling the world that it knows all about the rocket deals with Cairo, but not officially. In the same issue of the Times a report from Vienna reveals that Dr. Eduard Lenzo, Economics Minister of Baden-Württemberg, said that a West Germany company had been established to export rocket parts to Egypt.

Let us examine the relations of Bonn to Cairo on this sensitive question a bit more closely. Apparently, these relations seem to have a comparatively long history. As far back as December 8, 1960, the official bulletin of the West German Government announced that a meeting of German officials connected with atomic energy had exchanged ideas with Egyptian authorities in West Germany on "nuclear scientific and nuclear technical questions." The communique further declared that, after both sides had explained their mutual atomic programs, "different possibilities for collaboration between the two states were discussed." The leading German representative in these negotiations further said that his government was "basically ready to help the United Arab Republic in the development of its atomic research for nuclear development." Other reliable reports revealed that the West Germans had agreed to furnish "a stream of nuclear scientists and technicians" to the United Arab Republic. These same reports said that the University of Göttingen would supply scientific personnel to aid in the implementation of the agreement. It is noteworthy that the Science Division of the Göttingen University and scientific circles in Egypt "have had close relations over the years." Hence, we can see that the Germans had made official agreements, some of them still secret, with Egypt on the development of that country's nuclear power.

SAENGER AND "COMPANY"

The key German scientist in this operation is Dr. Eugen Saenger, a man who is comparatively young. His background is interesting. Saenger opened a rocket research institute for the Nazi Air Ministry as early as 1936. He worked on a number of developments which were designed to improve the Nazi's striking power. One of his pet projects was the development of a long-distance bomber capable of attacking New York. After the

war, Saenger became director of the Stuttgart Institute for Jet Propulsion Physics.

New York Herald Tribune, November 6, 1962: "When the Arabs resume their exercises in oratorical scurrility while the refugee debate is on, it becomes all the more easy to understand the Israelis' reluctance to accept the return of refugees except as a part of a larger peace settlement. But proof to support this view is difficult to adduce, and Israel's reluctance to accept it on faith is certainly comprehensible. Furthermore, the repeated denunciations of Israel accompanied by promises of extermination, which are standard fare not only for Arab broadcasters but for Arab UN delegates, are hardly likely to produce a frame of mind among the refugees which would make them useful and peaceful Israeli citizens."

Last year Saenger was dismissed from his post in Stuttgart when his tieup with Cairo was publicly exposed. However, this did not faze him at all since he, together with a couple of his German colleagues, were paid a yearly salary of about \$500,000 for services rendered to the Egyptian Government. Saenger was also given Egyptian funds to buy in West Germany all of the equipment and the materials needed for Nasser's missiles. On this point the Associated Press (July 23, 1962) reported that the German newspaper, Abendzeitung, revealed that about 250 West German rocket experts and technicians were working secretly in the United Arab Republic. It also stated that the four rockets which had been fired on the occasion of the Egyptian Government's 10th anniversary, "were bought earlier from the United States and worked on by German experts." This same German newspaper also reported that these German scientists and technicians were employed through Swiss concerns in Zürich "which act as camouflage for their activities."

Associated with Dr. Saenger in this work are the German scientists Brandner and Pilz. According to European press reports, West German officials gave them their passports, made sure that their pensions were in good standing and "treated them as honored citizens." Brandner, while ostensibly a prisoner in Russia after the war, helped to perfect Russian bomber planes capable of carrying nuclear weapons. Pilz, who had worked with Werner von Braun, now an American citizen, on Hitler's V-1 and V-2 projects at Peenemünde, worked for the French after the war on that country's rocket projects. In short, these scientists made sure that Germany's military defeat would not interrupt the march of German science. As for Bonn's involvement, C. L. Sulzberger wrote in the New York Times that "Bonn has been aware for many months of this special German role in the Middle East arms race" (New York Times, Aug. 6, 1962). In short, all of the evidence concerning the sinister activities of these German scientists leads directly to the authorities in Bonn.

"EXPERIMENTING" ABROAD

Since the story broke, there have been new reports concerning these scientists. We are now told that some of them have disappeared—allegedly kidnaped. While the Egyptians have pointed an accusing finger at Israel, it seems clear that these scientists are in Cairo. Apparently, these German scientists who have embarrassed their Allied partners, have quietly moved on to Egypt where they can continue their work without the glare of publicity. The revelations which we have outlined in brief, must have shocked a number of policymakers in Washington and London who have been advocating a greater exchange of nuclear know-how with Bonn. It must have been quite vexing for them to observe how the Germans were able to leap into the field of atomic weapons development through the activities of such

scientists as Herr Saenger in Cairo. Bonn, of course, was quite embarrassed too and, according to press reports, German officials expressed their chagrin over what these German scientists were doing. Nevertheless, they claimed that they were helpless to rectify this situation. After all, so the official explanation goes, these scientists do not work for the Bonn government. Therefore, they are free agents. Moreover, since West Germany is a free country, how can these scientists be stopped from earning their bread and butter in Egypt?

This sounds like a plausible predicament and may convince those who are unaware of German techniques. Let us be specific. After World War I, leading members of the German General Staff managed to become key advisers to the Chinese military establishment. The head of this mission was Col. Walter Bauer, one of General von Ludendorff's chief assistants and a friend of Adolf Hitler. The Bauer mission turned out to be an embarrassment to the Weimar government. When certain Chinese leaders publicly revealed that great quantities of war material were being shipped into China in violation of the Versailles Treaty, the Weimar government was in a tough spot. It sought to absolve itself of the responsibility by pretending that this was not an official mission and had nothing to do with the government. Obviously, this denial was made to forestall any Allied probe.

Under Weimar the German military practiced their profession in other lands; i.e., Russia, Holland, Spain, Sweden, and even in South America. The aim was twofold: (1) to help the German industrial war lords to grab some of the armament business and (2) to preserve and improve Germany's military know-how in the face of the restrictions laid down by the Versailles Treaty. In both instances German objectives were accomplished in the main and it is doubtful that Hitler would have been able to confront the world with such a powerful war machine in so short a time, had it not been for the extracurricular activities practiced by the German military while German officials looked the other way.

German activities in this field since the end of World War II have a startling similarity with the past. In places far removed from each other, politically and even geographically, like Spain and Soviet Russia, German scientists have been peddling their wares. They have been welcomed in the United States, too, and they seem to be doing a good job for President Nasser. As one French newspaper remarked, the Saengers and other German scientists have become the foot soldiers of science. They work in France, in the East, in Italy, in Egypt (Carrefour, Sept. 26, 1962). Let it not be forgotten that above all they work for the fatherland.

A REAL SOLUTION WANTED

This article would not be complete without an evaluation of our Government's wise decision to permit Israel to acquire defensive rockets. Given the accelerated arms buildup in Egypt and Nasser's expressed determination to launch war when the time becomes opportune, our Government showed farsightedness in terms of our own National interests.

When a house is about to be set on fire and threatens to spread, there is little time for making long-range plans to fireproof the house. The immediate need is firemen but one should not mistake the firemen's task for the real job that needs to be done.

The Middle East is a tinderbox of boiling hatreds. The arms race there is spurred on by Soviet machinations and by the stubborn, almost fanatical warlike policies of the Nasserites. Yet, one must plan for the future, for the delivery of arms to counter this danger is no real solution. Much more needs to be done. Certainly, the United

States in its own national interest as well as in the interest of world peace and security, must actively seek ways and means of breaking the vicious circle of arms buildup. Of one thing we are certain. It cannot be brought about by appeasing the aggressive forces in the Middle East nor by merely maintaining the fragile balance of military power among the states involved. Constructive and positive action is imperative. In the search for a genuine program for world disarmament, the possibilities of initiating such a project via the Middle East deserves the closest attention and thought of U.S. policymakers.

EXHIBIT 5

[From the New York (N.Y.) Times, Oct. 29, 1963]

ARMAMENTS RACE BY EAST AND WEST IN AFRICA FEARED—DIPLOMATS BELIEVE RED AID TO ALGIERS MAY SPUR RABAT PLEA TO UNITED STATES AND FRANCE—CAIRO ALSO IS INVOLVED—CEASE-FIRE TALKS ARE BEGUN IN MALI—MEDIATORS CONFER WITH BEN BELLA AND HASSAN

(By Peter Grose)

RABAT, MOROCCO, October 29.—Western diplomats here are facing the prospect of an East-West arms race in north Africa. This result of the border conflict between Algeria and Morocco may go on for months after the present crisis has died down.

The West still seeks to isolate the conflict, if possible, but fears are being expressed that it has already gone too far, that the arrival in Algeria of Soviet and Egyptian war material and manpower has tipped the strategic balance.

No country is known to have supplied Morocco with emergency military aid since the border conflict started October 8.

(Cease-fire talks began in Mali, with mediators conferring separately with President Ahmed Ben Bella, of Algeria and King Hassan II, of Morocco, the Associated Press reported.)

CUBAN SHIPMENTS REPORTED

Up to now analysts thought that a kind of equilibrium existed between Algeria's and Morocco's military strengths. Algeria's army was bigger, but poorly equipped; Morocco's was better trained and led.

Intelligence sources here accept reports that three ships from Cuba arrived at the Algerian port of Oran last week, bearing Soviet-made tanks, planes, and artillery. They also say 1,000 Egyptian soldiers were transported to Algeria.

The United Arab Republic has long had a military assistance program in Algeria, as has the United States in Morocco, but up to now the Egyptian personnel have been technical specialists rather than field officers.

If this buildup upsets the equilibrium—and some diplomats believe it already has—Western countries are going to find it difficult to refuse Moroccan requests for equivalent military support.

DIPLOMATS CONCERNED

France and the United States are the two Western countries most directly affected, since both have had close military ties with the Moroccans. Diplomats of the two countries made no attempt to conceal their concern.

Any new American military support would have to be decided by the National Security Council.

The situation of France is particularly difficult, since she also has military agreements with Algeria. An official statement in Paris yesterday confirmed France's neutrality in the Saharan border conflict.

Similarly the United States has tried to keep from choosing sides, but it is not clear how long either country can remain outside the arms buildup.

Sources believed to be reliable reported that the first of the Cuban ships, identified

as the *Aracelio Iglesias* arrived in Oran on October 21.

The cargo was reported to consist of 22 Soviet T-34 light tanks, 5 armored reconnaissance vehicles, 4 crated MIG jet fighters, 25 Zil trucks, 3 field radio transmitter-receivers, 800 tons of miscellaneous parts and ammunition, and 61 pieces of artillery, including antiaircraft guns, mortars and antitank guns.

This equipment, the sources said, was moved by road and rail on October 23 and 24 to the vicinity of Tlemcen, 30 miles from the Moroccan frontier.

Two other ships were reported to have arrived by the weekend, bringing the number of T-34 tanks to over 40, as well as increases in the other material.

Diplomats noted that even if the present talks between Algeria and Morocco, in the Mali capital of Bamako, produced a cease-fire, Algeria's military capability would still be great enough to cause concern in Rabat.

The U.S. military mission in Morocco is being phased out, under the agreement of December 22, 1959. This agreement, reached during President Dwight D. Eisenhower's visit to Casablanca, provided for complete withdrawal of U.S. forces by December 31, 1963.

THREE AIR BASES SHUT DOWN

Operations of three U.S. air bases of the Strategic Air Command were closed down last July, and remaining troops are to be out of Morocco by the end of the year.

A separate American training mission, however, will remain in Morocco. This consists of about 10 Air Force pilots training Moroccans to fly C-47 and C-119 transport planes supplied to the Moroccan Government by the United States.

French bases were closed in Morocco last year, though France maintains a pilot school at Marrakesh. This summer France was reported to have sent 200 military technicians to assist the Moroccan Army's supply corps.

[From the New York (N.Y.) Times, Oct. 29, 1963]

MOROCCO SAID TO ASK ARMS

MADRID, October 29.—Morocco is pressing Western countries for arms, a Spanish source said today.

The informant said the United States, France, and Spain were "cooperating closely" to prevent flow of military materials into North Africa that would aggravate the clash between Algeria and Morocco and create a potentially dangerous international problem.

France's full collaboration with other Western governments in efforts to contain the conflict was underlined. The important role of Spain, closest geographically to North Africa of all Western nations, also was emphasized.

Informed Spaniards voiced concern about what they called substantial military assistance to Algeria by Cuba and the United Arab Republic. This aid, they said, includes weapons and other material manufactured in the Soviet Union and Czechoslovakia.

Spanish newspapers said Algeria had received Soviet-made tanks and jet fighters in the last few days. The press declared the Algerian armed forces lacked trained personnel and expressed suspicion that the material had been accompanied by Soviet "instructors," if not by Soviet crews.

In view of foreign military assistance to Algeria, it was said here, Morocco is asking Spain and other Western nations for "every kind of arms." Morocco will want to increase her preparedness regardless of the meeting in Mali on the Algerian-Moroccan conflict, it was suggested here.

Officials said that conversations between Spain and Morocco on their territorial dispute in North Africa were continuing.

Repercussions in Europe of the North African conflict are expected to be a topic when William R. Tyler, U.S. Assistant Secretary of State for European Affairs, visits here over the weekend. He will talk with the Foreign Minister, Fernando Maria Castella y Maiz.

[From the New York (N.Y.) Times, Oct. 29, 1963]

CUBAN ARMS SENT TO ALGERIA

WASHINGTON, October 29.—The administration has evidence that two shiploads of military equipment originating in Cuba were sent to Algeria in the wake of the outbreak of the border war with Morocco.

Havana has also announced it plans to make technicians and doctors available to the "fraternal Socialist republic" of President Ahmed Ben Bella.

For international and domestic reasons the State Department has been described as reluctant to acknowledge publicly Cuba's intervention in the North African dispute.

The Department especially wants to keep any new irritants from interfering with cease-fire negotiations that began today in Mali.

There is also some concern that public recognition of Premier Fidel Castro's action may revive Republican demands for a naval blockade against Cuba.

ADDED STRAIN FEARED

Finally, officials fear that congressional debate on the matter could add new strains to the relations between Washington and Algiers. They believe, for example, that some legislators may ask sanctions against the Ben Bella regime because of its close ties to Cuba.

President Kennedy has said he would take stern action against any Cuban attempt to export arms to other parts of Latin America. But administration sources acknowledge that no policy had been formulated toward any extracontinental ventures by the Castro regime.

The administration asserts it has established beyond any doubt that two freighters from Cuba arrived in Algeria last weekend with substantial military equipment, including light tanks and jeeps. Most of the equipment was believed to have been received by Cuba from the Soviet Union and Czechoslovakia.

Officials said the Algerians confirmed the vessels' arrival, but declared they were loaded with sugar.

EXHIBIT 6

[From the Washington (D.C.) Post, Oct. 29, 1963]

MOROCCANS CLAIM NEW SAHARA GAIN ON EVE OF PARLEY

Morocco said yesterday its troops have moved into the Algerian-held Sahara to within 8 miles of the large Tindouf Oasis, where Algeria has an army garrison and the French have an air base.

Tindouf is outside the area of fighting to date and is about 270 miles southeast of Marrakech, Morocco. It is near the world's largest iron ore deposits and near Mauritania and Spanish West Africa, both of which put their troops on alert.

It was felt that Moroccan King Hassan II ordered the thrust to strengthen his hand in peace talks with Algerian President Ahmed Ben Bella in Mali today.

Ben Bella, who had planned to leave for Mali yesterday, delayed his departure to get firsthand reports on the border clash with Morocco. Also at the meeting will be Emperor Haile Selassie of Ethiopia and President Modibo Keita of Mali. Ben Bella said he viewed the conference "very optimistically."

He said he hoped it "would succeed in showing that we were not to blame for this regrettable conflict."

Ben Bella also said his government's conflict with Algeria's Kabylia rebels had been "resolved." He did not elaborate.

In New York, M'Hammed Yazid, Ben Bella's special envoy to the United Nations, said yesterday that Morocco is creating a build-up for U.S. intervention in the border fighting. Yazid was replying to a Moroccan charge that Soviet weapons had arrived in Algeria.

Diplomatic sources in Algiers said they had found no support for the Moroccan charge. But newspapers reported the arrival of two ships bringing cargoes of sugar from Russia and Cuba.

In a radio speech yesterday King Hassan warned that the crisis is dangerous and said, "We are persuaded that direct talks are the best method of settling the litigation and liquidating the problem."

He made it clear, however, that the Moroccans intend to press their claims to a large portion of the Sahara which they say was artificially attached to Algeria by France.

He called on the Algerians to avoid seeking an ideological conflict that could "plunge peaceful North Africa into the abyss of convulsions and instability."

U.S. Ambassador John Ferguson was among those received by the King in his Marrakech winter palace. The American diplomat expressed the U.S. Government's hope that a cease-fire will be speedily imposed.

Morocco has long claimed the Tindouf area as its territory, saying it was attached to Algeria by France when both Morocco and Algeria were under French domination.

Morocco Information Minister Abdel Hadi Boutaleb said his country did not intend to seize Tindouf by arms but "through negotiations."

At the same time, Boutaleb said fighting flared up around another Sahara outpost identified as Oum-El-Achar, presumably somewhere near Tindouf.

At the Bamako, Mali, conference today, Hassan and Ben Bella will be urged to agree to an immediate cease-fire followed by a period of negotiation.

[From the Washington (D.C.) Post, Oct. 29, 1963]

YEMEN TROOP PULLOUT REJECTED BY NASSER (By Patrick Seale)

BEIRUT, LEBANON, October 28.—Egyptian President Nasser has rejected as hazardous and unworkable any rapid disengagement of his forces supporting the republican regime in Yemen.

This new attitude has become clear over the past 6 weeks. It is reflected in recent speeches and stems from a reappraisal of his Yemen policy after Yemeni President Abdullah Sallal returned to Sanaa in August after receiving medical treatment in Cairo.

It is now highly probable that the U.N. observer corps whose mandate expires on November 4, will have no alternative but to report the failure of its 4-month mission. Its task was to observe the implementation of a disengagement agreement reached this summer by Egypt, Saudi Arabia, and Yemen. Saudi Arabia has been supporting the Yemeni royalist faction in its bid to regain power.

(The Herald Tribune News Service reports that U.N. Secretary-General U Thant will announce Tuesday a 1-month extension of the mission's stay. Thant will point out, the service says, that Egypt and Saudi Arabia have agreed to share the costs of the extension.)

Addressing Egyptian troops on their return from on October 22, Nasser revealed that half the 12,000 troops so far repatriated had been replaced by others.

"We maintain a force in Yemen capable of imposing peace," he declared. Egyptian forces there still number over 20,000 men.

There is little doubt that Nasser genuinely intended to keep his word when he signed

the disengagement agreement negotiated this summer by President Kennedy's special envoy, Ellsworth Bunker.

Egypt's economy was beginning to feel the strain. Many of his advisers made no secret of their view that the war was not in Egypt's national interest.

There were powerful pressures on him to cut his losses and pull out—provided that a face-saving political formula could be found. It was in this spirit that he agreed to pay half the cost of the U.N. force.

Persistent rumors then arose that a compromise settlement might be reached in which both Sallal and the ousted Yemeni ruler, Imam Badr might agree to give way to a new president chosen by tribal consent under U.N. or Arab League auspices.

But these speculations have foundered on the simple truth that an Egyptian withdrawal—under whatever political settlement—is almost bound to be followed by the emergence of a regime hostile to Egypt.

After the Egyptian sacrifices of the past year, Nasser could not tolerate such an outcome. Indeed, he is thought to fear not a restoration of the monarchy—now highly improbable—but a possible takeover by a group of young Yemeni "intellectuals" on friendly terms with the Syrian and Iraqi Baath Party, with whom Nasser is now locked in mortal combat.

This is the background of Nasser's decision—arrived at reluctantly and in the face of grave American disapproval—to continue to maintain an army in Yemen.

In justifying his decision to remain in Yemen, Nasser is believed to have reminded his advisers of the original strategic reasons for his intervention there.

These were to make a bid to bring Saudi Arabia and its rich oilfields under his control.

The potential long-term threat to Saudi Arabia by the Baath Party—now Nasser's principal Arab rival—makes it all the more essential for him to hold on to acquired positions of strength, even if this means an indefinite commitment in Yemen.

[From the Washington (D.C.) Post, Oct. 29, 1963]

LEBANESE POLICE STONED BY 2,000

BEIRUT, LEBANON, October 28.—About 2,000 pro-Nasser demonstrators stoned police today in a protest against recent Syrian incursions into Lebanon.

At least 1 person was injured and 30 persons were arrested before the demonstrators were dispersed. The demonstration lasted 1 hour, occurring mainly in Beirut's Moslem quarter.

The demonstration was organized by the pro-Nasserite Arab Nationalist Movement, which is opposed to the Baathist Party regimes in Syria and Iraq.

EXHIBIT 7

[From the New York (N.Y.) Herald Tribune, Oct. 30, 1963]

FAILURE IN YEMEN—U.N. TO PULL OUT FORCE (By Darius S. Jhabvala)

UNITED NATIONS.—United Nations Secretary General U Thant has admitted failure of U.N. efforts to resolve the year-old civil war in Yemen.

In a brief report expected to be submitted today, Mr. Thant will inform the Security Council that the 200-man observation mission sent to the troubled nation 4 months ago will be withdrawn November 4.

Without directly pinning the blame for the failure on any one, Mr. Thant's report clearly gives the impression that Egypt's unwillingness to withdraw its troops from Yemen was the major cause of the U.N. unit's lack of success.

Saudi Arabia, the other outside nation involved in the dispute, has removed its military forces from the area, the report states,

but the Saudi Government is unwilling to continue its financial support for the U.N. mission unless Egypt agrees to a time schedule for removal of its troops.

Such an Egyptian decision is unlikely, because President Nasser feels a complete pull-out would leave the way clear for deposed royalist forces to topple the republican regime of Gen. Abdullah Al-Sallal.

There were reports at the U.N. yesterday that Saudi Arabia might reconsider and provide financial assistance for the U.N. mission to continue for another month.

But in any event, Mr. Thant is openly pessimistic about the mission's future.

The Secretary General says in the report that the U.N. group's "mandate" in the situation is "so limited and restrictive as to make it virtually impossible * * * to play a really helpful and constructive role."

Mr. Thant states that in his opinion the entire Yemen crisis "is political and will require a political solution." Thus, although he suggests a symbolic continuation of the U.N. force through the establishment of a "civilian presence" in the area, he sees "little prospect" for a meaningful U.N. mission.

A WAR MIRE IN POLITICS

Mr. Thant's report apparently marks the end of an effort to obtain peace in Yemen that began last March, when a special American negotiator, Ellsworth Bunker, was sent to the scene by the U.S. State Department in an effort to resolve the tangled crisis.

After talking with all parties, Mr. Bunker arrived at a disengagement plan, that called for withdrawal of Egyptian troops, which were bolstering the new republican regime, and an end to Saudi Arabian aid to deposed royalists fighting to return to power.

Under the Bunker plan, a small U.N. mission was to supervise the disengagement. This force was sent to Yemen for a 2-month period in early July, and then ordered to stay for 2 more months in early September. Egypt and Arabia agreed to share the cost of the mission.

But even before the U.N. force began its work, it was evident there was little hope of success. Egyptian President Nasser appeared determined to maintain a strong force—at one time believed to be close to 30,000 men—in Yemen until the royalist threat was ended.

The royalists, backed by Saudi arms, began guerrilla warfare after Imam Mohammed al-Badr was toppled by a military coup led by President Al-Sallal on September 27, 1962. The new regime has been unable to wipe out the royalists.

Mr. Thant's report notes that "fighting appears to have died down in recent weeks," but it also observes that there has been "no withdrawal from field activities by Egyptian forces."

At the same time, the report finds "no signs of Saudi Arabian military assistance" in areas visited by the U.N. team.

The report does not spell out the total number of Egyptian troops in the area, but it does say that between July 4 and October 22, 12,000 officers and men had left Yemen, of which half had been replaced by fresh troops. According to Egyptian sources, another 5,000 troops will leave by the end of December.

The Egyptian position, as stated in the report, is that "whatever may be the present situation with regard to assistance to the royalists, the armaments and supplies previously sent or that would be available to them subsequent to Egyptian withdrawal, permit and encourage them to continue operating in Yemen."

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield with pleasure to the distinguished Senator from Oregon.

Mr. MORSE. I commend the Senator from Alaska for the speech. I am only sorry that more in the Senate did not hear it, but it is for them to decide what their senatorial responsibilities are.

I am satisfied that information about the Senator's speech will seep through the country; and I am satisfied that, once the American people come to understand it, Senators who did not hear the speech will come to realize that the American people generally agree with the principle of the speech and agree that this Government, in the field of foreign policy, ought to return to the principles that it professes.

I think it is important that we take up the various amendments the Senator has proposed, including this amendment. I hope, before the debate is over, there can be at least some tentative agreement among many of us who are opposed to the bill in its present form to give some consideration to a schedule of priority in the consideration of these amendments.

It is my present recommendation to the group, when it meets—and because I shall be using the floor for a part of the remainder of the afternoon, I am telling this to the Senator from Alaska now so he can relate it to our coconferers—that probably we had better give consideration to the calling up first of the motion to recommit the bill to the committee, with instructions. I realize that there are some Senators who feel that we ought to rewrite the bill on the floor of the Senate, and prefer that course to the adoption of a motion to recommit. As a member of the Foreign Relations Committee, I would prefer that the bill be recommittees, for a great deal of consideration has been given to this bill since it was taken from the calendar, both within the Senate and outside the Senate, at the other end of Pennsylvania Avenue. It may very well be that a recommitment of the bill would give the time necessary for an adjustment of differences. Both the executive branch and the Members of the Senate know that deep differences of opinion exist with regard to the bill in its present form.

We are all seeking a common objective. We have some differences of opinion about the bill, but the interesting thing is that the proponents and the opponents have a common objective, and that is to do what they think will be best for the national interest of the Nation.

As I said in my speech on the day before yesterday, the proponents of the bill are just as dedicated, sincere, patriotic, and loyal to the best interests of our country as those of us who are opposed to the bill. However, in view of the fact that we find ourselves with such a wide chasm between us, the opportunity ought to be provided for trying to build some bridges across it. I believe they can be built. I believe they can be built better within the confines of the Foreign Relations Committee room, in executive session, with the Secretary of State and other executive officers who are spokesmen for the President conferring with us, than on the floor of the Senate.

I shall abide by the majority opinion of the group that will be conferring later this afternoon. However, my present recommendation is that we first proceed to consider, so far as our side is concerned, calling up the motion to recommit the bill to the Committee on Foreign Relations with instructions.

Mr. JAVITS. Mr. President, I am a supporter of the amendment of which the Senator from Alaska [Mr. GRUENING] is the principal sponsor. The practical effect of the amendment would be, as he so eloquently has stated, to prohibit the use of our resources in the foreign aid program so that other countries could use their own resources for aggressive purposes, and thus defeat the very purpose of our aid.

This is evidence of the fact that those of us who are in favor of the bill—and this goes back many years, to the time when this matter first came up in the other body, beginning in 1947, with the Greek-Turkish aid program—can be just as hard-headed as those who are against it. One of the hard-headed assumptions is that the right hand should know what the left hand is doing. That is exactly the situation the amendment seeks to make sure of.

It is interesting to me that events within the past few days, almost up to this morning, bear out the objective of the amendment of which the Senator from Alaska is the sponsor, with myself and others of similar views.

We call attention to the Yemen situation, which is now breaking down, with the United Nations pulling out its peace mission, and placing the blame for its failure on the United Arab Republic. It is clearly a situation in which the United States has been frustrated by the very man, President Nasser, who is propped up by our aid so that he may utilize his own resources to send large bodies of Egyptian troops into the Yemen.

There is a similar threat with regard to Algeria, the struggle between Algeria and Morocco, in which President Nasser is providing military aid to Algeria. It is claimed that the amendment may get in the way of our situation with regard to India and Pakistan, and perhaps with Indonesia also. That is the difficulty which we face. If we do not adopt a basic principle, no one will know where we stand, no one will know how our aid will be used, and no one will be put to any sacrifice if the aid is misused. That is the important point involved in this debate.

I believe that events have borne out the insistence that this matter must be dealt with frontally in the way that the amendment suggests.

I ask unanimous consent to have printed in the RECORD at this point a report to the Washington Post, October 30; an editorial entitled "The Syria-Iraq Union," in the New York Times, October 30; and excerpts from a radio broadcast by Radio Rabat, Morocco, October 23, in connection with my remarks in support of the Gruening-Javits amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Post, Oct. 30, 1963]

THANT ADMITS U.N. PEACE MISSION FAILED IN YEMEN—U.A.R. BLAMED

(By Parius S. Jhabvala)

UNITED NATIONS, October 29.—Secretary General U Thant today admitted failure of U.N. efforts to resolve the year-old civil war in Yemen.

In a lucid and brief report, Thant told the Security Council that the 200-man U.N. observation mission in Yemen would be withdrawn by November 4. He added that "it is my intention to maintain a civilian U.N. presence, in the area, given, of course, the necessary agreement of the parties directly concerned."

Thant clearly conveyed the impression that the United Arab Republic was largely responsible for the failure of the mission.

On September 27, 1962, Yemeni Republican forces under the command of Abdullah Sallal overthrew Iman (King) Badr and installed Sallal as head of a republican regime. The deposed Iman and a band of royalists fled to the neighboring hills from where they are continuing guerrilla warfare.

U.A.R. President Nasser has sent 28,000 troops and a large number of Soviet-made aircraft to help fight off the rebels. King Badr, in turn, has received aid from Saudi Arabia.

Last March, former U.S. Ambassador Ellsworth Bunker obtained an agreement from the U.A.R. and Saudi Arabia to a disengagement plan, under which U.A.R. forces would leave Yemen and the Saudi Arabians would cease their aid to King Badr.

This plan went into effect July 4, under the supervision of a U.N. observation mission. It was to be completed within 2 months.

On September 4, however, Thant reported to the Security Council that "it cannot be said at this stage that encouraging progress has been made toward an effective implementation of the disengagement agreement."

He asked for and received permission to continue the mission until November 4.

Thant reported today that while the "fighting appears to have died down in recent weeks," there has been "no withdrawal from field activities of U.A.R. forces" in two key areas of Yemen.

As for stoppage of Saudi Arabian aid to the royalists, the observation mission said that "no military vehicles or material have been seen nor military equipment or stores found in cargoes checked by U.N. observers." The report added that "there were no signs of Saudi Arabian military assistance or heavy weapons in royalist areas visited by the observers."

Thant concluded "that in the period under review no military assistance of significance has been provided to the royalists from Saudi Arabia."

During conversations with representatives at the U.N. of the parties concerned, Thant stressed his "dissatisfaction with the mandate of the U.N. Yemen observation mission as now defined."

"That mandate," he said, "is so limiting and restrictive as to make it virtually impossible for the mission to play a really helpful and constructive role."

Thant concluded that "I frankly see little prospect that the disengagement agreement could be so amended to correct this deficiency."

The Secretary General is of the opinion that the Yemen problem "is primarily political and will require a political solution."

[From the New York (N.Y.) Times, Oct. 30, 1963]

THE SYRIA-IRAQ UNION

Another ambitious attempt to unite the whole Arab nation has now been launched by the Governments of Syria and Iraq, both

dominated by the socialist Baath Party. They have agreed to join in a federal Arab Democratic People's Republic, organized along socialist, democratic, and parliamentary lines as the nucleus of a wider union open to all Arab States accepting the same principles. A military union between them is already engaged in joint action against the Kurds and is to be followed, theoretically, by an economic, a cultural and finally a political union.

The new state is being formed in opposition to President Nasser, who espouses the same ideal of Arab unification but on terms which resulted in the breakup of the previous union between Syria, Iraq, and Egypt. Both movements seek to overthrow the remaining Arab monarchies of Jordan, Saudi Arabia, Libya, and Morocco as well as the sheikdoms and sultanates on the Arabian Sea. But whereas Nasser (and Ben Bella) resort to direct action, the Baathists are relying mainly on an Arab spiritual renaissance. Their weakness is that they consist primarily of only a few thousand intellectuals without any outstanding leaders or a mass following.

[From the Rabat, Morocco, Domestic Service in Arabic, Oct. 23, 1963]

NASSER USING BEN BELLA TO CONTROL MAGHREB

A series of related events and facts are becoming evident, giving a picture of a premeditated plot against our country, people, and regime. The facts point to one thing: That the intention of aggression and provocation against us exists secretly in Cairo, Algeria, and here in Morocco, where some people blinded by malice, placed themselves at the service of the plotters.

We still remember the dispute between Tunisia and the U.A.R., which showed and confirmed to us the insatiable desire of Cairo to open a new front for misleading opinion, for lies and a biased campaign against our Arab Maghreb after the blows and defeat suffered by Cairo policy in the Arab East. Today a golden opportunity has been given to the Cairo politicians in the Arab Maghreb by Ben Bella and his regime.

They are using Ben Bella to dig their poisonous claws in our land and people. They are sending their experts on civil and military intelligence, on waging lies and fabrications, on distortion of facts and misleading the public to control all the official organs in Algeria so that they can poison the atmosphere of our Arab Maghreb and hatch plots.

The fact is that Ben Bella needs support. He found this in Nasser, who in turn needs agents such as Ben Bella and his group to use them in trying his luck this time in the Arab Maghreb. The two allies found our country a target for their experiments: Ben Bella wants a way out from his political crisis at the expense of a dispute to distract public opinion inside his country, while Nasser wants to establish himself in this region. As is Cairo's practice, the plot is proceeding parallel with an extensive propaganda campaign and falsifications.

Nasser is ignorant of the nature of the peoples of the Arab Maghreb. The defeat which awaits Nasser's experiment will be more violent and harsher than the defeat or defeats which overtook his attempts in the Arab East. Indeed, it is strange and absurd that the information media accuse our country of denying freedom and democracy to the people and filling prisons with free people, while we, the world, and Nasser himself know that freedom is the only thing missing in the U.A.R., and that democracy is the only thing which Egypt has not known under Nasser. We know that only a few steps from Cairo the desert contains dozens of fearful detention camps and prisons full of the free men of Egypt, its intellectuals, and its conscious elite. We tell Nasser that his

utterly unsuccessful experiment of plots, espionage, intelligence, and terrorism which have been carried out by Egyptian agents in Syria, Iraq, Jordan, Saudi Arabia, and Lebanon will meet with failure in our country.

Mr. GRUENING. I thank the distinguished Senator from New York for his comments. I believe our amendment is the most important amendment that can be offered to the bill. I, like the Senator from New York, would like to have a foreign aid bill. There are many provisions in it that require amendment in order to make it an effective, useful, and serviceable foreign aid bill. At the present time there are many loopholes in it and many opportunities to squander money and to misuse it which must be corrected if we are to have a foreign aid bill that we can support.

Mr. BEALL. Mr. President, at a time when we are desperately looking for ways to cut Federal spending so as to make ends meet and possibly reduce taxes, the item of expenditure called foreign aid sticks out like a sore thumb. Here is an obvious place to start saving money and show concern for our overburdened taxpayers.

A cut in taxes is long overdue, but this should be accompanied by a cut in spending. If we are in earnest about cutting down on Government spending, then we can cut foreign aid. In my opinion, we should reduce the foreign aid program by at least 20 percent this year, and reduce it each succeeding year until we are rid of this monstrous waste.

We have handed out some \$100 billion on foreign aid since 1946—and much of this has been wasted. At the conclusion of these remarks, I am going to list illustrations of this waste.

I am also going to list the countries which have received the lion's share of our foreign aid money, indicating in each case what our money has bought.

One out of every 17 American tax dollars goes for foreign aid. Proponents say that it has promoted the cause of freedom around the world. Evidence disputes this. In countries receiving our aid, despots rule by terror, the economy is shattered, inflation is rampant, and Communist-fomented turbulence has put freedom on the run.

In pouring billions of dollars into certain foreign countries, are we not giving aid and comfort to the enemy?

Is there any justice in taxing the incomes of hard-working Americans to feather the nests of people who hate us—in Poland, Yugoslavia, India, and so on?

And what about our allies of Western Europe? Through now prosperous, they look to us to continue to carry most of the burden of their economy and military security. Western Europe has prospered with Marshal plan aid from us, but after 17 years and \$41 billion in U.S. aid, Western Europe now meets only a fraction of its defense obligation and, except for commercial loans, its aid to less developed countries is negligible.

The original motives for foreign aid were well meaning. But things did not work out right. The United States found itself arming governments which used the arms to repress their people.

The United States found itself arming, equipping, and financing policies and regimes which are contrary to our own basic convictions. The United States found itself giving economic aid which did not result in economic growth.

In delving into expenditures under the foreign aid program, a congressional committee came up with some amazing items. Here are a few, picked at random:

One thousand 23-inch TV sets were ordered for use in community education programs in underdeveloped countries overseas at a cost of \$400,000 for areas with no electric power supply. Foreign aid funds were used to buy suits for undertakers in Greece. U.S. aid to Kenya was used to buy extra wives for governmental officials. A stockbreeding farm was erected in Lebanon with U.S. aid; nine stalls were built for each bull.

Four days after we had signed an emergency loan agreement to provide the Government of Indonesia with \$17 million worth of goods, President Sukarno purchased three new jet airliners, costing approximately the amount we had loaned his government.

Senator STEPHEN YOUNG, Democrat of Ohio, reported that on this flight to Europe, to attend a U.N. conference on science and technology for underdeveloped nations, he had to fly tourist class as a U.S. delegate, while representatives from the underdeveloped nations, to whom we were giving foreign aid money, all flew first class. A smaller matter, but indicative.

The tax dollars of our citizens have been used to create approximately 30 millionaires in Laos, now controlled by Communists. Our tax dollars have been used to strengthen race segregation in Liberia, where now no one of the Caucasian race can hold office, and where the Liberian President used \$12 million of foreign aid money to build himself a marble palace. Our tax dollars have been used to provide Ethiopian Emperor Haile Selassie with a \$2 million yacht.

Fantastic is the history of our foreign aid blunders in India, Poland, Yugoslavia, Burma, Cambodia, Ceylon, Brazil, Egypt, Algeria, Indonesia.

Do we think we are buying good will with foreign aid dollars? President Nkrumah of Ghana, one of the recipients of our generous handouts, bitterly assailed the United States in a long speech before the heads of 30 African nations meeting in Addis Ababa, Ethiopia.

President Goulart, of Brazil, to whom the United States has given many hundreds of millions of dollars in foreign aid, a few weeks ago angrily demanded a personal apology from the President for some statement about Communist infiltration.

When Soviet Premier Khrushchev visited Yugoslavia, he and his host, Marshal Tito, toured a model \$40 million plastics factory. It had been financed with U.S. foreign aid money. It had been designed and constructed by U.S. engineers. It was equipped with U.S. machinery. On the occasion of Khrushchev's visit, the plant was gaily decorated with Yugoslav and Russian flags.

No American flag was in sight, and there was nothing to indicate the U.S. role in its establishment. Four American engineers for the plant, standing near the entrance when the two Communist leaders arrived, were not permitted an introduction and were not permitted to enter the plant with Yugoslav technicians and other employees. In reporting the grand tour of the plant, no Yugoslav newspaper even mentioned the fact that the plant was built with American money and American know-how.

During Khrushchev's visit in Yugoslavia, the solidarity of Yugoslavia and Russia repeatedly was stressed.

Yugoslavia is the Communist country to which our Government has given \$3,200 million of American taxpayers' money.

For years the United States has been supporting India on a grand scale—4,000 million American tax dollars have poured into India to save her from communism. India will not side with us in the cold war, claims to be neutral, but virtually always sides with the Communists in the United Nations when she votes.

President Kennedy's Ambassador to India, Chester Bowles, recently told the people of India how they can defeat the will of the U.S. Congress without losing out on foreign aid handouts. In the foreign aid bill as passed by the House a stipulation had been inserted to prevent our aid dollars from being used by Nehru to build a proposed Government-owned steel plant in Bokaro, India. Ambassador Bowles, speaking in Calcutta, told the Indian people that they could get the Government-owned steel plant and still get the American foreign aid dollars. Bowles said that the congressional directive could be skirted by releasing U.S. aid funds for smaller Indian projects that could be financed by India's foreign exchange, which process would, in turn, release funds for construction of the Bokaro plant.

This will give one an idea of how our foreign aid program is going.

The basic concept of aid should be to help people to help themselves. Some of our aid to other countries has been extended with no thought given to the principle that individuals and nations should be self-reliant. No person and no nation should have its vital tasks of growth and defense indefinitely and preponderantly done for it. There is something debilitating about too much aid, or blind giving which does not exact responsibility in return. And this describes our foreign aid program.

Nearly half of all foreign aid money goes for so-called military assistance. Whom are we arming the recipient countries to fight? Each other? Are we now financing both sides in the war between Morocco and Algeria?

Why all this lavish handing out of money? Is it because we think we can afford it? The truth is that we are sending money to countries that are better off financially than we are. The U.S. public debt is \$24 billion greater than the combined public debts of all the nations we are aiding.

Is it any wonder that misgivings over foreign aids continue to grow on Capitol Hill and throughout the country?

The Senate is now considering the foreign aid authorization bill passed by the House of Representatives.

An administration which has persisted in an extravagant course, paying no attention to the public's growing discontent with unnecessary Government spending, got its come-uppance when the House cut the foreign aid request, passed the cut-down measure, and sent it to the Senate. It was a setback for administration advocates of unlimited spending and a victory for the economy forces.

The cut on the House floor, following other cuts in committee, brought the amount in the authorization bill to \$3,502 million compared with the \$4,945 million originally requested by the President—a saving to the American taxpayers of \$1,443 million.

The cuts reflected growing discontent with foreign aid. Anyone who does not recognize and respect the disillusionment of the American people with foreign aid is in for a rude awakening.

Former full-fledged supporters of foreign aid in the House of Representatives voted this time for the cut—reflecting the will of the people. As a Member remarked:

The wall from home is demand that fat and fatheadedness be cut out of the foreign aid program.

The House was widely praised for its courage—in the face of pressures from the liberal spenders—in making substantial cuts. Let us hope that the Senate will demonstrate the same brand of courage and consideration for the American taxpayer.

The majority leader, the distinguished Senator from Montana [Mr. MANSFIELD] some weeks ago headed a bipartisan group of investigating Senators who examined foreign aid in Southeast Asia. This group found that the program was much too wasteful.

The group found that in Laos our outlay of millions of dollars to aid the Government in preventing a Communist takeover was a waste because the people of Laos refused to fight for their own country. The Mansfield group found many things wrong with the foreign aid program. Its report dealt in particulars, but it also pointed up the root of the trouble: we have been give-away minded, and this is what has cost us so much.

Following the Mansfield report, we had the Clay report. To help pass this year's foreign aid bill, the President appointed a "citizens committee" to assess the aid program. The 10-man committee, headed by Gen. Lucius D. Clay, presented a tough report.

Among the noteworthy observations were there: The United States is trying to do "too much for too many"; too much money is spent to get military bases in some countries, and such aid should be cut; military assistance to foreign nations "should be reduced progressively"; the burden of foreign aid "is falling un-

fairly upon the United States." Western Europe "can and should do more"; aid to the new countries of Africa should be sharply curtailed and limited; economic aid should be withheld from Indonesia unless it "puts it internal house in order." Those are a few of the recommendations.

What was done about these recommendations? And what was done to correct the glaring inconsistencies pointed to by the Mansfield group? Nothing. Have the sponsors of this spending program come before Congress and prove that the foreign aid house has been put in order? No. The many things wrong are ignored completely or glossed over.

The American people are in no mood to continue to pour out their money to countries all over the world through a foreign aid program which, indisputably, is badly executed, unrealistic, and enormously wasteful, and has failed to accomplish its intended objectives.

I am fed up with having the taxpayers of Maryland sweat and toil to help pay for wasteful and unrealistic foreign aid. I favor a rapid retrenchment. If 20 percent were cut from foreign aid now, it would not hurt anyone except a few bureaucrats, domestic and foreign. Next year, the program could be cut further, and so on, and soon we could be rid of a costly program which, despite its earlier promise, has failed miserably.

Mr. MORSE. Mr. President, will the Senator from Maryland yield?

Mr. BEALL. I yield to the Senator from Oregon.

Mr. MORSE. I commend the Senator from Maryland for the speech he is making in opposition to the bill. I am satisfied that the thesis he has developed is consonant with prevailing American public opinion. To me, it raises a very fundamental issue of our system of representative government; namely, Congress denying to American public opinion its wishes in regard to a matter of basic public policy such as is involved in the foreign aid bill.

It is for each Senator to decide, first, whether he believes the criticisms of the bill are sound; and second, to decide, if they are sound, whether or not the American people are entitled to have him vote for improvements to the bill.

The Senator from Maryland has made it perfectly clear that he does not take the position that there should be no aid at all.

The position of the Senator from Maryland is that this bill goes too far; and, as he has said, he thinks a cut of at least 20 percent in the bill would be reasonable.

I believe that when the Senator from Maryland goes further into the matter, as the debate develops, probably he will agree that other changes should be made in the bill, in addition to simple cuts in the amounts. Some policy changes will

have to be included in the final draft of the bill.

But I am glad the Senator from Maryland has raised his voice in opposition to this bill; and I am satisfied that note of his comments will be taken throughout his State, as well as throughout the Nation.

Mr. BEALL. I thank the Senator from Oregon.

I repeat that we do not want to cut out all of the foreign aid program at this time; that might be too drastic an action. But I believe we should systematically cut the program, and we should have better supervision of the program than we are now receiving.

Mr. President, advocates of unlimited spending, willing to close their eyes to the misuse of foreign aid funds, cry "wolf" at every effort to economize. The same cry now is being raised. The cut, they say, threatens free-world security. I do not believe it. The real threat to security is possible U.S. financial chaos which could be brought about by irresponsible, red ink spending.

I hope the Senate holds firm on substantial foreign aid cuts—both to save the money, to give our taxpayers a "break," and to gain some attention to pressing demands that the Government get its financial house in order.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as part of my remarks, two exhibits: "A," a statement containing illustrations of waste of foreign aid funds and maladministration of the program; and "B," a table indicating how the cause of freedom has fared in nations to whom we have given enormous sums of money.

There being no objection, the statement and the table were ordered to be printed in the RECORD, as follows:

EXHIBIT A

WASTE OF FOREIGN AID FUNDS

In delving into expenditures under the foreign aid program, a congressional committee came up with some amazing items. Here are a few, picked at random:

"One thousand 23-inch TV sets were ordered for use in community education programs in underdeveloped countries overseas at a cost of \$400,000 for areas with no electric power supply. * * * Foreign aid funds were used to buy suits for undertakers in Greece. * * * U.S. aid to Kenya was used to buy extra wives for Government officials. * * * A stockbreeding farm was erected in Lebanon with U.S. aid; nine stalls were built for each bull."

Four days after we had signed an emergency loan agreement to provide the Government of Indonesia with \$17 million worth of goods, President Sukarno purchased three new jet airliners, costing approximately the amount we had loaned his Government.

Senator STEPHEN YOUNG of Ohio reported that on his flight to Europe, to attend a U.N. conference on science and technology for underdeveloped nations, he had to fly tourist class as a U.S. delegate, while representatives from the underdeveloped nations, to whom we were giving foreign aid money, all flew first class. A small matter, but indicative.

The tax dollars of our citizens have been used to create approximately 30 millionaires in Laos, now controlled by Communists. Our tax dollars have been used to strengthen race segregation in Liberia, where now no one of the Caucasian race can hold office, and where the Liberian President used \$12 million of foreign aid money to build himself a marble palace.

Our tax dollars have been used to provide Ethiopian Emperor Haile Selassie with a \$2 million yacht.

Fantastic is the history of our foreign aid blunders in India, Poland, Yugoslavia, Burma, Cambodia, Ceylon, Brazil, Egypt, Algeria, Indonesia.

Do we think we're buying good will with foreign aid dollars? President Nkrumah, of Ghana, one of the recipients of our generous handouts, bitterly assailed the United States in a long speech before the heads of 30 African nations meeting in Addis Ababa, Ethiopia.

President Goulart, of Brazil, to whom the United States has given many hundreds of millions of dollars in foreign aid, a few weeks ago angrily demanded a personal apology from the President for some statement about Communist infiltration.

When Soviet Premier Khrushchev visited Yugoslavia, he and his host, Marshal Tito, toured a model \$40 million plastics factory. It had been financed with U.S. foreign aid money. It had been designed and constructed by U.S. engineers. It was equipped with U.S. machinery. On the occasion of Khrushchev's visit, the plant was gaily decorated with Yugoslav and Russian flags. No American flag was in sight, and there was nothing to indicate the United States role in its establishment. Four American engineers for the plant, standing near the entrance when the two Communist leaders arrived, were not permitted an introduction and were not permitted to enter the plant with Yugoslav technicians and other employees. In reporting the grand tour of the plant, no Yugoslav newspaper even mentioned the fact that the plant was built with American money and American know-how.

During Khrushchev's visit in Yugoslavia, the solidarity of Yugoslavia and Russia repeatedly was stressed.

Yugoslavia is the Communist country to which our Government has given \$3,200 million of American taxpayers' money.

For years the United States has been supporting India on a grand scale—4,000 million American tax dollars have poured into India—"to save her from communism." India will not side with us in the cold war, claims to be neutral, but virtually always sides with the Communists in the United Nations.

President Kennedy's Ambassador to India, Chester Bowles, recently told the people of India how they can defeat the will of the U.S. Congress without losing out on foreign aid handouts. In the foreign aid bill, as passed by the House, a stipulation had been inserted to prevent our aid dollars from being used by Nehru to build a proposed Government-owned steel plant in Bokaro, India. Ambassador Bowles, speaking in Calcutta, told the Indian people that they could get the Government-owned steel plant and still get the American foreign aid dollars. Bowles said that the congressional directive could be skirted by releasing U.S. aid funds for smaller Indian projects that could be financed by India's foreign exchange, which process would, in turn, release funds for construction of the Bokaro plant.

This will give one an idea of how our foreign aid program is going.

Exhibit B

Nations aided by us	U.S. aid since 1946	Present situation: How the cause of freedom has fared
Argentina.....	\$640,000,000	Under indirect military domination; suffers from inflationary chaos.
Brazil.....	1,900,000,000	On the brink of communism.
Cuba.....	52,000,000	Once enjoyed immense sugar subsidy; has stolen \$1,000,000,000 in private property of U.S. citizens; is a Red satellite of Soviet Russia.
Haiti.....	100,000,000	Writes under a murderous tyranny.
Indonesia.....	670,000,000	Her economy wrecked; is an armed dictatorship bent on conquest.
India.....	3,900,000,000	Stands with Russia and against us on nearly all issues; probably faces Red Chinese attack.
Iran.....	1,300,000,000	Now a monarchy without a parliament.
Laos.....	460,000,000	Coalition government, almost certain to fall to Communists.
Poland.....	522,000,000	Communist, with all freedom gone.
South Korea.....	5,400,000,000	Ruled by its third military junta; anti-U.S. demonstrations a common occurrence.
South Vietnam.....	2,400,000,000	Ruled by puppet dictator; racked by Red guerrilla war.
Turkey.....	3,800,000,000	Politically unstable; economically weaker than before U.S. aid began.
Venezuela.....	274,000,000	Unstable; much destruction of American-owned property; major target of Cuban fifth column.
Yugoslavia.....	2,400,000,000	Communist, with all freedom gone.

Mr. BEALL. Mr. President, in the interest of saving the time of the Senate, I shall not read to the Senate the table which is identified as exhibit B; but I do point out, for instance, that Argentina, which since 1946 has received U.S. aid in the amount of \$640 million, is under indirect military domination, and suffers from inflationary chaos.

Mr. MORSE obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of the measures on the legislative calendar, beginning with Calendar No. 571, Senate bill 741, and continuing with the following measures on the calendar, in order. I also ask that there be printed at the appropriate points in the RECORD, in connection with the consideration of these calendar measures, excerpts from the reports and other explanatory items.

The PRESIDING OFFICER. Without objection, it is so ordered; and the calendar measures thus designated will now be called.

PROHIBITION OF SCHEMES TO INFLUENCE BY BRIBERY THE OUTCOME OF SPORTING CONTESTS

The bill (S. 741) to amend title 18, United States Code, to prohibit schemes in interstate or foreign commerce to influence by bribery the outcome of sporting contests, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 11, United States Code (entitled "Bribery and Graft"), is amended by adding at the end thereof the following new section:

"§ 224. Bribery of participants in sporting contests.

"(a) Whoever carries into effect, attempts to carry into effect, or conspires with any other person to carry into effect any scheme in commerce to influence by bribery the outcome of any sporting contest, with knowledge that the purpose of such scheme is to

influence by bribery the outcome of that contest, shall be fined not more than \$5,000, or imprisoned not more than 10 years, or both.

"(b) This section shall not be construed as indicating an intent on the part of Congress to occupy the field in which this section operates to the exclusion of a law of any State, territory, Commonwealth, or possession of the United States, and no law of any State, territory, Commonwealth, or possession of the United States, which would be valid in the absence of the section shall be declared invalid, and no local authorities shall be deprived of any jurisdiction over any offense over which they would have jurisdiction in the absence of this section.

"(c) As used in this section—

"(1) The term 'scheme in commerce' means any scheme effectuated in whole or in part through the use of any facility for transportation or communication in interstate or foreign commerce;

"(2) The term 'sporting contest' means any contest in any sport, between individual contestants or teams of contestants (without regard to the amateur or professional status of the contestants therein), the occurrence of which is publicly announced before its occurrence;

"(3) The term 'person' means any individual and any partnership, corporation, association, or other entity."

(b) The analysis of chapter 11, title 18, United States Code, is amended by adding at the end thereof the following new item: "224. Bribery of participants in sporting contests."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 593), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the bill is to add a new section 224 to title 18, United States Code, to make it a criminal offense to influence by bribery the outcome of sporting contests through schemes which make use of interstate or foreign commerce facilities. A penalty of imprisonment for not more than 10 years or a fine of not more than \$5,000, or both, is provided for those who carry into effect or attempt or conspire to carry such schemes into effect.

STATEMENT

A similar bill, S. 2182 of the 87th Congress, was approved by this committee on September 7, 1962, and was passed by the Senate on September 12, 1962, but no action was taken by the House of Representatives.

The bill, S. 2182 of the 87th Congress, as introduced in the Senate, was amended by this committee. The present bill, S. 741, as

introduced, is in the form in which S. 2182 was amended by the committee and approved by the Senate.

In its report on this legislation in the 87th Congress, the Department of Justice pointed out that State enforcement agencies have been handicapped either by an absence of adequate laws in this area or by jurisdictional limitations, and the Federal Government has been handicapped by lack of complete statutory authority to assert its full power. This lack of Federal authority was remedied in part by the enactment of Public Law 216, Public Law 218, and Public Law 228 of the 87th Congress, and the present bill would constitute a further step toward strengthening the supporting role of the Federal Government in the assault on organized crime through the use of its authority to regulate interstate commerce.

The Department of Justice also pointed out that the then newly enacted section 1952 of title 18 would apply to sporting events bribery effected through interstate commerce only when the bribe occurred in a State which has laws proscribing sporting events bribery. The existing law accordingly covers this situation only partially and the proposed legislation is not limited by any consideration as to whether the sporting event bribery occurs in a State having laws prohibiting such activity.

The committee believes that the proposed legislation, which it approved in the 87th Congress and which was passed by the Senate, is meritorious and recommends it favorably.

Attached and made a part of this report is a letter dated March 23, 1962, from the Department of Justice, on the bill S. 2182 of the 87th Congress. The amendments in S. 2182 suggested by the Department of Justice are incorporated in S. 741.

BILL PASSED OVER

The bill (S. 1396) to consent to the institution of an original action in the Supreme Court for the adjudication of the claim of the State of Hawaii to certain land and property situated within that State was announced as next in order.

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF TRADING WITH THE ENEMY ACT

The bill (S. 1451) to amend section 41(a) of the Trading With the Enemy Act was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 41(a) of the Trading With the Enemy Act (50 U.S.C. App. 42(a)), as added thereto by section 206 of the Act of October 22, 1962 (76 Stat. 1115), is amended by—

(1) striking out in the first sentence thereof the words "report to the Congress concerning", and inserting in lieu thereof the words "render judgment upon";

(2) striking out in the second sentence thereof the words "one year after the date of the enactment of this Act", and inserting in lieu thereof the words "two years after the date of enactment of this section".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 955), explaining the purposes of the bill.

(c) responsibility for assuring fair and efficient administrative procedure is inherent in the general responsibilities of officials appointed to administer Federal statutes;

(d) experience has demonstrated that cooperative effort among Federal officials, assisted by private citizens and others whose interest, competence, and objectivity enable them to make a unique contribution, can find solutions to complex problems and achieve substantial progress in improving the effectiveness of administrative procedure; and

(e) it is the purpose of this Act to provide suitable arrangements through which Federal agencies, assisted by outside experts, may cooperatively study mutual problems, exchange information, and develop recommendations for action by proper authorities to the end that private rights may be fully protected and regulatory activities and other Federal responsibilities may be carried out expeditiously in the public interest.

DEFINITIONS

SEC. 3. As used in this Act—

(a) "Administrative program" includes any Federal function which involves protection of the public interest and the determination of rights, privileges, and obligations of private persons through rulemaking, adjudication, licensing or investigation, as those terms are used in the Administrative Procedure Act (5 U.S.C. 1001-1011).

(b) "Administrative agency" means any authority as defined by section 2(a) of the Administrative Procedure Act (5 U.S.C. 1001(a)).

(c) "Administrative procedure" means procedure used in carrying out an administrative program and shall be broadly construed to include any aspect of agency organization, procedure, or management which may affect the equitable consideration of public and private interests, the fairness of agency decisions, the speed of agency action, and the relationship of operating methods to later judicial review, but shall not be construed to include the scope of agency responsibility as established by law or matters of substantive policy committed by law to agency discretion.

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

SEC. 4. (a) There is hereby established the Administrative Conference of the United States (hereinafter referred to as the "Conference").

(b) The Conference shall be composed of—

(1) a full-time Chairman, who shall be appointed for a five-year term by the President, by and with the advice and consent of the Senate. The Chairman shall receive compensation at the highest rate established by law for the chairman of an independent regulatory board or commission, and may continue to serve until his successor has been appointed and has qualified;

(2) the chairman of each independent regulatory board or commission or a person designated by such board or commission;

(3) the head of each executive department or other administrative agency which is designated by the President, or a person designated by such head of a department or agency;

(4) when authorized by the Council, one or more appointees from any such board, commission, department, or agency, designated by the department or agency head or, in the case of a board or commission, by the head of such board or commission with the approval of the board or commission;

(5) persons appointed by the President to membership upon the Council hereinafter established who are not otherwise members of the Conference; and

(6) other members in such number as will assure full representation of the viewpoints of private citizens and the utilization of di-

verse experience, who shall be appointed by the Chairman, with the approval of the Council, for terms of two years. Members appointed by the Chairman shall be members of the practicing bar, scholars in the field of administrative law or government, or others specially informed by knowledge and experience with respect to Federal administrative procedure.

(c) Members of the Conference other than the Chairman shall receive no compensation for service, but members appointed from outside the Federal Government shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons serving without compensation.

DUTIES AND POWERS OF THE CONFERENCE

SEC. 5. To carry out the purposes of this Act the Conference is authorized to—

(a) study the efficiency, adequacy, and fairness of the administrative procedure used by administrative agencies in carrying out administrative programs;

(b) make recommendations to administrative agencies, collectively or individually, and to the President, the Congress, or the Judicial Conference of the United States, as it deems appropriate;

(c) arrange for interchange among administrative agencies of information potentially useful in improving administrative procedure; and

(d) collect information and statistics from administrative agencies and publish such reports as it deems useful for evaluating and improving administrative procedure.

ORGANIZATION OF THE CONFERENCE

SEC. 6. (a) The membership of the Conference meeting in plenary session shall constitute the Assembly of the Conference. The Assembly shall have ultimate authority over all activities of the Conference. Specifically, it shall have power to (1) adopt such recommendations as it deems appropriate for improving administrative procedure: *Provided*, That any member or members who disagree with a recommendation adopted by the Assembly shall be accorded the privilege of entering dissenting opinions and alternative proposals in the record of Conference proceedings, and the opinions and proposals so entered shall accompany the Conference recommendation in any publication or distribution thereof; and (2) adopt bylaws and regulations not inconsistent with this Act for carrying out the functions of the Conference, including the creation of such committees as it deems necessary for the conduct of studies and the development of recommendations for consideration by the Assembly.

(b) The Conference shall include a Council composed of the Chairman of the Conference, who shall be the Chairman of the Council, and ten other members appointed by the President for three-year terms, except that the Council members initially appointed shall serve for one, two, or three years, as designated by the President, and each member may continue to serve until a successor is appointed. The Council shall have power to (1) determine the time and place of plenary sessions of the Conference and the agenda for such meetings and it shall call at least one plenary session each year; (2) propose bylaws and regulations, including rules of procedure and committee organization, for adoption by the Assembly; (3) make recommendations to the Conference or its committees upon any subject germane to the purposes of the Conference; (4) receive and consider reports and recommendations of committees of the Conference and transmit them to members of the Conference with the views and recommendations of the Council; (5) designate a member of the Council to preside at meetings of the Council in the absence or incapacity of the Chairman and Vice Chairman; (6) designate

such additional officers of the Conference as it may deem desirable; (7) approve or revise the Chairman's budgetary proposals; and (8) exercise such other powers as may be delegated to it by the Assembly.

(c) The Chairman shall be the chief executive of the Conference. In that capacity he shall have power to (1) make inquiries into matters he deems important for Conference consideration, including matters proposed by persons inside or outside the Federal Government; (2) be the official spokesman for the Conference in relations with the several branches and agencies of the Federal Government and with interested organizations and individuals outside the Government, including responsibility for encouraging Federal agencies to effectuate the recommendations of the Conference; (3) request agency heads to provide information needed by the Conference, which information shall be supplied to the extent permitted by law; (4) recommend to the Council appropriate subjects for action by the Conference; (5) appoint, with the approval of the Council, members of committees authorized by the bylaws and regulations of the Conference; (6) prepare, for approval of the Council, estimates of the budgetary requirements of the Conference; (7) appoint employees, subject to the civil service and classification laws, define their duties and responsibilities, and direct and supervise their activities; (8) rent office space in the District of Columbia; (9) provide necessary services for the Assembly, the Council, and the committees of the Conference; (10) organize and direct studies ordered by the Assembly or the Council, utilizing from time to time, as appropriate, experts and consultants who may be employed as authorized by section 15 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 55a), but at rates for individuals not to exceed \$100 per diem; (11) upon request of the head of any agency, furnish assistance and advice on matters of administrative procedure; and (12) exercise such additional authority as may be delegated to him by the Council or the Assembly. The Chairman shall preside at meetings of the Council and at each plenary session of the Conference, to which he shall make a full report concerning the affairs of the Conference since the last preceding plenary session. The Chairman shall, on behalf of the Conference, transmit to the President and the Congress an annual report and such interim reports as he deems desirable; such reports shall set forth the compliance of the agencies with the recommendations of the Conference.

(d) The President may designate a member of the Council as Vice Chairman, who shall serve as Chairman in the event of a vacancy in that office or in the absence or incapacity of the Chairman.

(e) Each member of the Conference shall participate in his individual capacity and not as a representative of any governmental or nongovernmental organization. Members of the Conference who are not regular Federal officials or personnel shall be special Government employees for the purposes of sections 203, 205, 207, 208, and 209 of title 18, United States Code.

APPROPRIATIONS

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to accomplish the purposes of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I thank the Senator from Oregon for his courtesy in yielding this much time; and I also thank the Senator from Vermont [Mr. Aiken] for serving as a check.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I wish to lay before the Senate the documentation in a case study which illustrates why some of us oppose the foreign aid program in its present form and believe that it should be drastically overhauled.

I ask unanimous consent that the documents to which I shall refer may be printed in full in the RECORD at the conclusion of this portion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. On April 2 of this year, I received a letter dated March 28 from Mr. Edward E. Cooper, superintendent of the Crow-Applegate School District in Eugene, Oreg. Mr. Cooper put forth an idea for the establishment of contacts between public school districts in the United States and areas of similar size in Central America, with the people of the school district in this country sponsoring education in a selected area abroad. He pointed out that there are 17 departments in Honduras and 18 school districts in Lane County, Oreg. In Mr. Cooper's view it would have been possible to get the people of school districts in Lane County to accept this as a personal and somewhat competitive challenge.

On April 9, I wrote to Mr. Teodoro Moscoso, Coordinator of the Alliance for Progress, enclosing a copy of Mr. Cooper's letter and asking if he would give me his considered reaction to it, because it seemed to me a suggestion worth pursuing.

On April 20, I received an acknowledgment, signed by Mr. Craig Raupe, Director of Congressional Liaison of the Agency for International Development, in which he said:

Your request is receiving our prompt attention and I will write you again at the earliest practicable date.

On May 10, I received a further letter from Mr. Raupe in which he said that the AID agency was sending Mr. Cooper's letter directly to its mission in Honduras for consideration by the mission and that in addition the Agency in Washington would consider the possible application of Mr. Cooper's suggestion to the education programs in other Latin American countries.

On May 15, I again wrote to Mr. Moscoso asking that I be informed of the results of his consideration of this matter as well as of the reaction of the AID mission in Honduras when that was received.

On June 15, I received a letter from Mr. Moscoso, dated the day before, confirming that I would be informed of the Honduras AID mission's evaluation. Mr. Moscoso also stated that AID's field personnel had been asked to look at the proposal not only as it might apply to Honduras, but also in terms of its possible application in other Latin American countries.

On September 12—almost exactly 3 months later—I again wrote to Mr. Moscoso concerning this proposal, and stated my view that sufficient time had elapsed for the AID mission in Honduras to have evaluated the suggestion.

On October 3, as we all know, there occurred a coup d'etat in Honduras, as a result of which our aid program in that country was properly suspended.

On October 16, I received a letter dated October 10, and signed by Mr. James H. Boren, Special Assistant to the U.S. Coordinator, Alliance for Progress, in which he said:

We have received comments from our mission in Honduras but the mission's initial reaction plus present circumstances make this particular country participation a difficult program to develop.

Meanwhile, Mr. Boren said, he was discussing the proposal with the mission director of another Central American country and that this mission director was inquiring into the possibility of combining the school district participation with another phase of his educational program.

There we have it, Mr. President. Seven months after an imaginative private citizen in Eugene, Oreg., advanced an idea concerning the Alliance for Progress, the bureaucracy of the Alliance has been unable to make up its mind as to whether the idea is good or bad. In the meantime, the freely elected democratic Government of Honduras has fallen.

I do not suggest that the Government would have been saved if the proposal about people-to-people contacts through school districts had been put into effect. But I do suggest that the record of bureaucratic inertia and resistance to outside suggestions which is revealed in the correspondence I have just summarized is symptomatic of one of the serious defects of the Alliance for Progress.

I am not complaining because AID did not adopt an idea put forward by one of my constituents. I am complaining because AID seems incapable of considering any idea and coming to a judgment on it.

I wonder how many more countries of Latin America will be lost to democracy before the Congress and the President take the necessary drastic action to revitalize the Alliance for Progress.

EXHIBIT 1

CROW-APPLEGATE SCHOOL

DISTRICT No. 66,

Eugene, Oreg., March 28, 1963.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SIR: This is a request for information, evaluation of an idea, and assistance.

The thought has occurred to me that—

1. If, in our efforts to aid Central America, large problems could be reduced from national to personal they could be solved more efficiently.

2. A fundamental problem is a lack of education. The nature of this problem is such that it requires a basic approach to a solution. In other words it must be broad in scope and concentrated at the bottom of the educational ladder.

3. Immediate gains could be made if contact were established between public school districts in this country and similar sized areas in Central American countries. The

people of a school district here would sponsor education in a selected area. This would divide a national problem into manageable parts and concentrate upon it an individualized, personal effort.

As an example, assume that the people of a school district here would provide financial assistance for the services of a teacher and most needed teaching supplies in a department of Honduras. The teacher would be a Honduran trained in Honduras.

The department of education in Honduras would be asked to select the teachers and provide school districts here with their names and other data.

There are 17 departments in Honduras and 18 school districts in Lane County. It should be possible to get the people of school districts here to accept this as a personal and somewhat competitive challenge.

If school superintendents would provide the educational leadership and local organizations the financial needs it would be possible to cause immediate improvements.

The following could be a second step in the plan.

The department of education in Honduras would be asked to establish some standard of achievement that could be accomplished in 1 year by teachers selected. This could be evidences of educational advancements by students and/or instigating the construction of facilities.

When the standard of achievement has been reached teachers would be transported to this country with Alliance for Progress, or other funds. Each teacher would spend a year in the school district that acted as sponsor for that teacher. Three purposes of this visit would be:

1. The teachers from Honduras would learn, or broaden their knowledge of teaching methods through study, example, and practice.

These visiting teachers would spend some of their time in our public elementary schools on a student-teaching basis.

2. The teachers from Honduras would spend a minimum of time, 1 or 2 hours per day, as resource persons and/or instructors, in our Spanish language programs. They would be paid for this help.

3. They would learn to prepare and use teaching aids and materials. In this connection it seems they could learn to construct simplified teaching machines with easily obtained materials and adapt them to needs in Honduras.

Perhaps the preparation and construction of simplified teaching aids and materials could become a small industry in their country.

The duration of the plan should be established in advance. This decision, as well as others, should be based upon advice from educational leaders in Honduras.

This is not a substitute for any other educational efforts. It is a grass-roots approach designed to produce a greater number of literate citizens. This it would do by dividing a national problem into a number of smaller ones that could be attacked on a somewhat individualized, competitive basis by school districts in this country with cooperation from Honduras. In fact it is a two-way assistance program.

I believe assistance could be obtained from our State and county school superintendents and from the University of Oregon. From these sources we could obtain the leadership of our best qualified people.

If some preliminary experience and proof is needed, perhaps this school district, where I am superintendent, could make a pilot effort. We could, I believe, sponsor a teacher in Honduras and provide essential supplies. Examples of programed textbooks, hand-made teaching machines, and other aids could be provided and adapted to the language and needs of that country.

Will you let me know whether or not you think, with further planning, revisions and support of individuals and agencies mentioned, that this idea would merit your support?

Does it conflict with and/or is it a duplication of efforts now being made?

Is it possible that Alliance for Progress funds could be made available for such a project?

Please be frank in your appraisal.

Very truly yours,

EDWARD E. COOPER,
Superintendent.

APRIL 9, 1963.

Mr. TEODORO MOSCOSO,
Coordinator, Alliance for Progress, Agency
for International Development, Wash-
ington, D.C.

DEAR Mr. MOSCOSO: I enclose a copy of a letter which I have received from Mr. Edward E. Cooper, superintendent of the Crow-Applegate School District No. 66 in Eugene, Oreg. Mr. Cooper's suggestion appeals to me very much and I would appreciate it if you could give me your considered reaction to it.

It seems to me that this is a suggestion worth pursuing in an effort to work out a program.

Sincerely yours,

WAYNE MORSE.

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL
DEVELOPMENT,
Washington, D.C., April 17, 1963.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: I am pleased to acknowledge receipt of your letter of April 9, addressed to Mr. Moscoso, requesting our reaction to an enclosed proposal by Mr. Edward E. Cooper, of Eugene, Oreg., that school districts in this country sponsor educational projects in districts of similar size in Honduras and other Central American countries.

Please be assured that your request is receiving our prompt attention and I will write you again at the earliest practicable date.

With kindest regards, I remain,

Sincerely yours,

CRAIG RAUPE,
Director, Congressional Liaison.

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL
DEVELOPMENT,
Washington, D.C., May 9, 1963.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: The letter to you dated March 28, 1963, from Supt. E. E. Cooper of Crow-Applegate District, Eugene, Oreg., has been reviewed by the education staff of the Bureau for Latin America.

Mr. Cooper's proposal is an interesting approach to assisting with the Alliance strategy for education, and we shall give it careful consideration. As a first step we are taking the liberty of sending Mr. Cooper's letter directly to our Honduras AID mission for their careful consideration of the possibility of such an arrangement in Honduras. Meanwhile we will be considering the possible application of Mr. Cooper's suggestions to the education programs in other Latin American countries.

We very much appreciate the interest in the Alliance and the constructive ideas evidenced by Mr. Cooper.

Sincerely yours,

CRAIG RAUPE,
Director, Congressional Liaison.

MAY 15, 1963.

Mr. TEODORO MOSCOSO,
Coordinator, Alliance for Progress,
Agency for International Development,
Washington, D.C.

DEAR Mr. MOSCOSO: I refer to Mr. Craig Raupe's letter to me of May 9 in connection with earlier correspondence concerning a suggestion by Mr. E. E. Cooper, of Eugene, Oreg., about education in Latin America.

As I indicated to you earlier I am very much interested in Mr. Cooper's suggestion, and I hope you will inform me of the results of your consideration of the matter. I would also like to be informed of the reaction of the AID mission in Honduras when this has been received.

Sincerely yours,

WAYNE MORSE.

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL
DEVELOPMENT,
Washington, D.C., June 14, 1963.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: With reference to your letter of May 15 regarding Mr. Cooper's proposal for an educational project and exchange between Honduras and Crow-Applegate School District of Eugene, Oreg., the proposal has been forwarded to the AID mission in Honduras. The mission's education advisers have been requested to evaluate the proposal in terms of our present education programs and methods of implementation. We have not received a response from the field as yet, but we shall advise you of the field evaluation as soon as it arrives.

In the message to our mission in Honduras, we have asked that our field personnel look not only at the proposal as it applies to Honduras, but also in terms of its possible application in other Latin American countries. We will be happy to keep your office informed in this matter. Thank you for your continued interest in the success of the Alliance for Progress.

Sincerely yours,

TEODORO MOSCOSO.

Mr. TEODORO MOSCOSO,
U.S. Coordinator, Alliance for Progress,
Agency for International Development,
Washington, D.C.

DEAR Mr. MOSCOSO: I refer to your letter of June 14 following earlier correspondence between us regarding a proposal for an educational project and exchange between Honduras and the Crow-Applegate School District of Eugene, Oreg.

It seems to me that sufficient time has elapsed for the AID mission in Honduras to have evaluated this proposal, and I would appreciate knowing the mission's conclusions, as well as your own thinking concerning the possible application of this suggestion in other Latin American countries.

Sincerely yours,

WAYNE MORSE.

DEPARTMENT OF STATE, AGENCY FOR
INTERNATIONAL DEVELOPMENT,
Washington, D.C., October 10, 1963.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: In reply to your letter of September 13 concerning the proposal of Superintendent Edward E. Cooper, we have received comments from our mission in Honduras but the mission's initial reaction plus present circumstances make this particular country participation a difficult program to develop.

I have just been appointed by Mr. Moscoso as his special assistant to encourage par-

ticipation in the Alliance for Progress by State and local institutions, public and private. It is my belief that Superintendent Cooper's proposal is one which can possibly make a significant contribution with the Alliance. I have discussed the proposal with a mission director of another Central American country and he in turn is inquiring into the possibility of combining the school district participation with another phase of his educational program. It is my hope that a positive reply will be received very soon. This letter, therefore, is merely an interim report to you and you may be assured of our keen interest in Mr. Cooper's proposal.

Sincerely yours,

JAMES H. BOREN,
Special Assistant to the U.S. Coordi-
nator, Alliance for Progress.

Mr. President, in the executive sessions of the Foreign Relations Committee—and I think I am privileged to point this out—there was a great deal of discussion about the inefficiency of the administration of the AID program, including the inefficiency of the administration of the Alliance for Progress program. It is a fair conclusion for me to draw that it was the consensus in the committee—at least while that discussion was in progress—that something ought to be done about it now. As I interpreted the remarks from my colleagues in the Committee on Foreign Relations, it was the general opinion that one of the great weaknesses of our foreign aid program is inefficiency of administration.

The type of complaint that I have just made is not an uncommon one in the Senate from the standpoint of the experience of other Senators in respect to the administration of the AID program.

In the Foreign Relations Committee, when this general subject matter was being discussed and Senators were expressing themselves on the basis of their experience with the AID administration, the responses of the AID administration, and the problems raised by Senators in respect to the program of aid, there seemed to me to be general agreement that bureaucracy had taken over and efficiency had flown out the window.

I formed the impression—and I believe justifiably—but apparently without any foundation whatever—that the Foreign Relations Committee was going to do something about it. I thought that the Foreign Relations Committee would write a bill that would do something about it and that the judgment of members of the Foreign Relations Committee in connection with the inefficiency of the AID program and the foreign aid program generally would be reflected in provisions of the bill that would correct the present situation.

What did we get? We got a committee report stating, in effect, "These are very serious problems. The administration had better do something about the situation between now and the end of the fiscal year 1965."

That is what I would call the "run-around" of the Morse amendment that seeks to bring to an end foreign aid as

now operated as of the end of fiscal 1965 and the setting up of a new foreign aid program. The abolition of all foreign aid was not proposed. I believe a better foreign aid program could be set up. It would be a more vital program and set forth the guidelines on general policies that would be covered, based upon applications from countries that wish to be recipients of foreign aid and are willing to agree to reasonable terms and conditions for obtaining foreign aid. I thought the criticisms that I had heard about the administration of foreign aid were sufficient proof to support my amendment. If Senators thought that what they said in committee was justified—and I know they thought the statements were justified or they would not have made them—I am at a loss to understand why they did not implement their criticisms by reporting a bill that would accomplish the necessary reforms, which the criticisms demonstrate are needed.

I use that example to bear out the point that I made last Monday when I discussed the subject from the standpoint of the wide chasm of difference between the bill and the committee report.

I am delighted that my good friend the Senator from Minnesota [Mr. HUMPHREY] is present in the Chamber, because I wish to invite his attention to a suggestion I made a few minutes ago on the floor of the Senate with regard to the procedure that confronts Senators. As the Senator knows, in my speech on Monday I outlined three choices of action that I thought were open to the Senate to follow if it really wished to enact a foreign aid bill that would serve the public interest and receive widespread public support.

One choice would be to discuss this question for a while and point out the differences of opinion that exist within the Senate, and between opponents of the bill and the administration, and then recommit the bill to the Foreign Relations Committee for further consideration in executive session, under such instructions as the Senate may see fit to give the committee.

An hour or less ago, after some informal conferences with Senators, I came into the Chamber and stated that the tentative plan would be to move to recommit the bill to the Foreign Relations Committee. I said I believed that would have the advantage of giving us an opportunity to build some bridges across the chasm of differences which have developed between the opponents and proponents of the bill, and would give the administration in the executive session of the Foreign Relations Committee—through the testimony of and consultations with the Secretary of State, the Secretary of Defense, the Director of AID, and other top spokesmen for the administration on the foreign aid program—an opportunity to help the Senate hammer out some conscionable compromise. That would make it possible for the committee to report a bill more nearly in conformity with the report of the committee than the bill which the committee sent to the Senate.

I hope the leadership in the Senate will give the proposal serious consideration, although I am certain that the Senator from Arkansas, the chairman of the committee, is not too happy with me because of my opposition to the bill.

Senators know that, as far as I am concerned—and I am sure it is also true of the Senator from Arkansas—our differences are not personal but professional. I hope the chairman of the committee will give careful consideration to this suggestion.

Let us be frank about it, Mr. President. We really wish to reach some denominator of common understanding. We need some time now, and I believe that would be the best way to utilize the time.

As I pointed out earlier this afternoon, it would be of some assistance to Senators who are a little disappointed because continuation of debate on this subject will interfere with their plans to attend some international conferences.

The important thing is for the leadership of the Senate, the chairman of the committee, and the members of the committee who favor the bill, and the leaders among the groups opposed to the bill, to get together, if possible off the floor of the Senate, in the Foreign Relations Committee room, in executive session, to try to hammer out some compromise agreements on the bill.

I wish to say frankly to the majority leader and to the majority whip that I cannot speak for a unanimous group in opposition to the bill. There will be a meeting tomorrow morning at 9:30 at which I hope there will be a little more unanimity than there is tonight. There are Senators in the group who wish to write this out on the floor of the Senate. I prefer not to do that. We would get a better bill, under the proposal I am making to recommit to the committee.

I know there is a psychological hurdle that some may not wish to jump. Let me see if I can disabuse their minds of the negative psychology that recommitment would be a reflection on the Foreign Relations Committee. Not at all, Mr. President. We do not reflect on the Foreign Relations Committee if we express enough confidence in it to send a bill back to it, and do not write it on the floor of the Senate. It would be much more a reflection on the Foreign Relations Committee if we were to spend days, amendment by amendment, re-writing the bill on the floor of the Senate.

On the contrary, a motion to recommit to the Foreign Relations Committee would be a compliment to the Foreign Relations Committee and would express renewed and continued confidence that once the committee understands the sense and the feeling of the Senate in regard to the bill, it will be not only perfectly willing but also anxious to try to work out some satisfactory compromises.

I repeat, I believe the problems which have arisen in regard to this bill are serious from the standpoint of many angles, and are recognized as being of serious proportions. Many Senators have talked to me in the last 48 hours about this.

The problems are also recognized as being serious by the executive branch of the Government. I believe the Senate should vote to recommit the bill to the Foreign Relations Committee for whatever number of days the Senate may wish to agree upon for further consideration of the bill. As far as I am concerned, I would not require a date certain. I would leave it up to the Foreign Relations Committee. If the committee wished to report in 2 days, that would be its business. If the committee wished to report in 2 weeks, that also would be its business.

I will tell Senators what I believe would happen. If the bill went back to the Foreign Relations Committee, the leadership of the Foreign Relations Committee would consult with the majority leader and the majority whip, as well as the minority leader and the minority whip. We have been around here long enough to know that they also would consult with the officials of the executive branch of the Government. I believe the President himself would be glad to consult with them.

This is the sane, sound, sensible way to handle this problem procedurally.

I am making these statements tonight, because I want them to be public statements. I want my colleagues in the Senate and also the people of the country to know that the senior Senator from Oregon is not following any obstructionist course of action, although there are those who will put that interpretation on this action. They will ask, "Because the Senator from Oregon will not consent to a unanimous-consent agreement, is he not following an obstructionist course of action?"

If this bill were not involved, I would object to a unanimous-consent agreement. As my colleagues know, unanimous-consent agreements are used too much in the Senate. The practice is becoming an abuse. I think it has changed the nature of the Senate from the deliberative, debating body it should be into a mere meeting place for casting votes based on preconceived notions that bear no relationship to the debate that has been conducted in the Senate to empty seats.

That very bad practice in the Senate must be changed. I think it is bad practice. Many students of political history believe that the Senate has developed a bad practice in conducting most of its business under unanimous consent agreements.

That was not true when I came to the Senate 19 years ago. The practice which now prevails developed to a serious degree in the past 10 years. I do not mean that there were not unanimous consent agreements prior to that time, but they were not the common practice.

I do not see how any Senator can deny what the senior Senator from Oregon says when he says that a count of the handling of major legislation in the Senate in recent years will show that most of the major legislation has been handled under unanimous consent agreements limiting time for debate and fixing times certain to vote.

That ought not to be the case in connection with major legislation. Certainly it ought not to be true in connection with a major bill such as the foreign aid bill.

I make this explanation because, not as an obstructionist, but as a constructionist, I am making a plea to the leadership of the Senate to get some heads together and have some consultation in the next 24 hours to see what can be done about taking the bill back to committee and having a reexamination and reconsideration of it, with all members of the committee present, and a final vote on the final bill. In my judgment, if that had been done before the bill was reported to the Senate, it would have been a different bill.

There should also be a final vote on the committee report, because most members of the committee never saw the report until they picked it up from their desks; and that includes the present speaker. Most members of the committee did not have the report available to them before it came from the committee. That is not the way to conduct committee business. Committee reports should be reports of the members of the committee, or a majority of the committee.

The committee report ought to be signed by the members of the committee. I do not think it ought to be a report which merely states that "the Chairman of the Foreign Relations Committee submitted the following report."

The bill should be sent back to committee. The committee ought to work it over, in consultation with the leadership of the Senate and representatives of the executive branch of the Government.

I do not want to say more on the subject now, but I felt that I owed it to myself, as well as to Senators who share my views, to make it perfectly clear tonight, for the benefit of the press, for the benefit of our colleagues in the Senate, and for the benefit of the public, that any interpretation of our course of action to the effect that we are seeking to hold something up for obstructionist purposes has no basis whatsoever in fact. To the contrary, we are supplicants, Mr. President. We are pleaders. We are asking for the prevention of what we think might be great harm, from many angles, if the decision were made to press for action on the bill in the Senate without further consideration of the bill behind the executive doors of the Foreign Relations Committee.

I sincerely hope that the majority leader will make certain that the President of the United States and the Secretary of State are informed of the views I have just expressed, because I am expressing those views not only in my own behalf, but in behalf of several colleagues who share my views, and to whom I said I would make the statement I have just made.

I turn now to the second choice I outlined last Monday. If the Senate decides not to recommit the bill, I suggest that the second choice is to endeavor to rewrite the bill on the floor

of the Senate, amendment by amendment, after paragraph-by-paragraph debate and analysis of the bill. It cannot be done in a day. In my judgment, we should not attempt to do it in a week. I hope it can be done in a week. So far as I am concerned, I want to do it as rapidly as we can, with thoroughness.

One of the difficulties is that we cannot make available on the floor of the Senate a great deal of the confidential or top-secret information that must be considered by individual Senators who are asked to make up their minds in regard to certain provisions in the bill.

Of course, we can take them out into the cloakrooms and we can show it to them and explain it to them. However, that is a very inefficient operation from this standpoint also, but it is better than accepting the bill hook, line, and sinker. If we do that, we shall sink, and the American people will be caught again in a shocking, wasteful, and inefficient foreign aid program.

I suggested a third choice the other day. If the Senate should decide not to recommit the bill, if it should decide that it does not want to rewrite the bill—although I am confident the bill will be rewritten, at least in part, by the adoption of amendments—it can adopt the third choice, which is to accept the House bill. Of course, I shall attempt to add to it my amendment providing for a withholding of economic and military aid from any government that overthrows by force a constitutionally elected democratic government, unless the President should find that in his opinion the national interest called for such aid. If so, he would set forth his reasons in a report to Congress. If Congress by concurrent resolution approved the granting of aid, then, and then only, could he grant such aid.

I have discussed the amendment in detail at high level today; there will be further discussions of the amendment at high level. That is another reason why I believe the bill ought to go back to the Committee on Foreign Relations. There are many substantive reasons for that, but also a psychological reason. If we are to handle this matter, we should handle it through the Foreign Relations Committee, after reaching an understanding with the administration. I have no assurance of acceptance of the amendment by the administration, but there has been no rejection of it, either.

Certain suggestions have been made to me which I reject. For example, I will not accept the proposal that was made to me—the Senate may decide to accept it, but the senior Senator from Oregon will vote against it—that the President shall be allowed to grant aid unless within a certain period of time one or the other or both Houses reject the report.

Congress has a legislative checking duty, and I believe Congress should pass on the question.

One of the arguments that has been made to me in connection with the criticism of my amendment was that it might take too much time. My reply is, "How much time do you think that will take?"

Whatever time is set, whether it be 30 days or 2 weeks, that time would have to elapse. My position is that my suggestion would get action from Congress in most instances within 48 hours. I cannot understand anyone in the administration laboring under the impression that if the President of the United States sends up a report which states that the national interest of our country calls for this kind of assistance and shows the need for it, he will not get action quickly.

However, as I said, if he does not, he should not get it. If he cannot convince Congress quickly that the aid ought to be granted, he should not obtain the concurrence of Congress.

I am a little at a loss to understand the argument that my amendment might cause some delay. The purpose of the check-and-balance system is to cause whatever delay is necessary to protect the public interest. I believe that if the President has a case which justifies the aid, we will fall over ourselves to take quick action, even if it should take a night session, to get approval for the President.

The objection raised in the Foreign Relations Committee that this would be interfering with the foreign policy prerogatives of the President. Not at all. It has nothing whatever to do with his power over diplomatic recognition. We have our own checks against the President if it involves that point. It is the check upon the exercise of the purse-string control by Congress.

I am perfectly willing, if there is any doubt about it, to modify my amendment in any way it needs to be modified in order to make it clear that we do not propose to determine what governments shall be recognized. No wise President would give diplomatic recognition to a government unless he felt he had the support of Congress.

I wish to make it clear that we in Congress have a duty to adopt an amendment that says to the President, "You cannot spend American taxpayer money for military or economic aid to help any regime which by military coup has overthrown a constitutionally elected democratic government, unless Congress gives you approval to do that on the basis of reasons you advance in a report which, in your opinion, justify it."

We hear a great deal that Congress has the check of the purse strings. That is all I am asking that we apply. This is the check of the purse strings.

The last point I wish to make is this: Do Senators know what I am offering? I am offering an amendment that would strengthen the hand of any President. Any President should welcome an amendment which provides the procedure that gives him the support of the American people and—this is of great importance also—support in the eyes of the people of the world with respect to extending aid to any regime that has overthrown a constitutionally elected democratic government by force.

It is important, because it would help him in proceeding at a time this procedure is exercised in his relations with the people of other democratic countries

which tremble with the fear that the course of action followed by the United States may be conducive to military coups elsewhere in the world.

The Senate should heed what I am telling it as chairman of the Subcommittee on Latin American Affairs. In Latin America today some of our best democratic friends are greatly concerned about the aftermath in the Dominican Republic and Honduras vis-a-vis U.S. policy. They are saying that if we proceed in the near future to give aid and assistance to regimes that are set up as a result of these two military coups, no matter with what verbalism they dress their facade, we will, in effect, be sanctioning the overthrowing of constitutional governments by military coups.

Why should they not tremble with fear? And they are trembling with fear about that possibility, for we are receiving messages containing allegations that we are not even proceeding, as we have claimed, to withdraw our mission personnel, except on a token basis. We are still seeking the facts about that. There is no question that the allegations are being made.

So it would be salutary, it would be good commonsense, if the problems I have raised in connection with this amendment, the arguments that have been advanced against it, and the arguments that have been advanced for it could be discussed behind the doors of the Committee on Foreign Relations, in executive session, with administration spokesmen.

Mr. President, do you know what the result would be? I think we would agree on language, language that would accomplish the objectives that we have in mind when we say there must be in the bill a guaranteed procedure that will give assurance to the American people and the people of the Western Hemisphere, particularly, that the United States will not give economic or military aid to military coups or their stooge regimes. Of course, I should like to have such a provision applied worldwide; but the fact is that when I first proposed it to my leadership, I proposed it in connection with the Western Hemisphere. I would rather have it apply to the Western Hemisphere than not to have it at all.

Here again, if the bill is returned to the Foreign Relations Committee, we could work out this matter with administration leaders. I believe it would be a matter of only a few days and perhaps a few night sessions before the bill would be back on the floor of the Senate. But I would be willing to predict one thing: That when it came back to the floor of the Senate, it would come back with much more support than it now has on the floor of the Senate, for it would be a better bill.

Mr. President, that is all I shall say about the procedural matter tonight. Before I proceed to another speech, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BAYH in the chair). Without objection, it is so ordered.

RELIEF OF SIX NAVAL OFFICERS

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 575, House bill 4145.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 4145) for the relief of certain individuals.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD a portion of the report which will give the Senate detailed information concerning the objectives and purposes of the bill.

There being no objection, the excerpt from the report (No. 597) was ordered to be printed in the RECORD, as follows:

STATEMENT

In its favorable report to the committee the Department of the Navy has set forth the facts in the case and its recommendations as follows:

"The bill directs the Secretary of the Treasury to pay certain specified sums of money to six naval officers in satisfaction of their claims for loss of per diem allowance for the period from October 21, 1959, through February 29, 1960. The claim of the officers in question have resulted due to an erroneous administrative modification of their orders.

"The officers named in S. 1867 were ordered to report at the Ingalls Shipbuilding Co., Pascagoula, Miss., on July 20, 1959, for temporary duty in connection with the fitting out of the U.S.S. *Sculpin* (SSN 590), a submarine which was then under construction. On October 16, 1959, orders were issued to them which modified their original orders from "for temporary duty" to "for duty." The modifying orders were effective on October 21, 1959. The modification in question resulted from a misinterpretation of the Comptroller General's decision B-138760 of June 22, 1959 (37 Comp. Gen. 853). The initial interpretation of this decision by the Department of the Navy was that temporary duty could not exceed 6 months from the date of report. The officers concerned here had been on temporary duty for about 3 months and it was estimated at that time that the date of the provisional acceptance of the U.S.S. *Sculpin* was at least 4 months in the future. Inasmuch as the total period of their duty as prospective crewmembers would be in excess of 6 months, it was mistakenly determined that their temporary duty orders must be modified to permanent duty orders, and accordingly, this was done.

"Shortly after October of 1959, a less rigid policy on temporary duty was established. Under this policy temporary duty was and is normally limited to 6 months but such limitation does not preclude extensions of such assignments which, when added to the original authorized period, may total more than 6 months. One of the provisions for this rule, however, is that such extensions are limited to those cases in which there has been a definite change or unforeseen expansion in the duty resulting from such things as slippages in construction, fitting out schedules, or unforeseen delays. Presently, when personnel are assigned to temporary duty and it is determined during the temporary duty period that such duty will be increased to more than 6 months beyond the date of the new determination, the assignment of the persons involved will be changed from temporary duty to permanent duty.

"In the case of the U.S.S. *Sculpin*, slippages occurred. It was determined on March

1, 1960, that 6 months still remained before the estimated date of provisional acceptance. The orders of the prospective crewmembers (other than the six officers named in S. 1867 who were already on permanent duty) were changed from temporary to permanent duty on that date. These prospective crewmembers had received per diem from the date of their reporting through February 29, 1960. S. 1867 would grant by legislation to the six officers in question the payment of per diem for the same period of time that their shipmates received such payment. The officers in question have exhausted their administrative remedies and the only way which they can now be afforded relief is through the passage of S. 1867. It should be noted that the Department of the Navy through the Chief of Naval Personnel attempted to correct the administrative misinterpretation involved here by issuing a second modification to the original orders of the officers in question. This modification would have detached these officers from temporary duty and placed them on permanent duty at the location in question as of March 1, 1960. The General Accounting Office, however, disallowed the claims of the officers in question for per diem between October 21, 1959, through February 29, 1960, on the grounds that 'orders dated April 30, 1959, designated duty at that place as temporary. Orders dated October 16, 1959, designated duty at that place as permanent. Orders dated October 10, 1960, attempted to cancel orders dated October 16, 1959, and to assign you to permanent duty at that place effective March 1, 1960.' The General Accounting Office went on to state that the record indicates that the orders dated October 16, 1959, designated Pascagoula, Miss., as the officers' duty station and that such orders were not incomplete or ambiguous. It was also stated that at the time such orders were issued it was definitely intended by the authority issuing the orders to place such officers on permanent duty at Pascagoula, Miss. Under these circumstances the General Accounting Office held that the orders dated October 10, 1960 (the second modification), could have no retroactive effect to cancel the orders dated October 16, 1959. Under these circumstances the General Accounting Office denied the claims of the officers in question for per diem.

"The Department of the Navy recognizes that the six officers named in S. 1867 did not receive the same treatment as their shipmates, having been denied payment of per diem for the period from October 21, 1959, through February 29, 1960, because of an administrative error which occurred through no fault of their own and which the Chief of Naval Personnel tried unsuccessfully to correct. Under these circumstances the Department of the Navy supports enactment of S. 1867.

"The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee."

The committee believes that the bill is meritorious and recommends it favorably.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 4145) was ordered to a third reading, read the third time, and passed.

UNITED NATIONS CHILDREN'S FUND—UNICEF

Mr. HUMPHREY. Mr. President, tomorrow, in thousands of communities across our land, in large cities and in small hamlets, our American youngsters

will, again this year, celebrate Halloween by helping the world's less privileged children. Instead of begging for themselves, they will be asking for contributions, from the households they visit, of coins to be sent to UNICEF, the United Nations Children's Fund. When we remember how much good even a few pennies can do in terms of providing a cup of milk a day to malnourished or even starving bodies, or in providing a dose of a lifesaving drug before it is too late, we know that the efforts of every single "trick-or-treater" for UNICEF will bring important results.

Mr. President, I take the time of the Senate to mention this matter today because of the unprincipled and, in my opinion, vicious and unfair attack being made against UNICEF in some areas of our country. I cannot imagine any justification for an attack on any agency which helps children, regardless of where they live. If any international agency deserves support from all people, it is UNICEF. I rise today to support it, and I commend the children who in some instances will have more sense than their elders—children who will be out on Halloween night, asking for "tricks or treats," and in this case asking for aid for children, throughout the world, who are in dire need of help.

Last year, in over 12,000 communities, 3 million American children collected \$2,070,968 in this special drive, while their young Canadian friends raised \$315,178.

I feel sure that my colleagues will want to join me in wishing the greatest success to our young ambassadors of good will as these young people don their colorful Halloween costumes and sally forth to give practical application of their concern for children everywhere.

I should like to call the attention of my colleagues to the impressive statements of support for the work of UNICEF which the United States Committee for UNICEF has received from all four of our living Presidents. Many Senators from time to time receive inquiries from constituents about the work of the Children's Fund. I know that they will want to be able to quote the words of President John F. Kennedy, Dwight D. Eisenhower, Harry S. Truman, and Herbert Hoover. I ask unanimous consent that these statements be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. Finally, Mr. President, our American citizens, as a whole, show their support for the work of the Children's Fund by the purchase of the UNICEF greeting cards, sold every fall at the holiday season. Not normally sold through commercial channels, these season's greeting cards are promoted through the efforts of thousands of volunteers—individuals and groups. Last year, the cards were sold in over 100 countries. In the United States alone, these greeting card sales resulted in the addition of \$1,367,670 to UNICEF's financial resources.

Mr. President, this is a wonderful program, and it is supported by fine and truly dedicated citizens. I hope the

American people will give their answer to the critics of UNICEF by making generous contribution to the youngsters who will go from door to door, tomorrow evening, in their efforts to build up this fund, so that more lives can be saved and more children can be helped.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I wish to associate myself with every word the Senator from Minnesota has spoken in support of UNICEF.

Mr. HUMPHREY. I thank the Senator from Oregon.

EXHIBIT 1

PRESIDENTIAL STATEMENTS ON UNICEF

JULY 25, 1963.

Children are the world's most valuable resource and its best hope for the future. It is a real tragedy that in an era of vast technological progress and scientific achievement millions of children should still suffer from lack of medical care, proper nutrition, adequate education, and be subjected to the handicaps and uncertainties of a low-income, substandard environment.

Through the years, the efforts by the United Nations Children's Fund to meet this great challenge and alleviate such needs have met with a remarkable measure of success. Our own children and adults who have contributed to this work, mostly through the UNICEF's Halloween and greeting card programs, can be proud of the results of their generosity.

At a time when UNICEF's endeavors encompass more than 500 programs for children and mothers in 116 countries, much remains to be done. I urge all Americans to respond once again in a spirit of charity and good will to UNICEF's appeal this fall.

JOHN F. KENNEDY.

OCTOBER 9, 1963.

I have always had a special interest in the work and program of the United Nations Children's Fund, and have followed with satisfaction the humanitarian services performed by them in many countries the world over.

The people of the United States have always maintained close ties and a special concern for the plight of children, whoever they may be and whatever their origin.

I wish you continued success in your high purpose.

HARRY S. TRUMAN

OCTOBER 19, 1962.

It is my conviction that UNICEF is ably and honestly conducted. Its director is a former associate of mine. To me it is the major beneficial service of the United Nations.

HERBERT HOOVER.

OCTOBER 23, 1959.

It is heartwarming to follow the work of UNICEF, the United Nations Children's Fund.

Please give my congratulations to the members of the U.S. Committee for UNICEF for their unceasing efforts to alleviate hunger and disease among "all world's children." In their program, which enlists the support of many generous citizens, they contribute much to the lives of millions in need.

DWIGHT D. EISENHOWER.

CHANGES IN FUNCTIONS OF BEACH EROSION BOARD OF BOARD OF ENGINEERS FOR RIVERS AND HARBORS

Mr. HUMPHREY. Mr. President, I ask that the Chair lay before the Senate

the amendment of the House of Representatives to Senate bill 1523.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1523) to make certain changes in the functions of the Beach Erosion Board and the Board of Engineers for Rivers and Harbors, and for other purposes, which was, on page 1, line 9, strike out "2" and insert "3".

Mr. HUMPHREY. Mr. President, I move that the Senate concur in the amendment of the House.

The motion was agreed to.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, I had hoped that other Senators would be present, this afternoon, to submit their amendments to the foreign aid authorization bill.

I understand that the Senator from Oregon [Mr. MORSE] has a rather lengthy speech to make on this subject. Out of respect for and in consideration of our good friends who communicate the news to the American people, and also out of respect for other Senators, including the Senator from Oregon [Mr. MORSE], who is ready to make a speech which should be heard by all Senators, I am about to move that the Senate take a recess until tomorrow.

Mr. KUCHEL. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. KUCHEL. I wonder whether the Senator from Oregon has a transcript of the comments he will make. If he does, I should be glad to have it printed in today's issue of the CONGRESSIONAL RECORD, so that I might have the luxury of reading it in the morning.

Mr. MORSE. I shall give the Senator from California a transcript of the speech, so that when I deliver it tomorrow, he will already have read it, and thus will be able to participate with me in debate on the subject matter.

Mr. KUCHEL. But, Mr. President, I am willing to agree now that the entire speech be printed in today's issue of the CONGRESSIONAL RECORD, so that all Senators may share in understanding the views of the Senator from Oregon.

Mr. MORSE. In due course the speech will appear in the CONGRESSIONAL RECORD; but I do not wish to forego the privilege of having the Senator from California help me tomorrow, by means of the wonderful contributions he will make, if he will only read the speech first.

Mr. KUCHEL. I think the Senator from Oregon very much.

I only hope he will enable other Senators to have the benefit of the printing of his speech in today's issue of the CONGRESSIONAL RECORD, with the result that in that way the entire text of his speech will be available in the morning to all Members of the Senate. However, I understand that is not to be done.

Mr. HUMPHREY. Of course the Senator from Oregon wishes to share his views with all other Senators; but I

gather that he intends to deliver his speech tomorrow.

I welcome the spirit of generosity and cooperation now being exhibited, Mr. President, as the Senator from Oregon walks across the Chamber and presents to the Senator from California a copy of his prepared address which he expects to deliver tomorrow. I suggest to the Senator from California that he start reading it now; it looks rather lengthy.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KUCHEL. I wonder if our brother from Oregon would object if I asked unanimous consent that his comments be inserted in the RECORD.

Mr. MORSE. I would want the Senator to read it first and make whatever corrections he thought his discussion might justify.

Mr. HUMPHREY. Such wishes and consideration for the well-being of my colleagues is really heartening, but I think I will give a less heartening word right now in terms of this happy moment.

Tomorrow we intend to start to act upon some amendments. Since everyone likes to read the CONGRESSIONAL RECORD—and I know that all of my colleagues get up bright and early in the morning to read the exciting and scintillating CONGRESSIONAL RECORD, that is brought to our attention each day—may I suggest that they look at the final paragraph of the Senate proceedings of today, because that paragraph will carry the message that whenever it is possible within the debate to call up an amendment, said amendment will be called up, either by the mover of the amendment or by someone who has a similar interest in the amendment.

I know that we have to get on with the bill. Many amendments have been submitted. Many are meritorious. Many of the amendments we will wish to discuss at some length. No effort will be made to cut Senators off. But I do think we should start to work on the bill in terms of any modifications, changes or adjustments which individual Senators feel are necessary. I know that I speak for the majority leader when I say that we do want to get some action. I talked with the chairman of the Foreign Relations Committee [Mr. FULBRIGHT] earlier today. He indicated to me his hope—in fact, his desire—that we proceed with amendments tomorrow. We have had debate on the bill Monday, Tuesday, and Wednesday. There has been some good debate on the bill. I am not at all critical of those who have participated because I surely have been one of them. I wish to say to the Senator from Oregon that I do not consider his presentations to be anything but constructive, thoughtful and designed to express his point of view and an attempt to modify the bill according to his point of view and his standards.

Having made that statement, may I spread the word throughout the land, since yesterday we received information as to the schedule for the remainder of this year, as to what we intend to do about the bill. We intend to proceed

with it. We intend to take up the amendments one by one, and we intend to start tomorrow.

RECESS

Mr. HUMPHREY. Mr. President, I now move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 12 minutes p.m.) the Senate took a recess until tomorrow, Thursday, October 31, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate October 30 (legislative day of October 22), 1963:

IN THE AIR FORCE

The following-named officer to be placed on the retired list in the grade indicated, under the provisions of section 8962, title 10 of the United States Code:

In the grade of lieutenant general

Lt. Gen. Troup Miller, Jr., 559A (major general, Regular Air Force) U.S. Air Force.

The following-named officer to be assigned to a position of importance and responsibility designated by the President in the grade indicated, under the provisions of section 8066, title 10 of the United States Code:

In the grade of lieutenant general

Maj. Gen. Hewitt T. Wheless, 1609A, Regular Air Force.

IN THE AIR FORCE

The following persons for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be prescribed by the Secretary of the Air Force:

To be major, USAF (Medical)

William M. Redmond, AO3061191.

To be captain, USAF (Chaplain)

John J. Lehman, AO3061097.

To be captain, USAF (Judge Advocate)

James A. Kichham, AO1930301.

To be captains, USAF (Medical)

Judson T. Anderson, AO3091110.

John H. Calvert, Jr., AO3076422.

Francis R. Spinelli, Jr., AO3075359.

James E. Street, AO3091667.

To be captains, USAF (Dental)

Teddy D. Awtry.

Daniel C. Grochowski, AO3110959.

James D. Mankin, AO3090769.

James F. McKinney, AO3111068.

Albert G. Orman, AO3110919.

Omer K. Petty, AO3111204.

John J. Williams, AO3111294.

To be captains, USAF (Nurse)

Lila R. Abeles, AN3045354.

Jerry Lane, AN3044556.

Lawrence S. Newman, AN3044906.

To be first lieutenants, USAF (Judge Advocate)

Rodney F. Brunton, AO3117372.

James E. Crowley, AO3121076.

James W. Johnson, AO3086911.

James A. Mitchell, AO3118111.

David C. Morehouse, AO3104350.

Victor H. Negron, AO3121788.

Donald B. Strickland, AO3013017.

Cecil W. Williams, AO3104389.

To be first lieutenants, USAF (Dental)

Peter J. Courneen.

Lorenzo D. Davis, AO3124908.

To be first lieutenants, USAF (Nurse)

Mary M. Ault, AN3111814.

Mary L. Burdell, AN3089645.

Ina R. Burling, AN3092781.

Margaret C. Emmerth, AN3091282.

Mary A. Grubaugh, AN3092046.

Lois E. Hastings, AN3078110.

Catherine F. McElwee, AN3092855.

Carol A. Morton, AN3089718.

Joseph A. Piccolella, AN3123411.

*Joann P. Quirrlon, AN3090670.

Mary M. Thomas, AN3075275.

To be second lieutenant, USAF (Nurse)

Jerry G. Holtz, AN3123501.

The following persons for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

To be majors

Winton C. Brown, AO564925.

Raymond W. Coy, AO738963.

Edward F. Fleming, AO792825.

Keith O. Hamby, AO803192.

Robert S. Holmes, AO429410.

Richard G. Korthals, AO679078.

Stanley M. Mamlock, AO712022.

Thomas H. Mathieson, AO649519.

Lawrence M. Politzer, AO720006.

Virgil L. Westling, AO729086.

William R. Wilson, Jr., AO799700.

To be captains

Ernest E. Bankey, Jr., AO752095.

James W. Haerer, AO3005522.

James T. Hargrove, AO2213615.

LeRoy F. LeBlanc, AO3051672.

To be first lieutenants

Donald G. Lawson, AO3014354.

Joel M. McKean, AO3036874.

Michael M. Miller, AO3081634.

Jarle E. Roke, AO3072823.

Jerry W. Roylance, AO3109832.

James D. Speight, AO3073748.

To be second lieutenants

Distinguished Aviation Cadet Graduates

Conway B. Jones, Jr., AO3139066.

David D. Quane, AO3139071.

Distinguished Officer Candidate Graduates

Jeremy R. Kunz, AO3137771.

Clifton J. Schaefer, Jr., AO3137820.

Lucius M. Spence, Jr., AO3137825.

Richard K. Thue, AO3137829.

John W. Willis, Jr., AO3136333.

Distinguished Officer Training School Graduates

John O. Ahnert, Jr., AO3135419.

Alexander R. Aitken, AO3136175.

Barry M. Alberter, AO3136762.

Michael S. Alexander, AO3135500.

Raymond L. Allen, AO3136711.

William B. Allen, AO3135203.

Donald V. Anderson, AO3136528.

John C. Anderson, AO3135398.

Robert B. Anderson, AO3145010.

Dennis A. Andrews, AO3136920.

Melvin L. Ashby, AO3135881.

Donald D. Avary, AO3135634.

Jerry J. Avenell, AO3137034.

Garry L. Baker, AO3136336.

Phillip J. Baker, AO3137089.

Alterio A. G. Banks, AO3134396.

James A. Barker, AO3123678.

Allen E. Barr, AO3130090.

Richard E. Bates, AO3137180.

Richard A. Beardsley, AO3137813.

Brian E. Beck, AO3137482.

Paul B. Bermingham, AO3137326.

George E. Berry, AO3135780.

Michael F. Bigley, AO3136348.

Nancy R. Binder, AL3138982.

Allen L. Bird, AO3138735.

Richard B. Blumstein, AO3136400.

Walter J. Bochnik, AO3137858.

Robert L. Boring, AO3137866.

Shirley E. Boselly III, AO3137868.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 1, 1963

For actions of Oct. 31, 1963

88th-1st; No. 175

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HIGHLIGHTS: House passed Mexican farm labor bill. Rep. Michel charged REA making profit on loans and investing in securities. House committee voted to report pay bill. Senate debated foreign aid authorization bill. Sen. Humphrey commended awards for contributions to agricultural marketing. Sen. Muskie urged enactment of legislation for review of Federal grants-in-aid.

SENATE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 19747-8, 19770-83, 19784-802). Pending at recess was an amendment by Sen. Mansfield (for himself and Sens Dirksen, Fulbright, Hickenlooper, Sparkman, and Aiken) to provide for an over-all reduction of \$385 million in the committee proposed authorization of \$4.2 billion by reducing the following categories of assistance: development loans, \$85 million; Alliance for Progress, \$125 million; military assistance, \$300 million; and by increasing the President's contingency by \$125 million to \$300 million (pp. 19798-802). Sen. Bartlett and others favored inclusion of surplus fish products under the food for peace program (pp. 19784-8). Sens. Proxmire, Mansfield, and Morse submitted amendments intended to be proposed to the bill (p. 19744).

2. AIR POLLUTION. The Special Subcommittee on Air and Water Pollution of

the Public Works Committee approved for full committee consideration with amendments S. 432, to accelerate and strengthen the Federal air pollution control program (p. D858). Sen. Gruening was added as a cosponsor of this bill (p. 19744).

3. SMALL BUSINESS. The Banking and Currency Committee voted to report (but did not actually report) S. 1309, to extend and increase the authorizations for loans under the Small Business Act. p. D857
4. MARKETING. Sen. Humphrey commended the awards given for outstanding contributions in the field of agricultural marketing at the recent observance by this Department of its 50 years of organized marketing services. pp. 19802-5
5. GRANTS-IN-AID. Sen. Muskie urged enactment of legislation to provide for periodic congressional review of future Federal grants-in-aid to States and local governments, stating that through such a review "it should be possible to spur the development of standard criteria by which Congress and its committees can determine what problems can or cannot be solved by the use of grants-in-aid." pp. 19758-9
6. PERSONNEL; PAY. Sen. Lausche spoke in opposition to proposed Federal salary increases. pp. 19746-7
7. NATURAL RESOURCES. Sen. Goldwater inserted the policy declaration and resolutions adopted at the Republican Western Regional Conference on various matters, including water resources, Federal lands, mineral resources, electric power, and timber. pp. 19752-3
8. FORESTRY; LANDS. Sen. Dirksen inserted an editorial contending that receipts from national forest lands by a county in Ill. are below what the county would have received in taxes based on the average assessed valuation of the land. p. 19749
9. ELECTRIFICATION. Sen. Goldwater inserted a telegram stating that "Encroachment by the Federal Government into our free enterprise system, whether it be in the generation and transmission of electric power...or any other facility...perils the economic foundation of our Nation." p. 19752
10. CREDIT. Sen. Douglas inserted an article in support of his truth-in-lending bill for the disclosure of charges for credit. pp. 19756-8
11. ECONOMICS. Sen. Humphrey inserted an article discussing policies for economic growth in Western countries, "The West Debates the Great Growth Issue." pp. 19759-61
12. BUDGETING; TAXES. Sen. Humphrey inserted an article by Kermit Gordon, Director of the Budget Bureau, supporting a reduction in taxes. pp. 19761-4
13. RECLAMATION. Sen. McGovern inserted the address of Sen. Moss at the annual meeting of the National Reclamation Association, "Trends in Reclamation Legislation." pp. 19765-8

Magna Carta. Charles I lost his head because of a rebellious attitude concerning the exactions that he was making upon the citizenry.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The time of the Senator has expired.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that I may have 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. England lost its colonies because of the improper taxation of the people. If I know anything about the psychology of the people of my State I can say that they are in rebellion. Heads will roll, just as the head of Charles I rolled because of the excessive burdens that he was imposing upon the taxpayers.

If we vote ourselves the proposed liberal increase in salary, how will we, in the ensuing years, be able to turn down any demandant? We shall not be able to do so.

I do not know whether the House bill also provides a pay raise for all of the employees on Capitol Hill. If it does not, the next step will be a demand in that field, and we shall not be able to turn it down.

I have before me a tabulation of the method by which the salaries of judges, Cabinet officers, and Members of Congress were increased. I shall not ask to have it printed in the RECORD today, but I contemplate discussing the subject again early next week.

If there are present today in the gallery any newspapermen from Ohio, I ask that they do me a favor and call upon the voters to write to their Representatives and Senators giving their view about the proposed pay raise contemplated to be adopted by Congress. Ask them to tell whether they feel that the proposed increase, which would result in approximately a 160-percent increase since 1946, is justified.

I fear that the people are not adequately acquainted with what is happening. I repeat what the Senator from Oregon [Mr. MORSE] said yesterday in relation to the foreign aid bill. Education is needed. Hence this discussion must continue. If the voters become acquainted with what the Congress contemplates doing, they will stop us. If they do not stop us, they will retire us into oblivion at the election in November of 1964.

I yield the floor.

ECONOMIC PROGRESS IN WYOMING

Mr. MCGEE. Mr. President, I am proud to be a part of a long-range movement to spur the economic development of the State of Wyoming. Our concern has been that the vast potential for growth and development in Wyoming and the West will not have been developed into full production by the time the increased demands of the space age are imposed upon our production facilities.

However, there is increasing evidence that real progress is being made. The latest indication of this progress is the recent announcement of the Colorado

Fuel & Iron Corp. that it will construct a multimillion-dollar plant to upgrade iron ore concentrate at Sunrise, Wyo.

Mr. President, I congratulate Colorado Fuel & Iron Corp. on its decision to expand this plant. It will mean increased payrolls in our State and is a further indication that modern processing techniques provide the key to the best utilization of the tremendous potential of our mineral resources.

Mr. President, an excellent article on this new plant was published in the Laramie Boomerang on October 27. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

C.F. & I. WILL START WORK SOON ON SUNRISE MINE

NEW YORK.—Colorado Fuel & Iron Corp., has announced construction will begin shortly at its iron ore mine in Sunrise, Wyo., on a multimillion-dollar plant to upgrade iron ore concentrate from below 50 to more than 55 percent iron content.

The announcement said the plant is scheduled for completion within a year.

Upgrading the ore will provide a more uniform and physically improved concentrate for the blast furnaces at C.F. & I's Pueblo, Colo., plant, the company said. It will allow the use at the Sunrise mine of some low grade ores which up to now were uneconomical to process.

The plant will have a capacity of 600,000 net tons of concentrate a year. It will occupy 10,400 square feet and will stand 78 feet high. It will use gravity methods to remove as much of the worthless material as possible from the ore.

Two methods will be used on the ore beneficiation process. In one, a heavy media separation for coarse sizes, crushed ore will be introduced into a heavy liquid, a mixture of water and finely ground ferrosilicon. Its specific gravity is more than that of the waste material, which will float to surface to be carried away; the valuable material will sink and be removed for further processing.

Two jigs, using water only, will separate the waste material in fine sizes, one-fourth inch in diameter down to 28 mesh, about the size of a window screen opening.

THE MOON IN SPACE PROGRAM

Mr. SPARKMAN. Mr. President, some have suggested that we cut back on our moon and space program because of Khrushchev's announcement that Russia is not going to engage in a race to the moon. For this Nation to change the great scientific program it has undertaken on the strength of the Russian Khrushchev's statement would be sheer folly.

Americans have surpassed other nations in many areas. Our standard of living is the highest in the world. Our economy is the strongest. Our natural resources have been developed beyond those of any other nation. Our people have available the finest hospital and medical facilities of any in the world. This is but a part of the great American story. And, Mr. President, none of this has come about just to outstrip or to win a race with another nation.

Our country leads because of the nature of the American people, a nature which drives us to explore the unknown.

And so it is with our space program. No one can really know what value this program holds for mankind in this or another generation. As Administrator Webb said:

The facilities we are building and the technology we are acquiring are tangible assets that will extend benefits to our children and grandchildren. We are clearly demonstrating to the world the ability and determination of our democratic society to organize whatever large-scale scientific and industrial effort is required to meet critical national and international needs in time of peace as well as war.

Our swift progress has now brought us to the point where our space power can be employed in peacemaking as well as peacekeeping.

The penalties and opportunities in space are too great, too decisive for us to begin to take even a first step toward a dance to a Russian tune.

Mr. President, in my judgment, this is precisely what we would be doing if we were to cut back our space program in any respect because of Khrushchev's statement.

We, of course, do not know whether Khrushchev really means what he says or not. After all, his statement from his point of view is quite timely. It comes right at the time when we are considering appropriations for our space effort, not only for exploration of the moon but also for our whole space effort.

Khrushchev might be making it in the hope that it will have a psychological effect upon the American people and cause them to want to draw back on our space exploration.

We cannot afford any such thing as this.

We must carry on and maintain our schedule and see this great undertaking through. To slacken by reason of any statement that Khrushchev makes is unthinkable.

It was only after years of hard negotiation, with careful study and informed scientific advice, that we agreed to a limited nuclear test ban treaty; and in adopting the treaty we did not rely upon Russia's good faith. It was so arranged that if we should decide at any time that she is cheating we can get out immediately. Furthermore, the President has pledged that we will keep our laboratories ready and fully staffed and that we will carry on our underground testing in order to protect our nuclear weapons.

America is winning in her great dramatic struggle for the conquest of space and to open its secrets for the benefit of all mankind.

If we were to quit, to depart to any degree from our carefully worked out plan, then we should indeed be dancing Russia's tune.

This, let Mr. Khrushchev know, America will never do.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

Mr. MORSE. Mr. President, I shall yield in a moment to the Senator from Wyoming [Mr. SIMPSON], but while the majority and minority leaders are in the Chamber I should like to have their attention for a moment. I well under-

stand the predicament in which they find themselves in receiving many inquiries from Senators as to what the program will be.

I do not know whether I can be helpful, but at least I can state what my thoughts are.

First, I shall not agree to any unanimous-consent request to limit debate on the bill or any part of it, or to fix any time to vote. That does not mean that in the course of the debate, if it should develop that we feel everything has been said that needs to be said on an amendment, we will not then, for the convenience of Senators, agree to fix a time certain to vote on a particular amendment. But we will make no commitments as to that, either.

The Senate will save a great deal of time by following a nonunanimous-consent procedure. Be that as it may, that is our view. It is within our rights, and we intend to exercise them. We hope we do not give too much offense, but if we do, we shall have to bear with that, too.

Second. Before the day is out, we trust the Senate will pass on the question as to whether the bill should go back to the Foreign Relations Committee for consideration, for not more than a week, without any instructions. This is a delicate matter, in the opinion of some. In my opinion, it is not at all. I believe it is the course of wisdom, for the reasons I expressed at some length last night. There should be some discussion behind the executive doors of the committee with the leadership of the Senate, with members of the committee, and with representatives of the executive branch, to see if some agreement cannot be reached, in view of the debate that has already occurred, for some revisions of the bill.

I should like to have that suggestion not come from any of us, but from the proponents of the bill. They have a great opportunity—in the interest of trying to arrive at the most harmonious adjustment possible because of the differences which have developed over the bill—to take it back for not more than a week and give some consideration to it. If the committee decides to report the same bill, that is its privilege. I do not favor suggesting that the bill go back to the Foreign Relations Committee with any instructions other than to set a maximum time limit of not more than a week to report a bill back.

We are hoping—and I am sure the majority leader will not object to my saying this—that the chairman of the committee and the leadership of the Senate will at least give consideration to this suggestion and decide whether they would like to make such a proposal.

If the proposal is not made, we shall make it in the form of a motion. If the motion is defeated, we propose to bring up our amendments one by one in the Senate, debate them only for a reasonable time, and then vote. That being the case, I assume that the Senate will be voting a great deal next week.

Mr. President, is the morning hour concluded?

The PRESIDING OFFICER (Mr. McGOVERN in the chair). No; the Senate is still in the morning hour.

Mr. MORSE. I am sorry. I thought I had been recognized for the speech I am prepared to make.

Mr. MANSFIELD. Mr. President, I was about to try to accommodate other Members of the Senate, but I will speak on my own time in the morning hour.

First, the Senate is indebted to the distinguished senior Senator from Oregon for his frankness. Senators all know where they stand and should anticipate the possibility of votes from today on. We have been put on notice as a body, and we should be prepared to assume our responsibilities, as the Senator from Oregon is assuming his.

The question which the distinguished Senator from Oregon has raised about the possibility of recommitting the bill has been brought to the attention of the leadership and the chairman of the Foreign Relations Committee [Mr. FULBRIGHT]. I am sure consideration will be given to the proposal. I would anticipate the very strong possibility that the proposal to recommit, if made, will be made by the Senator from Oregon. Other amendments will be offered today. The Senator from New York [Mr. JAVITS] has indicated he has an amendment he would like to call up as soon as he obtains the floor, although I understand the Senator from Oregon [Mr. MORSE] is, with the "connivance" of the leadership, to be recognized at the conclusion of the morning hour. The Senator made his statement on the assumption, I am quite sure, that the morning hour had been concluded.

That is all I have to say. Senators are aware of what has been said this afternoon, and should accordingly prepare for a long, hard winter.

Mr. DIRKSEN. Mr. President, apropos of what the distinguished Senator from Oregon has said, in my present frame of mind, I am inclined to oppose a motion to recommit the bill to the committee. The committee started hearings on the bill on the 11th of June. Veterans Day will mark 5 months that that bill has been in the hands of the committee. I think that is long enough. If it has any defects, I think they should be taken up and cured on the floor of the Senate.

The second reason is that time is running out. One need look only at the status of the appropriation bills on the calendar, those in conference, and those that have not gone to conference, to see that time becomes an important factor from now on, because, as the majority leader indicated, there will be a brief Thanksgiving recess, and the Christmas holiday is expected to start on the 20th of December. With that kind of workload, it becomes necessary for Congress to push along. I do not think anything would be gained by sending the bill back to the committee for another week.

Mr. JAVITS. Mr. President, I shall be calling up in due time what I consider to be an extremely important amendment to the foreign aid bill, which I sub-

mitted last night because I felt it was much better to have it in printed form when I talked about it. It may have an effect on Members of the Senate with regard to a motion to recommit, which I shall oppose, as will the distinguished minority leader, and also toward the reorientation of the foreign aid program.

I refer to my amendment No. 270, the purpose of which would be to establish an Advisory Committee on Private Enterprise in Foreign Aid, which would consider and report on whether great phases of the foreign aid program can be effected through private enterprise. That includes technical assistance. The recommendations of the Clay committee call for this kind of approach.

I am convinced that the reorientation of the program has not taken place, and that we have not adequately considered the utilization of facilities of the private enterprise system.

This amendment, if approved, would be a major pledge that the program is to be reoriented toward the free enterprise system, which is the only way to place the program on the basis on which the American people want it to be placed—that is, out of government and into the private economy. I think it can be done. I shall debate my proposal when the time comes to offer the amendment.

I have great respect and affection for the Senator from Oregon. I hope that sometime today it will be possible for me to deal with the two amendments which I do not put in the same class as the one I have been referring to, but which deal also with the private enterprise system. These deal with efforts to propel our country faster in the direction of arrangements under existing programs to utilize private enterprise and providing opportunities for private investment in the newly developing countries.

I hope the Senator will permit me to call up the amendments in accordance with whatever time arrangement can be agreed to.

"A NEW HAMPSHIRE YANKEE"— BIOGRAPHY OF NATHANIEL LEVERONE

Mr. DIRKSEN. Mr. President, recently there was published a book entitled "A New Hampshire Yankee," which is a biography of a very distinguished New Hampshire man named Nathaniel Leverone, who moved from that State to Illinois, where he not only became prosperous but made great, lasting contributions to the community well-being of the Midwest area. It was my pleasure to write a foreword for this book, and I modestly submit it for inclusion in the CONGRESSIONAL RECORD.

There being no objection, the foreword was ordered to be printed in the RECORD, as follows:

NATHANIEL LEVERONE: PIONEER IN AUTOMATIC
MERCHANDISING

(Foreword by Senator EVERETT MCKINLEY
DIRKSEN)

When a New Hampshire Yankee with a Dartmouth education is transplanted to the Middle West anything can happen. The fir-

Department has quoted—that man by his action would merit attention by the Justice Department.

I submit further that the percentages of a total as related to an insignificant principal have no bearing on a matter of justice and injustice, propriety or impropriety. We are dealing with title 18, section 434 of the laws of the United States, not disjointed comparisons. Section 434 provides:

Whoever, being an officer, agent or member of, or directly or indirectly interested in the pecuniary profits or contracts of any corporation, joint-stock company, or association, or of any firm or partnership, or other business entity, is employed or acts as an officer or agent of the United States for the transaction of business with such business entity, shall be fined not more than \$2,000 or imprisoned not more than 2 years, or both.

I repeat that we are not dealing with minute fractional percentages or comparisons, Mr. President. We are dealing directly with conflicts of interest by the Secretary of the Navy. We are dealing with a man who, by his own declaration, is the past and future President of Continental National Bank.

Senators will recall that I took the floor July 29 to compare Mr. Korth's action to the Dixon-Yates case. I suggested at that time the Secretary had violated the conflict-of-interest statute by entering into "temptation fraught relationships." I recall again the words of the Supreme Court in the Dixon-Yates case that "The statute"—meaning the conflict-of-interest statute—"is more concerned with what might have happened in a given situation than with what actually happened."

In the case of Fred Korth, Mr. President, we have both qualifying situations—what actually happened and what might have happened.

Continental National Bank's loan to General Dynamics was outstanding in January of 1962 when Fred Korth became Secretary of the Navy, and it was not paid out until April of 1963—months after Mr. Korth had played a major and decisive role in the TFX decisionmaking.

Why did General Dynamics need the loan? It had undergone the largest corporate loss of any business concern in American history.

Why does General Dynamics now seem to have a glowing future? Is it because Mr. Korth participated in the decision that gave General Dynamics a Government contract that promises to total more than \$10 billion—the largest contract in our history?

Is there any doubt whatsoever, Mr. President, that Fred Korth was derelict in his duty in not disqualifying himself because of conflict of interest from participation of any kind in the TFX decision? Can there be any question that Mr. Korth's conduct was improper, injudicious, and suspect?

A resignation, hurried though it may have been and given a smokescreen provided by an aircraft carrier—the largest such smokescreen in American naval history—is not sufficient, Mr. President. A thorough investigation by the Department of Justice is not only necessary

but long overdue. I importune my colleagues to make similar requests so that the Department of Justice can proceed with such an investigation fully cognizant that it has the backing of the U.S. Senate.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield to the distinguished Senator from Iowa.

Mr. HICKENLOOPER. I congratulate the Senator from Wyoming on a vigorous, clear-cut, and concise pointing up of some of the rather remarkable situations that exist, including the Korth case. It is rather strange that the voices which we heard raised in this Chamber and in other places 3 or 4 years ago on matters of practically no consequence, but exaggerated into great smokescreens, seem not to have been raised for some reason or other in connection with the Korth case, in connection with TFX, and in connection with some other matters.

They have been strangely silent, at least on the other side of the aisle. I congratulate the Senator from Wyoming for calling this situation to our attention. I compliment him on the vigor with which he points out that the defense of integrity in conflicts of interest must be attended to by us. I am glad I had the opportunity to hear this very pointed discussion, which is a followup of others which the Senator has had, and which he has said in his remarks he will pursue at a later date in connection with other subjects. I shall look forward to the results of his investigations.

Mr. SIMPSON. I thank the Senator from Iowa.

Mr. JAVITS. Mr. President, with the permission of the Senator from Oregon, will the Senator from Wyoming yield?

Mr. SIMPSON. I yield.

Mr. JAVITS. I serve on the Defense Investigating Subcommittee. Fred Korth was a witness before the subcommittee. The questions which the Senator from Wyoming has raised were, to some extent, ventilated. I know the Senator, who has made these charges, to be a man of the utmost fairness, so I am sure he understands that there are always two sides to every story. I am enough of a lawyer to understand that. The Senator is a most distinguished and able colleague.

That having been said, the public should keep its mind open, having heard the charge, to hear the answer. This is only fair, especially since some of these matters have been considered by the Permanent Subcommittee on Investigations of the Committee on Government Operations.

I say to the Senator from Wyoming, out of respect for him, that I shall study with the greatest care the new analysis which the Senator has presented about the circumstances of the resignation. If I believe in all good conscience that it is the right thing to do, I will ask the chairman of the committee, the distinguished Senator from Arkansas [Mr. McCLELLAN], to recall Mr. Korth. Even though he is not now Secretary of the Navy, he is still subject to being recalled before any Senate committee. But as I say that—and I believe it is my duty to say

it—I am sure that the Senator from Wyoming will agree with me that, much as he is convinced that he is right, that we are dealing with a man's reputation, and there is complete immunity on the floor of the Senate. An important charge has been made, so the public should keep its mind open as to what might be the answer—which we are not aware of—to a very important charge.

I assure the Senator from Wyoming that I shall take his charge seriously and consider it carefully, in view of all the testimony that has been given on the subject already. If, in my honest judgment, I think Mr. Korth ought to be recalled, I will ask the chairman to recall him. The Senator from Wyoming himself could make that request of the Senator from Arkansas without my doing so; but I am stating unilaterally my own point of view.

Mr. SIMPSON. I thank the Senator from New York. I have nothing but admiration for his ability in matters of this kind. I know what a great prosecutor he was. I know he would recognize the truth from conviction. I am grateful for the observation he has made.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. CURTIS. So far as I am concerned as a member of the Committee on Government Operations, I feel that Mr. Korth would return to give further testimony. I also point out that the objective of this investigation is public in nature. It is to ascertain what happened. It is to find out how our procurement system operates. It is to ascertain the facts as to any impropriety or the lack thereof. Its purpose is not to smear individuals or to put them on a pedestal with praise. We shall have to see what the facts are and follow the facts.

To my mind, there are many things about the TFX investigation which remain to be answered. Secretary Zuckert stated in his testimony that high officials in the Department of Defense, at the Secretary's level, had never read the so-called Korth evaluation report when they made their decision. When those officials made their first appearance before the committee, we were led to believe that it was upon the basis of the Korth evaluation report that the decision was made. I think all the Secretaries must be asked whether they would agree with Secretary Zuckert's position.

The mere fact that the bank of which Mr. Korth is an official, and to which I presume he is returning, had business transactions with the company that was successful in getting the contract is a subject which, by its very nature, must be thoroughly inquired into.

The record will also bear out that not only was the TFX contract involved, but other contracts, as well, as to which the award did not go to the lowest bidder, in cases in which the services—both civilian and military experts—had recommended the lower bidder from the standpoint of the quality of product or weapon or machine that was preferred.

I commend the Senator from Wyoming for keeping this issue before the

Senate, because many questions remain to be resolved. The Senate should know what the policy of the Department of Defense is—whether it is good or bad—in the operation of the various branches of the armed services, upon which not only we, but the whole free world, as well, depend.

Mr. SIMPSON. I thank the Senator from Nebraska for his comments. I assure him, as I do the Senator from New York [Mr. JAVITS], that it is not easy to go into these matters, to bring the information out, and do the research necessary to make such a statement as I have made. It is not easy, especially when a person's personal life and integrity are involved. But by the same token, this body must look with a jaundiced eye upon any transactions such as have been portrayed.

I digress to say that it has just been revealed on the teletype that Senator McCLELLAN has indicated that Mr. Korth will be recalled.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. MORSE. I wish to accommodate the Senator, but I find myself in a difficult situation. I wish to yield to the senior Senator from Colorado, who desires to move to reconsider a bill. I find myself in an embarrassing situation. It is necessary for me to attend a conference on the education bill at 2 o'clock. I have a 1-hour speech to deliver. I do not want the junior Senator from Colorado [Mr. DOMINICK] to think that I am the least bit impolite, but I shall have to decline to yield longer to continue this discussion.

I have always been opposed to conflicts of interest, no matter whether the individual involved was a Republican or a Democrat. I was a leader in the opposition to Secretary of the Air Force Talbot some years ago, because I thought he was guilty of a conflict of interest. I think Mr. Korth is, also. As to the question raised by the Senator from Wyoming [Mr. SIMPSON] concerning conflict of interest, I agree.

I am glad he made the statement he made about the situation in Vietnam. I shall have more to say about that later in the course of the debate on the foreign aid bill.

If Senators will not be offended, I wonder if they would permit me to yield to the senior Senator from Colorado [Mr. ALLOTT], who desires to make a motion. The motion has been cleared with the leadership. I am glad to oblige him.

Mr. SIMPSON. I am most grateful to the Senator from Oregon for yielding to me. I deeply appreciate his courtesy.

THOMAS B. BOLLERS AND EARLENE BOLLERS

Mr. ALLOTT. Mr. President, I express appreciation to the distinguished Senator from Oregon for permitting the Senate to take care of this technical matter.

I ask unanimous consent that the Senate reconsider the votes by which the bill (S. 1129) was ordered to be engrossed for a third reading, was read the third time, and passed yesterday.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1129) for the relief of Thomas B. Bollers and Earlene Bollers.

The PRESIDING OFFICER. Without objection, the request of the Senator from Colorado is agreed to.

Mr. ALLOTT. Mr. President, I move that the bill be amended, on line 4, by changing the section number from "2732" to "2733".

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Colorado.

The motion was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1129) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the time limitation prescribed for filing claims against the United States under section 2733 of title 10, United States Code, the Secretary of the Army is authorized and directed to receive, consider, and act upon any claim filed under such section by Thomas B. Bollers and his wife, Earlene Bollers, if such claim is filed within one year after the date of enactment of this Act, the said Thomas B. and Earlene Bollers having allegedly sustained financial losses as a result of the water supply for their house having been contaminated by the disposition of waste chemicals from the Rocky Mountain Arsenal, Colorado: Provided, That nothing in this Act shall constitute an admission of liability on the part of the United States.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, several days ago I called upon the Secretary of State to make available to me the facts in answer to allegations that were being made, both in this country and by some of our friends abroad, that the withdrawal of U.S. mission personnel in both the Dominican Republic and Honduras was a token withdrawal and not a substantial withdrawal.

This morning I was delivered, by hand, a letter of October 30, 1963, from the Secretary of State. In the letter he sets forth information which he has made available to me and, through me, to the Senate. I ask unanimous consent that the letter of the Secretary of State be printed at this point in the RECORD, together with the reply I sent to him this morning.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield for a question?

Mr. MORSE. I yield.

Mr. GRUENING. Will the Senator from Oregon be kind enough to give us a brief summary of the letter from the Secretary of State, so that we shall not have to wait until today's CONGRESSIONAL RECORD is available to us tomorrow, in order to have the benefit of the letter?

Mr. MORSE. Certainly. The letter is only three pages in length, and I shall read it at this time:

THE SECRETARY OF STATE,
Washington, October 30, 1963.

The Honorable WAYNE MORSE,
U.S. Senate.

DEAR WAYNE: I very much appreciate having the thoughts set down in your letter of October 23, 1963, regarding the recent coups in the Dominican Republic and Honduras. I share your concern with respect to these developments and by my statement of October 4 intended to convey the view that the military overthrow of any freely elected government guaranteeing fundamental human rights to its citizens is indefensible. This was also the intention of Assistant Secretary Martin in his article for the New York Herald Tribune of October 6, 1963, who made clear, I thought, that the United States does not and cannot condone military coups.

With regard to the withdrawal of U.S. military and economic assistance personnel from the Dominican Republic and Honduras, also covered in my October 4 statement, I can assure you that this is not a pro forma gesture being carried out on a token basis. Both military and AID personnel, with their families, are being withdrawn from both countries as quickly as packing, transportation, and reassignment can be arranged.

We have been advised by the Department of Defense that of the 23 officers and 29 enlisted men in the Dominican Republic, 10 officers (the MAAG Chief, the Chief of the Army, the Navy, the Air Force Sections and two additional officers from each service) and 3 enlisted men (a total of 13) were scheduled to have departed by tomorrow. Similarly, the Department of Defense advises that of the 9 officers and 13 enlisted men in Honduras, the Chiefs of the Army and Air Force Missions and an Army officer have already departed. By November 15 only skeleton staffs will remain for the protection, maintenance, and accounting of U.S. property, pursuant to responsibilities under the Foreign Assistance Act.

Of the AID complement of 27 at post in the Dominican Republic, reassignment orders have been issued for 22, and of these, 13 have already departed with their families and personal effects. Eight more will leave by next Wednesday, November 6. With respect to Honduras, 22 of the total complement of 35 AID personnel have departed. By November 15 only four will be left in Honduras and only five in the Dominican Republic.

With respect to the substantive policy questions presented by a military usurpation of power, I believe that we must utilize every instrumentality compatible with the objective of obtaining, as soon as possible, a reaffirmation of the public will through elections and a guarantee of basic rights and liberties. However, every action we take and every instrumentality we utilize to that end must be carefully chosen on the basis of an assessment of their prospects for achieving the results we seek. In making this choice we must have maximum flexibility, including the opportunity to engage in the very delicate consultations that may be required to realize our goals.

I believe, of course, that all countries in this hemisphere have a common interest in this problem and that they should share responsibility for developing a joint approach toward its solution. We are carefully consulting with all Organization of American States members to that end. As you may know, there is a move on foot to call a foreign ministers meeting in order to consider military coups. In addition, the problem of isolating dictatorial regimes is a subject on the agenda of the 11th Inter-American Conference now scheduled to be held at Quito next March. We are support-

ing all reasonable efforts that might lead to an effective multilateral approach to this issue which concerns every country in the hemisphere.

After offering the above outline of our policy toward military coups in Latin America and how we are seeking to implement it, I should like to take this opportunity to say that Mr. Martin continues to hold my complete confidence. He is an exceptionally fine public servant and is doing an outstanding job in what, I know you will agree, is a difficult area of our foreign relations.

With warm regards,
Sincerely,

DEAN RUSK.

I replied to that letter by thanking the Secretary of State for the information, and by saying that I did not seek to raise any question about the qualifications of Mr. Martin, but had questions only about his judgment.

Mr. President, I ask unanimous consent to have my reply printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OCTOBER 31, 1963.

The Honorable DEAN RUSK,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: I have just received your letter of October 30, 1963, which was delivered to me by hand this morning.

I deeply appreciate receiving the information contained in it. After reading it, I called Mr. Fred Dutton, Assistant Secretary of State for Congressional Affairs, and asked him if it would be within the proprieties for me to make available to the Senate the information contained in the letter. I told him that in view of the fact that I had been concerned about whether or not the withdrawal of American mission personnel in the Dominican Republic and Honduras was only a token withdrawal, it was only fair to you to put the facts contained in your letter into the CONGRESSIONAL RECORD. He assured me that it would be very proper for me to do so.

I wish to assure you that my criticisms of Assistant Secretary Martin do not reflect upon his qualifications but only upon what I consider to be his mistake in judgment in writing the New York Herald Tribune article of October 6, 1963. I think the wording of the article has justified the critical interpretation of it that has been made by many of us in the Senate and by many of the friends of the United States throughout Latin America.

With best wishes, always.
Sincerely,

WAYNE MORSE.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield for another question?

Mr. MORSE. I yield.

Mr. GRUENING. I wonder if the Senator from Oregon noted an interesting item in a special dispatch printed this morning in the New York Times, as follows:

LEADERS BAR POLICY SHIFT

SANTO DOMINGO, DOMINICAN REPUBLIC, October 29.—The provisional Government of the Dominican Republic, operating under growing pressures of extreme rightwing civilian and military factions, has decided not to make political concessions as a price for recognition by the United States.

The article also states that they will not do even what they promised to do—

namely, hold an election—and that they say they do not need our aid and will get along without it. I think that is a very important fact.

Mr. MORSE. They should be invited to try that course.

Mr. GRUENING. By all means.

Has the Senator from Oregon also noted that the Government of Britain has recognized the junta?

Mr. MORSE. Yes; and I would expect that from the Conservative Government of Britain.

Mr. GRUENING. Is not that rather a retaliation for our refusal to recognize the overthrow of the Government of Yemen? I wonder whether there is some connection between those two actions.

Mr. MORSE. There might be; who knows what the cause-and-effect relationship might be in connection with anything Great Britain does? But that would be quite in line with Britain's historic support of juntas.

Mr. GRUENING. I thank the Senator from Oregon.

Mr. MORSE. Mr. President, as I have already stated, at 2 o'clock I shall have to attend a meeting of the conference committee. At that time, other Senators will speak here, after I yield the floor.

Therefore, I prefer not to yield in the course of my speech, inasmuch as it is for the purpose of providing the RECORD with information, and also for the purpose of providing the American people with further information in regard to why the pending bill either should, in the public interest, be drastically modified or should be defeated here on the floor of the Senate.

Mr. President, I wish to address myself to some of the arguments being advanced in support of the pending bill. It is evident that a heavy burden of proof lies with its supporters.

It is a heavy burden of proof to sustain. If it were possible to point to an upsurge in the successes of the aid program, or if it were possible to point to trouble spots necessitating a huge outlay of American money, justification for a higher level of aid might be self-evident. But the self-evident, *prima facie* case lies against adding \$700 million to the House version of the bill, not in support of such an addition.

So we are hearing a series of arguments which shift the basis for foreign aid. It is now being said that foreign aid is good for the American economy. The difficulty in making out a case that it is good for American foreign policy is tending to force its advocates into a new line of argument. So we are told that 80 percent of our aid dollars are spent in the United States, and that they provide jobs, according to one estimate, numbered at around 700,000.

This is advocacy of a makework program. But its products do not go into the enlargement of the American economy or the comfort of the American people. They go to others.

And when this argument is made, it must be remembered that about one-third of the funds under discussion are for military hardware. If we are starting now with the continuation of a munitions program because of the jobs it

provides to Americans, then one can only imagine what outcries will go up whenever it becomes possible to reduce our defense budget.

In my opinion, the argument that foreign aid is good because it keeps American factories operating is the most insidious argument being made today in support of the program. I call it an argument of bribery.

A close relative of the "foreign aid is good for the U.S. economy" argument is the point now being heard frequently that because we send goods instead of money out of the country, the program has no bearing on our balance-of-payments problem.

But the fact remains that we send these goods overseas without their being paid for by people overseas. Some defenders of the program are loosely referring to goods sent abroad under foreign aid as "exports." But they are not exports, and I think there is a considerable element of misrepresentation in calling them that. They are goods paid for by the American people, for which we get no payment and do not expect any for periods up to 40 years.

When we do not ask for or receive payment for our goods, dollar reserves from trade, investment, tourism, and American military spending are built up that otherwise might be used to buy some goods from us.

No one will ever buy what is being given away. Hence, dollars can be used for other purposes, including the purchase of our own gold. Our civilian commercial activities alone are not responsible for our balance-of-payments plight. It is the additional outlay for our worldwide Military Establishment and the furnishing of goods on a "pay later, if ever" basis called foreign aid that is putting us in the hole.

The fact also remains that when we send goods abroad instead of dollars, we are still sending resources abroad. We are building schools, factories, harbors, and industrial plants abroad that need to be built in the United States. Many of them are now in competition with us. We need schools, factories, harbors, and industrial plants built anew here in the United States.

Shortly I shall leave the floor of the Senate to go into a conference to deal with proposed legislation that bears upon the great educational crisis in the United States. Mr. President, we need schools. We had better take a long, hard look at the giveaway program involved in the foreign aid program in our country. We ought to prevent some of that expenditure for benefits abroad and start paying attention to the needs of America's boys and girls in the schools of our country, for their brainpower happens to be our greatest defense weapon.

I cannot accept the argument that the expenditures that we anticipate in connection with the foreign aid program do not have any bearing upon our balance-of-payments problem. They have a direct bearing. The time has come to call a halt in this wasteful program, which tends to weaken the greatest defense weapon that we have namely, the potential brainpower of our country. We

are being told that because of the expenditures we are making for foreign policy reasons, we cannot have an adequate school bill such as we ought to have. In my judgment it is a program also that is weakening the economy of our country. When the economy of our country is weakened, our country's freedom is jeopardized.

We know that much of our industrial plant is out of date, compared with our competitors in Europe and Japan that we financed to put back on their feet. As foreign aid progresses into programs for the underdeveloped nations, we will be constructing and sending abroad a continuous supply of capital goods badly needed here at home.

The "make work" argument falls to the ground when one keeps in mind that the goods being produced are very often capital goods that would have great value to the American people if kept at home, and which have great competitive value for the countries receiving them.

THE COMMUNIST TAKEOVER SCARE

Over the years, an increasing emphasis has been placed upon the sending of a large proportion of our aid to countries around the fringe of the Communist bloc. But as the years go by, I am increasingly skeptical of the conception that it is our aid that is keeping them from falling behind the Iron Curtain. I am skeptical because I think the first and foremost deterrent to Communist aggression against one of these neighbors is the military power of the United States itself, not the military equipment we send to others. It is first and foremost the nuclear arsenal of the United States that holds back both the Soviet Union and Communist China from aggressive adventures.

Second, we largely duplicate the help we give others to defend themselves by sending American military forces to the parts of the world that we consider so vital to our interests that we cannot entrust them to others. Despite all the claims made about how much the Marshall plan has restored Europe, how much better she is able to defend herself, how many goods she is able to buy from us, and in general what a success foreign aid has been in Europe—in spite of all that, the United States still has some 400,000 troops stationed in Europe.

Yesterday on the floor of the Senate I referred to certain discussions which I had with members of the Armed Services Committee whose judgment in connection with the military policies of our country is not questioned here in the Senate. We know the great record that those men have made. Do Senators know what they told me? They said, "Do not buy the argument that we must keep those boys over there in such numbers. In round numbers, there are six divisions of American boys in Germany. We do not need two divisions. Germany knows that two divisions are not needed. Germany knows that she will be protected by the nuclear power of the United States."

Yet the Secretary of State went to Germany and, on behalf of the United States, gave assurances that we would not bring those divisions home. He had

no right to do so. He had no authority to do so.

The time has come for the American people to make it clear to this administration that the people have the right to check how many boys will be kept in Europe. Before the debate is over, Senators will have an opportunity to vote on whether or not they wish to keep six divisions in Germany. I shall do my best to give them that opportunity, because I am sure they will be eager to vote in a yea-and-nay vote on the issue. Then I shall do my best to see to it that the yea-and-nay vote is known in the precincts of America from coast to coast, because the waste of money through the maintenance of American troops in Europe who are not needed there must stop.

As the members of the Armed Services Committee who consulted with me on this subject said:

There is another myth, WAYNE, that needs to be burst in the debate. A great propaganda job has been done by the proponents of West Germany in the United States. Most people think that West Germany has lived up to her commitments. But West Germany has never, up to this day, lived up to her commitments in regard to supplying the troops she is supposed to supply. She has done better than some other countries, but not well enough. They are more cooperative than France, Great Britain, and Canada.

I have been heard to say before, but it needs to be driven home time and time again, that the United States has more American boys in uniform in Europe than France, Great Britain, and Canada combined. It should stop.

Before the debate on the bill is over, Senators will have an opportunity to stand up and be counted in regard to how much more American taxpayer money they wish to vote to give support to a NATO structure that ought to be thoroughly overhauled before we vote another dollar to NATO.

The time has come to stop pouring into a bottomless pit the resources of the American taxpayers and calling it foreign aid.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. YOUNG of North Dakota. I commend the Senator from Oregon for his courage in standing up and fighting for what he believes to be right. The time is long overdue when we should withdraw some of our troops from Europe. We are living in a modern day with more modern warfare requirements. The countries of Europe can better afford to maintain their troops over there than we can to maintain our own. As the Senator has well pointed out, we have more troops in Western Europe than have most of the countries of Western Europe. We have kept all of our commitments, and they have not. Moreover, they have reached the point where they no longer even appreciate our help.

Mr. MORSE. Not only that, but we are constantly confronted with an au-

dacious anti-American program and attitude on the part of our so-called NATO allies.

In the language of today, Mr. President, "I have had it."

I advise the administration that it will soon wake up to the fact that the American people "have had it," too.

I have been pleading, as a member of the administration, for a procedure in the course of this debate to reconcile some of the major differences which have developed over the bill.

I hear, over the Senate "grapevine," that the present attitude within the Senate is not to send the bill back to the committee for some executive conferences in respect to it.

I say to the leaders of the Senate, "Be perfectly sure you have checked downtown, to determine whether there would be objections downtown to sending the bill back to committee for consultations behind the executive doors of the committee."

I speak for myself, and for no one else, but in my opinion in recent days the administration has learned that it is in serious trouble with American public opinion on foreign aid. It had better right itself with American public opinion on foreign aid. If it is to do so, it will not look askance at the major proposals some of us are making as to the rewriting of the bill.

The bill should be rewritten in an executive session of the committee, not in the Senate. But it will be rewritten in the Senate if the administration and the leadership of the Senate do not wish to have it rewritten in the committee room.

In respect to the so-called Communist takeover scare, which is always blown up out of proportion every time a foreign aid bill is before the Senate, I have become increasingly skeptical about the conception that it is our aid which is keeping countries from falling behind the Iron Curtain. We are maintaining 400,000 troops on the fringes of communism in Europe. We do not need to maintain that many there.

Perhaps, as the advocates of this bill are saying, it is cheaper to put one Turk or South Korean in the field than one American. But the thing which is wrong with that argument is that we put them both in the field. The South Korean Army of 600,000 costs us an average of around \$330 million a year; but would anyone suggest that it defends South Korea? We have 50,000 troops there of our own to defend South Korea. The large army of Chinese that we maintain on Taiwan at a cost in economic and military aid of around \$160 million a year does not defend the island from invasion by Red China. What does? The U.S. 7th Fleet does.

Mr. President, we provide one of the greatest full employment programs imaginable for Formosa. We are providing full employment for more generals at high pay in the Chiang Kai-shek military forces than there are in all the American defense system. There are more generals in Chiang Kai-shek's army—with salaries paid largely by the American taxpayers—than there are in the entire Military Establishment of the United States.

Some people thought I was a bit unkind the other day when I stated that the American taxpayers are being "rooked." Some thought that was an ugly word. I repeat it. They are being "rooked." I add today, they are being fleeced by a foreign aid program that the administration has a clear duty to revise.

I was criticized the other day because in my speech last Monday I said to the American people, "Watch that rollcall. I do not care whether those who vote are Republicans or Democrats; if they are not willing to vote to stop this waste beat them the next time you walk into the American citadel of freedom, the voting booth. They must be retired from the Congress of the United States."

If my administration does not like that language, that is too bad. I have never put partisanship above what I consider to be truth and principle during my 19 years in the Senate, and I do not intend to start doing so for the Kennedy administration.

Let this administration keep it in mind that the groundwork is being laid in the debate for a historic campaign in 1964. This administration will have to take its final position on the bill to the American voters in 1964. In my judgment, if it does not change its position, it will not be able to justify its position in that campaign.

Democrats running for election in that campaign will come to understand the truth of the statement I have made. The Republicans should not take false satisfaction from it, because the voters will be looking at the Republican voting records, too. On this program the American people will be nonpartisan, because they know that the program involves basic security issues for this Republic.

When security issues for this Republic are raised, the American people are not concerned with partisan considerations.

I have tried for 5 years to change the trend of American foreign aid. For 5 years I have offered amendments in the committee and in debates. Until last year I took the legislative strategic position that perhaps the best policy was to do the best I could, to obtain as many improvements as I could, and then to vote for the bill. Last year I did not do so. I said, "I am completely fed up now. If we cannot get a bill sufficiently reformed to meet the major objections I think ought to be met, I shall vote against the bill."

Colleagues of mine on the Republican side of the aisle, as well as colleagues on the Democratic side of the aisle, pleaded with me not to follow that course of action, because I was running for reelection. They did not believe it was politically wise for me to do so. They said it might cost me some votes. Some had difficulty in believing that I meant it when I said it was not important that I remain in the Senate but it was important that while I serve I vote in accordance with what I believe is right.

So I did not support the authorization conference report or the appropriation bill last year, and I took the issue to the people in my State in my campaign. Although I was charged with being some

kind of neoisolationist, the people did not agree, as evidenced by the fact that I increased the percentage of my victory over that in 1956.

There is an old-fashioned notion that is almost obsolete in Washington these days; namely, that the constitutional fathers meant it when they established a system of representative government, that this is a system of representative government, and that the elected officials have the responsibility of representing the will of the people.

I believe that a Senator cannot represent the will of the people and vote for the bill. But, one may say, there are many facts concerning this matter that the people do not know about. That is true and we in Congress and the executive branch of Government must assume a major responsibility for that, because we do not tell them.

I see the Senator from Alaska [Mr. GRUENING] nodding his head.

The reason why we do not tell them is that we cannot tell them. The reason why we cannot tell them is that so much of the information is marked "top secret." Most of it should not be. At least 85 percent of it should not be.

The American people are being denied their rights. It is not new under this administration. A similar situation existed for 8 years under a Republican administration. But it is growing year by year, and the American people are being led down the road of government by secrecy faster than they know.

Section after section of the bill involves information that we cannot tell to the American people on the floor of the Senate in public debate. That violates the precious American right under our system of government that in a democracy there can be no substitute for full public disclosure to the people.

It is about time for the veil of secrecy to be lifted. I said "veil." It is one of the most dangerous Iron Curtains existing in the world. It is the same kind of Iron Curtain that Russia maintains against full disclosure to the Russian people. I hope, in the not too distant future, that we shall be able to obtain some legislative implementation in the Congress of the United States that will give the American people the protection to which they are entitled—legislation that will tear down the Iron Curtain, and once again open the minds of the American people to the facts, so that they can analyze them and judge for themselves what American foreign policy should be—without having to take what is handed to them by the grace of some administration.

The Frankenstein's monster that we created in South Vietnam and maintain at a cost of \$1 million a day in a country of 14.5 million people is not protecting Vietnam from the Vietcong.

We still must send at least 12,000 Americans to do it. Since I dictated this speech, I have learned that the figure should be higher than set down in the speech. It may be as high as 15,000.

The Senator from Wyoming had some pertinent comments on this matter earlier today.

I was against going into South Vietnam. I am against staying in there, for

many reasons—not only for the reason that we are supporting one of the most vicious tyrants in the world, but also because the best chance of establishing a non-Communist regime in South Vietnam is to cease supporting a dictatorial tyranny in South Vietnam, and let many of the anti-Communist leaders of South Vietnam now in exile—driven into exile by Diem—come back to South Vietnam and establish a free government there. They will take care of the Communist threat.

I would be willing, under such circumstances, to give economic aid and some military aid to them, but I would not be willing to send American boys to South Vietnam to die.

I wonder what this administration thinks will be the situation in this country if the casualty lists in South Vietnam reach 500, with no support from New Zealand, Australia, Canada, Great Britain, France, and the rest of our alleged allies, or from the SEATO countries. I would once again raise a warning flag to this administration. If the casualty lists reach anywhere near 500, get ready for a public repudiation, for, in my judgment, the American people are not ready or willing to have American boys killed in South Vietnam in the name of an anti-Communist drive, when the fact is that we are supporting tyranny in South Vietnam.

In case these forces in Asian trouble spots are not enough, we also keep around 100,000 men in nearby Japan, Okinawa, and the Philippines for use where they may be needed. In each of these countries, and elsewhere on the Communist perimeter, if real aggression develops, it will be the might of Uncle Sam that will defend them. The aid we send to maintain their bloated military establishments is largely wasted.

A third reason why I think we delude ourselves when we attribute to foreign aid the power to keep the Communist menace at bay is the fallacy of believing that any one of these peripheral countries will put American interests ahead of their own. Because they take our money does not mean they have our interests at heart. They have their own interests at heart, and only sometimes are they the same as ours.

Because the Nhu-Diem regime in Vietnam takes our money does not mean it will advance or protect American interests. Like Chiang Kai-shek, like Syngman Rhee in Korea and his successors, the Nhu-Diem government is mainly interested in consolidating its own power. A Communist threat is a good reason for them to get American aid, especially military aid. But they will use it against anyone who threatens their power. So the ill will they create among their own people rubs off on Uncle Sam as well. This is one of the evils of our military aid program almost everywhere in the world, and it still does not enable the recipient to turn back a real Communist threat.

TAIWAN

I have already alluded in greater detail to the situation we created in Taiwan that is going to fly back in our faces one of these days. Chiang Kai-shek has

ruled Taiwan under martial law ever since he arrived there. The people of the island were, in most respects, better off before he came than for many years after he arrived. It has taken an American subsidy in the magnitude of between \$4 and \$5 billion to bring the level of the Taiwanese people back to what it was before Chiang was ensconced there.

Taiwan is usually pointed out as a shining example of what can be done with foreign aid. But when, Mr. President, you start with a highly literate population, and a people already experienced in light industry, and then pour in American dollars at the rate of \$11.60 per person per year for 16 years, you are bound to get results. That is the per capita rate only for economic aid. Considering the whole \$4.3 billion we have sent to Taiwan, we have spent money there at the annual rate of \$24.80 per person for 16 years.

Yet when Chiang Kai-shek, who is now a very elderly man, departs from the scene, I think the American people are going to find they have created another South Vietnam on Taiwan. The people of Taiwan live under what is to them a foreign ruler, a foreign ruler imposed and maintained with American money. Someday we may reap a bitter harvest from that investment, and all the money we have sent will only be in addition to the real protection of the island against Communist aggression—the U.S. 7th Fleet and the other nearby American military forces.

PAKISTAN AND INDIA

A somewhat similar situation exists in Pakistan. Pakistan has received military aid alone from us in what has been called a saturation program. Military aid in years past to Pakistan is still classified, for some reason that has never been explained to me. But its economic aid has totaled around \$2 billion.

All this aid was sent to Pakistan on the assumption that she was anti-Communist. As a member of SEATO and CENTO she received aid under both alliances. But when Pakistan found a chance to advance her national interests against India, we found she was anti-Russian Communist but not anti-Chinese Communist. Pakistan has opened the Asian door to Red China, and her ministers brag of her friendship with the Communist regime.

I am perfectly willing that Pakistan should, if she chooses, base her foreign policy upon fear of and animosity toward India. That is her sovereign right. But I cannot see a single basis left for any military aid to Pakistan; nor can I see any basis for much of the economic aid we are continuing to send on the assumption we now know to be false—that Pakistan is a bulwark against communism. She is a bulwark against India, but I question that that is worth to the United States the level of aid we are extending to Pakistan. One of the amendments I have introduced would reduce the projected aid to both Pakistan and India to 75 percent of the economic aid planned for them, and to 50 percent of the military aid planned for them. I do not know of any other way to protect the

interests of the United States in that part of the world.

In my opinion, the United States will make a serious mistake in southeast Asia if we continue building India up against Pakistan and vice versa. Under the country-by-country presentation figures for fiscal 1964, it can be seen that we contemplate extending to India a new and large military aid program. Once we do that we are committing to the defense of India whatever American forces it may take to protect her. I have no idea where such a policy will lead, and I do not believe our policymakers in AID, the State Department, and the Defense Department know, either.

They only know that whenever anyone anywhere in the world says the magic words: "anti-Communist," the coffers open and the money pours out. Once the flow has started, the recipient does not even have to go on being anti-Communist—the money will keep coming, anyway.

INDONESIA

When the bill was presented to Congress, it appeared that we were embarking on the same venture on behalf of Indonesia. That country was added to the list for both military aid and for the supporting assistance which is an economic grant to support military forces. Questions of how the military forces of Indonesia might be used would no more occur to our aid administrators than they occurred to them in the case of Pakistan and India.

Thanks to the embarrassing revelations in the House Appropriations Subcommittee that Indonesia was buying expensive jet airliners at the same time she was pleading poverty to our aid administrators, and thanks to Indonesia's aggressive policies toward Malaysia, there is some reason to hope that economic and military aid to Indonesia will be sharply reduced by the administration.

But experience is a good teacher; and it has been my experience after 15 to 16 years of watching the foreign aid program that once the authorization and appropriation bills are adopted, the administrators of it consider the "heat" to be off. We can then expect aid to Indonesia to resume, unless we do something about it in this bill.

TURKEY

Still another, and if possible, worse, example of useless aid to nations on the periphery of the Communist bloc has been our aid program to Turkey. I talked about Turkey in the Senate earlier this year, and invited the Agency for International Development to submit a comment upon the criticisms I made. It did so in a memorandum which I now ask unanimous consent to have printed in the CONGRESSIONAL RECORD.

(See exhibit 1.)

Mr. MORSE. The statements attributed to me are, of course, those allegations about the waste of foreign aid reported to me and to all Members of the Senate by Prof. Alex Dragnich of Vanderbilt University, who spent some time in Turkey as a visiting professor of political science.

In a moment I will take up some of the

specific problems in Turkey. But I start by pointing out that U.S. aid to Turkey is one of the longest and biggest of all our foreign aid programs. It began in 1947; it was supposed to be a 15-month program. In the 16 years since it began, we have poured over \$4 billion into Turkey. She is getting vastly more aid now than in 1947—over \$300 million a year and over half of it in outright grants. That is giveaway money. Next year, Turkey will continue to receive development grants and supporting assistance, plus grant military aid and development loan aid.

The question is, What progress has been made and what good has been done? The damning evidence against the U.S. aid program in Turkey was published this spring in a report on Turkey by the Organization for Economic Cooperation and Development. It begins:

During much of the 1950's Turkey suffered heavily from inflation and from economic policies which ill served the country's basic economic problems. Despite a very rapid increase in population, the real gross national product increased more slowly in Turkey than in the rest of Europe; the standard of living showed virtually no improvement between 1953 and 1961. And such limited growth as did take place was only achieved by extending the area under cultivation beyond economic limits and by piling up foreign debts which today constitute a heavy burden. Too much of the investment carried out during this period was misdirected; and the policies concerning pricing, production, credit, foreign trade, and the exchange rate gravely distorted the cost and price system.

Although the OECD is too polite to say so, they are talking about the United States as much as about Turkey. The economic policies which ill served Turkey's needs were made possible, aided, and abetted by American aid; the investment that was misdirected was largely financed by American aid. It was a miserable and shameful waste of American money, and those responsible for it are the administrators of the program and the Congress, which failed to exercise the necessary supervision and controls over it.

There is not even a good explanation of what American foreign policy interest was advanced by such waste. Turkey is in no danger of Communist subversion. There is probably not another people in the world who are more immune to Russian and Communist doctrines than are the people of Turkey. In all the years of this U.S. aid program, there has never been the slightest basis for fear of a Communist takeover in Turkey, whether any American aid was sent or not.

In 1947, there appeared to be a threat of external Soviet aggression. That was the basis of the Truman doctrine in Turkey. But by 1950, the North Atlantic Treaty Organization was in effect, and throughout the 1950's Turkey was protected from Russian military aggression by the United States. Then, as now, any movement against Turkey by Russia will be met with American military forces.

We even have the military forces in Turkey. We station many thousands of American troops in Turkey. By sending aid to the Turkish armed forces, we do

not replace Americans in the field. We finance much of the Turkish Army and we also finance a large American force in Turkey.

Turkey itself is not so much an ally of the United States as it is on our payroll. Both the United States and Turkey would be better served if she were taken off the payroll.

As is customary, aid officials who cannot deny the accuracy of the OECD report, and who have attempted to answer the charges leveled against our Turkish aid program, merely insist that even if all this is true, we must keep on sending the same amount of aid in order to correct all the problems created from 16 years of misguided aid. Only now, we are told, the OECD report is available as a guide, and Turkey has shown signs of seeking to carry out some of its major recommendations. But we are solemnly assured that the economic plans for Turkey can only be achieved if the United States continues to pour in the money.

I frankly am no longer interested in that kind of rationale for American foreign aid. There simply is not the evidence to support the need for it. There is no threat of internal communism and no threat of external aggression. There is little evidence that any other member of the NATO alliance considers Turkey important enough—with the exception of Germany—to contribute in any substantial degree to her economy. Even after the OECD survey, it is expected that at least 65 percent of all aid received by Turkey from other countries will have to come from the United States. And that is a new low.

After reading the AID memorandum, outlining all the progress it claims for Turkey, one can only ask why it is necessary, then, to continue American aid at the same high levels and with the same high proportion of grants as made this mess in the first place. But we know there will always be a reason offered why aid must flow.

To consider some of the specific items I covered earlier and to which the AID memo is directed, however, I note that AID does not deny that our AID administrators in Turkey have admitted that of all the projects there, only 10 percent are the result of initiative coming from the Turks. When the AID Director in Turkey spoke on our program there to the group of Fulbright scholars, of which Professor Dragnich was a member, he indicated that only 10 percent of our aid projects were initiated by the Turks. Professor Dragnich and others have also told me of the large chart hanging in the office of the American aid mission, which outlines U.S. aid objectives for Turkey extending into 1972.

Think of it—1972. We already have plans for Turkey requiring U.S. money that extend a decade into the future. Let us call a halt. Let us stop it now. At least, as one of my amendments will provide, let us cut back the amount. Let us ask our NATO allies: "Why do you not contribute something to Turkey?" Of one thing I am convinced: We cannot justify to the American taxpayers our continuance of such assistance.

What AID calls "specific Turkish requests" are undoubtedly reviewed; but the point Professor Dragnich brought back from his stay in Turkey was that the initiative for most projects comes from the Americans.

Moreover, evidence of our force-feeding of Turkey is indicated by a report from the General Accounting Office on the audit of the Development Loan Fund for fiscal 1959. Its report states:

During fiscal year 1959, DLF also made advance commitments to the Philippines and Turkey in the respective amounts of \$50 and \$37.5 million. These commitments, which were approved by the Board of Directors, set aside loan funds subject to the submission of loan applications by the borrowing countries and their approval by DLF at June 30, 1959, balances of \$17.25 million for the Philippines and of \$6.2 million for Turkey remained outstanding for which loan proposals had not been approved. These balances were considered earmarked and were not available for loans to other prospective borrowers.

That was the practice; the money was kept in the bank for Turkey until a loan application could be prepared. The GAO report notes that the Department of State had already instructed our diplomatic missions against establishing annual country aid levels or making commitments of DLF funds in advance of approval of specific projects or programs because where aid cannot be provided without violating this principle of DLF operations, recourse can be had to other instruments of American aid.

This problem of advance earmarking of loan funds for specific countries was abandoned the following year, when Congress tightened the law. But this practice strongly suggests that loan applications in Turkey were prepared to use up money already earmarked. Moreover, the projecting of American aid objectives for Turkey up to a decade in advance—and they now extend into 1972—suggests that these are American projects and the American initiatives that our Turkish aid director had in mind when he told Professor Dragnich's group that 90 percent of the projects there came from American initiative.

As for the inefficiency of State-owned enterprises, the evidence on that is so abundant that AID does not attempt to refute it. It may come as some surprise to Members of Congress who are loud in opposing U.S. financing of government industries in countries like India to find that we have been financing government industries in Turkey for 16 years. AID agrees that "many of these enterprises are inefficient." Experts in Turkish affairs tell me that they doubt whether any of these enterprises showed a profit last year.

A somewhat older document on this subject was prepared by a U.S. expert on investment laws, Norman Littell, in 1961. Mr. Littell was engaged to draft possible amendments to the Turkish foreign investment encouragement law in the hope of rendering more attractive the investment incentives in Turkey to encourage private enterprise and capital from abroad.

I have known Mr. Norman Littell for many years. I knew him when he was

an Assistant Attorney General in the Department of Justice. I have consulted with him many times concerning some of our foreign economic problems. I knew of his expertness based upon experience with Turkish problems. So I asked for consultations with Mr. Littell. In those consultations, I was thoroughly briefed concerning the situation in Turkey.

The next portion of my speech will set forth some of the conclusions I reached after this great expert and keen lawyer gave me the benefit of his knowledge, based upon his experiences in Turkey.

Mr. President, when I began my speech, I said it would be necessary for me to leave the Senate to go to a conference session with the House on the education bill. As the Record will show, I yielded to some of my colleagues, so that they could dispose of certain matters before I began.

I shall yield the floor at this time, but I should like to yield it with the understanding that later today I may resume my speech at this point and that the entire speech will be printed in the CONGRESSIONAL RECORD in continuity, rather than be broken up by intervening pages. I ask unanimous consent that that privilege may be granted.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Alaska.

Mr. GRUENING. I have listened with close attention to the analysis made by the distinguished senior Senator from Oregon of some of our foreign aid ventures. I find myself in complete agreement with his statements concerning those ventures with which I have personal familiarity.

I was in Turkey last fall as a member of a subcommittee authorized by the Committee on Government Operations. Although there were excellent reasons for support of the Turks, I found there, nevertheless, a long history of waste and misuse of funds. I recommended that some of the ideas the Senator from Oregon has expressed be carried out.

On Tuesday of this week I pointed out, in the course of a speech in the Senate, how the foreign aid program could be made more effective by eliminating the inclusion of certain countries which obviously are disqualified from receiving our aid funds, because they come in one or more of several categories. Among them are countries which are waging aggressive war and are using the funds we provide—which we provide for the purpose of uplifting their peoples—to purchase armaments with which to make war on their neighbors.

Other countries clearly are not taking adequate steps to avoid wasting the moneys we provide.

Other countries have clearly become stable, and no longer need our aid although clearly deserving of it hitherto. They include Greece, Lebanon, and Israel, all clearly very deserving. But they have been made self-supporting and

therefore our aid has properly been withdrawn.

Does not the Senator from Oregon think that Taiwan falls in that category? We have invested approximately \$3 billion in Taiwan; and our funds have been used there for almost every type of project, including military, social, economic, and financial projects. Does not the Senator from Oregon believe the time has come when we should stop such extravagant spending of our funds, and should let Taiwan on the basis of the economy which American dollars have rebuilt, proceed on its own for a while?

Mr. MORSE. I completely agree with the Senator from Alaska; and during the debate I shall offer an amendment to that effect, so as materially to cut back our aid to Taiwan.

Mr. GRUENING. I also think the remarks of the Senator about Pakistan and India are most appropriate. We went to the aid of Pakistan because we considered her a country most deserving of receiving our aid because Pakistan was inclined toward the freedom of the West and anti-Communist. But now we find Pakistan developing close relationships with the Red Chinese; and I think it is time to revise our aid accordingly.

Mr. MORSE. I agree with the Senator from Alaska.

Subsequently, Mr. MORSE resumed and concluded his speech, as follows:

Mr. MORSE. Mr. President, in the preface to his recommendations, Mr. Littell pointed out that the history of Turkish confiscation of foreign enterprises and the long period during which these enterprises have been run by the state has been the chief trouble with the Turkish economy.

He says in part:

The Kemal Ataturk revolution broke the grip of foreign concessions and monopolies in Turkey through what might be called one of the most legitimate historic uses of the power of nationalization which recent history affords. Compensation was paid for what was taken, but this is relatively unimportant compared to the fact that Kemal Ataturk recognized before his death that the trend had to be reversed, that government could not run industry, and that private enterprise, initiative, and capital were essential to an effective and efficient operation. He sought to reverse the program of nationalization by inviting private enterprise to take over national industries. Research in Turkish sources is in progress as to this policy, but at this time only the Sumerbank Act of 1933 (Public Law No. 2262) is available, inviting private capital to take over state-operated industries. Negotiations with private interests took place but fell apart over the question of valuation.

Even if the 1933 Sumerbank Act is still in effect as far as the invitation to private capital is concerned, it is a futile invitation, for the machinery is now obsolete throughout most of the plants. Some of it, even now working three shifts, at the Sumerbank Bakirkoy plant has been there since 1934 and is not only obsolete but badly worn. It cannot possibly produce what modernized efficient machinery can and does produce in greater quantity and finer quality, at the privately owned Bozkurt operation at Zeytinburnu.

Having failed to carry out what Kemal Ataturk perceived to be the solution (namely, private management and operations) following his death in 1938, the state enter-

prises continued and became even more deeply imbedded in the economic and political concepts of the people in Turkey. They bear the inevitable marks of politically run organizations in which it is difficult to determine whether they are run for a profit or run for social security purposes to keep people employed. For example, only during the regime of authority since the revolution of May 27, 1960, has it been possible to discharge 500 superfluous employees at one big plant to find employment elsewhere. Prior to the revolution, on the other hand, at least three managers who had attempted ordinary executive changes were removed on request of the labor organizations. However, the plant operations flowed on regardless of inefficiency, high costs and operating losses, all subsidized by appropriation. The price of similar manufactured products offered by competitive industries in the international market was much lower. Hence, little or no exports.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WALTERS in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I read further from the recommendations by Mr. Littell:

Many thousands of employees have come to feel that they have vested interests in jobs in these industries. One reason for this undoubtedly is that the concept of state industry historically goes very far back. The three oldest textile industries in the management of Sumerbank are from 112 to 120 years old. Deeply ingrained habits of thought are a natural human result. Nevertheless, the writer is reliably informed without any hesitation by people who are in the position to know, that the average Turkish citizen realizes full well that the private operation is far more efficient than the public, but this does not bring him to the position of wanting to take the leap from public to private ownership. Nothing has been done to educate him on the dynamics of private enterprise, competition in a free market, and the expansive volatility of modern capitalism with all the benefits it can bring to the employees in a depressed and underdeveloped area * * *.

How deep are the concepts of statism, and how well perpetuated to this day, are perhaps exemplified in the Constitution born in the revolutionary period approved by the Constitutional Assembly on May 27, 1961, to be submitted to referendum in July 1961. With all of its fine features in endeavoring to secure equality of treatment before the law for the Turkish people, it goes much further than constitutions usually do. In its economic articles it projects a complete social security system with state responsibility for public health and welfare (art. 48), employment (art. 40), education (art. 49), housing (art. 48), pensions (art. 47), even scholarships for children of poor families (art. 49). The Constitution then candidly admits in article 53 that none of these things will be provided if the state cannot afford to pay for them. It can only be hoped that politicians will point out this limitation when speaking to the people of the high objectives of the above articles, if embittering disillusionment is to be avoided.

I digress from reading Mr. Littell's comments, to state that earlier today I

pointed out the huge sums of money of the American taxpayers that we have poured into Turkey, in connection with our military aid and our economic aid there. A good many of the social services provided there have been provided by means of the dollars of American taxpayers. That is one of the bases of the protests I have been making about the foreign aid bill. When I think of the problems which confront us in our own country, in connection with social security, to mention only one, with its average payment to thousands and thousands of Americans of approximately \$85 a month; and when I spend, as I did this afternoon, 2½ hours in a conference on the aid-to-education bill, in an attempt to work out the differences between the Senate and the other body, so that we can come somewhere near meeting the educational crisis which exists in our own country, I wonder how we can justify this kind of aid to Turkey.

Mr. President, charity does begin at home; and we have some home problems to which we had better devote our attention.

I do not mean that I want our country to cease being humanitarian; but the wisdom of such expenditures for foreign aid becomes a matter of degree; and we have gone too far, because we are now giving such foreign aid at the expense of our own people, including those in underdeveloped areas in the United States.

Furthermore, when I also take into account the fact—which I pointed out earlier today—that, for the most part, the United States is paying the Turkish aid bill, and is not receiving help from our so-called NATO allies, I ask: "Is not Turkey important to them, too?" Certainly Turkey is important to all of us; but I think I could make quite a case for the fact that Turkey is really more important to the nations situated closer to her.

So we are greatly indebted to Mr. Littell for his calling our attention to these facts about Turkey; and, Mr. President, as legislative jurors, it is our duty to evaluate this evidence and apply it to the proposed legislation now before us.

Mr. President, I read further from the statement by Mr. Littell:

No matter how desirable social security measures may be, they constitute the ripe fruit of a successful industrial order and can be picked only from a mature industrial tree. Turkey has not even grown the tree. There is not the remotest possibility of paying these benefits for a very long time to come. The United States has them but only after 150 years of industrialization and after perfecting the high level of production to which it has attained in which about 6 percent of the world's population with about 7 percent of its area annually produce 50 percent or more of the world's wealth.

Mr. President, that is our record. What a glorious record it is. But it is one which I do not want put in reverse. We have made that record because we have built up a strong system of economic freedom; but we cannot preserve that freedom if we proceed to undercut its underpinnings. We shall not be able

to preserve that system, Mr. President, if we do not do something about the areas of the United States in which people are at least equally as entitled, I should think all of us would agree, to assistance from their government, in their time of need, as are the people of Turkey or Taiwan or France or any other of the 107 countries which are receiving some form of our aid—or, if we wish to use the figures which sometimes are given by others, the 94 countries which are being aided by us, or whatever the correct number may be. At any rate, certainly there is no question about the fact that we are aiding more than 90 countries; and I think the evidence which was submitted before our committee—namely, that some of our assistance goes to approximately 107 countries—will stand up under any analysis.

But it is only 90, it is too many. During the course of the debate one of the amendments that I intend to offer proposes to cut it back to 50, and then give aid to the 50 countries only on the basis of renewed applications meeting the guidelines that are set out in the amendment pertaining to AID.

The AID memorandum on Turkey notes that some improvements have been made, and that studies by Turkish, American, and OECD experts have led to the consideration of additional legislation to correct shortcomings.

Corrective measures are being considered. Does AID recommend that pending their adoption we sharply curtail our huge aid program, much of which is nothing but a subsidy for these uneconomic enterprises? Of course not. The supporting assistance, which is a budget subsidy to the Turkish Government will continue as usual, as will development grants, military aid grants, and development loans.

With respect to inflated costs and political inspiration of projects, this too is a charge that can always be refuted by pointing to the review of aid requests submitted by Turkey. But the allegations from Americans in Turkey, and from Turkish students of American teachers in Turkey continue.

The allegation of Turkish taxation of American defense facilities in Turkey came originally from American Embassy officials in Turkey. It is encouraging to note that AID finds no evidence of its truth. As for customs duties on goods brought in under American aid projects, if the money to finance the project comes from U.S. sources, I fail to see that it makes much difference whether the cost is assumed by the private Turkish company. It borrowed the money for the project from the United States, and the customs duties add to the cost of the project to the advantage of the United States.

Fortunately, my friend the Senator from Alaska [Mr. GRUENING] has already introduced an amendment prohibiting payment of customs duties on goods from the United States brought into any country through aid financing. I shall support his amendment. Whether or not the condition it seeks to correct exists in Turkey may be a matter of semantics.

But the Gruening amendment will clear up all doubt.

Finally, the dissatisfaction over the higher visa charges made by Turkey also emanate from the American Embassy itself. People who go to Turkey for more than 3 months point out that a multiple entry visa—costing \$9.60—is a must if they wish to visit anywhere outside the country. For Turkish visitors there is no charge unless they request an extension, for which \$10 is charged. AID believes the charges balance out, though Americans who travel in Turkey and report on the comments from the American Embassy do not agree.

However, if AID officials have any doubts of what Americans in Turkey think of our aid program there, I invite them to read the correspondence I have received about it. It has come from military and civilian personnel in Turkey with the aid programs, and it has come from students and visiting professors there.

I should like to digress from manuscript long enough to say that it is too bad that it is so risky for personnel of AID abroad, so risky for personnel of the military abroad, and that it is so risky for staff personnel of various missions abroad to make available to the agencies, missions, and services with which they are connected their criticism of the program. But we should be thankful that our educational process in this country has been successful at least to the degree that American boys and girls have been brought up with a pretty good understanding that under our system of checks and balances, to which I have alluded so many times in the debate, a person has the right and duty to place before their elected officials for their consideration the wrongs which they claim should be redressed. I have a body of such information.

There would be some blank spaces down at AID, in the Pentagon and in the State Department if they knew what their own staff members who have been in those areas where the waste, inefficiency, and corruption exist have told elected officials of Government in regard to what is really going on. We know why they do not tell their superiors. The policy-making witnesses of the administration, the State Department, and the other departments, come up and give us the usual palaver. Of course, they welcome suggestions from within their organizations. But the fact is that people within their organizations tell them they do not dare make them. That is why they frequently bring them to us.

One said as follows:

I dare say that this writing might not be fully approved from a military standpoint. But I feel I must stand up and be counted for what I feel. Twenty years of military service leaves me with an unmovable conviction that I still have a right and duty as a citizen as well as a loyalty to my people and Nation. I sincerely pray that what I have said may be of some insignificant assistance to you, even if in moral support only. I thank you and congratulate you and your colleagues in this effort, for your boldness and courage in trying to stem the tide of reckless spending policies.

That letter, which is voluminous, went on to relate what this military man had observed in regard to the shocking military waste in Turkey, pointing out that it was the American taxpayers' dollars that were being wasted.

It was all right for the majority leader and other Senators, as we heard a few moments ago, to say that a program as sweeping, broad, and comprehensive as this, is bound to have some waste. Of course it is. But that is not what we are complaining about. What we are complaining about is not that there is the ordinary waste to be expected in the administration of any program. What we are complaining about is the unconscionable and inexcusable waste, the unconscionable and inexcusable inefficiency, that has come to characterize our foreign aid program.

It is interesting that we have a committee report from the Senate Foreign Relations Committee that most of us on the committee never saw until we picked it up from our desks. It is an unsigned report as far as the members of the committee are concerned, and refers to a bill which was not reported by the committee by a rollcall vote. The language of the committee report is advice to the administration that the administration should take necessary steps before the end of the fiscal year 1965 to bring about much needed reforms in the foreign aid program.

It is the old story, where one participant is given the language in a court case but the decision is given to the other fellow. The report gives me the language, but rejects my amendment. But, the language supports my amendment. All that I have done is to offer an amendment to implement the language, to end all foreign aid as it now functions at the end of fiscal year 1965. I do not say we are not to continue foreign aid, as will be seen when full debate begins on the amendment in a few days. The amendment proposes that we announce we will continue foreign aid, but on the basis of applications received from applicants who, when they make application, would commit themselves to certain conditions, restrictions, and policies that would be followed by them to get the aid.

What is wrong with that? The language of the committee report indicates it is fairly good. I wish the committee had accepted the amendment, because that would have settled it.

This will not hurt the strength of the administration. Just imagine how strong the administration would be in this field of foreign aid if it could announce to the world, "Congress has changed the present policies of foreign aid by ending it and announcing that we will start, at the end of fiscal year 1965, with new rules and new policies—and here they are. You must comply with those rules and policies and then you will get some aid."

Of course, my amendment would limit aid to 50 countries. That is somewhat high. I am not so sure we should be aiding 50. The committee gives us language about the desirability of not giving aid to people in countries which can sup-

port themselves, but does not tell us which countries those are. The authority is all discretionary. There is no way of enforcing that language. My amendment would settle it, by putting a ceiling on it.

Every attempt is being made in some quarters to create the impression that I am an obstructionist opponent of all foreign aid. To the contrary, I am seeking to offer constructive suggestions for the development of a sound foreign aid program, and I am perfectly willing to take my proposal to the country. I shall watch with interest whether the administration takes its proposal to the country, if this bill is going to be its proposal. The country is not going to "buy" it. The public is fed up with paying for it.

I have another letter from which I wish to read an excerpt, of the many letters I could cite. This writer says:

I certainly agree, from my small field of observation, that we are forcing aid on the Turks that they are not equipped to handle by ability, education, resources, or intellect. Maintenance of equipment is one small fault—they have no concept of how to maintain it.

I agree wholeheartedly that Turkey finds it more advantageous to take advantage of the United States than it does to cooperate. I don't know anything about defense facilities being taxed, or gasoline and utilities being taxed. All I can say is this:

Gasoline tax: We buy gasoline on the local market and pay the same price that local citizens pay. Therefore, the price must include tax.

Exit tax: Every time we leave the country by air, even on official business, we pay what is called an airport tax of 10 TL, or \$1.10.

Beyaname: This is an official listing of all our household goods. We must produce everything listed when we depart the country. Nothing listed on that Beyaname can be discarded. Assume, for example, one brings in an electric toaster and it becomes uneconomically repairable. That useless toaster must be taken out with the owner. Let's say a bicycle is brought in and is stolen (there is considerable thievery here). The individual who brought this item in must pay tax on the stolen bicycle before he is cleared to leave the country. (This will happen to me.)

Gold outflow: Turkish lira is pegged at an artificial rate of TL9 to \$1. The free rate varies from 11 or 11.5 to 13 to 1. This means that every dollar's worth of lira that I purchase causes 22 cents of U.S. money to flow out. Multiply that 22 cents per dollar by the number of Turkish lira purchased monthly by Americans and I think it will add up to a fairly considerable amount.

Travel expenses: If a U.S. officer, or enlisted man, travels outside Turkey, he draws \$11 to \$14 per day. If a Turkish officer travels he receives \$20 per day, and that is U.S. money for which I paid taxes. I don't know the purpose of our aid to Turkey or where the money is supposed to go, but I can almost say this, categorically, if for roads—it isn't. Nor does it appear to be going for railroad improvement or for tourist facilities to bring money into the country.

Which raises an interesting question—What is Turkey doing about an income tax, and more importantly, what are they doing about collecting it from everyone in Turkey who is supposed to pay? And what are they doing about filling up all the tax loopholes that I am told are here? There is money in this country, Senator, as evidenced by all of the new construction, but how

much is getting into the hands of the country is questionable.

I hope, sir, I've given one small idea of my feelings. I've lived at this APO since 1960. I've traveled some within this country. I've seen it and its people and talked to them. The rich seem to be getting richer and the poor poorer, without too much being done to help themselves. I call it "the order of the outstretched palm."

Here is an excerpt from another:

Your recent comments on foreign aid and Turkey were greeted by the American service personnel stationed here in Turkey with great enthusiasm. I can once again have some faith in our American Government, because I know that at least one official is trying to improve our country and not his own financial status. Since being assigned here I have not seen any of the great improvements that our foreign aid could have made, but some sights that are very common are: (1) AID personnel riding around in chauffeur-driven automobiles, (2) local officials riding in Cadillacs, (3) Turkish Army personnel in their American vehicles (Jeeps staff cars and trucks) that were no doubt gifts of our Government, (4) last, but I feel the most ridiculous of all is Ataturk's tomb. This mass architectural monster must have cost in the millions and no doubt our foreign aid paid all of it. American service personnel assigned here are "fleeced" out of every cent they make. We pay at least double for what we buy, and you could rent an apartment in Washington for what you pay for a "hole in the wall" here. On top of these mounting substandard conditions, the housing allowance has been reduced for military personnel here from \$1.44 to 70 cents per day.

If I were assigned to AID so a staff car would pick me up every morning and take me to work, I would no doubt extend here for as long as possible. But unfortunately I am just an American serviceman, who until recently had decided on a career in the service of my country.

After seeing what our Government is doing in a country that obviously does not deserve our help, I have decided that the best thing for me to do is get out of service and live on welfare.

And another:

Having been stationed in Turkey for the past 15 months, I can fully appreciate the statements that you have made in your address to the Senate. I haven't been in the service very long, but I know I will not be in any longer than I have to after serving my tour here * * *. I would like to say that the part of your speech about the Turkish aid that was printed in our military paper was widely accepted as the truest statements made about our mission in Turkey ever made.

Another wrote:

It is encouraging to know there are still Congressmen unafraid to express their views concerning the ingratitude of our NATO allies * * *. One example of this is evident in the fact that almost all the Americans in Turkey who exchange dollars for lira are compelled to do so at the unrealistic rate of 9 lira to \$1 and, consequently, suffer a considerable loss.

To quote another letter:

Any man here will only be happy to say that the professor has given accurate information, and the so-called AID should be thoroughly investigated.

Even allowing for the usual "gripes" of Americans sent abroad by their Government in either a civilian or military capacity, Americans in Turkey are disturbed by the waste of our money that is going on there.

These countries about which I have talked today account for a very large proportion of our aid program. These are not the small outlays to dozens of nations, about which the Foreign Relations Committee was critical but did nothing. These are the nations around the Communist perimeter for which much of the whole rationale for foreign aid depends.

I believe our aid to all of them can be reduced without jeopardizing any American security interest. Among the amendments I introduced Tuesday were measures to reduce by 25 percent the programmed aid for fiscal 1964 for Turkey, Portugal, Spain, Greece, Taiwan, South Korea, South Vietnam, Indonesia, Israel, the United Arab Republic, Iran, Jordan, and Saudi Arabia. Another amendment will cut military aid to India and Pakistan to 50 percent of the projected level, and economic aid to India and Pakistan to 75 percent of the projected level.

It is no longer possible to avoid discussing foreign aid in terms of specific countries. However disagreeable it may be, it has become necessary for Congress to talk about specific failures in specific countries, and to make specific reductions.

Thus, when I discuss tomorrow the so-called compromise agreement offered by the leaders of the Senate on both sides of the aisle, I shall point out, in discussing many of its defects and shortcomings, this one: That it does not come to grips with the specifics of the foreign aid program. It is an amendment that is obviously designed to draw fire. It is an amendment that is obviously designed to make people think they can smother the fire.

As the Senator from Tennessee [Mr. GORE] pointed out a few moments ago, the matter is too serious for cavalier handling, as he referred to it, on the floor of the Senate. I think he is unanswerably right when he says the proposal of the leadership itself supports my amendment, that we send this matter back to the committee so, as the Senator from Tennessee said, and as the Senator from Missouri [Mr. SYMINGTON] joined him in saying, all members of the committee that has the chief responsibility for foreign aid legislation can sit down behind the executive doors of that committee and consider this proposed compromise. It can receive the proof that can be offered, if any, that the figures selected and the allocations suggested are justifiable. They can decide among themselves whether or not the views in connection with the subject matter do not justify some major policy changes. Then they can bring the bill back to the floor of the Senate in whatever form they decide to bring it back.

I think that is a wise course to follow. I hope the Senate will see fit to follow that course tomorrow, when I make the motion. It is a dignified motion that seeks to strengthen the hand of the Foreign Relations Committee, not weaken it.

The Senate itself is entitled to, and should want, the advice of its Foreign Relations Committee, after due deliberation among the members of the committee, and in consultation with the leaders

of the administration, as to the form the adjustment in the bill should take.

I plead that the Senate give consideration to that kind of a parliamentary and legislative approach to this problem. We will save time, for this amendment is not going to stop the consideration of other amendments. This amendment is not going to stop amendments to it, if it is decided to rewrite the bill on the floor of the Senate, using this amendment as the first proposal for the rewrite.

I do not think it is necessary to spend the time that kind of parliamentary hassle is going to take, when good judgment and reason call for us to sit down together and reason together in the Foreign Relations Committee, on the basis of the question, What, if anything, should we now recommend to the Senate ought to be adopted?

It is important that we have a meeting of the Foreign Relations Committee, so we can have a forum to which representatives of the State Department particularly can come and counsel with us as to what our course of action ought to be in the best interests of passing the soundest possible bill on foreign aid.

I yield the floor.

Mr. JAVITS. Mr. President, I call up my amendments numbered 239.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The amendments of the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 30, after line 25, it is proposed to insert the following:

It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign.

On page 31, lines 1, 4, 6, and 9, strike out "(1)", "(2)", "(3)", and "(4)" and insert "(2)", "(3)", "(4)", and "(5)", respectively.

The PRESIDING OFFICER. Does the Senator from New York wish to have his amendments considered en bloc?

Mr. JAVITS. Yes, Mr. President; I ask that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. GRUENING. I wonder whether the Senator from New York plans to request that the vote on his amendments be taken today.

Mr. JAVITS. Yes. I discussed this situation with the Senator from Oregon, who said he would have no objection, insofar as he could see, to having the Senate vote on these amendments today, provided they are voted on by a yea-and-nay vote. Inasmuch as he and I must attend the same conference this afternoon, I thought perhaps I could have the yeas and nays ordered on the question of agreeing to my amendments, after I had discussed them; and perhaps then the Senator from Alaska could proceed to make his remarks.

However, I am entirely agreeable to having my amendments voted on by a voice vote, rather than a yea-and-nay vote. I have mentioned a yea-and-nay vote only because of the request of the Senator from Oregon.

Mr. PROXMIRE. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. PROXMIRE. I have several amendments which I wish to submit. My remarks on them will be brief, and I should like to have them disposed of quickly. Therefore, if the Senator from New York requests the taking of a yea-and-nay vote on the question of agreeing to his amendments, but if they are not voted on today, I hope he will recognize that the result will be to prevent the Senate from voting today on other amendments.

Mr. JAVITS. Mr. President, the Senator puts me in an embarrassing position, because I certainly want the Senate to proceed promptly in acting on the pending bill. However, we must bear in mind that the Senator from Oregon and the Senator from Alaska can delay our action on any amendment, merely by speaking. The Senator from Oregon informed me that he must attend a conference this afternoon, and that he wishes a yea-and-nay vote to be taken on my amendments. So it seems to me that a yea-and-nay vote will be a small concession as the price of having the amendments acted on today. As a result, we are now in a position in which we cannot choose the means, and thus we might have to agree to a procedure which otherwise we might not choose to have followed.

Mr. PROXMIRE. I understand, and I wish to cooperate. However, I do not think the Senator from Oregon would object to the taking of yea-and-nay votes on my amendments. So I shall request that yea-and-nay votes be taken on the question of agreeing to them. My remarks on each amendment will be brief not in excess of 10 or 15 minutes; and I believe the Senator from Oregon will be willing to accept my amendments.

Mr. JAVITS. I believe the Senator from Oregon will also be willing to accept my amendments. He and I must attend the same conference this afternoon; it is scheduled for 2 o'clock. As soon as I have submitted my amendments, the Senator from Alaska can obtain the floor; and perhaps then an understanding can be reached about the time for voting on the amendments. I thoroughly agree with the Senator's views as to that.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. LAUSCHE. I suggest that the chairman of the committee go into meditation to determine whether he can accept the amendments.

Mr. JAVITS. Mr. President, these amendments seek to deal with a very serious problem which we face in connection with the effort—one which I think will undergo considerable scrutiny during the debate on the bill—to introduce the private economic system of the

United States into the foreign aid program far more effectively than it has been introduced thus far.

The major auspices under which private enterprise can operate with the aid of the foreign aid program is the investment guarantee program, which, after a slow start, has developed very appreciable momentum. The existing authorization total for specific risk guarantees is \$1,300 million. Applications in process total \$3 billion; and a new ceiling of \$2.5 billion is proposed. There is no question that the new ceiling should be authorized.

This authorization does not constitute an expenditure of tax funds, yet is a major incentive for private investment which inevitably is accompanied by a massive amount of technical assistance. Not only is this valuable from the point of view of bringing American know-how into these countries, which we are so anxious to help, but it is also valuable in terms of training local managers, technicians, and workers, because in most countries the overwhelming majority of the employees of American concerns there—concerns either with Americans in partnership or with American loans—are local. In addition, a very important development is occurring in American business: More and more, the managerial personnel, right up to the top level, are becoming local. In country after country the top men handling businesses with American investments or even American enterprises are local men. This development is all to the good; and great efforts are being made by the leading business companies to obtain not only the operating personnel, but also the top-level managerial personnel, from the local people. These companies go to great pains to do that, and they do so to very good effect.

This process is becoming so successful that there are instances in which local personnel in a company which is American financed have become so valuable that they have been brought to the United States, as members of the board or other top managerial personnel of the parent company, as it were, because of the skill and the ability they have shown.

So private investment—a good deal of which has sought the protection of the specific risk guarantees program, which, as we know, guarantee against inconvertibility and expropriation as a result of war or civil commotion or insurrection—has been found a very useful tool for the purpose of inducing more private enterprise in this country to engage in operations in the countries we are aiding, especially in the newly developing countries which we are seeking to aid.

However, the process is limited by the number of countries which will join in such investment guarantees. Under existing law the United States must negotiate formal investment guaranty agreements with most countries before individual guarantee contracts may be issued by AID. Two years ago Congress granted the President authority which enables him to conclude simpler forms of agreement with those countries which

protect the interests of the United States through suitable local laws, in conformity with international law and if they have a good record regarding the treatment of foreign investments. Even with such authority progress has been limited, though lately we have had much better luck than we had before.

I call to the attention of the Senators pages 13 and 14 of the report of the Senate Foreign Relations Committee, particularly the top of page 14, at which point the committee explains its attitude with respect to the subject. The United States now has investment guarantee agreements with 57 developing countries, 19 of which have been concluded in the last 2 years.

Mr. President, I ask unanimous consent that a list of those countries be printed at this point in my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

COUNTRIES WHERE SPECIFIC RISK INVESTMENT GUARANTEES ARE AVAILABLE

Convertibility: Afghanistan, Argentina, Bolivia, Chile, China (Republic of), Colombia, Congo (Brazzaville), Congo (Léopoldville), Costa Rica, Cyprus, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, India, Iran, Israel, Ivory Coast, Jamaica, Jordan, Korea, Liberia, Malagasy (Republic of), Malaya (Federation of), Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Senegal, Sierra Leone, Spain, Sudan, Thailand, Togo, Trinidad-Tobago, Tunisia, Turkey, United Arab Republic (Egypt), Uruguay,¹ Venezuela, Vietnam, and

Expropriation: Afghanistan, Argentina, Bolivia, China (Republic of), Colombia, Congo (Brazzaville), Congo (Léopoldville), Costa Rica, Cyprus, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, India, Iran, Israel, Ivory Coast, Jamaica, Jordan, Korea, Liberia, Malagasy (Republic of), Malaya (Federation of), Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Philippines, Portugal, Senegal, Sierra Leone, Spain, Sudan, Thailand, Togo, Trinidad-Tobago, Tunisia, Turkey, United Arab Republic (Egypt), Uruguay,¹ Venezuela, Vietnam, and Yugoslavia.

War Risk: Afghanistan, Argentina,¹ China (Republic of), Colombia,¹ Congo (Brazzaville),² Congo Léopoldville,² Cyprus,² Dominican Republic,² Ecuador, Gabon,² Greece,² Guinea,² Israel,² Ivory Coast,² Jamaica,² Jordan,² Korea, Liberia, Malagasy (Republic of),² Morocco, Nepal,² Nicaragua, Niger,² Panama, Senegal,² Sierra Leone, Sudan, Thailand, Togo,² Trinidad-Tobago,² Tunisia,² United Arab Republic (Egypt),² Venezuela,² and Vietnam.²

Although the Mutual Security Act of 1959 excluded economically developed countries for purposes of the investment guarantee program, guarantees are still available for the underdeveloped overseas dependencies of the following countries: Denmark, France, Netherlands, Norway, and United Kingdom.

The following countries also have signed the agreement to participate in the investment guarantee program but due to the Mutual Security Act of 1959 guarantees may no

longer be issued for investments there: Austria, Belgium, Finland, Federal Republic of Germany, Ireland, Italy, Japan, and Luxembourg.

Cuba signed the agreement in 1957 for convertibility and expropriation but due to conditions existing in that country the program is inoperative there.

DFPE/IGD:VLS:skd: October 28, 1963.

INVESTMENT GUARANTEE PROGRAM

List of less developed areas which are dependencies of metropolises participating in the AID investment guaranty program:

Denmark (convertibility/expropriation): Greenland.

France (convertibility/expropriation): French Somaliland, Reunion, Comoro French Settlements in India, New Caledonia, Tuamotu Archipelago, including Society Islands, Austral Islands, Marquesas Archipelago, St. Pierre and Miquelon, Martinique, Guadeloupe, and French Guiana and Inini.

Netherlands (convertibility/expropriation): Surinam (Dutch Guiana), Netherlands Antilles.

Norway (convertibility/expropriation): Spitsbergen.

Portugal (convertibility/expropriation): Angola (Portuguese West Africa), Mozambique (Portuguese East Africa), Cape Verde Islands and Portuguese Guinea, Sao Tome and Principe, Timor, and Macao.

Spain (convertibility/expropriation): Ifni, Spanish Sahara, Fernando Poo, Rio Muni.

United Kingdom (convertibility only): Channel Islands; Isle of Man; Gibraltar; Malta; Gambia; Kenya, Zanzibar, and Pemba (not after December 1963. Due for independence); Federation of Rhodesia and Nyasaland; St. Helena and dependencies; Mauritius and dependencies; Seychelles; Aden and protectorate; Hong Kong; Brunel; Fiji Islands; Falkland Islands and dependencies; Western Pacific High Commission Territory (excluding Tonga and New Hebrides); Bahamas; Bermuda; Antigua (including Barbuda and Redonda); Barbados; Dominica; Grenada (including Southern Grenadine Islands); Montserrat; St. Christopher-Nevis-Anguilla (including Sombbrero); St. Lucia; St. Vincent (including Northern Grenadine Islands); British Virgin Islands; Turks and Caicos Islands; Cayman Islands; British Guiana; and British Honduras.

Mr. JAVITS. The United States has no agreements with approximately 26 countries. I ask unanimous consent to have that list printed at this point in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

COUNTRIES WHERE INVESTMENT GUARANTEES ARE NOT AVAILABLE

Latin America: Brazil, Mexico.

South Asia and Near East: Syria, Lebanon, Saudi Arabia, Yemen, Iraq, and Ceylon.

Africa: Libya, Algeria, Cameroon, Central African Republic, Chad, Dahomey, Mali, Mauritania, Upper Volta, Somali, Tanganyika, Uganda, Rwanda, and Burundi.

Far East: Burma, Cambodia, Laos, and Indonesia.

Source: Agency for International Development.

Mr. JAVITS. The list includes Brazil, Mexico in Latin America, most of the Near East countries, a rather impressive list of about 14 African countries, and Burma, Cambodia, Laos, and Indonesia in the Far East.

The Senator from Indiana [Mr. HARTKE] and I had submitted to the Foreign Relations Committee proposals which would have prevented aid from going into a country which would not

conclude an investment guarantee agreement with us on the very logical theory, I believe, that if they prevented us from getting our private enterprise in, the United States would be called upon for the maximum aid without regard to the diminution which could result if there were private enterprise investment. Therefore aid should be denied to that country under such circumstances.

The committee took a rather dim view of that kind of condition precedent and stated—

The committee gave serious consideration to several proposals which were before it to make assistance contingent upon the conclusion of an investment guarantee agreement with the country receiving assistance. The committee rejected these proposals because it felt that they would probably not accomplish their purpose of increasing the number of investment guarantee agreements, and because it was favorably impressed with the progress which has been made in negotiating new agreements.

So in view of the rejection of those amendments, the amendments now proposed are really a "sense" resolution, of which there are a number in the bill, and they have a very material effect on the policy of the State Department and the AID. The amendments are based upon the position paper on the subject submitted to me by the State Department in commenting upon the amendments.

The Department of State, for all practical purposes, said—

We could welcome a statement of policy which would say that, as we insist on self-help by countries which will get aid, and as we insist on a good climate for private investment, the institution of investment-guarantee programs with all recipient countries would be regarded as a significant measure of self-help by such countries, improving the climate for private investment, both domestic and foreign.

Therefore, the amendments before the Senate were drafted in almost the exact words chosen and referred to by the State Department in connection with the subject.

Mr. President, I ask unanimous consent that the letter of comment of the State Department dated May 4, 1963, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, May 4, 1963.

HON. JACOB K. JAVITS,
U.S. Senate.

DEAR SENATOR JAVITS: Thank you for your letter of April 4 to David Bell and the Secretary which asked the views of AID and the Department on a contemplated amendment of the Foreign Assistance Act showing strong congressional intent in support of the conclusion of intergovernmental agreements instituting the investment guaranty program. Your letters suggested that the amendment might further urge the conclusion of other agreements and treaties necessary to the effective carrying out of the foreign aid program.

As you know, the Department and AID have been seeking to broaden the number of countries in which full guaranty programs will be available. The portion of the President's foreign aid message which your letter mentioned is a part of that effort.

¹ Although applications will be accepted for Uruguay, guarantees cannot be processed until agreement is ratified by country's legislative body.
Yugoslavia.

² Including also guarantees against loss due to revolution and insurrection. (Also extended risks.)

Two years ago, Congress recognized that rigid statutory requirements regarding guaranty agreements impeded progress in broadening the program in Latin America. It, therefore, amended the law to permit us to modify the substance of the agreements and further to institute guaranty programs without a formal agreement embodying "suitable arrangements" to protect the interests of the United States in those cases where we could reasonably find either that such an agreement would soon be reached or that these interests were suitably protected by local laws and international law. Those amendments have proved useful. They have enabled us to revise the agreements so as to overcome many of the legal and constitutional objections that have been an impediment in the past. As a consequence, we have been able to arrange investment guarantees with Colombia and Venezuela.

The problems we face in concluding guaranty arrangements are, as you well know, largely political and emotional. The present legislation is, I think, adequately designed to help us develop a climate of confidence in which private investors will be encouraged to play their essential role. This confidence could, however, be impaired if the legislation were amended in too rigid a manner. It would not serve our national purposes if the U.S. Government were compelled to abandon efforts to assist the development of free economic institutions in an underdeveloped country in every case where a relatively small number of Communists or extreme nationalists, forming an effective minority within a foreign legislature, are able to block conclusion of a particular agreement.

We cannot, therefore, recommend legislation in a rigid form. But we would welcome an expression by Congress that the institution of full guaranty programs would be regarded as a measure of self-help improving the climate for private investment, both domestic and foreign, and thus important to the success of the Alliance of Progress.

We should be happy to discuss this question with you at greater length. If you would like to go into it on a country-by-country basis, I know that Seymour Peyser, who has the primary responsibility for obtaining these agreements, would be very glad to talk with you.

With best regards,

Sincerely,

GEORGE W. BALL,
Acting Secretary.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield.

Mr. LAUSCHE. What is the Senator's reason for asking that his proposed language of policy be included in the bill? What purpose would it serve, and how could it be used subsequently?

Mr. JAVITS. It would serve two purposes. One purpose would be to give AID a specific direction as to what we regard as important in the way of self-help; that is, a private investment climate and a capability for accommodating guarantees in the countries which we aid.

The second purpose—and this is perhaps its most important purpose—is that AID and our State Department negotiating people can then point out, in connection with seeking to negotiate agreements with other countries which have not yet entered into them—and I have submitted the list—the insistence by the Congress that that be done, and that it is not really being done in a

mandatory way but only as a matter of international courtesy.

The Senate Foreign Relations Committee feels that it should be done. In its declaration Congress states that it feels it should be done. Therefore, the intent would be expressed in polite language, with no desire to offend any of our friends in the world, that the principle is very deep within us—so deep that we are writing the language into the bill, which we do not generally do in the case of questions of policy. Therefore it is felt—and I agree—that the provision will be an important assistance in bringing about the consummation of agreements with the countries with whom we have not yet agreed.

Another point is important, too. Many people will say that we are giving aid to developing countries. We are going to give them aid. Why should we be embarrassed and backward about seeking that condition?

It is a question of degree. Suppose in the national interest of our country we feel that we should aid, let us say, Brazil, Mexico, or any other country which is on the list, and suppose that country should insist upon a Communist-type of government. We would not give them any aid. Qualitatively, we would have no part of it.

On the other hand, if that country should drag its feet about making an agreement relating to investment guarantees, there is a natural reluctance to say that that alone should represent the basis on which we would break off relationships in respect to aid—except when the Congress expresses itself in a forceful way, which I propose that we do. Then it seems to me that we accommodate the international amenities and at the same time make clear that we insist upon that provision and that we consider it very essential as a qualification for aid.

Mr. LAUSCHE. Do I correctly understand that it would be justifiable to interpret that program as being one contemplating an encouragement to nations to help themselves?

Mr. JAVITS. Exactly.

Mr. LAUSCHE. If that is how we would look at it, those nations that would be helped by the program ought to cooperate in carrying into effect the spirit and the letter of what we are doing.

Mr. JAVITS. The Senator is exactly correct. That is precisely the intention and precisely how I hope the program will work.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. I believe the Senator's amended version of the proposal is acceptable to me. I think the Senator is quite correct. We desire and urge the Department to negotiate as many of those agreements as it is possible to do so. They have done a very good job in persuading countries to enter into such agreements. With reference to the statement that it would not be effective in reaching a desired result, I point out that it is really a matter of approach. We could be so offensive in our demands, as is stated in other areas, that our efforts would become counterproductive. I

believe that the proposal is a far better approach, so far as I am concerned, and I am sure the Senate would not object to the inclusion of the proposed language as a policy statement.

Mr. JAVITS. I am very grateful to the Senator. As I explained to the Senator from Wisconsin [Mr. PROXMIRE], were it not for the problems with the Senator from Oregon [Mr. MORSE], the amendments would normally be accepted by the Senator in charge of the bill.

Mr. President, I should like to develop, if I may, one or two other points with the chairman of the committee.

There are two other guarantee programs aside from the specific risk guarantees which I have described. One is the extended risk guarantee program; the other is a special housing guarantee program for Latin America which are a part of the law, but which seem to us to be lacking very materially, and to have taken a very long time to get off the ground.

The extended risk guarantee is a specialized guarantee for the purpose of enabling the President to insure (a) 75 percent of any private investment in a country which is being aided, when the President feels that this will be desirable in our national interest and (b) 100 percent of any loan investment for housing projects. In pursuance of the program, there is an authorization of \$180 million. Outstanding are \$8.2 million in guarantees. Applications in process total \$9.5 million.

It is clear that an effort is being made to apply the extended risk guarantees to housing as well. This is a desirable way to manifest our aid to a particular country.

One of the problems encountered has been the rather small staff available to work on the guarantee contracts. Hence in respect of the extended risk guarantees and the Latin American housing guarantees a very small amount has been used. For the latter program \$60 million was authorized, \$1.3 million is actually outstanding, and \$20 million is pending. The difficulty has been in assigning the necessary personnel for the purpose. In the case of the specific risk guarantee program there is still an 18-month backlog. This particular phase of the program now totaling \$900 million is administered by 16 people. A U.S. investor, wishing to invest in a developing country and get a guarantee, would have to wait some 18 months before he could normally expect action on his request. It has been only recently that nine additional individuals have been authorized to work directly in this program, supported by three attorneys.

The 2-year-old extended risk guarantee program is still in the process of formulating policy. I understand, however, that a policy directive is to be issued in 3 to 6 weeks. The Latin American housing program, which is also 2 years old, until recently was manned by these individuals. Now they have nine full-time individuals.

I believe it would be desirable for the chairman of the committee to express his opinion as to the desirability of providing the necessary staff in AID, so

that the investment-guaranty program may be effectively implemented all the way down the line. I am sorry to report to the Senate, in respect of the major guarantees—the specific risk guarantees for which we are asked to authorize \$2.5 billion in the bill—there is an 18-month backlog. This information is from the Agency itself. Many proposals, subjected to that kind of timelag for approval, may well be withdrawn or become academic. Business is not normally in position to wait all that time for a particular guarantee to come through, to facilitate an investment.

So I ask the chairman to comment upon that situation, which is troublesome for those who are anxious to use the program, when it is certainly very much in the American interest that it be used.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. It is the information of the leadership that very little, if any, of this money has been used. I did not understand it was entirely a question of manpower available to process it. The administration has very substantial manpower available for the processing of these applications. I do not believe there is any necessity for a special direction in this legislation to authorize the use of administrative funds for such a purpose.

Personally I would be in favor of the Senator's suggestion, if that were the real bottleneck; but I was definitely given the impression that nothing was done about the extended risk guarantees because the administration had not used existing authority. We increased the housing authority to the figure requested. I do not believe it is a matter of limitation of funds, but it is merely a bureaucratic problem of placing the personnel in this area to do the work. I understand that some experts have been borrowed from our own Housing Administration to help them in this field, which is fairly well specialized.

We took testimony to the fact that they are beginning to move better than they were. It was very slow, I agree with the Senator.

In the beginning of this program there were many complaints, and we had considerable testimony on the subject. The Senator from Florida took a great interest in this subject. There was testimony about the delays in getting these programs under way.

All I can say is that the committee complained about it. We urged the AID authorities to move more rapidly in this program. They promised to do so. I do not believe a limitation of the authorization is bothering them.

Mr. JAVITS. I do not believe so, either. I appreciate the administrative difficulties, and that there was a shortage of personnel on the housing program guarantees. What disturbs me most is the 18-month lag in the major guarantee program; that is, the specific risk guarantee program. As a person who represented business interests when I was active in the practice of law, it seems to me

that if there were any delays they would kill most proposals for which guarantees were being sought. From the point of view of encouraging rather than discouraging the guarantee mechanism, and therefore private investment, it seemed to me it was well worth putting some pressure on and moving it more actively than it seems to be moving.

Mr. FULBRIGHT. I believe the Senator is correct in what he has just said. I hope that will be the effect. I join him in urging that that be done.

I can only say in their defense—to some extent it is a defense—that they have been severely criticized from all angles, and they have become, perhaps, overly cautious in the initiation of the program. They have not had much experience. This guarantee program is a relatively new one, and was extended to some areas about which the committee was dubious, because it could be abused. I believe it required a long time to get underway. I am hopeful that, with a little more experience, it will move much more rapidly.

Mr. JAVITS. I am grateful to the Senator.

I have had another amendment printed, relating to the possibility of research by AID into the means of enabling the investment public in the United States to participate more fully in the economic development of the less developed countries.

I believe an amendment is not really the best way to get at that kind of administrative question of policy, so I have no intention of pressing that amendment. However, I should like to ask the chairman of the committee for his opinion as to what he considers to be a reasonable order of priority.

What I have in mind specifically is a bill which has been introduced by me in the 87th Congress, together with other Senators, called the "peace by investment" bill. Whatever may be its defects or its merits, it calls for a corporation to be organized, facilitated by the U.S. Government, to be privately financed, with the idea of giving the American citizen—the rank-and-file investor—an opportunity for a stake in the foreign aid program. At present, we are encouraging only private investment on the major scale of a business corporation. I know that the Senator is as disheartened as I am—and we are doing our best to do something about it—that only 5 percent of American business concerns are engaged in overseas export and import or in overseas private investment.

It seems to us highly inconceivable that we are not able to do better in our great Nation, in view of the enterprise and opportunity which exist abroad. We should at least consider whether—through some investment company mechanism on a very big scale, with some Government help, a private investor can be brought into the picture and an effort can be made to take a big part of the load from the backs of the taxpayers by a major private enterprise effort financed by small investments.

So I ask the chairman of the committee to be good enough to give me his

opinion, which might help in directing the attention of AID to the possibility that it needs some staff checking.

Mr. FULBRIGHT. Anticipating the Senator's question—we have talked about it before—I have discussed this question with the executive branch, and I have been assured by the executive branch that a well worked out proposal for such research would not be ineligible for consideration. The executive branch informs me that it would give every consideration to the proposal. The AID agency pointed out that it might be possible to agree upon a proposal looking into the further involvement of the United States investor in the economic development of the less developed countries, which might also be eligible for financing from nonresearch funds; depending upon the nature of the proposal.

I agree with the Senator about the desirability of private enterprise being involved in this effort. I need not tell him that one of the problems has been the relative political instability of a number of countries in which certain funds have either been invested or tentatively invested, or in certain Latin American countries, where we have run into the question of equitable arrangements. This has put a damper on investments. The Senator knows the story in that connection. But the AID people in the executive department are sympathetic with this kind of program. They told me they would welcome it.

Mr. JAVITS. I thank the Senator. I will submit a specific and detailed proposal to the State Department within the next few days.

In conclusion, let me say that I am very well aware of the concern of American business with respect to overseas private investment when we face a situation such as took place in Cuba and when we face other instances of unjust appropriation without compensation. At present there is grave concern about a number of oil contracts, for example, in Argentina. Whatever may be the justice, pro or con, involved there, so far as we know, those contracts were honestly negotiated and developed important resources in Argentina. The only demerit which can be placed upon their doorstep is that they were very successful. The American interests discovered great quantities of oil in Argentina. Happenings of this kind are discouraging to American investors. This situation, as has been mentioned by the chairman of the Foreign Relations Committee, should be stated on the floor of the Senate.

At the same time, there is involved a twofold purpose. One of the purposes is that of aiding normal opportunities. There have been great, legitimate enterprises, and profits have been built upon foreign businesses. A number of companies in the United States today, for example, are deriving more of their net income from business overseas than they are from business in the United States. This is very worthy, and it is something that this country as a world leader should do.

So far as risks are concerned, actuarial risks can be ascertained by American

business. When money is lost in certain countries, gains that outweigh such losses must be taken into consideration. So it is a question of whether the losses sustained in Cuba or elsewhere are outweighed by profits or desirable activities engaged in in other parts of the world. On the whole, I believe the balance is in favor of private investment and export-import business. It remains an important source of business enterprise and profit.

But it is our failing; and what American business complains about most is that our Government, unlike the British Government, which is given always as a striking example, does not "go to bat" for its investors or its business people even when they are right. The theory in the State Department is that American business is wrong, that it has something it should not have, that it has done something unseemly, something which is not lawful. If there is one thing that discourages business, it is that attitude on the part of our Government.

We lawyers have a saying that it is not what the facts are, it is what the judge thinks they are, that counts.

The fact that the State Department may protest from today until doomsday does not have much help for American business. It must have a stronger counsel or advocate when a country expropriates business property or imposes other restrictions.

The Government has the right to assume that people of character, businesses with millions of investors in the United States and hundreds of thousands of employees are still entitled to the primary assumption that they are doing business in an honest way, until it is proved to be improper or dishonest or wrong.

We are touching this afternoon upon what may be the most important point in the bill. I hope the State Department will give this advice to all its echelons, even extending it to those who are just out of college and who have never had to make a payroll. They should take pride in American enterprise, which has been a great, dynamic force in the United States. They should feel that they can give to private enterprise, as we do to all others in the United States who are trying to do a job and who are patriotic—and it is patriotic and highly desirable to make useful investments all over the world—the assumption that it is living up to its responsibilities. The Department should assume, as it does with respect to all others, that they are doing business on a proper basis, that they have not made an improper contract or have not overreached in making a contract, and that, on the record, they are right until proved wrong. If they are wrong, the situation may be corrected, but if they are right, stand up and give them support, which may do more for morale than authority in a law or some restrictions which may be placed on the giving of aid, or the Hickenlooper amendment, or some other restriction.

So I hope very much that this lesson, in this remarkable area in which to discuss it, may sink in to our authorities.

We are proud, we Americans, that every citizen has the right to be considered honest until proven guilty. And the overwhelming number of businessmen are honest. There are 17 million stockholders in this country, and there are 87 million insurance holders and bank depositors. They are investors. There are over 75 million individuals in our labor force. That is American business today.

I hope very much that the State Department will pay serious attention to the concept which has been uttered here today in this respect.

Mr. President, before I yield the floor, and in deference to the request of the Senator from Oregon [Mr. MORSE], I hope there will be enough Senators present to grant the yeas and nays on this amendment. The chairman of the committee is willing to take the amendment, but the Senator from Oregon has asked for a rollcall. So I ask for the yeas and nays.

The yeas and nays were ordered.
Mr. President, I yield the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill—H.R. 6500—to authorize certain construction at military installations, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill—S. 1523—to make certain changes in the functions of the Beach Erosion Board and the Board of Engineers for Rivers and Harbors, and for other purposes, and it was signed by the President pro tempore.

CONSTRUCTION AT CERTAIN MILITARY INSTALLATIONS—CONFERENCE REPORT

Mr. RUSSELL. Mr. President, I desire to call up a privileged matter.

I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill—H.R. 6500—to authorize certain construction at military installations, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of October 30, 1963, pp. 19579–19585, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. RUSSELL. Mr. President, I have a very brief statement to make with respect to the report, which was unanimous, and was signed by all the conferees representing both Houses.

There were 59 points of difference between the Senate and the House versions of the bill. The House conferees accepted the Senate's position on 51 of these. The remaining eight, four of which related merely to language adjustments, were resolved after some discussion.

The new total of the authority agreed to in conference is \$1,642,253,380, which is \$43,608,000 below the bill as passed by the Senate, and \$5,425,380 above the amount approved in the House-passed bill.

I may say that a large part of that increase is accounted for by estimates that were submitted to the Senate after the bill had passed the House.

The reduction in the amount granted by the Senate bill consisted primarily of two elements. The first relates to title V, the housing portion of the bill. I have previously called to the attention of the Senate the proposed program of the Defense Department to provide about 62,000 new units of military family housing over the next 5 years. The Senate approved 12,220 units as the fiscal year 1964 increment of this program. This was in contrast to 10,000 units approved by the House of Representatives, which would have stretched the program out over a 6-year period, rather than the 5-year period envisioned by the Department of Defense.

However, in consideration of the fact that in past years the Defense Department has frequently been unable to execute entirely the programs approved due to changes and delays, the House position prevailed and 10,140 units of housing were approved. Dollarwise, this amounted to a reduction of \$35,131,000 in the amount of the authority approved by the Senate.

The other reduction of substance was made in the classified section of the Navy portion of the bill and amounted to \$8,437,000. For 2 years now, the Congress has disapproved the proposed realignment of certain military installations in Puerto Rico, resulting in the denial of authority for various construction projects relating thereto. It has been difficult to determine just what projects submitted for approval are operational requirements and which are those relating to the realignment plan. It was concluded that projects in the amount referred to could be safely deferred until the fiscal year 1965 program.

Finally, I would like to advert briefly to one adjustment made in title VII of the bill which relates to the reserve components. The bill as it passed the House of Representatives contained a provision which would have permitted the renovation and repair of two State-owned facilities in the State of New York which are under lease to the Government for the use of the Naval Reserve. This provision was deleted by the Senate, primarily because complete details and figures were not available at the

time the bill was under consideration. This provision was restored in conference as it was believed to be in the best interests of the Government to do so.

Mr. President, I believe the results achieved are sound and that the construction needs of the military have been adequately provided for in fiscal year 1964.

I therefore move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF TITLE 28 OF THE UNITED STATES CODE, RELATING TO VENUE GENERALLY—REQUEST TO HOUSE OF REPRESENTATIVES FOR RETURN OF PAPERS

Mr. RUSSELL. Mr. President, page 19566 of the RECORD of yesterday shows that the Senate passed H.R. 2985, to amend section 1391 of title 28 of the United States Code, relating to venue generally in the U.S. district courts. It would extend the jurisdiction of these courts in tort cases. I can conceive of two or three instances where the enactment of the bill might have a rather unfortunate result. I assume it was drafted with a view to simplifying trial procedure in tort cases, such as in the case of a motorist from Maine and one from Utah, for example, who might collide in Florida. The bill passed by the Senate would settle the jurisdiction where the witnesses were readily available.

However, it might have more far-reaching implications than that. I therefore ask unanimous consent that the bill may be reconsidered and returned to the calendar so that I may have an opportunity to examine it.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. RUSSELL subsequently said: Mr. President, I understand that the bill to which I referred, H.R. 2985, has been messaged to the House. I ask unanimous consent that the House be requested to return the bill to the Senate and that it be reconsidered.

On request of Mr. RUSSELL, and by unanimous consent, it was—

Ordered, That the House of Representatives be requested to return to the Senate the bill—H.R. 2985—to amend section 1391 of title 28 of the United States Code, relating to venue generally, which passed the Senate October 30, 1963.

SERVICE OF HAROLD W. PERKINS

Mr. COTTON. Mr. President, I wish to take a moment of the Senate's time, because I want to have the RECORD show—as I believe it will be of interest to the Senate, especially Senators on the Republican side of the aisle—that a young man, Harold W. Perkins, who is the chief assistant in the Republican cloakroom, and who came to the Senate as chief messenger in the Republican cloakroom 5 years ago, on July 8, 1958, is terminating his service here today.

He is a young man in whom we, of New Hampshire, take great pride. He is the

son of parents who are distinguished citizens of our State. He came here as some of us in the Senate came here, notably the distinguished Senator from Nevada [Mr. BIBLE] and myself, as attachés of the Senate, and attended law school in Washington.

Mr. Perkins graduated from New England College, came here as an assistant in the Republican cloakroom, and graduated from the Law School of the American University in Washington. He was admitted to the New Hampshire Bar in August.

Mr. Perkins is terminating his service here and returning to New Hampshire to practice law in the office of, and in association with, his father, Francis Perkins, in Concord, N.H.

Although the position is not a matter of individual patronage, Mr. Perkins was recommended and brought here by my late, beloved senior colleague, Senator Styles Bridges.

I am sure that the Members of the Senate on the Republican side, with whom Mr. Perkins has been in contact and whom he has served, know him as a courteous, quiet, efficient, and considerate young man of great ability.

Our good wishes go with him as he returns to our State to take up the practice of law.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. GRUENING obtained the floor.

Mr. GRUENING. Mr. President, I yield to my colleague from Alaska.

FOOD FOR PEACE

Mr. BARTLETT. I thank my colleague for yielding to me, especially because I know the subject which I intend to discuss is of great interest to him.

Mr. President, section 403(b) of the Foreign Assistance Act amends Public Law 480—the Agricultural Trade Development and Assistance Act of 1954—to permit surplus fish products to be sold under title 1 and title 4 of the food-for-peace program.

The need for this amendment has been clearly indicated when underdeveloped countries in need of high quality food protein have attempted to purchase fish products under the food-for-peace program. As a specific example, India last fall attempted to purchase canned fish in an effort to meet what is regarded as the most serious nutrition problem in India, namely, a protein deficiency. At the present time fish products may not be utilized under the food-for-peace program.

I believe the food-for-peace program must be capable of meeting the full range of nutritional needs. At the Food and Agriculture Organization Conference, held in Washington on "Fish and Nutrition" in 1961, the chairman of the conference stated:

The dietary nutrient most lacking in deficient diets all over the world is a good quality protein.

Fish is recognized as one of the world's finest sources of protein.

The amendment is drafted to permit surplus fish products to be sold under either title 1—sales for foreign currency—or under title 4—dollar sales with long-term loans. The amendment does not authorize surplus fish products to be donated or given away under title 2—for famine or disaster relief—or under title 3—for donations to needy persons. Only sales of surplus fish products, not gifts, are permitted under the amendment.

However, before any fish product is permitted to be sold under the program the Secretary of the Interior must determine that the fish product is in surplus. The term "surplus" is defined in the amendment in the same manner as surplus agricultural products are defined, namely, that supply in excess of first, domestic requirements; second, adequate carryover; and, third, anticipated exports for dollars.

The Department of the Interior has stated that there are some 30 major species of fish caught in the United States. Many of these show a wide variation in production from year to year. Each year several species of fish are found in surplus. It is true that compared to agricultural surpluses these are not large. It is also true that these surpluses have not been generated by any system of support prices.

The Department of Interior has provided information that indicates there has been a surplus in the production of several species of fish in the past few years. In 1962 and 1963, canned sardine production in Maine has been recorded at 2.1 and 1.5 million cases respectively. Annual carryover was 1.6 million cases in 1962 and 1.4 million cases this year. Most of this heavy carryover could be considered as surplus under the amendment. At the current market value this surplus could be made available for sale under title 1 or 4 for approximately \$10 million.

Mr. MUSKIE. Mr. President, will the Senator from Alaska yield?

Mr. BARTLETT. I do not have the floor, but I shall be most happy to yield to the Senator from Maine, if my colleague from Alaska [Mr. GRUENING] will permit me to do so, with the understanding that he will not lose the floor at the conclusion of my remarks.

Mr. MUSKIE. Mr. President, I compliment the distinguished Senator from Alaska for the speech he is making on a section of the Foreign Assistance Act which is of importance to my State. He is clearly establishing numerous reasons why fisheries products should be included under the food-for-peace program.

Fish products are nutritious. They are an inexpensive source of protein. They would serve a real need in many countries throughout the world which require a cheap source of nourishment. In addition, they can be easily transported, distributed, and stored for indefinite periods prior to using.

I wish to reemphasize that this amendment would cover only export sales of surplus fisheries products. There would be no giveaways to foreign countries.

Surplus situations frequently occur in the fishing industry because of the differences in the yearly catch. We in Maine are acutely aware of this problem. Our sardine industry has been plagued by surpluses over the past 2 years; 1.6 million cases were carried over from the 1962 season; 1.4 million cases in 1963. The Senator from Alaska [Mr. BARTLETT] has already referred to this. This carry-over could be considered surplus and declared eligible for participation in the food-for-peace program under the terms of the proposed amendment.

This continuing surplus in the Maine sardine industry has had a depressing effect on the entire area. At least four Maine sardine plants have been closed during the past year and a half. Removal of the surplus through sales to foreign countries would solve at least one part of the industry's problem.

It seems only just that the American fishing industry, which has been so adversely affected by foreign fish imports, should be given this slight assistance to place them in a competitive position in foreign markets. Several countries in need of high quality food protein have expressed an interest in purchasing American fish products under the food-for-peace program. Under present law, our hands are tied. The amendment under discussion is needed to assist a deserving American industry which has been too often neglected.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a telegram I have received from Mr. David H. Hart, chairman of the Atlantic States Marine Fisheries Commission, on this subject.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

CAPE MAY, N.J.,
October 31, 1963.

Senator EDMUND S. MUSKIE,
Washington, D.C.:

The Atlantic States Marine Fisheries Commission, of which your State is a member, respectfully request your support for Senator FULBRIGHT's amendment to H.R. 7885, the foreign aid assistance authorization bill. If fishery products are included in the food-for-peace program it would be a great help in aiding our domestic fishing industry.

DAVID H. HART,
Chairman of the Commission.

Mr. MUSKIE. Mr. President, I should like to bring to the attention of the distinguished Senator from Alaska [Mr. BARTLETT] a letter I have received from Mr. Carl Wight, sales manager of the Seaboard Packing Co., of Bath, Maine, in which he says:

If we were included in the food-for-peace program, we feel that this could be of great assistance to our industry as well as other participating industries. As you are aware, our industry suffers from lack of finance, and in the rush of the packing season many cannerys, because of their inadequate financing, are forced to dump sardines on the market at very low—even distressed—prices. If the food-for-peace program were set up to include sardines, Government procurement of sardines during this rush period would greatly strengthen our entire industry. Such a program would no doubt give us a key as to where we might look abroad to expand our present marketing of sardines.

Mr. BARTLETT. Mr. President, I am grateful to the Senator from Maine for the contribution he has made to the discussion. The Senate has already passed considerable fisheries legislation this year. In respect to all of it, the junior Senator from Maine, mindful of the interests of fishermen, has been in the forefront. His assistance has been valuable and appreciated, not only on the Maine coast, but in all the coastal States which have such a great interest in the fisheries.

Mr. MUSKIE. The name of the distinguished senior Senator from Alaska [Mr. BARTLETT] is well recognized as being in the forefront of the fisheries industry, which has fallen upon hard times in recent years. The amendment to which he is addressing himself might well be considered a part of the reciprocal trade program. It would be of assistance to domestic industry and, at the same time, would provide a high protein food at low cost to countries overseas.

Mr. BARTLETT. As I shall point out later in the remarks I propose to make, it would be helpful in great measure in relieving our balance-of-payments situation, which is of special importance these days, as we all know so well.

In recent years, we have also developed a substantial surplus in pink salmon. In so stating, I am transferring myself from the Atlantic to the Pacific coast. During the past 2 years, production has been about 2 million cases annually. A carry-over has built up over the past 2 years, amounting to approximately 1.5 million cases. That is a great deal of pink salmon, or any kind of salmon, or any kind of fish. This surplus could be made available for sale under the amendment and would involve approximately \$35 million in export sales.

It would not be a giveaway, as the Senator from Maine [Mr. MUSKIE] has already properly pointed out, but a commercial enterprise, which has so many beneficial effects, including, of course, the placing of a needed, valuable, concentrated protein in countries where such a diet is so greatly needed.

Another recent example involves Pacific mackerel. During the past 3 years production has ranged between 1.2 and 1.5 million cases. From the information available, a carryover of approximately 600,000 cases is expected this year. This surplus could be made available for export sale at approximately \$3 million.

This information makes it quite clear that from time to time we do have a surplus production of some species of fish but that the surpluses are not large in comparison with agricultural surpluses.

I should like to emphasize that it is not the intention, purpose, or desire of those who are interested in the fisheries and in favor of the amendment to create unnecessary surpluses of fish of whatever kind, although the surpluses may come within the terms and meaning of the amendment. We are talking about surpluses which normally occur and which have occurred many times in the past. It should also be clear that the surpluses of fishery products will be disposed of by

export sales only with no encouragement for the accumulation of surplus or the disposition of surpluses by grant or gift. The amendment only gives encouragement to exports of surplus fish products; it offers no guaranteed markets and will not encourage any surplus for surplus sake.

Under the amendment, surplus fishery products could be sold under title 1 or title 4 of Public Law 480. Sales under title 1 will first be considered. This involves sales for foreign currency. Today, an American exporter of fish products can sell abroad only when the prospective foreign purchaser has American dollars to pay for the product. Underdeveloped nations in desperate need for protein have no dollars to spend on American fishery imports. Under this amendment these friendly nations would be permitted to buy American fish products and pay for them in their own local currency. The local currency will be accepted as payment by the United States to meet our defense obligations, economic and military aid and other commitments in the recipient country. The American supplier will receive a dollar equivalent from his local bank, through the Commodity Credit Corporation. These foreign currencies reduce our requirements for purchasing additional foreign currencies with dollars, and thereby assist in leveling our balance-of-payments deficit. In 1961, Congress authorized \$4.5 billion for title 1 for use from January 1, 1962, until December 31, 1964. This authorization was made for the purpose of programming the disposition of surplus agricultural commodities anticipated during that 3-year period. For this reason—because the program had already been arranged, agreed upon, and accepted—the amendment suspends the effective date for sales under title 1 until the beginning of the calendar year 1965. Congress will thereby have an opportunity to include in subsequent authorizations and appropriations during 1964 a sum adequate to cover the disposition of both surplus agricultural commodities and surplus fish products under title 1 after January 1, 1965.

The second provision of the amendment authorizes surplus fish products to be sold under title 4. The purpose of title 4 is to encourage U.S. dollar exports of surplus products, to develop foreign markets for these products, and to assist in the development of the economies and health standards of friendly nations. Under this title the United States may engage in long-term supply and credit sales agreements with foreign traders and with Governments of friendly nations. As of June 30 of this year, title 4 agreements, signed with 16 countries were valued at \$195 million. The maximum period over which payments may be made is 20 years. The interest rate fixed in the sales agreements with private traders is the cost of the funds through the U.S. Treasury for comparable maturities. As of September 1963 this interest rate for foreign trades amounted to 3½ to 4 percent, depending upon the length of the payment period of the loan.

As of September 1963 the following agricultural commodities were considered in surplus, and therefore available for sale under title 4: Wheat, rice, eggs, chickens, turkeys, butter, cheese, milk, beef, pork, variety meats, lamb, onions, potatoes, dates, canned peaches, peas, and beans. Sales under title 4 can be made only to those friendly nations in which such sales would not displace U.S. cash dollar sales or commercial sales of other friendly countries. This has meant that most sales have been authorized for Central and South America, the Middle East, Asia, and Africa. No sales are permitted to Communist countries.

The extension of long-term dollar credits to friendly nations which need adequate protein supplements for their diet will prove a great benefit both for our food-for-peace program and for developing new markets abroad. A foreign purchaser at the present time must pay in cash for American fish products. This has been a hindrance to the development of our export markets. Under the amendment, long-term loans could be made available to importers in friendly countries interested in buying American fish products for dollars. This program, which has no budget authorization ceiling, permits the Commodity Credit Corporation to hold secured notes from foreign countries and foreign private traders, and permits cash payment in dollars to American exporters. Sales of surplus fish under title 4 would be immediately possible under the amendment.

I believe this is a constructive amendment. Two-thirds of the world population does not receive an adequate daily diet. Increased protein in diet is the most widespread and most urgent need. Fish is the least expensive and most efficiently stored source of food protein. It follows, in a rather obvious and compelling fashion, that our food for peace program needs fish.

We have surpluses of fish which could be sold and exported to these underdeveloped countries in need of food protein. The encouragement of exports is, to me, an obviously intelligent and correct way to dispose of the surpluses of fish products, as well as agricultural products.

In conclusion, I should like to state that this program, both in its general aspects and specifically, I believe, has the hearty endorsement of the director of the food-for-peace program, Mr. Richard W. Reuter, who is aware of the very great advantages which would flow to the program for which he is responsible if fish, which has very great protein value, could be sold under the provisions of the amendment, to friendly nations.

Mr. DOUGLAS and Mr. SALTONSTALL addressed the Chair.

Mr. GRUENING. Mr. President, I shall be very happy to yield to the Senator from Illinois, and then to the Senator from Massachusetts.

First, I point out that it is most significant and heartening that in support of the fisheries amendment are a Senator from our farthest west State, Alaska, a Senator from the farthest east State, Maine, and also a Senator from what has

properly been called "The First Province of the Middle Kingdom, Illinois," situated in the Great Lakes area.

So at this time I am happy to yield, first, to the Senator from Illinois [Mr. DOUGLAS], provided I may do so with the understanding that I shall not thereby lose the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I commend the two Senators from Alaska and other Senators for this amendment, which I think is highly constructive.

Mr. BARTLETT. Mr. President, I am almost afraid to come to grips with the Senator from Illinois in connection with this matter, because I understand he almost turned the senior Senator from Minnesota away from oysters, following their discussion of this general subject.

Mr. DOUGLAS. Is it not true that what is popularly known as fish flour or fish protein concentrate, a part of which I now am putting into a saucer held by the Senator from Alaska, is an extremely efficient form of high-protein concentrate available at low cost to the public?

Mr. BARTLETT. I am bound to agree with the Senator. The objections made to the use of that product carry no weight with me. I am very fond of the small sardines which I understand have been fully processed.

Mr. DOUGLAS. This high-protein fish concentrate can be sprinkled on rice or potatoes, put into soup, made into bread, and spread on vegetables. It can be used in various forms. It is 85 percent protein, is it not?

Mr. BARTLETT. I had a big lunch a short while ago, but I am almost tempted.

Mr. DOUGLAS. I think it should be spread on other foods and not eaten by itself.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois permit other Senators to enjoy the fruits of his research?

Mr. DOUGLAS. Yes. I have in my hand a high protein concentrate popularly known as fish flour.

Mr. SALTONSTALL. I enjoyed some of it yesterday in the Senator's office.

Mr. DOUGLAS. It was good, too, was it not?

Mr. SALTONSTALL. Certainly.

Mr. DOUGLAS. I have suggested that this product would be particularly appropriate for export to tropical countries where, because of lack of refrigeration, milk and fish will not keep.

Mr. BARTLETT. Very seriously—and it is a serious subject, of course—I am bound to agree with the Senator from Illinois.

Mr. DOUGLAS. This product can be produced in quantity for about 14 cents a pound. Is that not true?

Mr. BARTLETT. That is my understanding.

Mr. DOUGLAS. It is 85 percent pure protein.

Mr. BARTLETT. Of course, I would not limit its distribution to tropical countries.

Mr. DOUGLAS. I understand. I shall come to that point in a moment. It is perfect for export. The product to which

I refer would be included under the provisions of the amendment sponsored by the Senator from Alaska and others. Is that not true?

Mr. BARTLETT. Most assuredly.

Mr. DOUGLAS. The distribution of the product would open a market for American fish.

Mr. BARTLETT. It would serve a great purpose for the people who receive it.

Mr. DOUGLAS. The National Academy of Science has pronounced the product perfectly safe and perfectly wholesome. Is it not true that its effects are totally good?

Mr. BARTLETT. Its appearance is altogether appetizing.

Mr. DOUGLAS. The Senator has made a very interesting point. As the Senator from Alaska knows, the Food and Drug Administration, under the direction of Mr. George P. Larrick, has refused to permit this product to be sold for human consumption, because, according to him it arouses unesthetic thoughts.

Mr. BARTLETT. He allows me to eat those sardines.

Mr. DOUGLAS. Sardines are all right.

Mr. BARTLETT. I might add, for the benefit of the Senator from Maine, that they are good, too.

Mr. DOUGLAS. The fish flour, however, is excluded because it is taken from the whole fish.

Mr. BARTLETT. The judgment of the Commissioner is in error and ought to be reversed forthwith.

Mr. DOUGLAS. He has excluded, even though it passes through approximately eight alcohol washes, eight water washes, and in addition is thoroughly baked and is ground into a fine, brown powder, and is completely sterile. Yet Mr. Larrick has said that the product arouses unesthetic thoughts.

I should like to ask the distinguished Senator from Massachusetts [Mr. SALTONSTALL], who, I believe, lives near the Boston Fine Arts Museum, and therefore is an expert on esthetics, whether that product arouses unesthetic thoughts in his mind.

Mr. SALTONSTALL. No. It stimulates a very good appetite; but I do not know much about the esthetic qualities.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. GRUENING. The Senator from Alaska has enjoyed the colloquy, particularly the contribution of the Senator from Massachusetts, because his opinion on that subject, as on many other subjects, is well grounded.

Mr. DOUGLAS. The Senator from Massachusetts lives near the famous Gardner Museum built by Bernard Berenson, and near the Boston Fine Arts Museum. Therefore, I think he is an authority on esthetics. If he pronounces the product which I hold in my hand esthetic, I would take his judgment in preference to that of Mr. George P. Larrick.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. Comparisons are difficult, but I am confident that what the Senator from Illinois has said is entirely correct.

Mr. DOUGLAS. Is not the Senator aware that Mr. Larrick has barred the sale within the United States of high-protein fish concentrate in the form in which it appears in the container which I now hold in my hand?

Mr. BARTLETT. I am aware of that, but until a moment ago, while the Senator was discussing the subject with the Senator from Massachusetts, I was not aware of another fact, which is, that the ash content of the product is just under 14 percent, and the moisture content is only 1.9 percent. All the rest of the product is protein; and of fat there is only a trace.

The product might be the greatest reducing food in the history of the world for some of us who have more to eat than do people in the underdeveloped countries.

Mr. DOUGLAS. It could really put bone and cartilage into the bodies of people who are at present deficient.

Mr. BARTLETT. And good strong muscle.

Mr. DOUGLAS. At the same time that Mr. Larrick has prohibited the sale of this product inside the United States, he permits the sale of other interesting products. I have in my hand a product of dried fish produced by the Quing Ling Moon establishment in Hong Kong. Does the Senator think that the product is very esthetic?

Mr. BARTLETT. It looks a bit on the suspicious side to me.

Mr. DOUGLAS. The Senator will notice two creatures which are bugs.

Mr. BARTLETT. They are plainly visible.

Mr. DOUGLAS. Let the RECORD show that they are plainly visible.

Mr. GORE. Are they young roaches?

Mr. DOUGLAS. I have had this product for approximately a year. They were there when I bought it. They are still there; so they are at least middle-aged roaches. [Laughter.]

The Senator from Alaska has mentioned the fact that Mr. Larrick permits the sale of sardines. Sardines have a gastrointestinal tract, and in many cases the sardines are eaten with the gastrointestinal tract intact. Is that not true?

Mr. BARTLETT. I believe customarily that is true.

Mr. DOUGLAS. Is it not true that clams and oysters also are eaten in that manner?

Mr. BARTLETT. I have a stouter stomach than has the Senator from Minnesota. I admit that without any qualms.

Mr. DOUGLAS. There are some other things which the Food and Drug Administration permits to be sold. Will the Senator read what is stated with reference to the particular product which I exhibit to him?

Mr. BARTLETT. I shall be happy to read the words. I notice some very fancy wrapping. The text is "Chocolate-covered menagerie—ants, silverfish, caterpillars, gold baby bees, grasshoppers—"

Mr. DOUGLAS. They are covered with chocolate and salt, but they have gastrointestinal tracts, too. Does that product arouse esthetic thoughts in the Senator so that he would be able to eat that product?

Mr. BARTLETT. I might be able to, but I do not propose to do so.

Mr. DOUGLAS. I have had to conceal such products from myself, because they arouse such unesthetic thoughts.

Mr. BARTLETT. I notice that the Senator handed them to me very hastily.

Mr. DOUGLAS. Will the Senator from Alaska read what is stated on the label of the product which I now hand to him?

Mr. BARTLETT. Yes. The Senator has handed me another delicacy. I am trying to find where it was produced. It is a product of Japan. Cottonseed oil and salt have been added. Although produced in Japan, the product bears the name "Dutch Garden fried silkworms."

Mr. DOUGLAS. Fried silkworms?

Mr. BARTLETT. No less.

Mr. DOUGLAS. Does it seem esthetic to the Senator to eat fried silkworms?

Mr. BARTLETT. On the contrary.

Mr. DOUGLAS. That product is permitted, by Mr. George P. Larrick, head of the Food and Drug Administration, to be sold in this country.

Mr. BARTLETT. This is another Dutch Garden product. This can, according to the label, holds fried ants within it, with something else added.

I am now examining a sort of tubular container which has been handed to me by the Senator from Illinois. This is a product of France, and it is denominated as containing 24 snails, "very big." The snails have champagne to go with them; and salt has been added.

Mr. DOUGLAS. Does that seem esthetic to the Senator?

Mr. BARTLETT. At the moment the snails look more like shells that might be picked up at the seashore. I do not customarily eat them.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. KEATING. I was temporarily delayed in reaching the Chamber. I am interested in this demonstration. I wonder if these products are what the Senator from Illinois will use for "trick or treat" tonight, this being Hallowe'en.

Mr. DOUGLAS. I had not thought of that.

Mr. GORE. The Senator has not seen the roaches.

Mr. DOUGLAS. If the Senator will call on me tonight, after 7 o'clock, I shall be delighted to give him some fish flour. If he demands them, I also have some fried ants.

Here is some tongue spread. That should be excellent for political orators.

Mr. KEATING. This is very interesting, and I am sure it is helpful.

Mr. GORE. What about the middle-sized roaches?

Mr. DOUGLAS. Middle-sized roaches are unfamiliar to members of the Republican Party, I am sure.

Mr. KEATING. We are looking for big roaches somewhere else. I have eaten some of the grasshoppers and some

of the ants, and they are pretty good. But not the chocolate-covered ants. I do not believe chocolate is good for the blood. The others are pretty good.

Mr. DOUGLAS. Will the Senator try some fish flour?

Mr. KEATING. I shall be around tonight.

Mr. DOUGLAS. I do not wish to prolong this colloquy, but I also, have some imported sardines.

Mr. BARTLETT. I eat them all the time. They are delightful.

Mr. DOUGLAS. Here are some chocolate-covered ants. Somewhere in my office I also have some rattlesnake meat—which I do not like.

Mr. BARTLETT. That is one of the least desirable dishes.

Mr. DOUGLAS. Here are some chocolate-covered baby bees. Here is the tongue spread. Here are some more fried grasshoppers. We have had the fried ants and the fried grasshoppers.

Mr. BARTLETT. The Senator has a whole bagful there.

Mr. DOUGLAS. Oh, yes; and more at home. Here is a charming object. Would that not make one's heart leap in anticipation of a glorious meal?

Mr. BARTLETT. No. I do not know what it is. I wish the Senator would enlighten me.

Mr. DOUGLAS. This is dried squid. This is permitted by Mr. Larrick.

The purpose of displaying all of these products is to show how foolish the Food and Drug Administration can be. It prohibits the sale of a fine product which is 85 percent protein, and is cheap. However, the Food and Drug Administration feels this does not excite the esthetic sensibilities or taste.

Mr. BARTLETT. It is appealing to the eye.

Mr. DOUGLAS. Yet the Food and Drug Administration permits the sale of all these other products, which 99 44/100 percent of the American people, except possibly the Senator from New York, would regard as extremely unesthetic and unattractive.

I should invite Mr. Larrick, who thinks that these products are fine, to have lunch with me. I tried to get him to take some fish flour, but he refused.

Mr. BARTLETT. Did the Senator offer him any ants?

Mr. DOUGLAS. I believe I will have to invite him to have some chocolate-covered ants, some fried grasshoppers, fried ants, snails, and squid—and especially the roaches in their dried form.

I wish the Senator from Alaska well. I hope we can open up a market for high-protein fish concentrate both at home and abroad.

Mr. BARTLETT. In all seriousness, I thank the Senator for his help, because I know how much this program means to him. I know how important it is. The senior Senator from Massachusetts [Mr. SALTONSTALL] has been helpful concerning this amendment and concerning all the other fishery legislation that has been considered, so much of which has been passed by the Senate this year, as has been his colleague from the Commonwealth of Massachusetts [Mr. KENNEDY].

Mr. SALTONSTALL. Mr. President, I will appreciate it if the Senator will yield to me at this time because I must attend an independent offices committee meeting downstairs.

Mr. GRUENING. I am glad to yield.

Mr. SALTONSTALL. I enjoyed a second breakfast in the office of the Senator from Illinois the other morning, when he had enough hunger and enough estheticism to eat a great deal after his first breakfast.

Mr. President, the Senator from Alaska has made very competent remarks concerning this amendment to the foreign aid bill.

Many amendments have been made to Public Law 480 since its inception. What this committee amendment does is merely to include surplus fisheries products, as designated by the Secretary of the Interior, under the food for peace program.

At the present time we in New England seldom have surpluses. The price our fishermen receive for their catch does not encourage surpluses. Occasionally we do have an oversupply of one species. This bill would not encourage overharvesting merely to build up surpluses, but would make these products available to friendly nations which are endeavoring to develop sources of much-needed protein.

Several countries have attempted to meet that need through the importation of U.S. fisheries products. I hope that the Senate will adopt this amendment in order to answer that need, and in order to establish overseas markets for our fish products. This is not another give-away program. We are merely facilitating the purchase of these goods by making them available for purchase by friendly nations with their own currency.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. GRUENING. I should like to finish my discussion of this subject, if I may, first.

I congratulate my colleague [Mr. BARTLETT], the Senator from Maine, and the Senator from Illinois [Mr. DOUGLAS], for their part in this discussion. I ask one pertinent question of the Senator from Illinois: Does Mr. Larrick's prohibition against the use of fish protein concentrate by the people of the United States prohibit its use in a foreign aid program?

Mr. DOUGLAS. No; it does not. It is permitted to be sold abroad, but there is a prohibition on its being sold at home. We have here a double standard. The difficulty will be, if it is sold abroad, that the Communists will say we are unloading on the people of other countries articles we do not permit Americans to consume.

Mr. GRUENING. There is an excellent refutation for that. It is that fact that we are far more generous with folks abroad than we are with folks at home.

Mr. DOUGLAS. I believe that is true.

Mr. GRUENING. We do many things in our foreign aid program which might also be desirable for us, but which we Americans cannot have. I believe the fact that we can provide this admirable nutritious inexpensive product, fish pro-

tein concentrate, to folks abroad should be a stimulus for a move to abolish this double standard and to give Americans at least equal treatment with people in foreign countries. I hope the Senator from Illinois will support that move.

Mr. DOUGLAS. I certainly will. As I say, my invitation goes out to Mr. Larrick to have some of these products which he likes so well—the chocolate covered ants, the baby bees, the fried grasshoppers, the fried worms, the squid, the snails, the oysters, the clams, the sardines, and the like.

Mr. KENNEDY rose.

Mr. GRUENING. I see that the distinguished junior Senator from Massachusetts [Mr. KENNEDY] wishes to take part in this colloquy, and I am glad to yield to him.

Mr. KENNEDY. Mr. President, I appreciate the kindness of the Senator from Alaska. I certainly want to indicate my complete and wholehearted support for the efforts which have been made by the Senators from Alaska [Mr. BARTLETT and Mr. GRUENING] and the Senator from Illinois [Mr. DOUGLAS], as well as many other Senators who have taken up this courageous fight and who recognize so well the great problems of hunger and malnutrition which exist in other parts of the world particularly as to developing the countries of the world.

We know that 2 billion people who live in the world today are in a serious condition of malnutrition. We as a nation have come to recognize that fact, and it has been documented in international conferences that have addressed themselves to the problem of malnutrition and hunger. It leads us, as I believe it has led the Senator from Alaska, to the conclusion that protein deficiency can to a great extent be met by seafood; that fish products are ideally suited to meet the great problems of hunger; that the objectives of the food for peace program are to help those hundreds of millions of people in other parts of the world; that by including fish products in the great program of food for peace in this foreign aid bill, we are actually not only helping domestic industries, but also fulfilling an opportunity to help feed millions of people who do not have the benefit of the food surpluses we have.

Without question the inclusion of seafood in the food for peace program would stimulate our domestic industries, but it would also stimulate markets in other parts of the world, which will eventually help our exports and our balance-of-payments situation.

So I am delighted to join with my colleagues who started this battle before I came to the Senate, whose efforts in its behalf are well recognized by the people of Massachusetts. I wish to indicate to my colleagues not only that I am in sympathy with their efforts, but also that they will received from both Massachusetts Senators the kind of help and support which I hope will aid in completion of the program encompassed by food for peace and foreign aid.

Mr. GRUENING. Mr. President, I think it is most appropriate that the Senator from Massachusetts, whose State has the sacred codfish as one of

its important symbols, has added his remarks to the discussion.

I yield now to my colleague from Alaska.

Mr. BARTLETT. Mr. President, I am grateful to my colleague from Alaska for yielding to me at this time. I am heartened by the support of so many Senators.

Mr. GRUENING. Mr. President, we now move from the waters of the sea to the arid plains of Kansas. I yield to the Senator from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. President, I appreciate very much the distinguished Senator from Alaska's permitting me to have a moment or two. I want Senators to know that I have enjoyed this discussion between the Senators from Alaska, Illinois, and other States in regard to fish. I am a member of the Foreign Relations Committee, and I helped to write this provision into the bill. But I was a little concerned about leaving the RECORD as it is, and as it may be read by citizens away from this Chamber, in regard to the part played by the Food and Drug Administration.

I do not want anything in the RECORD to indicate that this great agency does not have the interest of the consuming public of this Nation at heart. It has rendered a great service, and is continuing to render a great service, to the consuming public. I would not want criticism of George Larrick to stand unchallenged. I am familiar with the fact that the Senator has been trying to have fish flour approved by the Food and Drug Administration for use by Americans. The Food and Drug Administration has not approved it. Personally, I hope it never will. It has just reasons for not doing so. I want the RECORD to show that I do not know of any agency that renders a greater service to consumers than does the Food and Drug Administration.

TRUTH IN LENDING MUST APPLY OVERSEAS AS WELL AS HOME

Mr. GRUENING. Mr. President, I shall now speak on my amendment numbered 232, to the foreign aid bill (H.R. 7885). This amendment, in the sponsorship of which I have been joined by Senators SIMPSON, ERVIN, MOSS, CANNON, DOMINICK, MORSE, YARBOROUGH, BIBLE, and SMATHERS, would require that foreign assistance loans bear interest at the same rate that the United States itself must pay to borrow money.

This may be called the truth in foreign aid lending amendment.

I am happy to borrow that suggestive title from the proposed legislation which the distinguished senior Senator from Illinois [Mr. DOUGLAS] has been trying to have enacted, to provide for truth in lending in our domestic affairs. We are no less entitled to truth in our foreign affairs.

In 1961—with the passage of the Foreign Assistance Act of 1961—there was a loud fanfare of publicity that the foreign aid program was being put on a hard-loan policy. We were told at that time that henceforth development loans would be repayable in dollars rather than in local currencies. We were told that

loans would replace grants, against which there had been increasing objections in the Congress.

I must point out that at the time I pointed out on the floor of the Senate the glaring deficiency in the bill—the absolute discretion given to the Administrator of the AID program to fix repayment terms, including interest rates.

Despite this warning, the bill passed without closing the gap—without giving the guidelines to the foreign aid administrator as to the terms to be imposed upon development loans.

Since the passage of the 1961 act, \$1,315,775,000 in development loans have been made on terms of three-fourths of 1 percent interest, repayment in 40 years, with preliminary grace periods of 10 years.

In order to make these loans, the United States has had to borrow the money. Now some will ask why I attribute all development loans to that part of the U.S. budget that is met by Treasury borrowing. Some will say that I should attribute to Treasury borrowing only that portion of the total of development loans as bears a relationship to the overall budget. That is, some say that the critics of my amendment argue that only part of development loans should be attributed to Treasury borrowing and the remainder should be attributed to tax revenues.

That analogy must be rejected.

There is a vast difference between U.S. expenditures for a hydroelectric project in the United States—expenditures for a project which will contribute to economic development of the United States—and the expenditures for a hydroelectric plant in a foreign country. The foreign expenditure will enure to the economic benefit of a foreign country and will not benefit, economically the taxpayers of the United States.

It is therefore only fair to attribute all of the money loans abroad for the economic development of a foreign country to Treasury borrowing rather than tax revenues, because it is normal to assume that we are first using tax revenues to meet our domestic needs and after that we would borrow to meet not only the remainder of our domestic needs but our needs abroad.

Those who would suggest that we would meet our foreign needs out of tax revenues and then borrow to meet domestic needs are being totally unrealistic.

Therefore it is entirely sound to attribute the development loans made abroad to Treasury borrowing.

Four percent per annum interest is a conservative figure for the cost of money borrowed by the Government. Figuring even more conservatively, let us assume a figure of 3¾ percent interest as the cost to the United States of the money borrowed to enable it to make these loans. Not figuring interest on interest, it will cost the United States over the next 40 years approximately \$780 million to make these loans in the sum of \$1.3 billion.

To make loans totaling \$1.3 billion, the United States must go further into the hole—assuming that the loans will be repaid, which is doubtful—to the extent

of another \$780 million—a concealed grant.

It can be said, therefore, that each development loan contains a hidden grant depending in size on the lowness of the interest rate and the repayment terms. Thus the \$17-million loan to Egypt for grain storage facilities was made for three-fourths of 1 percent interest repayable in 40 years with the initial amortization rate set at more than 10 years after the date of the loan agreement. By the year 2002—when this loan is supposed to be paid up—even if the loan is paid in full as to principal and interest, it will have cost the U.S. taxpayers more than \$12.5 million to make the \$17 million loan—or almost 80 percent of the face value of the loan.

It is most gratifying to find that the House-passed bill—which the Senate Committee on Foreign Relations has moved to strike out—provides for a minimum of 2 percent interest on development loans. The Senate in its substitute for H.R. 7885 has followed suit.

But let us take a moment to analyze this 2 percent interest rate.

Why 2 percent? It does not meet the cost to the United States of borrowing money?

Why not 1 percent? Why not 3 percent?

There is neither logic nor magic in 2 percent.

It is as unrealistic as the present three-fourths of 1 percent.

It still makes a grant to the recipient country, but mislabels it and calls it a loan.

The taxpayers of the United States are entitled to insist on truthfulness in the foreign aid program. It is time to call a spade a spade. Let us have truth in our foreign lending program.

When I was in Cairo last winter, I witnessed the signing of the loan agreement so-called for \$30 million to build the West Cairo powerplant. This too was for 40 years, 10-year grace period, three-fourths of 1 percent interest. This so-called loan will cost the U.S. taxpayers over \$22.5 million if that is ever repaid. Thus, while presumably we loaned Egypt \$30 million we at the same time gave Egypt a grant of over \$22.5 million. Moreover, this is a moneymaking proposition for the Egyptian Government. It can charge the public whatever rates for electricity it pleases. There was no justification whatever for not making such a loan on a businesslike basis. One may wonder why the World Bank was not given an opportunity. The answer may lie in the fact that our Development Loan Administration sought to give the contract to an American firm which secured it. But why should the American taxpayer be asked to pay \$22.5 million for this objective?

Mr. ROBERTSON. Mr. President, will the Senator yield at that point?

Mr. GRUENING. I yield to the Senator from Virginia.

Mr. ROBERTSON. I am very much interested in the figures the Senator has given, because when he yields the floor I hope to be recognized to make a speech on this subject, during which I shall read a letter which I wrote to the then Ad-

ministrator, Paul Hoffman, on December 4, 1949, 14 years ago. I believe at that time we were making loans at 2½ percent. I urged him not to make any more loans, but to let the borrowing countries go through the Export-Import Bank, or the World Bank.

The Senator said some loans were made for as little as three-fourths of 1 percent.

Mr. GRUENING. More than a billion dollars has been loaned at that rate. I gave the exact figure, \$1.3 billion, earlier in my remarks.

Mr. ROBERTSON. I did not have those figures, but I know that many of the loans would not be repaid no matter what the interest rate was.

After visiting all the countries in Europe, and seeing that the war-torn damages had been repaired, and that they were back on their feet, but that they would not trade with one another—there were trade restrictions and currency restrictions at that time—I recommended that the program be cut back to \$2½ billion, a reduction of \$1 billion. That was done. I also recommended that it be ended in 1951. That was not done.

A part of the letter I will read bears out what the Senator says, that on certain loans it will cost the taxpayers three-quarters of a billion dollars, represented by the difference between the interest that the countries will pay and what we will pay to the people from whom we borrow the money.

Mr. GRUENING. That is correct. Even while we are debating on the floor of the Senate, commitments are being made.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. ERVIN. Some time ago I received a newspaper article from Costa Rica. I am not able to read Spanish, so I sent the newspaper article to the Library of Congress, with the request that one of its experts in that field translate the article for me. I was astounded at what I read when I received the translation. If the Senator will permit me to do so, I ask unanimous consent that the translation of the article be printed in the RECORD at this point, for the information of the Senate. Then I will call the attention of Senators to certain statements in the article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Source: La Nacion, San José, Costa Rica, July 27, 1963]

LOANS FOR \$80 MILLION—FOREIGN MINISTER ODUBER TRAVELS TO WASHINGTON TODAY TO SETTLE THE MATTER OF THE ACCOUNTS

Costa Rica is receiving \$50 million, on a 40-year installment plan, without interest. Foreign Minister Oduber said: "In short, it's a gift that they're giving us." The other \$30 million of the loan which is being negotiated is for: service [or local] roads, \$4 million; for the SNAA, \$10½ million; low-cost housing, \$2 million.

Another \$13 million¹ goes for a highway to Limón, with connections from Tortuguero, Reforma Penitenciaria [penitentiary], and

¹ Translator's note: Totals only \$29½ million—R.Ll.

the refinery contract as guarantee [security]. Foreign Minister Oduber will also take advantage of his trip to the United States to transact business with the World Bank for assistance on a study of the [Costa Rican] ports.

Oduber feels that personal visits with political and financial groups is more effective, and therefore he is going to Washington.

"Costa Rica," said the Foreign Minister, "is, in proportion, the country which receives most help from the Alliance for Progress."

Lic. Daniel Oduber Quiros, Minister of Foreign Affairs, held a press meeting yesterday to explain the reason for a trip which he is making to the United States.

"These trips, esteemed journalist, are very important. They are not merry interludes to enjoy myself. I'm going to confer with leaders, speak with businessmen, make connections with high U.S. Government officials. The President of the Republic is sending me to Washington, and when I return, I hope to tell you that we have obtained the 500 million colons [Costa Rican monetary unit] for various projects which we announced some time ago that Costa Rica would receive."

After this introduction, Lic. Oduber quickly outlined these loans. Actually, his trip is to settle the matter of the loans which total \$80 million (or 500 million colons). Some of these loans have already been granted, and others are being processed.

THE 80 MILLION

There are \$34 million already approved, \$22 million of which will be for the ICE to finish the Cachi telephone project. Of the other 12 million, 5 will be used for agricultural development, and 7 for the SNAA.

"These \$45 million are on a 40-year installment plan, and bear no interest. In short, it's a gift," said Foreign Minister Oduber.

Sixteen million dollars are approved for the Inter-American Highway, crossing Costa Rica from border to border. The amount of money needed for the highway is \$23 million. The United States is giving us \$16 million, or two-thirds of its cost as a gift. Costa Rica is providing the remaining one-third, and it has to be financed in some way.

Pending loans are as follows: Service [or local] roads, \$4 million; the SNAA, \$10½ million; low-cost housing, \$2 million.

These loans are being processed in the Inter-American Development Bank. The Foreign Minister explained that it was necessary that the loan be granted soon because, in this way, a coordinated working plan could be carried on with the Inter-American Highway, construction of public roads, and service roads.

At this point, he emphasized that he had to make trips to see officials in the United States, and that Costa Rica is the country receiving the greatest per capita assistance from the Alliance for Progress.

He stated that he will take advantage of his trip to expedite (in the World Bank) a loan to be used for a study of [Costa Rican] ports. This money will come from a special United Nations fund.

He will negotiate another \$13 million loan in Washington, and will use the refinery contract as a guaranty. This will be the \$13 million for the highway to Limon, with connections from Tortuguero, Reforma Penitenciaria, an installation for social work and a hospital in Limon. This loan will run for 20 years.

The Foreign Minister ended the interview with these remarks: "These are the reasons for my trip. I'm going on business."

Mr. ERVIN. The article discusses some remarks made by the Foreign Min-

ister of Costa Rica, Mr. Oduber, in respect to \$50 million which Costa Rica had received on a 40-year installment plan without interest.

Undoubtedly the people of Costa Rica thought they were receiving a \$50 million loan, on a 40-year installment plan, without interest. The Prime Minister continued:

In short, it's a gift that they're giving us.

In addition, the article proceeds to a discussion of the subject, during the course of which the Prime Minister boasts of the fact that Costa Rica, in proportion to its size, is receiving more aid, per capita, from the United States than any other Latin American country. Whether that is so, I do not know, but that was the assertion of the Foreign Minister.

Then the Foreign Minister called a press conference for the purpose of explaining his reason for going back to the United States to get more money. He states to the press of his country that they had received \$50 million on a 40-year installment plan, which bears no interest, and he adds:

In short, it's a gift that they're giving us.

I should like to ask the Senator from Alaska this question: How can we expect the people of Costa Rica ever to pay back a 40-year loan without interest when an official of Costa Rica, who carries on the negotiations with the AID authorities to procure this money, assures the people of Costa Rica that it is a gift.

Mr. GRUENING. The answer is that those who are making the loans will not be around to be brought to accountability when the loans become due.

Mr. ERVIN. Does not the Senator recall that the Alliance for Progress was presented to the Senate with the assurance that the emphasis would be on loans rather than on grants?

Mr. GRUENING. That is correct.

Mr. ERVIN. Does the Senator consider that a 40-year loan without interest has any connection with a loan other than that it is a pretense for the purpose of making the American people believe that some day the people will get this money back?

Mr. GRUENING. It is a fraud that has been perpetrated on the American people, when, in response to dissatisfaction in Congress about so many grants being made, the AID administration or rather its predecessor by a different name but in the same field—foreign aid—stated it would change its policy and that, instead of making loans, it would make grants. Under the guise of making a loan, this is a loan and grant at the same time.

Mr. ERVIN. As a matter of substance, since we are operating in the red, are not we in reality borrowing money at a substantial rate of interest for the purpose of giving it to foreign countries?

Mr. GRUENING. That is precisely the point of my remarks. We, the people of the United States, are borrowing money at approximately 4 percent, and then we are making in the foreign aid program so-called loans, with no interest payment for a period of 10 years, and

at an unconscionably low rate for the balance of the loan—three-quarters of 1 percent.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. RUSSELL. The Foreign Minister of Costa Rica was much more candid and forthright with his people, in saying that this was a gift, than our AID people were in perpetrating a deception in saying that it was a loan. He was much more forthright in explaining to the people of Costa Rica what the situation was than were our people who handle our tax money, when they called it a loan.

Mr. GRUENING. He should be brought to testify before the Foreign Relations Committee.

Mr. ERVIN. Mr. President, I should like to ask the Senator if he does not believe that the AID authorities, who negotiate a 40-year loan without interest, in regard to which the foreign minister of a country assures his people that it is a gift, not a loan, might do well to read the advice of Polonius to his son Laertes in Hamlet, when Polonius said:

Neither a borrower nor a lender be: for loan oft loses both itself and friend.

Does not the Senator feel that at the end of 40 years, if we call on the people of Costa Rica to repay the 40-year loan, which they have received from us without interest, they will demonstrate that Polonius was wiser than the AID officials when he said:

For loan oft loses both itself and friend.

Mr. GRUENING. I believe so. The Government of the United States might well apply to itself the subsequent advice of Polonius to Laertes:

This above all: to thine own self be true, And it must follow, as the night the day, Thou canst not then be false to any man.

I believe our Government agencies in this matter have been false to the American people in telling them that we are making loans, when we are not making loans.

Mr. ERVIN. I commend the Senator on the amendment he has submitted on this phase of the foreign aid program. The Senator is trying to make certain that hereafter the American people will be told the truth about pretended loans, which are, in fact, grants.

Mr. GRUENING. I am hopeful that the amendment will be adopted, so that this deception will no longer be perpetrated on the American people.

Mr. HUMPHREY. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield with pleasure.

Mr. HUMPHREY. It distresses me greatly even to think of taking issue with my beloved friend from Alaska, a Senator whom I admire with unrestrained enthusiasm and sincerity. But there are at times differences.

Mr. GRUENING. I fear the worst when the start is so pleasant.

Mr. HUMPHREY. There are times when even good friends can disagree, and can do so without being disagreeable.

Mr. GRUENING. Yes, indeed.

Mr. HUMPHREY. It is my hope that in this discussion, while we may have some differences of opinion, we shall be able, at least, to be constructive and helpful toward a better understanding of the measure before the Senate.

I say to the Senator from Alaska that the section of the bill that relates to the Development Loan Fund is in the bill for a specific purpose; that is, all development loans are made under terms that are known as soft terms, because we consider such loans to be in our national interest and in furtherance of our foreign policy. We make loans through the Export-Import Bank at regular rates of interest, and they are repaid. The Export-Import Bank has made most of its loans to Latin American countries. The Export-Import Bank has made loans to the little country of Costa Rica, and the loans have been repaid. Export-Import Bank loans have been made all over the world, and the loans have been repaid.

World Bank loans are being made; and the problem of the World Bank today is that the rate of repayment is faster than the bank's ability to relend the money.

I am reminded by the distinguished Senator from Alabama [Mr. SPARKMAN], that voices were raised in Congress against participation by the United States in the World Bank. Most of the stock of the World Bank is American money. World Bank loans are being repaid.

The Development Loan Fund makes money available for projects which do not meet the standards of the Export-Import Bank or the World Bank, whose loans are known as hard loans. Development Loan Fund loans are made for projects that require development funds, projects that will require many years for the repayment of the loans. They are made for projects which we consider to be vital to the security of our country and the furtherance of our foreign policy.

One can say that such loans do not bear a high enough rate of interest; but it cannot be said they are not loans. They are loans, and the loans are being repaid.

What have we provided in this bill? We have increased the loan rate after the first 5 years of any loan from three-quarters of 1 percent to not less than 2 percent. Furthermore, we have reduced the terms from 40 to 30 years. It seems to me that we have taken into consideration some of the complaints that have been made by Senators.

Let us consider the little country of Costa Rica. If any of the countries in Latin America deserve the best from this country, it is Costa Rica. First of all, Costa Rica does not spend one dime on the futile effort of trying to maintain an army. Costa Rica does not waste its substance in trying to maintain an army. That little country does not try to have an army.

I thoroughly agree with the Senator from Alaska and other Senators that in most Latin American countries there is a waste of money in the procurement of

military equipment. If it is desired to reduce expenditures in the bill, that is a good place to start.

Mr. GRUENING. I am glad to know that the Senator from Minnesota will support my amendment to eliminate our military aid in Latin America.

Mr. HUMPHREY. The Senator from Alaska has been active in this field for a long time.

Furthermore, Costa Rica pays its bills. The Foreign Minister of Costa Rica, Mr. Oduber, is one of the most effective foreign ministers in the whole world, and is one of the most ardent anti-Communists. He understands the principles of freedom and democracy. He is one of the great potential leaders of this hemisphere. Mr. Oduber went home and told the people of his country that the people of the United States are being generous to the people of Costa Rica.

For years, we have heard complaints in the Senate that nobody ever appreciated us; that they did not like us; that when we were being good to them, they did not understand that we were being good. Now the Foreign Minister of Costa Rica has gone home and has told the people of his country that the people of the United States are being good to his country. Yet Senators say that foreign representatives never tell their people that we are good to them; or that if they do, they tell them that they are getting a gift, not a loan.

I know Mr. Oduber personally and intimately. He has been a guest in my home. I have known him for years. He is a man of probity, ability, and integrity. What he told the people of Costa Rica was that they received help from the U.S. Government. The Government of Costa Rica keeps its word. It has been keeping it for years. It has been keeping it just as well as the United States has been keeping its word.

I do not believe we should select little countries and say that they are unworthy of our trust. They are highly worthy of our trust.

I shall defend the Alliance for Progress at every opportunity. I do not say it is perfect. In Germany, I saw some tanks that were not operating, but that does not mean we will stop producing tanks.

Mistakes are made in the best of programs. Some of our best friends have not always paid their bills. Let me say for the countries that have received benefits from the Marshall plan that they have been paying their bills. Not only that, but they are getting around to paying some of ours. The Marshall plan worked well in Europe.

I thank the Senator from Alaska. I want him to clarify the question. If we lend money, regardless of the rate of interest, and the principal is paid back, is not that a loan?

Mr. GRUENING. If low-rate loans are desirable in the interest of national security, I should prefer, frankly, to make them grants. Let us consider the loan with respect to which I witnessed the signing of the agreement in Cairo. That was a loan of \$30 million to build an electric power plant. It was inevitably going to be a money-making, prof-

itable enterprise. There was not the slightest connection with our national security in making that gift to Nasser, the dictator. It was not a loan made to a poor, struggling country, for a project that could not repay itself. This was a profit-making power plant which could charge its customers whatever Nasser determined. It was inexcusable that we did not make it as an Export-Import Bank loan if it had to be made at all. I challenge the wisdom of those who urge that such projects are necessary to our national security and that we have to give away our substance on projects like that, that could well pay their freight in interest rates equivalent to those we have to pay when we borrow.

Mr. HUMPHREY. There is merit in the Senator's argument in reference to revenue-producing facilities.

Mr. GRUENING. That is what that one was.

Mr. HUMPHREY. In the bill now before the Senate, the language proposed by the Senator from Ohio [Mr. LAUSCHEL] has been included, to the effect that no manufacturing, proprietary, or business enterprise loans shall be made if they compete with what we call normal private enterprise activities in the respective countries. There may be real cause for Senators to object in the case of a utility that is a revenue-producing enterprise, such as we have in our country, with certain guaranteed rates.

We can pick out specific cases in which bad loans may have been made. Only the other day, I spoke with one of the big bankers of the country. He told me that bad loans had been made from time to time. But the bank does not fire its president, who no doubt has made many good loans. Every banker makes bad loans occasionally. I hope it is not necessary to maintain perfection.

All I am saying and believing is that the AID officials, who are attempting to do this job well, and who have been subjected to unbelievable criticism by all of us, are just as much interested in protecting the dollar and just as much interested in the economy of this country as is any Member of Congress.

My complaint about these men is that they are too slow. They go around looking at every comma, every period, and every semicolon. They are too slow. They ought to take some risks. This country was not built by people who were timid, who did not take risks. Sometimes we lose before we get started.

I do not believe it is fair to say that our loan program has been a gift program. It is not a gift program. The loan program is a solid economic program, one that is designed to fulfill our foreign policy objectives, and not put the stigma of gift upon the recipient of the aid.

The Latin American countries do not want gifts. They want to pay back the loans that are made to them. They have a sense of pride, and they are paying back the loans. With few exceptions, they are making their payments; and I do not want this debate to be interpreted in Latin America as indicating that the U.S. Congress thinks those countries are

unwilling to pay their bills. They have been paying them.

Mr. GRUENING. Mr. President, I must disagree with the Senator from Minnesota in regard to the record of such payments. There have been many defaults of Latin American bonds in the past; and the loans under the Alliance are far too recent to make it possible to say that they are being repaid. No repayments on them are as yet due.

Let us consider the situation as regards Brazil: whenever Brazil defaults, we refund the debt, and thus put off the day of reckoning.

I hesitate to disagree with the distinguished majority whip about the repayment record insofar as the countries of Latin America are concerned; but it is a very bad one.

Mr. ERVIN. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. ERVIN. The Senator from Minnesota intimated that perhaps I was discounting the ability of Foreign Minister Oduber. I consider him a very effective Foreign Minister. He is a great deal smarter than many of our representatives—as was demonstrated by his success in persuading them to make 40-year loans without interest. He will continue in office as long as he can continue to obtain such loans for his country.

The Senator from Minnesota also suggested that there might be another Castro. I ask the Senator from Alaska if it is a fact that for many years the United States—because it wanted to be of assistance to Cuba—paid Cuba anywhere from \$150 million to \$200 million a year for her sugar in addition to the price of the sugar on the world market, and did so for the purpose of assisting Cuba.

Mr. GRUENING. That is correct.

Mr. ERVIN. But Castro was the answer to that investment by our country, was he not?

Mr. GRUENING. Yes; and today we are taxing the American people indirectly by requiring them to pay far more for sugar than they should pay; our Government is doing that in order to help other countries which produce sugar. This is one of the indirect subsidies, similar to the subsidy on coffee, achieved through the coffee agreement enacted a few months ago for which the American people will pay higher prices, in order to benefit the producers in Latin America.

Mr. ERVIN. Furthermore, do not the nations to which we loaned \$19 billion during the First World War still owe us that money?

Mr. GRUENING. They do.

Mr. HUMPHREY. Mr. President, will the Senator from Alaska yield again to me?

The PRESIDING OFFICER (Mr. KENNEDY in the chair). Does the Senator from Alaska yield to the Senator from Minnesota?

Mr. GRUENING. I yield.

Mr. HUMPHREY. Does the Senator from Alaska agree that most of the aid given to Cuba in connection with sugar was really given in order to be of benefit to the American sugar companies which

own land in Cuba? Does not the Senator from Alaska agree that the Cuban people do not benefit much from that subsidy?

One of the reasons why the foreign aid program makes some sense is that—for the first time—schoolrooms are being built, schools are being established, teachers are being trained, mobile health units are being sent to these countries, cooperatives are being developed, and workers are being mobilized. Those are some of the things the program is doing.

One of the reasons why President Bosch, of the Dominican Republic, was thrown out of office was that some of the vested economic interests there did not like him and were dissatisfied because the U.S. foreign aid program was being of help to him. The Cuban sugar example, which has been brought to our attention, is a classic example of the kind of thing we ought not to have been doing.

Mr. ERVIN. Mr. President, will the Senator from Alaska yield, so that I may ask another question about Cuba?

Mr. GRUENING. I yield.

Mr. ERVIN. Do not those American firms, and also the Cubans who own sugar plantations and sugar refineries in Cuba, furnish employment to Cubans there?

Mr. GRUENING. Of course they do.

Mr. ERVIN. However, although we paid from \$150 million to \$200 million a year, year after year, for the purpose of assisting Cuba economically, did not Castro come into power, and did not he confiscate all those sugar plantations and sugar refineries, without paying 1 cent of recompense to their owners, regardless of whether they were Americans or Cubans?

Mr. GRUENING. Yes; and that is a matter of record.

Mr. ERVIN. I thank the Senator from Alaska.

Mr. LAUSCHE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. LAUSCHE. I cannot remain silent following the statement which has been made about the Dominican Republic. The testimony clearly shows that, in particular, four things which happened caused the people of the Dominican Republic generally to revolt against Bosch:

First, when he came into office, he allowed a free return of all the Communist exiles of the Dominican Republic.

Second, as the head of the Government, he allowed quarters of the Government to be used for the teaching of the Communist technique and doctrine.

Third, he allowed the governmentally operated radio stations to be used by Communists in the dissemination of their doctrine and philosophy.

Fourth, he allowed a free outflow and inflow of Dominican Republican youth to Cuba, where they were being indoctrinated in communism.

While these things were going on, leaders in the Dominican Republic begged Bosch to discontinue what he was doing. Representatives of our State Department pointed out to him that trouble would result. But Bosch did nothing about that.

I do not believe Bosch is a Communist; but he is a sentimentalist and a romanticist, and he has no concept of reality.

It was then that the national strike was declared; and that strike was participated in by the religionists, the farmers, the businessmen, the professional men—all of whom asked for a halt of the soft-hand application to, and treatment of, the Communists. It was only then that the junta took control.

It is my belief—and I also say this to the distinguished gentleman whom I see sitting in the gallery to my right—that we had better recognize the present Government of the Dominican Republic and we had better give it aid, for unless we do, there will be Communist domination of the Dominican Republic before we have any idea that that will happen, for I think Communist control of the Government of the Dominican Republic is on the way. So this is the time for us to do what we can to stop it.

Let me ask the Senator from Minnesota whether my recitation of the facts in regard to these developments is accurate.

Mr. HUMPHREY. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I am glad to yield, to enable the Senator from Minnesota to reply to the question, although it has no relevance whatever on the subject before us, which was the interest rate on our development loans.

Mr. HUMPHREY. I shall be glad to have the Senator from Alaska state, after I give my reply, whether he believes the Senator from Ohio is correct in asking that the junta in the Dominican Republic be recognized by our Government. I shall be interested in his answer. I believe I know what it will be.

Mr. GRUENING. I disagree in toto with the Senator from Ohio.

Mr. HUMPHREY. I thank the Senator from Alaska. It is obvious that we are allies.

Mr. GRUENING. Furthermore, I think the remarks of the Senator from Minnesota, in praise of Costa Rica, are well merited. No country in the Western Hemisphere is more entitled to our aid than that little country, which is a democracy, which has no standing army; in fact, it is one of the few countries in Latin America in that category.

Mr. HUMPHREY. I thank the Senator from Alaska.

In response to the statement made by the Senator from Ohio, it is true that Juan Bosch, the President of the Dominican Republic, permitted the exiles to return there. He did that because during the Trujillo regime, hundreds of citizens of the Dominican Republic were executed or were exiled, merely because they disagreed with Trujillo, who was one of the most vicious scoundrels ever to occupy office.

Mr. GRUENING. That is true.

Mr. HUMPHREY. Furthermore, Juan Bosch acted only in line with the policy favored by the Council of State, after Trujillo had been assassinated—namely, to permit the return of the exiles.

Second, it is true that Juan Bosch is a sentimentalist. He is a fiction

writer. He is a romanticist. It is possible that he was not a very good administrator. But he was honest. For example, he did not want a colonel in the Air Force to take a 15 percent "take" under the table or on top of the table on an airplane contract with the Hawker Hunter Aircraft Co.

Mr. GRUENING. Correct.

Mr. HUMPHREY. He said he would not have any part of it. He wanted honesty in Government. Furthermore, Juan Bosch had his difficulties with the church and with certain elements in the business community. But he was elected by the people by an overwhelming majority.

Mr. GRUENING. That is also true of the President of the United States.

Mr. HUMPHREY. Yes, it is true of the President of the United States; he has a little trouble occasionally with some elements in our country.

Juan Bosch was the constitutionally elected executive. The Senator from Minnesota will not rise on the floor of the Senate at any time and say that when a military coup which turns out a constitutionally elected government of men who are dedicated to the principles of democracy, the coup should be given the support of this country. To the contrary, I hope that the President of the United States will see to it that the junta and the Dominican Republic do not even get the time of day.

I am not saying that Juan Bosch was the greatest of all men. I am not saying that he was even a good President. I am merely saying that he was elected. I did not happen to think that Calvin Coolidge was a good President, but I did not believe that the military should throw him out. I did not think that Herbert Hoover was a good President; and I did not think that Dwight Eisenhower was, either. But, Mr. President, they were elected, and deserved the respect and support of the officials of their Government. They deserved the respect of the citizenry. So I suppose we have cleared that record. The recitation of alleged facts by the Senator from Ohio is one thing; the conclusion is another. The Senator has made his recitation. The point is that I do not think it adds up to "Amen."

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. LAUSCHE. I merely wish to point out that the Senator from Minnesota has not dealt with my statement that the schools and the radio stations were used, and that the free inflow and outflow of youth into Cuba was affected.

Mr. HUMPHREY. I am sorry. My memory was not good enough to recollect that part of the Senator's statement. I shall now deal with that subject, if the Senator will yield.

Mr. GRUENING. I yield.

Mr. HUMPHREY. The fact is that the Communist movement was no stronger after Juan Bosch came in than it was before. The fact is that the leftists and Communists used the radio; so did the people who believe in constitutional government.

The fact is that in the United States of America, Communists speak, too. They go in and out of this country. They move around this country. Juan Bosch did not do much more in the Dominican Republic than the Government of the United States does.

I believe that Juan Bosch was too weak. I think he should have cracked down on the Communists. I would have suggested to him that he crack down if he had asked my advice. I did make the suggestion to his Ambassador, and our Ambassador made that suggestion to him. He did not follow that advice. Today he is out of office. But that does not mean that his action was an excuse for a military junta to take power.

I am proud of the fact that our President and our Government supported the duly elected Government of the Dominican Republic. I am proud of the fact that they supported the principle of constitutional government.

Mr. GRUENING. Mr. President, I should like to conclude my argument on the subject of interest rates. I appreciate the arguments of the Senator from Minnesota that those are generous actions on our part. But I do feel that the transactions should not be called loans. While I applaud the intent of the House and the Senate Foreign Relations Committee in raising the interest rate from three-fourths of 1 percent to 2 percent, still in my view they are evading the issue, which is that the American public should not be taxed for something called a loan but which in reality is a grant in addition to a loan. It will still be doing that if we have to pay the difference between 2 percent if we loan at that rate and the 4 percent which we have to pay for the money we loan.

The gap will be smaller when the interest is 2 percent rather than three-quarters of 1 percent. But there will still be a gap. I should like to see the amendment adopted; and if the time comes when a country is so poor that it cannot pay more than three-quarters of 1 percent or 2 percent, let us frankly make it a grant and say that we want to help that country, and that it is too poor to pay us back. That is the point I wish to make. The AID agency perpetrated—perhaps not deliberately—a deception on the American people. It shifted in response to the proddings of Congress that we should not have so many grants, but make loans instead. The agency said, "We will make them loans," but they were not loans. The loans should be made at the same rate of interest that American people have to pay for their borrowing.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. DOMINICK. I appreciate the Senator's yielding. It is not often that a member of the minority party wishes to enter into a fight between Members of the majority party.

Mr. HUMPHREY. Why not?

Mr. GRUENING. Come in; the water is fine.

Mr. DOMINICK. We are enjoying the fight. I thought I might add a little fuel to the fire.

First, the amendment which the distinguished Senator from Alaska has proposed is highly sensible and logical. It strikes me that that is true for a number of reasons, the principal one being that we have been trying to sell the American people for a long time on the need to change our AID program from a grant program to a loan program. People throughout the country—in Minnesota, Colorado, Alaska and elsewhere—are concerned. We might propose to give money to some country in Africa and perhaps it would not have to pay a nickel's worth of interest for 5 years. Then it would pay 2 percent, or whatever rate might be established, and the principal repayments can continue to come in, if it is so desired. More importantly—and this point is of great importance—under section 203, all the money that would come back would be put into a revolving fund which could be distributed by AID again without authorization and without appropriation. It does not seem to me that we have in mind a program that can logically and truthfully in the American mind be called a loan program.

All we are doing is trying to ease the symbolic reference of a grant program into something that looks as though we are getting something back.

It is also my understanding—and I should like to be corrected if I am in error on this point—that repayments are not necessarily in dollars.

Mr. HUMPHREY. Yes; they are.

Mr. DOMINICK. I may be mistaken in that statement.

Mr. HUMPHREY. They are in dollars.

Mr. DOMINICK. I stand corrected. I am glad to hear that that has been provided.

During the discussion that has taken place, which I found highly stimulating, reference was made to certain Presidents. I should like to add that some of us did not perhaps like President Roosevelt. It might be that some Republicans do not think President Kennedy is doing all he ought to do, particularly in the international field. I am glad to include myself as one of those who do not think he is doing everything he should do.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I should like to correct the RECORD if I used the word "like," because that word relates to a personal reaction to an individual. I happen to like General Eisenhower. I am sure that I would have liked Calvin Coolidge. I merely did not agree with many of their policies.

Mr. DOMINICK. I was using the term in the same sense, and I should like to continue that way. We ought to keep in mind that a goodly number of the loans are highly speculative, even if we denominate them as loans. For example, during the debate on the Export-Import Bank bill, which would increase the authorization of the Bank, I discussed the Bank's carrying at \$1, or some nominal asset in its account, a loan which was made to Brazil which it did not think there was the slightest chance of being

repaid. That authorization was in a substantial amount—over \$100 million, I believe.

There is also a substantial amount of money carried on the books of the Export-Import Bank for a loan that was made to China prior to the time that the Chinese Communist Government took over. There was no chance whatsoever of that money coming back.

When we make so-called loans to the underdeveloped countries, particularly in instances in which they are politically unstable, we are not really entering into transactions which anyone in this country would consider loans. That is particularly true when the loan does not provide for a reasonable interest rate. It seems to me that the very least we can do is what the distinguished Senator from Alaska is now suggesting.

Mr. GRUENING. I am glad to have the support of the Senator from Colorado. This has been a useful and stimulating discussion. I wish to see a foreign aid program, but I hope to see it improved, tightened up, and made more effective.

The various amendments which I have submitted and shall later submit have that objective. I am hopeful that the distinguished majority whip, who is a really enlightened person on all subjects, will go along with some of these efforts to improve the foreign aid bill.

Mr. President, before I yield the floor, I ask unanimous consent to add the name of the distinguished senior Senator from Connecticut [Mr. Dodd] to my amendment No. 231 which is an amendment which would withhold aid from nations that wage aggressive war.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, President Nasser is waging aggressive war in Yemen or threatening aggression against other nations, building up arms against Jordan and Israel. Sukarno seems likely to do the same, if he carries out his threat to wage war on the newly born state of Malaysia. This amendment is designed to withhold aid from those nations, and I hope it will be adopted.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GRUENING. I am glad to yield.

Mr. KEATING. I ask unanimous consent to be included as a cosponsor of the amendment of the Senator from Alaska.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President, I desire to discuss briefly the amendment submitted by the Senator from Alaska to cut off assistance to any nation which the President determines is engaging in or preparing for aggressive military efforts directed against the United States or other aid recipients.

I commend the Senator from Alaska for submitting this amendment, which would restore to the bill the language adopted in the House. I am strongly in favor of the principle behind the amendment, which was already embodied in the Foreign Assistance Act in language which I offered last year.

That language is found in section 102 of the Foreign Assistance Act of 1961, as follows:

It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

In my judgment, the language offered by the Senator from Alaska is a reasonable and unfortunately necessary step to make that language mandatory. Had the officials of the executive branch been more determined and convinced in carrying out the mandates already contained in that language, it is quite possible that we would not have the situation which today exists in the Middle East. Today, Egypt's President Nasser has thousands of troops in Yemen involved in supporting a regime which obviously does not have the support of the people of Yemen. Today, President Nasser has Egyptian airmen fighting with Algeria in its border dispute with Morocco. These are the two most flagrant examples at the moment of aggressive Egyptian military efforts.

Mr. GRUENING. I should add that he has also just stirred up riots in Lebanon.

Mr. KEATING. That is correct. That should be added.

Moreover, while Nasser is paying his troops to fight other nations, his propaganda machines continue to blare hatred and ill will toward Israel. If this amendment will have the desired effect, if it will serve notice on dictators and other military adventurers that the United States does not intend to subsidize their efforts any longer, then the whole country will have cause to be grateful. But from long experience in working in this area, I am frankly somewhat pessimistic.

When I wrote to the Agency for International Development to inquire what specific action had been taken to implement my amendment and to enforce the provisions in the foreign aid bill discouraging aid to dictators and requiring nondiscriminatory treatment of American citizens, I received this reply from the Deputy Administrator of AID:

I want to assure you that the Agency has been alert to the interest of Congress reflected in the statement of policy in Section 102. In those instances where discrimination has been encountered, the Department and AID have taken all feasible steps to obtain their removal or modification. The provisions have been a major consideration in rendering assistance and AID has given careful attention to the administration of funds in those countries which share our view of the world crisis in accordance with the President's direction.

In his reply he was utterly silent with respect to that part of my inquiry which related to the diverting of our own economic resources to military or propaganda efforts.

Even more directly on this subject, Mr. President, when I asked the Adminis-

trator of the AID program directly whether this amendment would apply to Egypt, which I pointed out "has shown its aggressive tendencies in Yemen and in threats against Israel," Mr. Bell's answer was as follows:

Well, the Egyptian case, as you know better than most, Senator, is a very—indeed the who Middle East situation—is a very tense and uncertain one. The philosophy of U.S. assistance to those Middle Eastern countries for the last several years has been that if we work with them to achieve some reasonable economic and social progress in those countries, we would be contributing to the possibilities of peaceful progress in the Middle East and we would be working against the possibility of additional military flareups. We've had, I think, some considerable success. We certainly haven't had uniform success in that. The action of the Egyptians in Yemen is a complicated one. As you know, there was an internal revolt in Yemen and the Egyptians have been supporting one side in that revolt and the Saudi Arabian Government has been supporting the other side. It's a tangled situation but it is certainly different from and distinguished from an outright aggression.

In other words, Mr. President, the people responsible for the AID program now do not regard Egyptian activities in Yemen as aggression. Therefore, I would fear that the view of the AID might turn out to be that this amendment would not apply to Egypt.

Perhaps it will be possible for us in the legislative history of this amendment and I think it highly desirable, to make clear that we do indeed have the Egyptian situation in mind, as well as any other situation in which military activity by one AID recipient against another serves to divert vital resources and manpower from economic development to military adventures. I would like to offer a suggestion to the Senator from Alaska with a view to strengthening the impact of the amendment, which I very much fear is still not sufficiently strong to achieve the purposes we seek. I would like to propose that the amendment be modified to include not only aggressive military efforts but also propaganda efforts as well. In other words, wherever the Senator uses the term "military efforts," I would suggest expanding this language to include "military and propaganda efforts."

This is departing somewhat from the language adopted by the House of Representatives, but I believe it would be useful, first of all, to show the very strong feeling of the Senate on this issue, and secondly, to pinpoint what has in fact been one of the main sources of tension and turmoil throughout the Middle East.

Mr. President, the propaganda put forth by Nasser's "Voice of the Arabs" program, as well as through a variety of other state-controlled media, breathes hatred, bigotry and aggression.

I asked the Library of Congress to prepare for me a report on hate propaganda in a number of nations. The parts of this report which discuss Egyptian propaganda efforts should be of particular interest, and I ask unanimous consent that they be included in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

PSYCHOLOGICAL PROPAGANDA AS USED BY EGYPT
(By Thomas C. Lyons, analyst in international relations, Foreign Affairs Division, September 6, 1963)

The word "propaganda" formerly meant the dissemination of any information. Today (i.e., contemporary connotation) the word usually means a concerted effort to promote a certain doctrine, principle, and attitude through the dissemination of information. The purpose of the concerted effort may be to help or injure, create or destroy, inaction or action, and so forth.

For the purposes of this paper the term "psychological propaganda" will be substituted for "hate propaganda."

Psychological propaganda is not controlled by international covenant, by usage, by convention, or customs of war. Its battlefield is the human mind and human emotions, and the successes or failures of the battles are sometimes never known. This kind of propaganda is not a well-defined subject nor does it have an exact frame of reference. It may or may not be designed for a specific immediate action. It may have for its goal that which Orwell described in his "1984" as the doublethink; i.e., a mind holding two contradictory concepts simultaneously and accepting both of them as believable. In Orwells words: "It is the faculty to know that deliberate lies are being told, while genuinely believing in them."

Psychological propaganda is part of war, but it is itself unlike war. Such propaganda may exist before, during, or after actual hostilities. The enemy need not be identified; he may be disguised; he may be deliberately identified wrongly. The attacked and the attacker never know one another. Defeat and success are seldom measured. The engagements have no names. It is mysterious and nightmarish inasmuch as it penetrates to the depth of a man's heart or mind or soul or reasoning processes.

The function or purpose of all propaganda is to affect attitudes, emotions, beliefs, and to persuade by nonviolent means. (War would be persuasion by violent methods. Propaganda may have as its object at a given time violence, but the persuasion to use that violence is by nonviolent means.) It also has the general purpose of creating mental anguish at some future time in those who begin to doubt what they formerly believed to be the truth. The reverse may also be the case.

The study of psychological propaganda may be purely scientific or purely moral or a combination of both. Regardless, the scientist (e.g., psychologist) and moralist (e.g., theologian) may come to the same conclusion: Such propaganda fosters terror, hate, suspicion, and destroys the human impulse to act rationally. One other significant point to be made is that propaganda touches any human who can read and/or hear his own language. In this respect it touches not only the camel driver but the writers and politicians who must make rational choices between meaningful concepts. It can unknowingly create cowardice and prejudice in the minds of teachers and those in decision-making bodies. Even the most educated may have their minds emasculated.

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Egypt has used this kind of propaganda successfully, for a number of years, employing the most refined propaganda techniques. Most newly independent nations could not afford the time, money, or national effort necessary to carry on such a program on a scale approaching, let us say, Egypt. Indeed, few countries today use propaganda to the extent of the Egyptian Government.

Of course psychological propaganda is not restricted to the countries mentioned in this paper. Indeed, two other countries (in addition to the United States and U.S.S.R.) may even exceed the use of this kind of persuasion by Egypt; China and East Germany. The Chinese propaganda, to its own people and the peoples of Far East and southeast Asia, is well known and well documented.¹ Less well known is the propaganda from Communist East Germany, which has used the theme "hate" in radio programing from rock 'n roll music to classic literature. Sometimes the hatred theme (praise of communism; contempt for communism's enemies) is subtle; sometimes it is blatant and open. Since 1960 the radio and press of East Germany has shown Nazi-like propaganda by adulation of the party and raging hatred of the West. Even old Nazi marches have been used repeatedly by the East Germans as recent as 1963. The New York Times reported in September 29, 1961 the following words of a song from a September broadcast from Communist Germany: "Hatred, scream it into every home * * * carry it into quiet streets * * * teach the flowers to hate * * * take revenge."

EGYPT (UNITED ARAB REPUBLIC)

The U.S.S.R., China, and the United States aside, the United Arab Republic (hereafter referred to as Egypt) probably has the most elaborate network of radio and press propaganda in the world. This is all the more interesting in light of the fact that propaganda by and to the Arabs themselves was negligible before 1952. Prior to that time (the military coup of July 1952 in Egypt) Arab radio stations and newspapers were concerned primarily with entertainment, sports, news, and music.

The new group in Cairo after 1952 saw the potentialities of controlling the means of propaganda, and as a result, huge portions of the country's money, talent, and efforts were given to strengthening the instruments of propaganda. Today, radio is an outstanding part of the Arab's social and political life. (Parenthetically, it should be noted that in the Middle East today, almost every Arab owns or has available, a radio. Transistors and battery-operated radios are prevalent, and can be seen on farms, hanging from the back on a donkey, in mud huts along the river, and in the pocket of camel boys. In a word, the spoken word, unlike the written word, is available to almost every Arab, no matter how poor.)

According to A. Loya (writing in Middle Eastern Affairs, April 1962), the Egyptian revolutionary government's propaganda has passed through the following three phases.

Phase 1

During the first phase (which lasted roughly from July 1952 to November 1954), the government concentrated almost entirely on its internal position. The goal obviously was to solidify and/or build a strong position which is needed for a military revolution to succeed. The country's and therefore the people's enemy was "poverty, ignorance and disease." Of course, the existence of poverty, ignorance and disease was linked to the Farouk government, and the absence of suffering would in the future be linked to the new military government. Words like "glory," "dignity," and "prosperity" were linked to the new government continuously. Words and phrases such as "scum," "traitors," and "plague of the earth" were attached to the King and the Muhammad Ali dynasty.²

¹ Alex S. Edelstein and Alan Ping-lin-Liu, "Anti-Americanism in Red China's People's Daily," *Journalism Quarterly*, spring 1963, pp. 187-195.

² Loya, p. 102.

There was also during this time a complete absence of talk about Arab unity. Whatever unity talk appeared, it always referred to the union of Egypt and Sudan.

Phase 2

Sometime between 1952 and 1954 the Egyptian leaders came to the obvious conclusion that they were not solving the problems of Egypt. In a rather sudden move, the government decided that Arab unity should be the issue, and as a result of this decision, launched an immense campaign of psychological propaganda of both an internal and external nature. (This phase lasted until 1961, when Syria left the United Arab Republic).

Mr. Loya contends that the Egyptians learned well from the Nazis, and obviously had done their homework for Professors Hitler and Goebbels.³ For example, he states, they (1) have relied more on the spoken than the written word, and (2) there is a tendency to disregard the truth.

The main theme of the second phase was that under Nasser's leadership, the Arab countries united could rebuild "the glorious past." Plays, concerts, operas, songs, day and night, lavished praise on the glories of he who would lead the Arabs in unity to the promised land: Nasser.

According to Loya, closely attached to this theme of developing a god-like image of Nasser was the theme of hate.⁴ The Egyptians were taught, asked, told to hate foreigners, Jews, and Arab leaders who opposed unity. The object of the propaganda was to identify the enemy with hatred, and to shower devotion on Nasser.

Nasser became omnipotent and infallible. He had thrown the British out of Egypt; had won the battle in the Suez War; had maneuvered the revolution; could not lose.

There was also the concept to terror. Terrifying stories and terms were used in describing events in broadcasts. For example, "dangling corpses," "blood and agony," etc. King Hussein of Jordan received messages over Cairo radio telling him of the horrible fate that awaited him if he did not abdicate.⁵

"Lies were resorted to whenever needed."⁶ Indeed, entire events were fabricated to suit a particular purpose. In a word then, Egyptian propaganda was presenting to the Arab world their view of Egyptian history, the history of the Arab world, Arab personalities, daily events in the world.

Phase 3

This phase, of course, can hardly be written. Obviously the goal of Arab unity is still the same.

The following is a summary of psychological propaganda in Egypt since 1958.

In 1958

Cairo government initiated the Voice of Free Africa, which broadcast violent anti-Western propaganda. The broadcasts exhorted the Africans to drive from their lands the "white dogs" of the Western oppressors. The United States was called the banker of the sterling bloc countries, and therefore Africa's "second colonial master."

The establishment of the voice was preceded by 2 years of modest, similar broadcasts (unidentified) from Cairo. In January of 1958 the government identified itself with the new voice. The first broadcasts were spoken in Swahili, Amharic, Arabic, French, and English. Later most of the prominent African languages were added, in addition to Hebrew.

At about the same time, Nasser inaugurated a new propaganda tool, the magazine *African*

³ Ibid., pp. 104-105.

⁴ Ibid., p. 105.

⁵ Loya, p. 107.

⁶ Loya, p. 107.

Renaissance, a periodical dedicated to the creation of hate for the white masters. In both the press and the radio, the French and English were continually referred to as white dogs who had smeared dirt on the African peoples. The Voice of Free Algeria was also used to give support to the Algerian Nationalist rebels.

By the middle of the year, Egypt had 11 transmitters in operation and at least 12 more (from Czechoslovakia) being readied for operation. The main transmitter in Cairo was a \$750,000 gift from Moscow.

Although the broadcasts vary for country to country, the words are basically the same; viz, "white dogs, imperialists, bloodsuckers and colonial oppressors."⁷ The Voice of the Arabs, broadcast out of Cairo, was (in 1958) on the air from 6:30 in the morning until 1:15 the next morning, every day in the week. Sample comment (New York Times, July 6, 1958): "Let us teach the Americans we do not need their tainted dollars nor do we require their conditioned aid. No, America, you shall not come to the Middle East. We shall fight against you with all our resources, with our hands, our feet, our teeth, but we will not allow you to establish your Zionist-controlled influence in our Middle East."

By the end of 1958, Egyptian broadcasts were also beamed to Europe, Israel, and almost every country in Africa, many of which were in the predominant dialect.

According to the London Times the broadcasts were so inflammatory in 1958, that President Eisenhower proposed that the United Nations monitor these broadcasts on the grounds that they were a threat to the peace and security of the Middle East.⁸ For example, Cairo radio told the Lebanese people that their President (Chamoun) would drown in a bath of blood because of his treatment of his own people. The Lebanese people were asked to take up arms, use violence, disorder and revolt, and finally to tear their leaders to pieces.

Such broadcasts were daily occurrences and usually ended with, "At your service, O Abdel Nasser."

Jordan did not escape from its share of psychological propaganda. Again the people were asked to revolt and rise up and kill their king, "the truth of the end of every tyrant, of every traitor."

Syrians were told that Charles Malik was an agent of the CIA who paid him \$200,000.

Israel was told that their country would eventually become an American colony; that Israel was militarily weak compared to the Arabs because the Arabs received huge shipments of arms from America.¹⁰

In 1959

The kind of propaganda used in 1957 and 1958 by the Cairo government was continued in 1959. By the middle of 1959, Cairo who had been doing its major broadcasting from two 100-kilowatt transmitters, started operating a new 300-kilowatt transmitter. The Government announced that they would step up their broadcasts as well as establish additional languages. It was assumed that in 1959 the Egyptians had the most powerful broadcasting services in the Middle East.

In 1961

Radio Cairo was perhaps more violent in 1961 than in 1958 and 1959. William S. Ellis (Harper's magazine, June 1961) wrote that the "Voice of the Arabs" had started riots, had encouraged the overthrow of any number of governments, inspired sabotage, and "convinced millions that the Bagdad Pact is an intolerable instrument of Western imperialism."

On August 26, 1960 (Ellis reports), Cairo radio urged the Jordanians to "kill Majali

and drag his body through the streets." Three days later, Hazzaa Majali, Hussein's Prime Minister, was killed by assassination.

Cairo radio beamed its programs especially toward the Arabs and the Africans in 1961. Day after day Hussein was accused of being an agent of Israel who was paid by the United States. (He was often referred to as "King Mickey Mouse.") By 1961 the broadcasts from Egypt were in 15 languages plus numerous dialects.

Singled out especially by Cairo radio in 1960-61 was the Shah of Iran (for having 10 years previously recognized, de facto, the State of Israel); King Ibn Saud of Saudi Arabia; Tunisian President Habib Bourguiba (who was planning in unison with America to take over the Arab homeland). The French were still "dogs," and the English were still "pigs," in almost every broadcast.

In 1963

It has been said that by way of psychological propaganda, the Nasser government has since 1957-58: inspired a revolution in Yemen, followed by Syria and Iraq; immense pressure has been brought to bear by way of press and radio on the peoples and leaders of Jordan and Saudi Arabia. There is a move on for a five-nation military bloc (Egypt, Syria, Iraq, Algeria, and Yemen) which undoubtedly would be used to bring further pressure on Jordan and Saudi Arabia.¹¹ That psychological propaganda is a major part of Egyptian policy cannot be denied.

Mr. KEATING. Mr. President, the report points out that "few countries today use propaganda to the extent of the Egyptian Government." In fact, the report points out that:

The U.S.S.R., Red China, and the United States aside, Egypt probably has the most elaborate network of radio and press propaganda in the world.

All this propaganda, in fact, originated in 1952 with the Nasser regime. According to experts in the field, Egyptians have learned their propaganda techniques from the Nazis, from Hitler and Goebbels.

Despite what some officials profess to consider a new warmth in Nasser's relations to the United States, studies of Egyptian propaganda reveal no love, nor certainly any understanding nor sympathy with the objectives of the United States. The main theme of Nasser's propaganda is to develop a godlike image of Nasser and to teach the Egyptians to hate foreigners, Jews, Israel, and other Arab leaders who oppose Nasser.

Mr. GRUENING. Including Americans.

Mr. KEATING. Including Americans; and there is much anti-American propaganda over the "Voice of the Arabs."

Members of the Senate should read, as I have, what is said on the "Voice of the Arabs" against Members of Congress and prominent figures in the United States, of both parties, generally.

Not only in the Middle East, but throughout Africa, Nasser's broadcasts beam hatred and advocate violence. Despite American assistance, Nasser preaches hatred of the United States. The main transmitters that convey this message were a gift from Moscow.

Moreover, Mr. President, as the Senator from Alaska has himself amply

documented, one of the projects in the U.S. program for Egypt is assistance in the development and operation of a Telecommunications Research Institute. The purpose is to make Egyptian technicians even more skillful in their work, even though it should be obvious that a substantial portion of that work is directly contrary to the interests of the United States and other nations in the Middle East and Africa.

For that reason, Mr. President, I would strongly urge the Senator to modify his amendment to include not only the military efforts, but also the propaganda efforts which, as this Library of Congress report documents, and as he himself is well aware, play a significant role in reducing the possibility of a peaceful settlement of the Middle Eastern issues.

Mr. President, in my view nothing does more harm over the long run than excessive hate propaganda. It teaches the younger generation to hate a supposed foe that they do not even know. It poisons the air and makes it impossible for any more constructive-minded leader to attempt a conciliatory policy or a policy of negotiation to settle outstanding issues. Even more, perhaps, than the weapons Nasser has purchased from the Soviet Union, the propaganda from his Soviet and U.S. assisted media are a critical factor in the continuing tensions in the Middle East area. Not since President Eisenhower called for a U.N. monitoring of propaganda broadcasts in 1958 has the United States officially indicated its concern and opposition over this kind of activity. Yet, every year new converts are sought to the doctrines of racism and hatred that Nasser has adopted. Every year, other governments in the Middle East must combat the tensions and aggressions stimulated by this broadcasting. Before it is too late, Mr. President, the Senate of the United States should make its position clear in condemning the poisonous words of war and hatred that Nasser continues to spew forth, subsidized by the taxpayers of the United States of America.

I would appreciate it if the Senator from Alaska could see his way clear to a modification of the amendment in the manner in which I have indicated.

Mr. GRUENING. Mr. President, I would be very happy to have the amendment modified in the sense the Senator from New York suggests. I favor his purpose. I think the amendment could not be made too strong. But, for certain practical considerations, I do not think I should. In the first place, the language of my amendment is identical with the language of the House bill. It is quite an achievement to obtain collaboration without collusion between the two Houses, and have two minds with but a single thought. My experience has been that frequently a very desirable amendment is adopted by one body. When the amendment goes to conference, representatives of AID or the State Department say it will ruin the program, that it should not be adopted, and the amendment is lost. This is a case in which we have taken a rather important step for-

⁷ New York Times, July 6, 1958.

⁸ Aug. 15, 1958.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ellis, pp. 54 and 58.

ward, and I think we should try to have the proposal adopted, rather than lose the whole battle.

I have no objection to the purpose of the suggestion. Indeed, I am wholeheartedly for it. My only objection is to the practicality of achieving the purpose. When we get into the matter of propaganda, we are touching on freedom of speech. Propaganda can be subtle. I believe that if we have difficulty—as the Senator from New York anticipates—in persuading the AID agency that Nasser is an aggressor—which is so obvious that it does not need reiterating—it will be much more difficult to define his verbal attacks as aggression, even though when there are broadcasts in which Nasser preaches destruction and hate of Lebanon, Jordan, Israel, and others, which go beyond the legitimate bounds of free speech. If we attempt to make radio propaganda a justification for barring aid to a country, we are going to run into more difficult problems of interpretation than we have encountered in the matter of direct aggression.

So far as Nasser's invasion of the Yemen is concerned, the New York Times of today, under the headline "U.N. To Withdraw Mission in Yemen," points out that Mr. U Thant made a report. It is stated in the article that Saudi Arabia has complied with its commitment to withdraw aid to its side in Yemen, whereas Nasser still keeps his troops there. In other words, Nasser has broken his pledge to withdraw his troops.

Mistakenly, the United States recognized the Yemen Government as an act of appeasement toward Nasser. It was a very unfortunate action on our part. The British did not follow. They are much closer to the situation there than we are. There may be a relation between that situation and their recognition of the military junta in the Dominican Republic. They are probably saying, "You have interfered over there where our interests are greater than yours. We are not going to play ball with you in the Caribbean." That is conjecture on my part. I may be in error.

I should like to have the antiaggression amendment strengthened, but I fear very much that, if it is strengthened, it may be lost. I would like to have half a loaf this time, and make sure it is not lost.

Mr. KEATING. I cannot disagree with the Senator's reasoning. I have every expectation that this amendment would be adopted in the Senate. If there were any doubt in my mind about it, I think it would be well not to offer it. It is already in the House bill and will be in conference. I think the Senate would adopt the amendment, and should do so.

The Senator has made it very clear that he disagrees, as do I, with the interpretation that this does not have anything to do with the actions of Egypt in Yemen, and does not apply to Egypt. I do not know how we are going to make our intentions clear to the officials of the State Department and the AID Agency. After all, we have in the law now a sense-of-Congress resolution which is substantially like this amendment. This

proposal is stronger. It provides that no assistance shall be provided to any country which the President determines is engaging in or preparing to adopt aggressive military efforts.

I have the feeling that if this amendment is adopted and becomes law, and if even then we cannot get AID or the State Department to do anything about it, we must press for an out-and-out cutoff of aid by name to countries that we in Congress know are engaging in aggressive activities.

Mr. GRUENING. I agree with what the Senator has said. It is customary, as a matter of courtesy and comity, to include language in the amendment which enables the President, in his judgment, if the national security is involved, to set aside the will of the Congress. Unfortunately, as a practical matter, it would not be the President who would make such a decision.

Mr. KEATING. That is correct.

Mr. GRUENING. It would be the same subordinate official who has gotten us into the mess in the first place. I hope that on the next occasion Congress will take that into consideration. We should definitely not give aid to countries which in the judgment of Congress are aggressors. There is no question that Nasser is an aggressor on several counts. He is definitely an aggressor in Yemen. He has been an aggressor all through the Middle East. He has never ceased to announce that he intends to destroy Israel. He is building up his arms. He preaches assassination, not yesterday or 2 years ago, but now, over his Cairo radio, to which we, unfortunately, contributed our dollars. It is a shocking and disgraceful situation. I hope it will become so patently shocking and disgraceful that the amendment will have the result we hope it will have.

Mr. KEATING. I should like to have the Senator's view, because I believe it is very important from the standpoint of legislative history. Does he believe that the amendment is an important part of what we expect in the administration of the act? Does not the Senator agree that if the propaganda broadcasts are directed toward aggression, or talking about and building up a case for aggression; that is, engaging in or preparing for aggressive military effort?

Mr. GRUENING. Certainly. Hitler did that in the days before he invaded neighboring countries. Before his invasions, he always loosed a barrage of hatred and denunciation. Nasser is pursuing such tactics.

Mr. KEATING. His propagandists are Nazi trained.

Mr. GRUENING. He has among his forces a very substantial number of ex-Nazis, who would have been arrested and jailed if they had remained in Germany.

They are working for him. I placed a list of them in the RECORD yesterday.

Mr. KEATING. I thank the Senator. I am glad he agrees that we in Congress, if the amendment is adopted, will expect to have propaganda activities taken into consideration in the interpretation of the words "engaging in or preparing for aggressive military effort."

Mr. GRUENING. I share that hope. In addition to the fact that we are, in effect, financing Nasser's war ventures, we are causing other nations, which he threatens, to feel that it is necessary for them to increase their military expenditures. All of that is a further drain on their inadequate resources, and is a misuse of our taxpayers' money as a part of the aid program.

Mr. KEATING. I thank the Senator.

Mr. MANSFIELD. Mr. President, have the yeas and nays been ordered on the Javits amendments?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. JAVITS. I merely wish to identify myself with the merits of the amendment of the Senator from Alaska, which has been the subject of a colloquy between my colleague from New York [Mr. KEATING] and the Senator from Alaska, as underlining the fact that I consider it to be an amendment of importance.

My amendments, which are before the Senate, are acceptable to the Senator in charge of the bill. I hope it will be understood that at the request of the Senator from Oregon [Mr. MORSE] there is to be a yea-and-nay vote.

Mr. AIKEN. Mr. President, any amendment which is submitted to the Senate with a blackjack attached to it is not acceptable to me. I will vote against it for that reason. That applies to every other amendment that comes before the Senate under a blackjack rule. It is time for us to get on with the business before the Senate, and not become involved in exercises which unnecessarily prolong orderly Senate procedure.

Mr. JAVITS. These are highly desirable amendments. I hope very much that the Senator will understand my position, and that a yea-and-nay vote is being had through no fault of mine.

Mr. AIKEN. A Senator should have the right to say whether he wishes a yea-and-nay vote on an amendment. While the amendment is acceptable to me as an amendment, it is not acceptable to me under the conditions under which it is presented.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments offered by the Senator from New York [Mr. JAVITS] to the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Nevada [Mr. CANNON], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Indiana [Mr. HARTKE], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Montana [Mr. METCALF], the Senator from Virginia [Mr. ROBERTSON], the Senator from

Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Indiana [Mr. HARTKE], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Kentucky [Mr. COOPER and Mr. MORTON], the Senator from Nebraska [Mr. HRUSKA], the Senator from New Mexico [Mr. MECHEM], and the Senator from Iowa [Mr. MILLER] are necessarily absent.

The Senator from South Dakota [Mr. MUNDT] is absent because of illness.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

If present and voting, the Senator from Nebraska [Mr. HRUSKA], the Senator from New Mexico [Mr. MECHEM], the Senator from Iowa [Mr. MILLER], the Senator from Kentucky [Mr. MORTON], and the Senator from South Dakota [Mr. MUNDT] would each vote "yea."

The result was announced—yeas 66, nays 5, as follows:

[No. 200 Leg.]

YEAS—66

Allott	Gruening	Morse
Bayh	Hart	Moss
Beall	Hayden	Muskie
Bennett	Hickenlooper	Nelson
Boggs	Hill	Neuberger
Brewster	Holland	Pastore
Burdick	Humphrey	Pearson
Byrd, W. Va.	Inouye	Pell
Carlson	Jackson	Prouty
Case	Javits	Proxmire
Clark	Jordan, N.C.	Randolph
Cotton	Jordan, Idaho	Ribicoff
Curtis	Keating	Saltonstall
Dirksen	Kennedy	Scott
Dodd	Kuchel	Simpson
Dominick	Long, Mo.	Smith
Douglas	McCarthy	Sparkman
Edmondson	McGee	Symington
Ervin	McGovern	Talmadge
Fong	McIntyre	Tower
Fulbright	McNamara	Williams, Del.
Goldwater	Monroney	Young, Ohio

NAYS—5

Alken	Johnston	Thurmond
Gore	Mansfield	

NOT VOTING—29

Anderson	Hartke	Mundt
Bartlett	Hruska	Robertson
Bible	Lausche	Russell
Byrd, Va.	Long, La.	Smathers
Cannon	Magnuson	Stennis
Church	McClellan	Walters
Cooper	Mechem	Williams, N.J.
Eastland	Metcalf	Yarborough
Ellender	Miller	Young, N. Dak.
Engle	Morton	

So Mr. JAVITS' amendments to the committee amendment were agreed to.

Mr. JAVITS. Mr. President, I move the vote by which the amendments to the committee amendment were agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, on behalf of myself, the distinguished minority leader [Mr. DIRKSEN], the chairman of the Foreign Relations Committee [Mr. FULBRIGHT], the ranking minority member of the committee [Mr. HICKENLOOPER], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Vermont [Mr. AIKEN], I submit, to the committee amendment, the amendments which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 31, in line 18 after "Sec. 102", it is proposed to insert "(a)".

On page 32, after line 5, insert the following:

(b) Sec. 202 of the Foreign Assistance Act of 1961, as amended, is amended by striking out "for each of the next four succeeding fiscal years," and inserting "for the fiscal year 1963, \$975,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years,

On page 38, strike out lines 3 through 12 and insert:

(1) Strike out "for use beginning in each of the fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert "for use beginning in the fiscal year 1963 not to exceed \$600,000,000, for use beginning in the fiscal year 1964 not to exceed \$525,000,000, and for use beginning in each of the fiscal years 1965 and 1966 not to exceed \$600,000,000.

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10 strike out "'\$300,000,000' and" and "and '\$175,000,000', respectively".

On page 40, line 23, strike out "\$1,300,000,000" and insert "\$1,000,000,000".

On page 42, between lines 11 and 12 insert the following:

(b) Section 611(a), which relates to completion of plans and cost estimates, is amended by inserting before the semicolon at the end of subparagraph (1) a comma and the following: "and, in any case in which such estimate of cost exceeds \$500,000, until such estimate of cost and the feasibility of the project have been approved by the Corps of Engineers, United States Army, or by a reputable United States private firm of engineers".

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these amendments to the committee amendment be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. And I ask that the clerk state the list of names of the sponsors of these amendments to the committee amendment.

The PRESIDING OFFICER. The names of the sponsors of the amendments to the committee amendment will be stated.

The LEGISLATIVE CLERK. The amendments to the committee amendment are submitted by Mr. MANSFIELD, on behalf of himself, Mr. DIRKSEN, Mr. FULBRIGHT,

Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN.

Mr. MANSFIELD. Mr. President, I have listened with interest and appreciation to the expressions of the Senator from Oregon [Mr. MORSE], the Senator from Alaska [Mr. GRUENING], the Senator from Louisiana [Mr. ELLENDER], and other Senators with respect to the foreign aid bill. Their analyses of the shortcomings of the aid program are most thoughtful. Their concerns are most understandable. I am sure that many are shared by some, if not most, of the other Members of this body.

Distortions, wastes, and other inadequacies have existed for many years in the foreign aid program. But we may well ask ourselves what governmental undertaking of this magnitude, particularly an undertaking in so alien and ambiguous a field as foreign aid, would not have its share of inadequacies? President Kennedy is doing his best, even as his predecessor, President Eisenhower, did his best, to make improvements in this situation. Both Houses of the Congress have tried to help, year in and year out, to remedy the difficulties.

And may I say, Mr. President, that in these efforts the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT] has done more than his share. Year after year, he has presided over weeks of hearings and markups of aid authorizations. His has been a most taxing and frustrating responsibility. He has borne it, not for himself, not for the administration, but for the Senate, and for the Nation as a whole; and he has borne it with remarkable patience and fortitude. It is most unfortunate that the nature of the assignment consigns to him a public role of whipping boy in a situation over which his influence and, indeed, the Senate's influence are limited. It is understandable, if unfortunate, that there is little public comprehension of his difficult responsibility. But it is inadmissible that other Members of this body would not appreciate the efforts of the distinguished chairman of the committee to do the best that he is able to do or the best that anyone else would be able to do with this program, on behalf of what is right and best for the Nation. I think the Senate owes him, not criticism, but a great debt of gratitude for attempting to deal responsibly and intelligently with a problem which is of the highest national significance. I personally want to express, both to him and to the distinguished ranking minority member of the Committee on Foreign Relations [Mr. HICKENLOOPER] and to all other members of the committee, my profound thanks for what they do and what they bear in this connection. They have worked closely, year in and year out, on this onerous task, with a patriotic dedication and a high sense of national responsibility which go far beyond any narrow considerations of partisanship or popularity.

Yet these Senators and, indeed, all the other members of the Foreign Relations Committee, would agree that there is no certainty that the bill which has been brought to the floor of the Senate

by the committee is perfectly attuned to the Nation's capacity or needs. Much in this bill, as it now stands, represents only a best judgment, not a certainty. Most assuredly, that would apply to the total amount which the bill authorizes for foreign aid. The chairman and the ranking minority member of the Foreign Relations Committee have far too much integrity and far too much good sense to say that \$4.2 billion is exactly right, that the amount should not be a few million dollars more or a few million dollars less. Indeed, what Member of this body would have the temerity to say with certainty that what we authorize for defense construction is exactly right in terms of the national security? That it should not be a billion dollars more or a billion dollars less? What undertaking—domestic or foreign—involving authorizations of expenditures of public funds can be predicted to the precise dollar? In every instance, in every significant piece of legislation involving expenditures, amounts are invariably a matter of judgment.

The President, in making his request for a foreign aid authorization is, himself, giving us only his best estimate of need. In a world as complex and unstable as the one in which we live, the President cannot predict with certainty what is likely to ensue in the period during which the funds are to be expended. He does not know with certainty what sudden internal political upheavals may transpire or where, what international crisis may loom or its extent, what opportunities may present themselves or how, what natural disasters may occur or when.

In short, none of us—neither President nor House nor Senate nor any Member of either body—can claim a high degree of certitude in insisting upon the precise amount of dollars which is most appropriate for each of the widely divergent yet integrated national purposes which are served by the aid program.

That is a reality, and there is another. When one examines the amendments which have been offered, when one listens to the statements which have already been made on the floor of the Senate, there is evidence of a widespread sentiment in this body, that, overall, the President has been much too conservative and the Foreign Relations Committee too conservative, in estimating the needs of national security as they are met through the provision of aid abroad. And from another angle, they have been—the President and the committee—too liberal in estimating what the people of the Nation are prepared to put forth in the way of monetary sacrifice to support this aspect of national security and national interest.

Individual Members may have different ideas as to where this excessive conservatism or liberalism of the President and the committee may express itself in the various categories of aid. Some may find it in military aid. Others may find it in supporting assistance or contingency aid. And some may find it everywhere in this bill. Indeed, some would seek to cut the total authorization deeply or

to excise it entirely. Others are not quite so sanguine and would cut more moderately and selectively. But no matter how this bill would be cut or sliced by the various amendments, it is apparent to the leadership on both sides that some reduction in the total authorization for foreign aid is the preponderant sentiment of this body. It is the further judgment of the leadership on both sides, however, that the preponderant sentiment on both sides is that these reductions should not be so drastic and precipitous as to jeopardize, if not destroy, one of the principal bases upon which the security and international welfare of the Nation has rested for a decade and a half. Take a moderate risk by a reasonable cut in the hopes of alleviating the burden of aid on the people of the United States—yes. Take an intolerable risk with the security of the Nation in the guise of benefitting the taxpayer by a drastic cut in the program—no.

A whole series of amendments have been introduced proposing cuts of varying depths in various categories of aid. I am sure, however, that the authors of these amendments would be the first to admit that they cannot affirm that the amount which they propose to cut in each instance and in each category is precisely tailored to the national interest. There is, with all due respect, at least as much subjectivity in these individual judgments as there is in the majority judgment of a committee of 17 members which has labored for weeks, item by item, on this bill. Indeed, the various cuts proposed by amendment may be too little or too much. They are, at best, best judgments which are to be respected precisely because they are only judgments and are not propounded as certainties.

It was with these thoughts in mind that I met with the distinguished minority leader with the full participation of both the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT] and the able ranking minority member of that committee, the Senator from Iowa [Mr. HICKENLOOPER]. We discussed this matter at length and reached the conclusion that—in our judgment—and I stress, too, that this is but a judgment no more certain than any other—that the best approach to the problem which confronts the Senate at this time is not to discard in piecemeal fashion the historic experience of years, the months of careful consideration of this particular measure by the administration, as modified by weeks of careful work by the members of the Foreign Relations Committee who have gone to great lengths in hearings and study and deliberation to put together a formula for the division of authorization as among the various categories of aid. Yet at the same time, it is also our judgment that the sentiment which exists in this body for general reduction in the aid authorization can be ignored only at the risk of random, disjointed, and haphazard reductions of unknown depth and, with them, unknown and uncertain dangers to the Nation.

In these circumstances, Mr. President, it is the judgment of the leadership of both sides and the chairman and ranking minority member of the Foreign Relations Committee that the best safeguard of the Nation's security in present circumstances would be for us to sponsor a reasonable reduction in the overall total of the authorization and distribute that reduction reasonably in categories of aid best able to sustain it.

It is this judgment, Mr. President, which is expressed in the amendment which I now introduce for myself and for the distinguished minority leader [Mr. DIRKSEN]. It provides for an overall reduction of \$385 million in the committee proposed authorization of \$4.2 billion by reducing the following categories of assistance: Development loans, \$85 million; Alliance for Progress, \$125 million; military assistance, \$300 million; while increasing the President's contingency \$125 million to the \$300 million figure which the President requested.

It goes without saying, Mr. President, that this amendment does not foreclose any other which may be offered. But it would be our hope that Senators on both sides of the aisle will join with us in what we believe to be the most effective and most expeditious manner of bringing about a reasonable reduction in the aid burdens which the people of the Nation sustain without, at the same time, denying to the President and the committee that essential support of the Senate in their highly informed judgment of what is essential to safeguard the security and other international interests of the Nation.

Mr. DIRKSEN. Mr. President, there is what I am pleased to term a hidden issue in the bill which is not expressed in its text. That is the annual and somewhat fractious problem that we encounter between the House and the Senate when it comes to considering not only the foreign aid authorization bill, but the foreign aid appropriation bill, which is required to implement it.

I have seen this process in operation for a number of years. I believe it grows somewhat in spirit and intensity. It is not a particularly happy commentary upon our legislative liaison.

I have been wrestling with the huge 1,700-page report of hearings of the House of Representatives. There are 33 members on the House Foreign Affairs Committee. They devoted 32 days to hearings on the bill. At long last they sent us a bill which in the aggregate would authorize roughly \$3.5 billion in foreign assistance.

On the other hand, the Senate spent 9 days on the bill. The transcript of the hearings is before each Senator.

The printed record is approximately 700 pages in length. The Foreign Relations Committee restored the difference between \$3.5 billion and \$4.2 billion, or roughly \$700 million.

That will not be the last action, because the bill must go to conference. After the conference an appropriation bill will be introduced. I believe that the averages for the past 4 or 5 years will show that the authorizations have been

cut on the average by \$200 million below the original budget request, and that the appropriation—at least for the last 4 years—has been cut by about \$1 billion for each year.

Now a comparable situation is staring us in the face. Frankly, Mr. President, I found some difficulty actually spelling out a pattern of getting my teeth into the bill. There is no great wonderment in me about all the amendments that have been offered. I had quite a time, late last night and early this morning, going over the sheaf of 38 amendments dealing with a complete rewriting of the bill, as suggested by the distinguished Senator from Oregon [Mr. MORSE].

There are amendments dealing with money reductions. There are the country-by-country amendments. There is an amendment to deny aid to any country in arrears in paying its assessments to the United Nations. There are amendments dealing with communism. There is an amendment to provide that unless there is a show of self-help by a country it will lose its entitlement to aid. There is at least one amendment dealing with governments, which were freely and democratically elected, but deposed by a junta or by force. There are some amendments dealing with evaluations of programs. There are amendments dealing with administration, with interest rates, with military assistance to Latin America, with college contracts, with import duties, with aggression, and with and other subjects.

So this becomes a rather bewildering picture for me. For some days, at least, I had hoped there could be a package reduction in the funds in the bill reported by the Committee on Foreign Relations, perhaps adding at least one substantive amendment that might bring some comfort to the Senate as well as to the country. The amendments provide, roughly for \$400 million in reductions below the figure reported by the committee.

There is one other amendment that was offered—I say modestly—at my suggestion. I have been laboring on the foreign aid bill for some time. I still have not lost my sense of dismay about the difficulties that develop in the field either because a project in the first instance was not feasible or because there was no good engineering followup or for other reasons it should never have been undertaken.

So I made the suggestion that no project over \$500,000 in original estimated cost should be undertaken unless the Army Engineers, or reputable private engineers, pass upon the feasibility of the project.

Last year, I explored one in Peru, where they insisted on going ahead with an irrigation project only to discover, when they got through, that there was no water. How it is possible to operate an irrigation project without water is more than I can understand. There has been all too much of that. I believe the country is entitled to comfort, and I believe Congress is entitled to some assurance with respect to the feasibility of projects that may be undertaken, say, in a jungle 12,000 miles from home.

This package amendment calls for \$385 million in reductions below the foreign aid authorization in the committee amendment in various categories, plus the one substantive amendment to call for a feasibility test by the Army Engineers or other reputable engineers working in the international field.

I hope, therefore, that the proposal will commend itself to the Senate and that in large part it will satisfy the concern and dismay necessarily reflected by the 38 or 40 amendments which have already been submitted with respect to this bill.

Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I do not know that there is much to add. Both the majority and minority leaders have described the situation very well. I should like to add the one thought, that many of the criticisms of the program which we have heard for many years are well founded; but, on the other hand, this program has, I believe, under the previous administration, as well as the present administration, achieved a great deal when we consider the state of the free world 15 years ago. When we consider the size of the program, it is not surprising that there were mistakes. I believe it has achieved a great deal, but as I said in my opening remarks, I believe the pattern of the program needs to be reevaluated.

I hope the administration will take seriously the suggestion concerning military aid, for example, which over the years has consisted of 50 percent or more of the total. Some years it has been as high as two-thirds. This was recommended by the military. It should have been considered in all respects the same as the military budget.

It is surprising with what great ease a military appropriation of \$47 billion passes this body without the slightest criticism, although we all know there have been vast mistakes made in that field. Many billions of dollars have been wasted on experiments which did not succeed. We read about them daily, and yet the military program is accepted without any particular criticism.

Many of the mistakes that have arisen under the foreign aid program were also in the military field. Many of the GAO reports critical of the program related to the military field, but for some reason or other, because it was associated with foreign aid, it seemed to be in a different category.

All I am saying is that the mistakes made under the aegis of this program have been greatly exaggerated compared with mistakes made under other programs.

We need not go abroad to find mistakes. Many Senators have pointed out a mistake made right under our noses, the building of the relatively simple subway between the Senate side of the Capitol and the New Senate Office Building, with the best engineering advice and reputable engineering companies, and so forth, at the command of the Architect of the Capitol. Yet mistakes were made and money was wasted.

So, when we are dealing with countries far away, with which few people have

had previous experience, it is not surprising that there have been mistakes. I would not deny for a moment that there have been, but I believe we should keep the program all in perspective.

In all frankness, I believe the program on the whole has served the interest of the country under both the previous administration and the present administration. We had 8 years of this program under Mr. Eisenhower. I supported it during those years. I have taken more criticism, I believe, than most Senators, because it was my unhappy role to have to defend it. And I did defend it. My own constituents did not understand it, but they forgave me for it. So that is all past. But I believe the time has come when the pattern of this bill must be abandoned and a new start taken. By that, I mean the time has come when, although we cannot afford to give up assistance entirely, I believe the means or the method by which we approach the problem should be reexamined.

I shall not bore the Senate by repeating what I said on Monday, but I hope the administration will seriously consider that point.

I believe the majority leader and the minority leader have been quite constructive in initiating this move. I realized when the committee reported the bill that, in view of past practices of this body and the other body, some cuts could be expected. This is an old tradition of this body. Whether or not we can justify it on a reasonable basis is another matter.

The Senator from Oregon [Mr. MORSE] has been a greater perfectionist than I. He expects perfection of us poor limited mortals, and I thought I should bring this out.

I respect his views. I still maintain that this compromise, which has been reached after 4 days of debate, to a degree justifies my own view that there should be some leeway for the expected cuts. While I would not have selected this particular figure, perhaps—I recommended that it be \$4 billion, or at least \$3.9 billion; this is somewhat less—I think it is a satisfactory figure. I shall support it. I hope the Senate will.

I hope, as a part of it, it will not continue to be cut to pieces, either on further amendments as to amount or as to policy. However, we will meet that situation when we come to it. Any Senator is free to offer any amendment he likes. I think this proposal is a sound gathering together of various divergent viewpoints into one amendment.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. May I say to the Senator from Arkansas, the Senator from Illinois, and the majority leader, that, as one who has struggled with this problem in the Appropriations Committee for a great many years, and who has supported the principles behind the program, I have found that one of the greatest difficulties has been that the authority under which we are requested to appropriate is usually different from the amount that comes to the Senate from the House. In other words, there is a

great spread between the authorization and the appropriation.

As I understand the situation, the difference between the House and the Senate authorization has been cut to \$300 million.

Mr. FULBRIGHT. That is approximately correct.

Mr. SALTONSTALL. It is approximately correct. Therefore, after a conference between the House and the Senate, there will not be a very great difference.

As a member of the Appropriations Committee, I hope the figure we will receive will not be too far different from the authorization, because when it is different from the authorization, the administration, whether it be Democratic or Republican, comes forward and submits reasons why we should live up to the full authorization amount. There is great reaction against doing it, and we have a struggle, as the Senator from Arkansas knows so well.

Mr. FULBRIGHT. As the Senator knows, we have never lived up to the authorization.

Mr. SALTONSTALL. I think what the leadership has done in increasing the contingency fund to the full authorization amount has been very helpful, because when we give the President leeway with the \$300 million, it will increase the flexibility of the funds. If we have made too much of a cut in other accounts, he can use the contingency funds.

I speak as a member of the Appropriations Committee who, as I have said, has spent many hours on this subject. If we can get together with the House and keep the appropriation near the authorization, I think we shall have relieved ourselves of a great burden.

Mr. FULBRIGHT. I appreciate what the Senator has said. He is correct.

Mr. GORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. Yes. I will yield the floor if he wishes me to.

Mr. GORE. Mr. President, I raise no question that the chairman of the committee, the leadership on both sides of the aisle, and sponsors of the amendment have done other than what they in their judgment think proper. As a member of the Foreign Relations Committee who was importuned by the Secretary of State and by the Secretary of Defense to support the bill before the committee in the name of national security, I must say that this appears to be cavalier treatment of an important committee of the United States Senate. Without consultation with the committee, without rereference to the committee, indeed before the fight really starts, amendments to the bill providing heavy reductions are proposed by those who ought to be its principal supporters.

Perhaps the authorization should be cut this much. I do not know. Perhaps it should be reduced more.

Mr. FULBRIGHT. May I ask the Senator if he wished to ask me a question, or to make some comments?

Mr. GORE. I asked the Senator to yield to me for a brief comment.

Mr. FULBRIGHT. I will yield the floor if the Senator does not wish to ask me a question.

Mr. GORE. I wish to lay a predicate for a question.

Mr. FULBRIGHT. The Senator is quite free to criticize the chairman of the committee. I know the Senator's position with regard to this bill. I respect it. But I do not know why he requests me to stand and listen to him. May I listen while sitting down?

Mr. President, I yield the floor.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. GORE. The Senator from Tennessee was not seeking to direct any personal criticism at the chairman of the committee. The Senator from Tennessee was calling attention to what he regards as cavalier treatment of a legislative committee and the members of that committee.

What justification is presented for the amounts proposed in the pending amendment? If this bill, in the view of the leadership of the Senate and the administration, now needs this kind of reduction, then I say it ought to be re-committed to the committee and let the committee which has the responsibility of so doing examine the estimates again and recommend the reductions which, in the opinion of that committee, are wise.

Why is the contingency fund for the President increased? We are given no reason here. Do Senators wish to vote for an amendment which adds \$125 million which can be spent for unspecified purposes?

How does a Senator know? How does anyone know?

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MORSE. The Senator will recall that when we had the bill before the committee we spent a long time on the contingency fund issue, and after thorough consideration we decided, as a committee—I think by a substantial majority, although I do not recall exactly what the vote was; it is a matter of record—that it ought to be cut. I know of no reason why the cut made by the committee should be compromised.

I shall talk about that. On that particular item the Senator will recall very clearly we had a long discussion, and finally ended up with the judgment that the item ought to be cut. I think we were right then.

Mr. GORE. Yet we are offered an amendment increasing that amount by \$125 million, without one scintilla of justification offered.

If we are to write this bill on the floor of the Senate, then there may be other amendments offered to the amendment. I had not intended to vote to recommit the bill. It now seems to me that is the wisest course to pursue.

The distinguished chairman of the committee says he knows my position on the bill. He has reason to, because I gave to him my proxy to support the bill at a meeting at which I could not

be present. Why? Not because I desired to see an authorization of this size, but because I was importuned, in the name of national security, to support the position of the administration. I just do not feel this is quite the right way to treat the Senate Foreign Relations Committee.

It is true that the amendment is offered by the chairman of the committee, the majority and minority leaders, and the ranking minority member of the committee.

What about the senior Senator from Missouri [Mr. SYMINGTON]? What about the other members of the committee? Were they consulted? It is the responsibility of the Foreign Relations Committee to make recommendations on the bill. I shall not detain the Senate further.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. SYMINGTON. Mr. President, I join with the distinguished senior Senator from Tennessee in apprehension about this suggested amendment. The majority leader mentioned something about the distinguished chairman of the Foreign Relations Committee being used as a whipping boy. I do not know what that is all about. Everyone knows that there is no more able and dedicated Member of the Senate than the Senator from Arkansas. He has been frank in his presentation to the Senate, and also in criticism of the bill, in the committee report now before the Senate. It is a privilege and a pleasure to work with him and for him on the distinguished committee that he chairs.

On the other hand, I join the able senior Senator from Tennessee in what he says about all of a sudden having suggested the heavy reduction, hundreds of millions of dollars, in this aid authorization. The able Senator from Oregon [Mr. MORSE] is correct in his recollection of what went on in committee with respect to the contingency fund.

We have suggested to us now a \$300 million reduction in military aid. That may be right or may not be right. In any case, rather than any approval now, I hope there will be some time so we can analyze the overall figure, from the standpoint of what is necessary in the various component parts.

Frankly, I do not know whether, until some analysis, \$385 million is too much, or too little; and would hope that, before the Senate votes on an amendment of this character, we will have an opportunity to find out just what the proposed amendment would do to the various component categories in question.

I thank the distinguished Senator from Tennessee.

Mr. GORE. Mr. President, what the proposed amendment really does is to undermine the integrity of the estimates and recommendations before the Senate. Who can now place reliance and confidence upon the estimates, if suddenly \$385 million is ripped out by ad hoc agreement? I do not wish to preempt the opportunity for one of my seniors on the committee, but, unless some ma-

jority member of the committee, senior to me on the committee, offers a motion to recommit the bill before the amendment is voted on, I shall do so. I will yield to another Senator to do that.

I am chagrined and disturbed by this kind of treatment of the committee. I repeat, I am sure that the authors of the amendment have done what in their judgment appears to them to be best. I do not make any critical personal remarks about any Member of the Senate. However, here is a very important issue and a procedure which, to say the least, is most unusual and, in my judgment, unjustified.

Mr. MORSE. Mr. President, I shall not speak at great length on this subject at this time.

So far as the amendment under discussion is concerned, probably we need now, more than anything else, a recess overnight and a further discussion of it tomorrow, at which time I shall be prepared to discuss it in greater detail. Earlier today I received a telephone call in the cloakroom. It was from one of our colleagues in the Senate, who said he understood that I had joined in the submission of the so-called compromise. I assured him I had not, and that I would oppose it. I am opposed to the amendment.

There is another matter which I wish to make very clear so far as I am concerned; and I am sure it represents, from his standpoint, the position of the Senator from Arkansas also. The Senator from Arkansas knows the great admiration in which I hold him. He knows also that the emphatic and vigorous disagreement with him on many matters concerning the bill, and his views concerning a good many policy questions involved in the bill, are entirely professional differences, and do not in any way affect my great admiration for him. We have an honest difference of judgment in regard to how the question should finally be disposed of.

I wish to make only this observation: I most certainly shall press my motion to recommit, in due course of time. I have been in conference with the majority leader as to when it should be done. We have reached no agreement, but the last time I talked with him I said I probably would make the motion tomorrow.

The proposed compromise, for the very logical reasons given by the Senator from Tennessee, supports my motion. I believe the committee ought to go back into session on the bill.

This is no reflection on the chairman or other members of the committee, or anyone else. Let us bring this point out in the open. There is concern about what is going to happen to the bill. There is concern about it in the Senate, and there is concern about it downtown.

There was given to me a few minutes ago by a representative of the State Department in behalf of the State Department, a proposed further modification of the Morse amendment on military juntas. I shall give it careful consideration. The State Department and every executive official downtown are very much concerned about what may need to be done to bring about the strongest

possible bill with the maximum of unity among us, while keeping the national interest in a strong position.

Many policy questions have arisen. We ought to sit down in committee in executive session and consider these questions. Perhaps the committee will wish to bring back the identical bill. I do not know. However, I believe it is sound legislative procedure to take the proposed action now, if we are to consider a proposal which takes more than \$300 million out of the bill, with certain reallocations. We ought to evaluate the policy effects of such cuts, and the amounts with regard to other items.

I do not wish to say any more about this subject now, except to make this comment about the so-called contingency fund of the President. It would be a great mistake to increase the contingency fund of the President. If there is any place in the bill where we can safely cut it, this is the place. If the President needs more money for an emergency fund, how long does anyone think it will require him to get it? He would get it in a matter of hours.

It is easy to say, "He must have a little money in the emergency fund." Yet we were told that he did not use a dollar of it in connection with the great Cuban crisis last year. Can anyone imagine a crisis more threatening to the security of the country than the Cuban crisis of last year? He did not feel it necessary to use any contingency money for that.

Under our system, the President ought to be very wary about having available a huge sum of money for executive use.

That is what raises doubts and suspicions. That is what raises questions as to whether we are exercising representative government under checks or are weakening that system by giving unchecked power. It has nothing to do with who is President. Year after year, I have opposed providing large sums for contingency funds of the President. I have advocated just enough for immediate action, until he can request Congress for more money for the needs of an emergency.

There is a question of scheduling. If we do not recommit the bill to consider all the overall policy questions together, there will be a problem of scheduling that could have a very important effect on the subsequent action of the Senate on many policy questions.

The bill needs to be revised in many particulars in connection with the policies that it proposes to perpetuate. We ought to deal with the policy questions before we deal with the money questions. We ought to decide what the policy of the foreign aid program will be. After we have agreed upon policy, we ought to decide how much money to authorize for appropriation. We are not devoid of our understanding of floor tactics and technique. If we settle the money issue by a majority vote, if it is thought that that can be done, there will not be much interest thereafter in any discussion of amendments that affect various policies. It is putting the cart before the horse, but to the advantage of getting the bill in pretty much the

form in which it came from committee, if the money issue can be settled first. I should like to come to grips with some of the policy questions, and then take up the money amendments and decide whether the amounts shall be cut thus and so, more or less. I hope they will be cut more.

That is all I wish to say on the amendment tonight. My own plan is to move tomorrow to recommit the bill. I shall propose no instructions but shall move that the bill, H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, be recommitted to the Committee on Foreign Relations with instructions to report the bill back to the Senate no later than November 7.

The committee could report the bill the next day, or the same day, if that was what the committee decided to do. The Senate should not tell the Committee on Foreign Relations what to do with the bill. The purpose of my motion is to have the Senate say to the Committee on Foreign Relations that, in view of developments thus far in the consideration of the bill, we desire to have the committee take the bill back and consider the developments, and then to have advice and counsel in the form of a final bill.

I think that is fair and highly courteous. The motion is dignified. It is a motion that the Senate ought to adopt, and I shall offer the motion tomorrow.

Mr. MANSFIELD. Mr. President, the Senator from Oregon is correct when he says there will be no further voting tonight. The Senator has been most kind and considerate. He left the Chamber at 2 o'clock to preside over a conference meeting on the bill affecting higher education, a most important bill. He said then that he would return later today to continue the speech which he interrupted for the purpose of attending the conference. To the best of my knowledge, there will be no further business transacted today. The Senator from Oregon will be free to resume his speech.

ORDER FOR RECESS UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its business tonight, it take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PIONEERS IN AGRICULTURAL MARKETING

Mr. HUMPHREY. Mr. President, on October 23, 50 pioneers in agricultural marketing were honored at a dinner held at the National Press Club in Washington. This was a highlight event in connection with the observance by the U.S. Department of Agriculture of its 50 years of organized marketing services to producers, processors, distributors, and consumers. The featured speaker at the dinner was Secretary of Agriculture Orville Freeman.

Among these 50 pioneers designated by the Washington chapter of the Amer-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

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HIGHLIGHTS: Senate debated foreign aid authorizations. Sen. McGovern inserted speeches before S. Dak. Farmers Union convention on farm policies. Sen. Keating urged increased efforts to expand U. S. foreign trade. Sen. Williams (Del.) submitted amendment to pay bill to postpone pay raises until budget is balanced.

SENATE

1. **FOREIGN AID.** Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 19822-6, 19833-67, 19868-70). By a vote of 29 to 46, rejected a motion by Sen. Morse to recommit the bill to the committee for further study with instructions to report it back on or before Nov. 8 (pp. 19846-54). Sens. Ellender, Holland, Thurmond, Dominick, and Young (O.) submitted amendments intended to be proposed to the bill (p. 19810).
2. **D. C. APPROPRIATION BILL, 1964.** A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 7431. p. D862
3. **FARM PROGRAM.** Sen. McGovern inserted speeches before the S. Dak. Farmers Union, urging expansion of the food for peace program and U.S. export trade as a means of aiding domestic agriculture, and by Sen. Long (Mo.) reviewing current problems of domestic agriculture. pp. 19817-20
4. **FOREIGN TRADE.** Sen. Keating urged greater efforts to expand U.S. trade, particularly in manufactured products, stating that "the regrettable fact is that the United States is lagging behind other more aggressive trading countries in

its efforts to secure a larger share of the world's markets." pp. 19826-7

5. PERSONNEL; PAY. Sen. Williams (Del.) submitted (for himself and Sens. Lausche, Dominick, Tower, Cotton, and Thurmond) an amendment to the proposed Federal pay increase bill to postpone the effective date of any increase on any salary of \$10,000 or over until the first day of the first month after the close of a fiscal year with a balanced budget. pp. 19810, 19831-2
6. MARKETING Sen. McNamara inserted an article commending Sen. Hart for his support of truth-in-packaging legislation for stricter regulations on the labeling of consumer goods. p. 19811
Sen. Long (Mo.) inserted several editorials critical of proposed quality stabilization legislation to give manufacturers authority to fix prices for branded and trademarked merchandise. p. 19814
7. ECONOMIC CONVERSION COMMISSION. Sen. Humphrey was added as a cosponsor of S. 2274, to provide for the establishment of a National Economic Conversion Commission. p. 19810
8. FORESTRY; LOANS. Sens. Aiken and McCarthy were added as cosponsors of S. 2259, to liberalize the conditions of loans by national banks on forest tracts. p. 19810
9. CIVIL DEFENSE. Sen. Young (O.) spoke in opposition to increased authorizations for construction of civil defense fallout shelters. pp. 19867-8
10. TAXATION. Sen. Douglas spoke in support of tax reform, as well as tax reduction, legislation, and stated "there are overwhelming arguments why tax reform is as important as tax reduction." pp. 19870-2
11. RECESSED until Mon., Nov. 4. p. 19872

ITEMS IN APPENDIX

12. TAXATION. Extension of remarks of Sen. Byrd (Va.) inserting a statement commenting that the proposed tax reduction bill "is ill-advised unless it is accompanied by a reduction in Federal spending which will insure a balanced budget and permit a planned, long-range reduction of the Federal debt". pp. A6834-6
13. INFORMATION. Extension of remarks of Rep. Lipscomb inserting an editorial critical of the Market News Service of this Department and the proposed National Communications System for its possible future competition with private news services. p. A6837
Extension of remarks of Sen. Long (Mo.) inserting a resolution urging passage of a "bill that would strengthen the rights of the press and public to access to Government records." pp. A6837-8
14. FOREIGN AID. Extension of remarks of Sen. Byrd (Va.) inserting an editorial posing the question on foreign aid "if, after \$100 billion has been spent we have so little to show for it in the way of an orderly world, whether one speaks of economics, peace, or the spread of democratic institutions, does anyone believe that if we had spent \$200 billion the world would be better off?" pp. A6840-1

COMMITTEE HEARINGS: Nov. 4: Tax bill, S. Finance Committee (Business Committee for Tax Reduction to testify). NOV. 5: Provide Federal agricultural services to Guam, H. Agriculture (Koenig, AMS, to testify).

the lives of every individual in our mass society. And wherever you may be active you will be obliged to play a part in the struggle to maintain human freedom in these vast organizations, unless Americans become content to imitate the enemy and accept totalitarianism.

Long before Communist governments existed, as far back as 1907, Max Weber, the famous German sociologist, foresaw the menace to democracy in what was then only a comparatively small civil service. He pointed out more clearly than anyone has since that an over-routinized civil service has a tendency to produce a caste of mandarins, or what we now call organization mentalities, who grow alien to the cooperative, competitive, formative democratic processes through tenure of office. Max Weber, at the beginning of this century, could not foresee the dangerous but inevitable increase in the many new kinds of bureaucracy in our modern society. But he warned even then that merely our increasing number of civil servants, if not kept responsive to the will of the people, might eventually lead democracy into a new kind of serfdom establishing the dictatorship of the expert official. With the present tendency on the part of democratic society to become evermore scientific and rationalized, the onward march of various military-industrial-professional bureaucracies is the most recent but also the most dangerous contemporary element in the structure of domination.

A more recent student of this problem, David T. Bazelon, says in an article in the autumn number of *Partisan Review*: "The issue for the world is planned democratic control, or Soviet type bureaucratic terror control. Since the purpose of the new (cold) war is to preserve the freedom inherent in a democratic system, the time to fight for democratic planning is now and the place is here. We lose if we do not organize and we lose if we do not organize on democratic lines. The struggle against totalitarianism is not a simple we-they combat. It is, most profoundly, a struggle against the conditions of modern life—ours as well as theirs. The war begins at home."

It will take all our ingenuity to live in such a highly organized society, while preserving the highest possible measure of freedom for the creative spirit. I am convinced it can be done if we recognize the dangers we face and make up our minds that the problem of democracy versus bureaucracy must be thought through. But I agree with Mr. Bazelon: "How to decentralize power in a highly organized bureaucratic society" is one of our greatest issues. Bazelon claims it is the one true issue.

One solution has been found by those truly democratic nations, the Scandinavians, who have established an official watchdog called an Ombudsman, an administrative official, or watchdog, whose duty it is to prevent administrative injustice and to see to it that the citizen obtains his rights from his government. In Denmark his most important power is to investigate any civil or military activity of public officers upon receipt of a complaint, or on his own initiative, and to bring action against a state authority or a public officer or employee for alleged error or negligence. These guardians of individual rights are appointed by the legislature, and though they can be dismissed at any time, the legislature cannot interfere with their handling of individual cases. This is too hasty a description of an important step toward the protection of human freedom from the pressures of civil and military bureaucracy. In our country such protection should be extended to workers in industry and to members of big labor unions. It is one proof, however, that we need not succumb to the enhancement of administrative power in a modern state, if we are deeply determined to preserve human liberty under any and all circumstances. As experts in

your various fields, you are apt to be in positions where you can be influential in finding other solutions for this difficult problem.

Now let us glance at those groups who consider themselves the only true defenders of American ideals—the radical conservatives. They are a greater threat to freedom than is generally realized because they constitute our most irrational elements in a period of triumphant irrationalism. Their influence is growing because their nationwide campaign is well-heelled with money, because there is no strong, well-organized liberal movement to oppose them, and chiefly because it is a passionate movement in a society most of whose members are too prosperous and too lethargic to take an interest in anything but themselves. Too many citizens move about in our technological society in a state of shock which makes them indifferent to social progress, civil rights, equal opportunity for education, and especially to the welfare of the impoverished one-third of American families. President Franklin D. Roosevelt said on October 3, 1930: "Progressive government, by its very terms, must be a living and growing thing. . . . If we let up for one single moment, or one single year not merely do we stand still, but we fall back in the march of civilization." In our country today, the march has all but halted. Rooseveltian liberalism is coasting along on the dwindling impetus of the New Deal and, alas, the New Frontier of President Kennedy is not yet in sight. If the radical right is riding high, it is because the American people are confused by the multitude of responsibilities they face now that we are part of one world, and the richest part at that. They are suffering from what I have often described as moral and mental battle fatigue. Thus the love of conformity, of standardization of thought, and running with the herd is no mystery.

People are too bewildered to do their own thinking. This leaves them wide open to irrationalism and mass hysteria of which such organizations as the Birchites, and the Minute Men, are good examples. What are some of the ideas the medicine men of these movements are peddling to the people? They are against the income tax, social security, and aid to foreign countries. Such liberal trends, they maintain, are nothing but a preliminary step to communism. "I equate growth of the welfare state," says Dan Snoot, who is heard on 32 television and 52 radio stations, "with socialism and socialism with communism." That leads naturally to the conclusion that the Government is infiltrated with subversives. Robert Welch went so far as to claim that President Eisenhower was a "tool" of the Communists. In fact, rousing the fear of communism to a frenzy, not only as an external but an internal threat, is an essential weapon for the radical right. And this in spite of the fact that the membership of the American Communist Party is at its lowest point, and its former influence in the labor union movement nonexistent. Yet all the mistakes of domestic and foreign policies, says the extreme right, would be impossible for our great, undefeated country if our political leaders were not either outright Communists or under their influence.

How account for this frenzy and why has it such a wide appeal? Daniel Bell analyzes the composition of the radical right as small-town, middle-class people who have lost their ascendancy in an urbanized, technological society. "Today the politics of the radical right is the politics of frustration," says Mr. Bell, "the sour impotence of those who find themselves unable to understand, let alone command, the complex mass society that is policy today."

The radical right is a growing movement precisely because it is an attempt, however fearful and futile, to reestablish "the good old days," which were anything but good,

the simple virtues of individual initiative and self-reliance, above all it is an attempt to escape from the frightening disarray of modern life. It is a pathetic desire to arrest time and change instead of throwing our weight into an attempt to guide change toward constructive ends.

How then do we defend ourselves against frustration and pessimism in so complex a period of transition, when the times are out of joint, when the old beliefs are dead and new ones have not yet come into being? Robert MacIver, professor emeritus of Columbia University, answers this question in his recent book, "The Challenge of the Passing Years."

"It is by dedication to a way of life so fulfilling to the personality or offering such promise of future fulfillment that the time is thereby redeemed."

Pay no attention, therefore, to the radical right when it shouts that liberalism is dead. To be sure, it is now on the defensive in our country. But liberalism, as a political and a social movement, can never die because like democracy itself, it is the middle ground between the unendurable slavery of rightwing or leftwing authoritarians, between our American radical rightwing of today and the Communist governments, both of whom claim that they and they alone possess the absolute truth. But since the radical right threatens to take over the Republican Party and even worries the Democratic administration with its demands for war on Cuba, and war in general as the answer to Communist aggression, it behooves all freedom-loving Americans to assert that they reject the absolutes of our own rightwing, as we reject the absolutes of communism—that we no more wish to impose our absolutes on other nations than we shall yield to their absolutes. Then the middle course or coexistence will become possible. Another name for this middle course is liberalism. It is the path of reason and compromise which alone can create unity out of diversity; it is the greatest motivating force of democracy, and thus the only hope in a world of competing ideologies that peace will eventually reign amongst men. I must confess, however, that some of what I call the fair-weather liberals are now losing their nerve and running away from one of our major battles—that for equal rights for our Negro fellow citizens. Now that Negro leadership is becoming aggressive in many parts of our country, even some of the liberals who formerly supported equal rights for all minority groups are complaining that the Negro wants to go too far, too fast. Yet the white leadership cannot run away from this crucial situation without inviting tragic results. To be sure, what the Howard University sociologist, Franklin Frazier, called the "folk Negro," in contrast to the educated, well-to-do members of the race, is becoming rebellious, and even violent. Instead of behaving like our effete liberals who wish to stem the tide of Negro demands, we must face the validity of their claims for recognition as full American citizens who have waited patiently for justice ever since the passage of the 14th amendment, 90 years ago.

Those of us who live in the Nation's Capital are only too well aware how complex the task of true Negro emancipation has become, due to the rapid influx into Washington, as into all major northern cities, of the penniless, illiterate Negroes from the urban and rural slums of the South. They crowd into the District of Columbia with false hopes that a better life awaits them in the seat of the Federal Government. Given these high expectations, the grim reality they encounter—overcrowded living conditions, no opportunity for work, no human contact except with other Negroes enduring the same hardships—is all the more frustrating.

As a result racial tensions have become acute in Washington. We have had one major race riot at a football game between

two high schools, when the white team won, and minor rowdyism after a baseball game. But the whole city lives in fear of worse outbursts to come unless we use all of our community resources to ease the existing interracial tensions.

What has to be done to achieve equal rights for the Negro is obvious enough. Special efforts will have to be made to get work opportunities, especially for Negro youths since they represent the future. We must let the Negroes out of the ghetto life to which they are now condemned. This calls for more and better housing programs. Above all, we must provide them equal opportunity for a suitable education, unless we wish to pay the higher cost of keeping millions of the untrained, both Negro and white, on permanent relief. This last solution calls for a revolution in public education, especially in our antiquated provisions for vocational training.

Please do not think that I simply preach these doctrines without acting upon them to the best of my abilities. As I am convinced that the best long-range solution of equal opportunity, not only for the American Negro but for all of our underprivileged children, lies in suitable education both for the highly gifted and those of less ability, I have just launched, with the help of a large membership representing every State in the Union, a grassroots movement calling for more adequate financial support of public education, whether through local, State, or Federal funds. It is called the National Committee for Support of the Public Schools. It is not a lobbying group. It approaches the problem of financing public education from a new point of view. At our first national conference held a week ago, the speakers, most of them not educators but economists, pointed out that education has always been the explanation of our country's high per capita productivity, and that better public schools geared to this era of automation will more than pay their cost by a constant reinvigoration of our economy.

Why do I confront you, on a day that should be confined to congratulations, with the fact that you will graduate into a dangerous world? I am told that the young people of today want nothing but security, a foothold on the ladder of bureaucracy, early marriage, and a nice house in some uninspiring suburb, from which the breadwinner sallies forth each morning to an equally uninspiring job that promises success as the price of conformity. My friends, I don't believe it. You are much better educated than we were at your age, more experienced and more sophisticated. I am convinced that you are all, achievers or nonachievers, more capable, more eager, and better prepared than was my generation to rise to the demands of this historic, difficult period in our Nation's history.

But this warning I will add, out of the depths of my own experience: unless you have the courage to walk alone, and suffer the arrows of misfortune without flinching, I advise you to play it safe and avoid the life-and-death problems I have all too hurriedly outlined for you. If you do play it safe—and refuse to fight for freedom at this crucial period, not for yourselves alone but for mankind—you will undoubtedly lead a happy but a very dull existence. You will be a part of the ballast which the winds of freedom probably need, if only to keep the ship of state on an even keel.

Life today is exhilarating only to those who welcome its risks. There are plenty of reasons why you should not jeopardize your careers by participating in the grinding ordeal that confronts all those who would rather die than surrender to the totalitarian threats that confront us, not only from abroad but within our own country and within our own breasts.

All I can tell you as encouragement is that the dangerous life has exquisite compensations. For most Americans love courage and welcome with relief and with gratitude any voice that expresses their latent hopes and aspirations.

Let me once more quote Professor Elseley on the perils of the adventurous life. In Bimini, on the old Spanish main, a black girl once said to him something as valuable to him as it is to me: "Those as hunts treasure must go alone, at night, and when they find it, they have to leave a little of their blood behind them."

It is to me deeply significant that this wise primitive woman should have voiced what our great philosopher, Emerson, said in his essay on intelligence: "God offers to every mind its choice between truth and repose. Take which you please. You can never have both."

With that challenge, my friends, I bid you good night and wish you well.

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDENT pro tempore. Is there further morning business? If there is no further morning business, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. ROBERTSON obtained the floor.

Mr. SYMINGTON. Mr. President—

Mr. ROBERTSON. Mr. President, I yield 10 minutes to the Senator from Missouri [Mr. SYMINGTON] provided it is agreed that I may do so without losing the floor. I understand that he is required to leave the Chamber, to fulfill an engagement, and that his remarks will not exceed 10 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, would the Senator prefer to have a brief quorum call?

Mr. ROBERTSON. I have no objection.

Mr. SYMINGTON. Very well.

Mr. MANSFIELD. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. NELSON in the chair). Without objection, it is so ordered.

WHY THE FOREIGN AID BILL SHOULD BE REDUCED

Mr. SYMINGTON. Mr. President, everyone who has followed the foreign aid program over the years knows the great amount of good it has accomplished, especially during the years shortly after World War II.

Recently, however, and especially after reading the heavy criticisms in the just published report of the Senate Foreign Relations Committee, I have become

convinced that parts of this program have now become comparable to coffee—a matter of habit.

My own experience with foreign aid goes back to 1946, when, at the request of former Mayor Fiorello LaGuardia, at that time head of UNRRA, I investigated the Chinese part of his program.

Later that year, I met the mayor in Cairo and went over in detail what I had found, reporting that our people said the standard "commission" in China was 20 percent; but that the commission on UNRRA products, in some parts of China had risen to 80 percent.

We can be sure there is no comparable "commission" in our current aid program; but we also know, based on the current Foreign Relations Committee report, that there is a great deal of waste and mismanagement which can only result in less effective results in the actual execution of the program.

In recent years, I have paid visits to Europe, the Middle East, and the Far East. During these trips, I was interested in, and constantly asked about, the foreign aid program.

What stood out consistently was the obvious need for more training for most of the people handling the giving and lending of these billions of dollars of the American taxpayers' money.

It would seem that this matter of adequate training should be of special interest to the Congress, because we are the ones who have been appropriating this aid money—appropriations that now total over \$100 billion, not counting some \$36 billion for offshore military expenditures.

My trips brought out the fact that most Foreign Service members of the State Department are better trained than other American representatives working in such ancillary agencies of State as the Agency for International Development—AID.

Few people realize, however, the extent to which the great increase in the number of people now representing this country abroad is concentrated in these ancillary agencies. Only recently, one of our colleagues told me that at a station he visited in a foreign land, of 42 American representatives, only 4 were members of the State Department.

After noting the degree of lack of training that was characteristic of so many of these our representatives, in January 1959, I introduced a bill for the establishment of a Foreign Service Academy—S. 15, 86th Congress.

The basic idea behind this proposed Academy, presented nearly 5 years ago, was that if the United States could afford three academies to train its youth for the hot war we all pray will never come, surely it could afford one Academy to train its youth—in this case women would be included—for the cold war in which we are now engaged.

I ask unanimous consent that an article written on this subject in August 1959 be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LET'S HAVE A FOREIGN SERVICE ACADEMY

(Cheers from the author of "The Ugly American": We showed this article to Comdr. W. J. Lederer, coauthor with Eugene Burdick of the best-selling "The Ugly American," which deals with the foreign-service personnel problem. Here's what he says about Senator SYMINGTON's proposal: "Senator SYMINGTON is justifiably worried because too many Americans now stationed overseas are amateurs. In this article he has come up with a solution aimed at making our representatives abroad intellectually vigorous, tough and well-trained. His plan is one of the best long-range methods for keeping America strong I know.")

Since World War II, the United States has spent nearly \$60 billion in an effort to prevent countries from being taken over by the Soviet-Chinese empire.

It is no secret that, because American representatives were not properly trained for their jobs, much of this money has been wasted.

Americans sent to a foreign country too often do not speak or read the language.

How would you feel if a foreign official came to live in your own town who could talk to you only through an interpreter?

But judging on the basis of admitted linguistic deficiencies of our Foreign Service personnel, this often happens abroad.

WANTED: A FOREIGN SERVICE ACADEMY

The United States should have a Foreign Service Academy to train young people for efficient service in diplomatic missions throughout the world.

We now have three schools—West Point, Annapolis and the Air Force Academy—which prepare our youth for a possible hot war. Surely, we can afford one which will equip them to serve their country in the cold war in which we are now engaged.

The Foreign Service Academy should, like the service schools, charge no tuition. I also suggest that both men and women be eligible to attend and that there be no physical requirements beyond reasonably good health.

In the technological, psychological, political and economic fields, the Communists are planning for the years ahead. We are not.

But in spite of this enormous expense, it was revealed last year by the Advisory Committee of the Foreign Service Institute that:

Fifty percent of our entire Foreign Service officer corps does not have a speaking knowledge of any foreign language.

Seventy-five percent of the new men coming into the Foreign Service do not speak a foreign language.

Llewellyn E. Thompson, U.S. Ambassador to Moscow, is the only U.S. ambassador in a Communist country who speaks the language of the country to which he is assigned.

Our representatives don't understand other cultures. Western thinking and standards just don't go over in some of the important countries of Asia and Africa whose cultures have existed for thousands of years, and have developed differently from ours.

Asians have a new phrase: the "Golden Ghetto." To them it means the plush places where American diplomats and other representatives hold their cocktail parties, dinners and other social events.

Because they have been inadequately schooled in the language and culture of the country, our representatives live an isolated life, associating mostly with other Americans. The shifting winds of popular sentiment do not reach them. Our Embassy in Baghdad did not know of last year's coup in Iraq, for example, until it was well under way.

In contrast, the Russians are making a planned, determined effort to develop the

most linguistically proficient diplomatic corps in the world. In Russian elementary and secondary schools, foreign languages are compulsory. Bright students begin to study languages at the age of 8.

The best students eventually end up in the National Institute of Foreign Languages; and there they are given an intensive five-year course. As a result, an estimated 9 out of every 10 Russians sent abroad read, speak and write the language of the country to which they are assigned.

These Russian foreign-service personnel are thoroughly grounded in the culture and economy of those countries, are "experts" before they arrive.

HOW THE RUSSIANS TRAIN THEIR EXPERTS

For some time the Soviets have had an Institute of Foreign Relations, supervised by their Ministry of Foreign Affairs. This Institute is the principal source of their future diplomats. Enrollment is around 1,000; the course is 6 years long. In the third year students begin to specialize in the problems of a particular area. In the final years they study intensively the country to which they have been assigned.

The United States does have some institutions for training diplomats; and some universities have graduate schools with special programs devoted to various regions of the world. The State Department conducts language courses for Foreign Service officers and other interested Government personnel.

But these programs are uncoordinated and casual compared to the training efforts behind the Iron Curtain. It will take years to develop a comparable task force of trained American representatives. But we can and should begin that preparation now.

That is why I introduced in the Senate last January 9 a bill to establish such an Academy, stating: "The ultimate future of the world, whether it is to be free or slave, will not be settled on the battlefields, but rather in the minds of men."

"Dedicated, well-trained representatives are at work for the Communist cause all over the world. We have not matched this effort, either in size or degree of training."

This proposed Academy would establish a four-year, tuition-free college for the training of overseas representatives.

Students would be selected on the basis of merit, and required to take competitive entrance examinations.

Although the Academy would be under the direction of the Secretary of State, it would prepare young men, and women, to serve in any of the governmental agencies which operate overseas.

Besides the usual basic college courses, the Foreign Service Academy would offer instruction in the language, culture, history, and economy of foreign countries.

Its faculty could be drawn partly from the ranks of retired foreign-service officers. To our young people, the latter could transfer the immense value of their personal experience as gained in years of overseas assignments.

Besides producing better trained diplomats, a Foreign Service Academy could also give more of our youth a chance to serve our country. Minor physical handicaps bar a great many brilliant and responsible young men from the military academies. A Foreign Service Academy would give them their chance. And it would offer opportunities to women, too.

A CASE IN POINT

Lt. Gen. James M. Gavin, one of the Army's great strategic planners, with a hero's combat record, was an orphan at the age of two. He was adopted into the family of a Pennsylvania coal miner. A college education was beyond his dreams. If Army officers were picked, as nearly all foreign service offi-

cers are chosen—from the campuses of our colleges—Jim Gavin would never have had an opportunity to serve his country.

That is why, at the Foreign Service Academy I propose, the students who are successful in the competitive entrance examinations would have their tuition paid by the Government in return for a commitment to serve their country abroad.

If we are determined to remain a free people, we cannot continue to be indifferent to the energetic and effective Communist missionaries Moscow is now sending to the four corners of the earth.

Every Communist revolutionary sent out to infiltrate, divide, and conquer must be matched by a free world advocate of "lasting peace through justice and law"—someone thoroughly trained in the language, the economy and the customs of the country to which he or she is assigned.

Tomorrow is too late. We must start today to train our people to merchandise the most valuable commodity in the world—the American way of life, with its individual dignity and its investment in freedom.

Mr. SYMINGTON. Mr. President, if the Congress does not take steps to insure that those to whom these billions of dollars are trusted have reasonably adequate training, what right have we to appropriate the money?

The legislation in question was promptly attacked, however, for various reasons by various people; and because the need for better training has now become so obvious, these attacks were hard to understand.

But they were effective. The proposed Academy got nowhere; and so finally, with the premise that half a loaf is better than none, 4 years later, last January, I gave up on my concept of the right Academy and volunteered to introduce a bill that was drawn up by the administration—S. 865.

As will be noted, this latter bill was also drawn up in recognition of the need for more training, even though the nature of the Academy it proposed was basically different from mine.

I ask unanimous consent that the bill in question be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 865

(In the Senate of the United States, February 20, 1963, Mr. SYMINGTON (for himself, Mr. SALTONSTALL, Mr. BAYH, Mr. BOGGS, Mr. BREWSTER, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CLARK, Mr. ENGLE, Mr. FONG, Mr. GRUENING, Mr. HART, Mr. HUMPHREY, Mr. INOUE, Mr. JAVITS, Mr. LONG of Missouri, Mr. MANSFIELD, Mr. MCGEE, Mr. MCINTYRE, Mr. MONRONEY, Mr. MOSS, Mrs. NEUBERGER, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SMATHERS, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations:)

A bill to provide for the establishment of the National Academy of Foreign Affairs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Academy of Foreign Affairs Act of 1963".

FINDINGS AND DECLARATION OF POLICY

SEC. 2. The Congress hereby finds that the security and welfare of the United States

require that our commitment in the struggle for peace and freedom throughout the world continue to be strengthened by the development of better trained and more knowledgeable officers of our Government and others concerned with the increasingly complex problems of foreign affairs. The complexity of such problems is clearly evidenced by the threat of world communism, the rapid emergence of new countries striving to be politically independent and economically viable, and new patterns of thought and action affecting the political, economic, and social intercourse among nations.

The Congress further finds and declares that our responsibilities can be fulfilled more effectively by the establishment of an institution at which training, education, and research in foreign affairs and related fields may be undertaken on an interdepartmental basis which would support integrated United States efforts overseas and at the seat of government. The United States can assure that its position as a leader among nations shall be maintained and improved through maximum utilization of its potential by pooling the best of American minds and resources to create a great institution that will carry forward our American tradition of academic freedom and will serve as America's complete and total commitment to freedom and peace in the world.

ESTABLISHMENT OF THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

SEC. 3. There is hereby established the National Academy of Foreign Affairs (hereinafter referred to as the "Academy") which shall be an agency of the United States, and shall be located in or near the District of Columbia. The Academy shall be established for the purposes of training, education, and research in foreign affairs and related fields, both in the United States and abroad, and for promoting and fostering related programs and study incident thereto. The Academy shall be maintained for officers and employees of the Government, and others when deemed to be in the national interest.

BOARD OF REGENTS OF THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

SEC. 4. (a) There shall be a Board of Regents of the National Academy of Foreign Affairs (hereinafter referred to as the "Board"). The Board shall determine policy and provide guidance to the Chancellor of the National Academy of Foreign Affairs in the execution of the powers, functions, and duties of the Academy.

(b) The Board shall consist of—

(1) the Secretary of State, who shall be the Chairman;

(2) four members designated by the President, from time to time, from among the officers of the United States who are required to be appointed by the President, by and with the advice and consent of the Senate;

(3) five members appointed from private life by the President, by and with the advice and consent of the Senate; and

(4) the Chancellor of the Academy.

Members appointed from private life shall be United States citizens of outstanding attainment in the fields of public and international affairs or education. The first members so appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the effective date of this Act, and the term of each shall be designated by the President. Their successors shall be appointed for terms of five years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed.

(c) The Board may—

(1) establish visiting committees from among its membership or otherwise to inquire periodically into matters relating to the Academy which the Board desires to be considered; and

(2) call in advisers for consultation.

(d) Members of the Board appointed from private life, and any members of visiting committees or advisers appointed from private life, shall receive compensation at the rate of \$100 for each day while engaged in the actual performance of their official duties and in necessary travel.

THE CHANCELLOR OF THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

SEC. 5. (a) The chief executive of the Academy shall be the Chancellor of the National Academy of Foreign Affairs (hereinafter referred to as the "Chancellor"). Except as otherwise specifically provided herein, the Chancellor shall have authority and be responsible for the execution of the powers, functions, and duties of the Academy. In accordance with the policies and guidance established by the Board, he shall take such actions as may be required to carry out the purposes of the Academy; correlate the training, education, and research furnished by the Academy with the activities of other Government agencies and with the programs of private institutions; and encourage and foster such programs outside the Academy as will be complementary to those of the Academy. The Chancellor may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer or employee of the Academy of any function of the Chancellor.

(b) The Chancellor shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at a rate established from time to time by the President, based on comparable salaries provided by leading universities. In case of death, resignation, absence, or disability of the Chancellor, a member of the faculty or staff of the Academy designated by the Chancellor shall, unless otherwise directed by the President, perform the duties of the Chancellor until a successor is appointed or such absence or disability shall cease.

SPECIFIC AUTHORITIES AND RESPONSIBILITIES OF THE CHANCELLOR

SEC. 6. Under such policies and guidance as the Board may establish, the Chancellor may—

(a) appoint and compensate, as faculty or staff of the Academy, on a full- or part-time basis, such officers, employees, and attorneys as he may deem necessary to carry out the provisions of this Act, in accordance with the provisions of the civil service laws and regulations and the Classification Act of 1949, as amended, except that in the absence of suitably qualified United States citizens, he may appoint and compensate persons who are not citizens of the United States: *Provided*, that when deemed necessary by the Board for the effective administration of this Act, members of the faculty may be appointed and compensated without regard to such laws and regulations: *Provided further*, such members of the faculty shall receive a salary at a rate based on comparable salaries provided by leading universities, but not to exceed the rate provided for GS-18 of the Classification Act of 1949, as amended;

(b) arrange, with the consent of the head of the Government agency concerned, for the assignment or detail of any officer or employee of the Government, to serve on the faculty or staff of the Academy, or to receive training or education or to perform research at the Academy. To carry out the purposes of this subsection, the head of any Government agency may, under such arrangement, assign or detail any officer or employee of his agency to serve on the staff or faculty of the Academy, or to receive training or education or to perform research at the Academy. Such assignment or detail shall be deemed to be without prejudice to his status or opportunity for advancement within his own agency;

(c) permit other persons, including individuals who are not citizens of the United States, to receive training or education or to perform research at the Academy when deemed in the national interest; and to provide appropriate orientation and language training to members of family of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees or while abroad; but such persons and members of family shall not be deemed, by virtue of attendance at the Academy, to be Federal employees for any purpose of law;

(d) make arrangements (including contracts, agreements, and grants) for the conduct of such research and other scholarly activities in foreign affairs and related fields by private or public institutions or persons as may implement the functions of the Academy;

(e) pay the necessary tuition and other expenses of officers and employees of the Government who are attending the Academy, for additional special instruction or training at or with public or private nonprofit institutions, trade, labor, agricultural, or scientific associations, or commercial firms;

(f) procure services as authorized by section 15 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 55a), at rates not to exceed \$100 each day for individuals, and in addition transportation expenses and per diem in lieu of subsistence while away from their homes or regular places of business, as authorized by section 5 of said Act, as amended (5 U.S.C. 73b-2): *Provided*, That individuals may serve singly or as members of committees: *Provided further*, That contracts so authorized may be renewed annually;

(g) pay travel and related expenses of the members of the Board, the Chancellor, faculty, staff, students of the Academy, members of visiting committees, and advisers to the Board as authorized by section 911 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1136), or by the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842), and sections 1 and 7 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 73b-1 and 3), or by section 303 of the Career Compensation Act of 1949, as amended (37 U.S.C. 404-406), as appropriate;

(h) utilize or employ the services, personnel, equipment, or facilities of any other Government agency, with the consent of the head of the Government agency concerned, to perform such functions on behalf of the Academy as may appear desirable;

(i) acquire in the United States or abroad such real and personal property as may be necessary for the operation and maintenance of the Academy: *Provided*, That the acquisition by lease or otherwise of buildings or parts of buildings in the United States, including the District of Columbia, for use of the Academy, shall be through the Administrator of General Services;

(j) accept, receive, hold, and administer gifts, bequests, or devises of money, securities, or property made for or to the benefit of, or in connection with the Academy, in accordance with section 1021 of the Foreign Service Act of 1946, as amended (22 U.S.C. 809); and

(k) prescribe rules and regulations governing the function and operation of the Academy, consistent with policies and guidance established by the Board.

PROVISION FOR COPYRIGHTS

SEC. 7. Members of the Board from private life, Chancellor, members of the faculty, and persons in attendance at, or serving with, the Academy shall be encouraged to write and speak on subjects within their special competence, and such writings and speeches other than those required in the performance of their official duties shall not be considered publications of the United States Government within the meaning of the Act of March 4, 1909, as amended (17 U.S.C. 8), or

the Act of January 12, 1895, as amended (44 U.S.C. 58).

APPROPRIATIONS AND USE OF FUNDS

SEC. 8. (a) There are hereby authorized to be appropriated such funds as may be necessary to carry out the purposes of this Act, and when so provided in an appropriation Act, such funds may remain available until expended.

(b) Funds appropriated for the purposes of this Act or transferred to the Academy by other Government agencies for such purposes shall be available for the exercise of any authority granted by this Act, including, but not limited to: expenses of printing and binding without regard to the provisions of section 11 of the Act of March 1, 1919 (44 U.S.C. 111); entertainment and official courtesies to the extent authorized by appropriations; purchase, rent, or lease of offices, buildings, grounds, and living quarters for the use of the Academy, payments therefor in advance, and maintenance, improvement, and repair of such properties or grounds; expenses of attendance at meetings concerned with furthering the purposes of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose appointment, employment, assignment, detail, or services is authorized by subsections 6 (a), (b), (f), and (h) of this Act.

REPEALS AND SAVING CLAUSES

SEC. 9. (a) Section 701 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1041), is amended to read as follows: "The Secretary of State is authorized to furnish training and instruction in the field of foreign affairs to officers and employees of the Foreign Service and to the Department and to other officers and employees of the Government when such training and instruction are not otherwise provided at the Academy or elsewhere. The Secretary may also provide appropriate orientation and language training to members of family of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees or while abroad."

(b) Sections 702-707 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1042-1047), are hereby repealed.

(c) Section 575(b) of the Foreign Service Act of 1946, as amended (22 U.S.C. 963), is further amended by adding the following: "The Secretary may pay the necessary tuition and other expenses for any such officer or employee."

(d) Section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 968), is further amended by deletion of the phrase "at the Foreign Service Institute or elsewhere" from the final clause of the third sentence.

(e) So much of the property, records, unexpended balances of appropriations, allocations, and other funds held, used, available, or to be made available in connection with the Foreign Service Institute, as established by sections 701-707 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1041-1047), that relate to the work of the Academy, as determined by the Director of the Bureau of the Budget, are hereby authorized to be transferred to the Academy and the Chancellor thereof.

(f) Notwithstanding the provisions of this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions taken, issued or entered into under authority of statutes repealed by this Act shall continue in full force and effect until modified by appropriate authority.

Mr. SYMINGTON. I ask Senators to note also that the 27 sponsors of this legislation included the entire Democratic leadership, as well as Members from both sides of the aisle.

In addition, with the approval and recommendation of the Secretary of State, a committee was formed, under the chairmanship of Dr. James Perkins, of Cornell University, to support S. 865. The name of this committee was the Committee for the National Academy of Foreign Affairs, and because it is one of the most eminent and outstanding group of citizens ever gathered together in support of any legislation, I ask unanimous consent that a list of its membership be printed at this point in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

THE COMMITTEE FOR THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

Dr. James A. Perkins, chairman.
Hamilton Fish Armstrong, editor, Foreign Affairs.
Mr. Dexter Otis Arnold, president, General Federation of Women's Clubs.
Homer D. Babbidge, Jr., president, University of Connecticut.
Elliott V. Bell, chairman of the executive committee, McGraw-Hill Publishing Co.
William Blackie, president, Caterpillar Tractor Company.
Dr. Eugene Carson Blake, stated clerk, United Presbyterian Church in the United States of America.
Roger M. Blough, chairman, United States Steel Corp.
Arleigh A. Burke, director, Center for Strategic Studies, Georgetown University.
Benjamin J. Bittenwieser, Kuhn, Loeb & Co.
Dr. Robert Calkins, president, Brookings Institute.
Erwin D. Canham, editor, The Christian Science Monitor.
Everett Case, president, Sloan Foundation.
Everett R. Clinchy, president, Council on World Tensions, Inc.
John Thomas Connor, president, Merck & Co., Inc.
Howard A. Cook, president, International House—New York.
John Cowles, president and editor, Minneapolis Star and Tribune.
Arthur H. Dean, Sullivan & Cromwell.
Dr. Elmer Ellis, president, University of Missouri.
John Fischer, editor, Harper & Row.
Marion B. Folsom, Eastman Kodak Co.
James M. Gavin, U.S. Army, retired; president, Arthur D. Little, Inc.
Dr. Robert F. Goheen, president, Princeton University.
Gordon Gray, president, Federal City Council.
Gen. Alfred M. Gruenther, U.S. Army, retired; Supreme Commander, NATO; President, American Red Cross.
Dr. John Hanna, president, Michigan State University of Agriculture and Applied Science.
Karl G. Harr, Jr., president, Aerospace Industries Association of America, Inc.
Dr. J. George Harrar, president, Rockefeller Foundation.
Gilbert A. Harrison, editor and publisher, New Republic.
Loy W. Henderson, professor of international relations, American University.
Dr. Pendleton Herring, president, Social Science Research Council.
Christian A. Herter, former Secretary of State.
Rt. Rev. Msgr. Frederick Hockwalt, executive secretary, National Catholic Education Association.
Dr. Kenneth Holland, president, Institute of International Education.
C. D. Jackson, publisher, Life magazine.
Dr. Joseph E. Johnson, president, Carnegie Endowment for International Peace.

Eric Johnston, president, Motion Picture Association of America, Inc.

Devereux C. Josephs, New York Life Insurance Co.

Label A. Katz, president, B'nai B'rith.

Dr. Clark Kerr, president, University of California.

Dr. Grayson L. Kirk, president, Columbia University.

Herbert P. Lansdale, Jr., general secretary, National Council of the YMCA of the United States.

Mrs. John G. Lee, president, Overseas Education Fund of the League of Women Voters.

Col. George A. Lincoln, professor of social sciences, U.S. Military Academy.

August Maffry, senior vice president, Irving Trust Co.

William Marvel, president, Education & World Affairs.

Dr. John W. Masland, Jr., provost, Dartmouth College.

George Meany, president, AFL-CIO.

Max S. Millikan, director, Center for International Studies, Massachusetts Institute of Technology.

Emory W. Morris, president, Kellogg Foundation.

Dr. Franklin D. Murphy, chancellor, University of California.

Dr. Samuel M. Nabrit, president, Texas Southern University.

Alfred C. Neal, president, Committee for Economic Development.

Calvin J. Nichols, executive director, World Affairs Council of Northern California.

John B. Oakes, editor, New York Times.

William S. Paley, chairman of the board, Columbia Broadcasting System, Inc.

James G. Patton, president, National Farmers Union.

Dr. Don K. Price, dean, Graduate School of Public Administration, Harvard University.

Dr. C. Herman Prichett, president-elect, American Political Science Association.

Dr. Nathan Pusey, president, Harvard University.

Walter Raleigh, executive director, Young Presidents' Organization, Inc.

Dr. William C. Rogers, director, World Affairs Center, University of Minnesota.

Edith S. Sampson, judge, the Municipal Court of Chicago.

Dr. Paul Sheats, president, National University Extension Service Association, University of California.

Sylvester C. Smith, Jr., president, American Bar Association.

A. M. Sonnabend, president, American Jewish Committee.

H. Christian Sonne, chairman, National Planning Association.

Monroe E. Spaght, president, Shell Oil Co.

Charles M. Spofford, David Polk Wardwell

Sunderland and Kiendl.

Frank Stanton, president, Columbia Broadcasting System, Inc.

Charles P. Taft, Taft, Lavercombe and Fox.

Dr. Herman B. Wells, chancellor, Indiana University.

Gen. Thomas D. White, U.S. Air Force, retired; senior military editor, Newsweek.

John Hay Whitney, publisher, New York Herald Tribune.

Dr. Logan Wilson, president, American Council on Education.

Dr. Henry M. Wriston, president, American Assembly, Columbia University.

James David Zellerbach, chairman, Crown Zellerbach Corp.

Mr. SYMINGTON. To the further surprise of all those interested, however, influential people, including members of the State Department old guard who want no change in the current status, circumvented the wishes of the President and the Secretary of

State by successfully voicing opposition to even the administration's bill.

One of the three primary reasons, therefore, why I believe the authorization request for money in the proposed aid bill should be reduced, is the fact we have not yet taken steps to properly train the many thousands of additional people now representing us abroad. It is the quality of the people, rather than the quantity of the money, that really counts.

My second major apprehension about the proposed program results from the fact the United States is spending, and for some years has been spending, far more than its just share in banking the cause of freedom; in Central and South America, in Europe, in the Middle East, in South Asia, and in the Far East; in other words, all over the world.

As I see it, this cannot go on, because in our way of life, our physical strength can only come from our economic strength. It is becoming ever more clear that the generosity of the American people, as expressed in the foreign aid program, a generosity unique in world history, cannot be continued indefinitely without jeopardizing the system we cherish and want to preserve.

The above leads into my third apprehension; namely, the continuing unfavorable balance of payments. The value of the currency of the United States is expressed by gold and backed up by gold; but whereas many countries that have received our foreign aid in billions have now increased their gold holdings by billions, over recent years this Nation has lost some 35 percent of the gold it once held.

There are some economists who believe that this is not a matter of great importance, that we can continue to lose gold indefinitely without adversely affecting our economy. I do not so believe. No professor will ever convince me that this steady loss of gold is anything but a steadily increasing danger to the future of the United States.

We know that offshore military expenditures incident to our being the world banker of freedom, plus the foreign aid program, are two of the primary reasons for this unfavorable balance; and although we are assured, with various plans and programs and charts, that necessary steps have been taken to change this unfavorable balance, the gold continues to run out.

Another consequence of this continued balance-of-payments deficit is that we have now become a debtor nation, with some \$25 billion of current liabilities; and inasmuch as we are now borrowing money from the International Monetary Fund, as well as selling bonds to foreign central banks, it is a fact that we are now being forced to borrow money from foreign countries in order to finance this program of aid to foreign countries.

For these reasons in addition to the heavy criticisms of this bill in the current report of the Foreign Relations Committee, I do not believe we should continue foreign aid on the scale recommended. I do believe we should take whatever steps are necessary to train more people, should emphasize to our

friends and allies that they must bear more of the price of freedom; and should also recognize that there is no program more important to the ultimate security of the United States than one designed to reverse, as soon as possible, the long-time continuing unfavorable balance of payments.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. SYMINGTON. If the distinguished Senator from Virginia [Mr. ROBERTSON] will permit.

Mr. ROBERTSON. I yield.

Mr. AIKEN. I wish to ask the Senator if he has arrived at a decision as to what he would recommend for an appropriation for foreign aid for this year. I go along with him in saying that the authorization should be substantially reduced, but at what level does the Senator think we should reduce it to?

Mr. SYMINGTON. I answer my able friend from Vermont that we have had figures of \$4.9 billion, then \$4.2 billion, that figure cut to \$3.5 billion, then restored to \$4.2 billion. Now, I understand, it is proposed by the amendment proposed yesterday that this latter figure be reduced by some \$385 from \$4.2 billion.

I should like to know more about the details, the component parts of the programs before giving a figure to the distinguished senior Senator from Vermont. However, if the cut were to be a blanket cut, in my opinion the cut of \$385 million could be further reduced.

Mr. AIKEN. The Senator means that even though the authorization would be reduced by \$385 million, it could be reduced even further. The Senator believes the amount would be reduced in the appropriation anyway, does he not?

Mr. SYMINGTON. My friend from Vermont has been in the Senate longer than I. His conjecture as to the action of the Appropriations Committee would be based upon more experience and, I am sure, more intelligence, than my own.

Mr. AIKEN. I would not agree to that. I know that the Senator from Missouri has had a great deal of experience in both the legislative and executive branches of the Government. It is my opinion that an authorization of \$3.8 billion or \$3.6 billion—whatever the conference should decide upon—would result in an appropriation of possibly \$3 billion, and not more than \$3.25 billion, which would be a reduction of approximately 25 percent from last year.

Mr. SYMINGTON. I believe that whatever authorization is recommended by the Senate prior to the functioning of the Appropriation Committee, the authorization should be based upon what we believe right.

I do not say this in critical fashion. I am sure the Senator from Vermont, with whom I have served with pleasure on this and other committees, agrees with me, because I know the way he approaches these problems.

Mr. AIKEN. I agree with the Senator from Missouri that it should not be based on certain actions taken with respect to the authorization bill; nevertheless, we must face facts and realize

that it will be based on them to a certain extent.

Mr. SYMINGTON. I hope, when the bill is passed and the money is appropriated, it will represent the best thinking of the Senate from the standpoint of the security of the United States. Therefore, I hope the authorization bill will represent our best thinking, what is best, net, for the country.

I thank the able Senator from Virginia.

Mr. ROBERTSON. I was glad to yield, because I am in sympathy and full accord with the views expressed. When I express my views, I am going to specify a cut that will be much greater than the cut the Senator from Missouri has indicated. I hope the distinguished Senator from Vermont will be in the Chamber to comment on the cut that I shall propose.

Mr. President, I ask unanimous consent that I may yield to the Senator from New York [Mr. KEATING] for 3 minutes without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

IMAGINATION IN OUR EXPORT PROGRAM

Mr. KEATING. Mr. President, I thank the Senator from Virginia. In spite of wide discussions and considerable interest in the field of export expansion, the regrettable fact is that the United States is lagging behind other more aggressive trading countries in its efforts to secure a larger share of the world's markets—in fact, even in its efforts to retain its present share.

In the category of manufactured goods, the U.S. share of world trade fell from 29 percent in 1957 to under 23 percent in 1962. In the first 8 months of 1963, our favorable trade balance was less than it was a year ago. We are importing 5 percent more goods than we did last year, but exporting only 3 percent more.

It is particularly disturbing that our share in manufactured goods has declined. The largest amount of our non-manufactured exports consists of surplus food, cotton, and other agricultural or raw materials. Most of these exports are Government subsidized in one form or another. Yet it is in the area of manufactured goods that we should be making the greatest effort, for it is our manufactured goods that provide jobs by the thousands and by the millions. Our manufactured goods should be finding their way into new markets and into new countries. Each year should see a substantial advance in the sale of American goods throughout the world.

One field that is of particular concern to me is the field of clothing and fashions. New York is the clothing center of the world, employing many thousands of workers. It should also be the fashion center. American clothes, which I know would be in great demand, should be for sale in every European department store and throughout the entire world. However, I should like to call the attention of Senators to a recent article written by Sylvia Porter, indicating how both our Government and businessmen

manufacturer and a royalty repayment by airlines providing supersonic service with this new aircraft.

The FAA has also announced plans, just this week, to launch a design competition leading to the development of a new short-haul transport aircraft capable of replacing the venerable, but aging, DC-3's. This project of great importance to hundreds of communities, not only in this country, but throughout the world, would involve an expenditure of \$300,000 in taxpayer funds to spur a design competition next year.

While the various FAA regions and installations throughout the Nation are celebrating in various ways, here in the Nation's Capital the Agency is acknowledging this landmark date by having open house at Dulles International Airport from 10 a.m. to 4 p.m. on Saturday and Sunday.

I hope that many people in the Washington area will be able to join with the FAA in celebrating its fifth anniversary at Dulles International Airport this weekend.

Aviation plays an ever-growing role in the economy. Its contribution to our economic well-being is readily proved by statistics. Not so readily discernible, however, is the contribution which a healthy and expanding U.S. aviation industry is making on behalf of peace and international understanding. The freer and faster movement about the world of citizens and leaders of all nations has revolutionized the art of diplomacy. Air travel and transport has, in the last two decades, contributed immeasurably to better understanding and to greater commerce among nations. It has permitted more realistic accommodation of differences between distant nations and distant peoples who are no longer isolated from each other by days or weeks or months of travel. The Federal Aviation Agency has played an important part in making possible this welcome trend toward comity among people, among States, and among nations.

The first 5 years of the FAA have been years of rapid growth to meet fast-developing needs. In the years ahead, these needs will continue to grow. The employees of the FAA will face new challenges and new opportunities for service. On this fifth anniversary, all who have contributed to its present stature deserve our thanks, our felicitations, and our good wishes.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. ROBERTSON. Mr. President, at the inception of our first foreign-aid program, known as the Marshall plan, I was one of its most enthusiastic supporters. During my 10 years of service on the Ways and Means Committee in the House, which extended from 1937 to 1946, I had made an exhaustive study of foreign trade in connection with the Hull reciprocal trade agreements program because Virginia producers of farm prod-

ucts, and especially tobacco, had such a vital stake in the restoration of the foreign markets our farmers had enjoyed prior to the international trade war that had been touched off by the passage of the Hawley-Smoot Tariff Act in 1930. The purpose of the Hull reciprocal trade agreements program, of course, was to negotiate bilateral trade agreements, under which we would reduce our tariffs on some product of which the negotiating nation was the principal supplier in return for an appropriate reduction on our export to that nation of products of which we could be the principal supplier.

But before that well-conceived plan to stimulate our foreign trade could become effective, trade with our European nations was disrupted by World War II. After our entry into that war, we furnished food, medicine, and clothing to our allies, along with a vast amount of military supplies. At the end of that war, our best European customer—Great Britain—was in desperate need of funds with which to repair war damages, and the same was true of all of our other World War II allies. Although the bill was handled by the House Banking and Currency, of which I was not a member, I was assigned the duty of opening the debate in the House on a bill to make a very large loan to Great Britain.

Incidentally, I may pause to say that I went to Palm Beach, Fla., to confer with Winston Churchill, who had been turned out as leader of the Conservatives. I was very uneasy about making this much money available to the Labor Party, because I thought a great part of it would go down the drain of socialistic enterprises. After a 2-hour conference with the now great Sir Winston Churchill, one of the greatest statesmen, and certainly the greatest orator, of our day and age, he urged me to support the bill. So I came back to Washington and, as I have said, opened the debate on the bill to grant a large loan to Great Britain, which the Congress passed.

The value of that extension of credit to Great Britain, which enabled it to resume its buying from us, was so apparent that in April of 1947 I made a radio speech, which was broadcast from coast to coast by the American Broadcasting Co., in which I advocated rehabilitation loans to all of our allies in World War II. I sent a copy of that speech to the then Secretary of State, the distinguished George C. Marshall, who, on the following June 5, made at Harvard, what has become an historic speech, in which he advocated a program of financial rehabilitation for the war-torn countries of Europe, which had been our allies in World War II. The details of that aid plan were not spelled out in that speech. Unfortunately, for us, they were filled in by the three principal recipient nations—Great Britain, France, and Italy.

That, of course, was the first major mistake we made in our well-conceived foreign aid program; namely, we let three European nations allocate the funds that we were to furnish and use their own discretion as to how they were to be spent, and that discretion, of

course, included full credit to the politicians in power in each nation for the money being spent, but no credit whatever among the rank and file of the people of the recipient nations for our unprecedented generosity.

Mr. President, my enthusiasm for the principle of the Marshall plan, both as a deterrent against the spread of communism, and, likewise, as a practical way of promoting a sound reestablishment of our exports was such that I committed the unforgivable error, as a junior member of the Senate Appropriations Committee, of openly opposing an amendment to the budget item for foreign aid in 1948 made by the then elderly chairman of that committee, Senator McKellar of Tennessee. A substantial majority of the committee was opposed to the McKellar proposal to cut the amount of foreign aid, and undoubtedly would have voted against the McKellar amendment without any argument on the subject, but my impetuosity in behalf of the program cost me the resentment of the powerful chairman of that committee, and to my chagrin, I afterwards learned that the chairman of the committee was right and I was wrong with respect to the amount of the aid that we were then furnishing.

Mr. President, I learned more about the program when other members of the Senate Appropriations Committee and I went to Europe in the fall of 1949 and visited all of the European countries sharing in the program, and also Spain, which had been denied participation in the program by Great Britain, France, and Italy, which, as I have previously indicated, were in complete control of the money that we were furnishing.

During more than a month of intensified study of the operation of the Marshall plan, I learned, and with genuine distress, that the program was marked by waste and inefficiency, and that while it was making a real contribution to the rehabilitation of our previous European allies, we were getting no public credit whatever for the aid that we were furnishing. Consequently, when I got home, I gave a statement to the press commenting on the waste and inefficiency; I recommended that the program be cut by at least a billion dollars; and that it be terminated in not more than 2 additional years. On December 4, 1949, which was immediately after my return from Europe, I wrote this letter to Hon. Paul G. Hoffman:

DECEMBER 4, 1949.

HON. PAUL G. HOFFMAN,
Administrator, Economic Cooperation Administration, Washington, D.C.

DEAR PAUL: As the result of slightly more than a month in Western Europe, I feel that I have gained a better understanding of some of our economic and military problems in that part of the world. Surface impressions, of course, can be erroneous but, in addition to attending all official meetings, I made it a practice in each country to interview as many as I could with no Government connections, hoping thereby to get an accurate cross section of opinion.

My visit to Europe has definitely convinced me that ECA was soundly conceived as an integral part of an overall peace program and has been as efficiently administered as so vast a program in a large number of foreign countries could hope to be. Our primary

objective of stemming the onrushing tide of communism has been achieved.

The people of Western Europe now have, in an amount sufficient for a sustained effort, the three essentials of life—food, clothing, and shelter. Their productive capacity has not only been restored but in all countries, except Germany and Greece, slightly exceeds the prewar level. Their chief problem now is one of exchanging items of which they have a surplus for items they do not possess or which are in short supply. In other words, the economic stability of Western Europe is now more dependent upon economic integration than upon our further dollar aid. The small nations of Western Europe favor economic integration but France and Great Britain pay lipservice to it only.

While there may be some lowering of trade restrictions in Western Europe before our aid ends, my present impression is that the program will be quite inadequate. The trend undoubtedly will be to unilateral trade agreements or small grouping, like Benelux, but nothing approaching free trade in Western Europe or free currency convertibility.

Anti-Communist governments are now safely entrenched in the area in question and have the ability, with such military aid as may be given them under the Atlantic Pact, to make it tough for a potential aggressor. But if the people of a given country do not prize their personal liberty enough to fight for it, American gold will not put that divine spark in their hearts.

I think that we have assumed at least a moral obligation to continue the ECA program through fiscal 1952. In fact, I personally feel that our own best interests would require us to do so. But I likewise feel that the time is approaching when we can make a substantial reduction in the dollar aid. When we told foreign representatives that our national debt was approaching \$260 billion and that we would probably end the current fiscal year with a deficit of \$5½ billion it left them unimpressed. They seem to think we have the Midas touch and if we don't convert things into gold for them, it will be because we are selfish and want them to be underlings.

But I am deeply concerned over the fact that in the last few years, excluding strictly war expenditures, we have spent more than during the period from President George Washington to President Truman. I am convinced that if we go broke, which is a possibility, there is not a nation in the world that would lend us a thin dime. Consequently, as a member of the Appropriations Committee during the 2d session of the 81st Congress, I shall make the best fight of which I am capable for a reduced budget. Such a fight, of course, must include the next appropriation for ECA. I hope it will be feasible for us to limit it to about \$2½ billion and end it the following year with about \$1 billion.

This is what I wrote in 1949:

I realize, of course, that when the program ends, we will be cordially disliked in Europe and in some sectors actively hated. But Europe does not have our system of private enterprise as a stimulant to production, and never will; it does not have our area of free trade; no one country is so nearly self-contained with respect to raw materials as we; and, for other reasons needless to be enumerated, Western Europe did not have our standard of living before either of two world wars and will never have it in the foreseeable future unless we are foolish enough to spend ourselves into bankruptcy.

I wrote this 14 years ago:

As a means of curtailing ECA expenditures, I would recommend that ECA make no more loans, referring those who wish to borrow to the World Bank or the Export-Import

Bank. We can't expect any European nation to go to the World Bank for 4½ percent money if we set up an agency to lend it at 2½ percent and possibly with a tacit understanding that it will never be repaid.

That reminds me of the statement made yesterday on the floor of the Senate by the distinguished Senator from Alaska [Mr. GRUENING], when he said that more than a billion dollars had been loaned for three-quarters of 1 percent interest, and that we would lose, on the basis of the difference between what we paid and what we would get back, nearly \$1 billion before the loan would become due.

The Senator also quoted the Foreign Minister of Costa Rica as saying that his country had received a 40-year loan, but with the understanding that it would never be repaid.

I continued, in my letter:

We should make every effort to establish satisfactory trade with India, from which country we can receive acceptable imports in exchange for surpluses we need to dispose of.

In the interests of a more stable world we should urge all nations who hold British war debts to refund those debts on a long-time basis and at an appropriate rate of interest. The labor government of Great Britain will never realistically face the problem of competition in world markets so long as she can keep members of the labor unions employed in the production of high-priced goods for sale to sterling areas.

Spain desperately needs our wheat, cotton, and machinery, and never in her history has Spain defaulted on a debt. I would like to see Spain given an Export-Import Bank loan with a gentleman's agreement that the funds would be expended for the items mentioned.

When you have had an opportunity to reflect upon these suggestions, I shall welcome your reactions. As I said in the outset, they are merely surface impressions based upon an inadequate study, but I don't believe all of them can be wrong.

Cordially yours,

A. WILLIS ROBERTSON,
U.S. Senator.

I, of course, do not know what efforts Mr. Hoffman made to carry out my suggestions about freer trade and currency convertibility among the nations of Western Europe. All I know is that nothing worthwhile in that behalf was accomplished. I also know that as a member of the Appropriations Committee in 1950, I participated in the fight to cut the foreign aid program by a billion dollars as I had recommended during the previous December. And, it was then clearly understood that the program would end on June 30, 1951.

Mr. President, that was 12 years ago. Since that time, the program has had first, and then another, name, and the annual expenditures under it have been increased instead of decreased and the total of expenditures now amounts to something over \$100 billion.

Senators will observe that in my letter of December 4, 1949, to Paul Hoffman I said that our national debt was approaching \$260 billion. In the morning papers of October 30, I read that the Ways and Means Committee of the House, which in many respects is the most vital committee of the entire Congress, voted to increase the ceiling on the national debt to \$315 billion because

the debt now stands at \$308 billion and there are those who believe that it will go to \$320 billion, should an \$11 billion tax cut be added to a possible \$8 billion deficit in the current fiscal year. And, as our national debt goes to astronomical proportions, the foreign holders of nearly \$26 billion of our dollars which they are entitled to have converted into gold are becoming more and more uneasy about the ultimate value of those dollars. As I have indicated, I made an effort 14 years ago, first to reduce and then to end completely, our foreign aid giveaway program because over 90 percent of the aid had been in grants and the other in low-interest loans, many of which will never be repaid. When I proposed a billion dollar cut in the program in 1950, Administrator Hoffman said that I was proposing to cut the heart out of the program. There has not been an administrator of the program since Hoffman who has not yelled long and loud that any substantial cut of an ever-increasing budgeted amount would cut the heart out of the program. Yielding to such importunities, Congress has given away and loaned such tremendous sums, under the pleasing name of foreign aid, that what was termed in the Paul Hoffman days "a dollar shortage" has in this good year of our Lord become for us a dollar drain on our rapidly diminishing gold supply. So we have pending on the Senate side two bills, which are closely related: first, a bill proposing an \$11 billion cut in taxes, which will entail a temporary cut in a similar amount in revenue; and second, a bill calculated to further increase the acute balance-of-payments problem by authorizing the administration to lend and give away an additional \$4 billion of taxpayers' money and that spending plan is presented to us with the insistent claim that it would cut the heart out of the measure even to agree to the cut carried in the House authorization bill of \$500 million, which would still leave nearly a billion more than we appropriated for foreign aid 14 years ago when the need for our aid was at its peak.

Since the beginning of the foreign aid program, the American taxpayer has shown remarkable restraint and unprecedented generosity in providing funds not only for the reconstruction of war-torn Europe through the Marshall plan, but also through various grant programs to many nations for such humanitarian purposes as food for the starving, malaria control, assistance for education, and other humanitarian programs to assist in defending many nations from the harsh burdens of poverty and in providing a sine qua non for economic growth. I have recognized the contribution of foreign aid to the basic national interests of the United States in a world of independent, peace-loving nations, each pursuing its own national goals and all together engaging in trade and investment among each other in the great tradition of private enterprise and unrestricted exchange of goods and services. Yet the current debate on the pending \$4.2 billion foreign aid bill before the Senate requires me to speak out in the name of fiscal soundness and plain

commonsense to urge upon Senators that now is the time for a searching reappraisal of the entire foreign aid program.

More and more we hear from every side concerned about the level of our foreign aid in the light of the confusion and maladministration of that program in country after country. The President's own foreign aid adviser, General Clay, after a careful review of the program, declared in his report to the President:

We are trying to do too much for too many too soon, that we are overextended in resources and undercompensated in results, and that no end of foreign aid is either in sight or in mind.

Moreover, the foreign aid program in many ways has failed to foster our traditional values of free enterprise in the countries to which it is directed. While free world private trade and investment totals have expanded to unprecedented levels in the postwar period and promise under wise policies to grow even more vigorously, our own foreign aid efforts have, except in Western Germany, failed to enlist the support of this vaunted system that has brought our country to unparalleled prosperity and material strength.

But a critical examination of the foreign aid program is long overdue not only for the above reasons but also, and most importantly, because there are clear signs in our balance-of-payments problems that the Federal Government is overextending its resources in foreign aid spending. Those resources might better be devoted to putting the Government's budgetary programs in order, and thereby—through both reducing the balance-of-payments deficit and reducing the Government's budget deficit—restore business confidence and provide business incentive for the further expansion of economic activity at home and expansion through private channels of our foreign trade. There is a danger that in our preoccupation with Government programs labeled "foreign economic aid," we overlook the historic and continuous revolution taking place in the world through private trade and investment. The time has come when we should concentrate on our policy to the world the American revolution of technological progress, increased technical competence of labor and management, and the resulting rising material living standards which we in this country have come to expect as a matter of course.

As I have said, the administration proposes another \$4 billion plus in foreign aid spending and at the same time proposes a tax cut of \$11 billion with a resulting budget deficit variously estimated between \$8 and \$10 billion, and acknowledged by Secretary Dillon to be likely to continue for several so-called "transition years" during which the economy is expected by the administration to experience an increase in its growth rate. Thus, under the administration program, we are to expect to be faced with a balance-of-payments deficit that so far has been little, if any, reduced, and also with a Government budget deficit that is expected to continue for several years.

There is no question that the balance-of-payments problem facing the United States today is of serious proportions. The Secretary of the Treasury himself testified before the Joint Economic Committee earlier this year that even at a rate lower than the present one, we cannot afford this international payments imbalance for more than a year or two.

The foreign aid program cannot soundly be considered apart from this balance-of-payments problem. I need not review for Senators today the history of the balance-of-payments deficit. Suffice it to say that claims of foreigners and international agencies on our gold stock now total \$25.5 billion. Over the past 13 years the balance-of-payments deficits have amounted to \$26 billion. To finance them, we have sold about \$8 billion of gold, and foreigners have taken the rest in an \$18 billion increase in their short-term liquid claims on us. The current gold stock of about \$15.6 billion leaves less than \$3.5 billion of free gold above the \$12.2 billion required to back our money supply. This in the face of foreign short-term claims totaling more than \$25 billion.

A pamphlet entitled "Gold," recently released by the Federal Reserve Bank of Philadelphia, says:

A continuing loss of gold by the United States could disrupt international trade and the monetary systems of friendly nations, impair the Federal Reserve's ability to fight domestic recessions and "shake confidence in our political leadership of the free world."

Several possible ways to lessen foreign purchases of the Nation's gold are listed by the Fed. These are to:

Increase foreigners' dollar payments to us by selling them more goods and services.

Decrease U.S. dollar payments to foreigners by cutting back investments, purchases, and aid payments abroad.

Induce foreigners to keep more of their excess dollars invested here, instead of buying gold with them. This can be done through higher interest rates and by dispelling fears that the United States will increase the dollar price of gold—in other words, devalue the dollar.

Mr. MORSE. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield to the Senator from Oregon.

Mr. MORSE. I commend the Senator for his able presentation of the gold problem and the balance-of-payments problem connected with the bill. I agree with him; it is one of the unanswerable propositions that we who are opposed to the bill are presenting. It is an issue that the administration and the proponents of the bill are not willing to face, and never have faced, in the consideration of the bill.

Mr. ROBERTSON. The Senator from Oregon is eminently correct. I have been worrying with this problem since the speech I made on it on the floor of the Senate last March.

Mr. MORSE. The administration and the proponents of the bill want to sweep under the rug the balance-of-payments argument in its relationship to foreign aid.

Mr. ROBERTSON. The Senator is correct.

Mr. MORSE. We cannot spend and continue to spend for foreign aid with

such a large percentage of grant money and such a large percent of three-fourths percent, 10 years'-grace, no-payments-at-all loans without doing severe damage to the gold structure of the United States and without intensifying the balance-of-payments problem.

No matter how unpopular it may be at the moment, we must say to the American people, "You are being taken for a ride."

If we continue foreign aid at the level at which we have been providing it and on which we have been asked to continue it in connection with this bill, we shall continue to weaken the gold structure of the United States, endanger its economy, and commit a great wrong against the people of the United States.

I will not vote for the bill until the adoption of some amendments which deal with the basic issue the Senator from Virginia is raising. I know of no more basic issue.

The Senator from Virginia and I and others who take this position are dealing for the most part with economic abstractions and economic abstract principles; but those abstract principles determine the economic level of living of the American people. So we must try to make them understand the relationship between these economic laws and their own economic security. It is difficult to do that, and it calls for a very large amount of objective thinking. That is why we find it difficult to make ourselves understood.

So we must continue to talk and talk and explain and explain, as the Senator from Virginia is doing so ably today, so the American people will realize that we are really fighting for the preservation of their security, because we are fighting to keep the U.S. economy strong. It is clear that our Nation's economy is its greatest defense weapon.

We must stop weakening the national economy, and we must stop supporting inefficiencies and shocking wastes in the foreign aid program—inefficiencies and wastes which we have been trying to point out in the course of the speeches we have been making on the foreign aid program.

We must say to the administration, "You should be supporting the amendment which proposes to bring the entire existing program to an end by the end of 1965, and then begin it over again, but do so on the basis of the guidelines for which we have been pleading, whereby the countries to be aided will have to express their willingness to meet the terms and conditions which should be laid down, before they will receive \$1 from us."

That is what the administration should accept; and I am at a loss to understand why the administration does not do so.

The Foreign Relations Committee has brought in a report which accepts the principles we stress; and in its report the Foreign Relations Committee warns the administration that it should do something about this matter before the end of 1965. However, as I have said, although the Foreign Relations Committee admits the justification for our major criticisms of the program, the commit-

tee asks the Senate to support the administration's desire to continue the program. Mr. President, that would be nonsense. The time has come to correct the program before we authorize or appropriate one more dollar for it.

Mr. ROBERTSON. Mr. President, I thank the Senator from Oregon. At the conclusion of my remarks, I intend to state that I will support his motion to recommit the bill, for further study and for necessary revision.

I have not gone into all the details of the waste involved; but before the Senator from Oregon entered the Chamber, I referred to a study I made of 14 European countries in the fall of 1949, in connection with the Marshall plan. When I returned, I was greatly discouraged by the waste and inefficiency I saw at that time—so much so, that I called them to the attention of Paul Hoffman, the Administrator, in a long letter I wrote to him. I said to him, "We are appropriating too much; we should cut it to \$2,500 million"—a \$1-million cut. He replied, "Any cut at all would take the heart out of all of these countries."

We cut the program to \$2,500 million in 1950, at the peak of the need to rehabilitate the war-torn countries.

But now, 14 years after I made that report, we are asked to appropriate \$4,200 million in addition to a pipeline of \$8 billion of unexpended funds.

I have not gone into the question of waste, although I know it exists. As I have said, 14 years ago, I convinced myself that there was very great waste; and ever since then I have been advocating economy in the program and ending the program.

But now, as chairman of the committee which administers the laws under which we coin money and fix its value, I have the solemn duty to put the Senate on notice that, on the basis of the information I have received concerning the potential drain on the \$3,500 million of free gold over the 25 percent needed to back our currency, if we do not put the soundness of our currency and the protection of our gold supply above playing Santa Claus to 100 nations, we shall go broke.

Mr. MORSE. Mr. President, I am glad the Senator from Virginia has pointed that out, because he speaks as chairman of the Senate Banking and Currency Committee, and I know of no one who is more familiar with all the problems which face the economic structure of the country than is he.

I am also very glad that he has referred to the amount of money in the pipeline, because some powerful lobbies are at work. As I speak, I notice in the galleries representatives of many groups—representatives of the League of Women Voters, the Association of American University Women, and various other groups. They are "putting on the heat"; but, as I have said respectfully and politely to them, they could not pass an elementary examination on the facts involved in our foreign aid program. The sad fact is that these lobbies

have accepted dogma, and those who represent the lobbies do not have the facts about U.S. foreign aid. For the most part, they are talking in terms of emotionalism, not facts.

Mr. ROBERTSON. Yes. They say, "the United States is rich, and the other countries are poor; so why do we not share what we have with them?"

But I point out, as a case in point, that in Africa, under the guise of democracy, we are supporting some of the most outrageous advocates of dictatorship since the days of Hitler.

Mr. MORSE. Yes.

I have talked with some of the lobbyists, and have asked them, "How much is in the pipeline?" Then I found that they did not even know what the pipeline was; they did not know, as the Senator from Virginia has pointed out that there is now \$8 billion in the pipeline.

Mr. ROBERTSON. Yes.

Mr. MORSE. In short, we could postpone for 6 months or 12 months our action on this bill and do no harm.

However, a "rush act" is on; and those who are conducting it think they will be able to silence our demands to cut the bill by some billion dollars. However, we need to take up the bill section by section and paragraph by paragraph.

I say to the representatives of the League of Women Voters and to the Association of American University Women and to the foreign policy associations, who apparently have been called here to "put on the heat," that what they need is a seminar on foreign aid, so as to become enlightened in regard to what is involved in the foreign aid program. Before they ask U.S. Senators to vote for their dogmas, they should stop long enough to realize that we have a trust which they do not have; we have the trust of casting our votes here in the Senate on the basis of the facts and the issues as we find them.

I say to the lobbyists, "I am very glad to have any factual information you can give me, but I am not interested in, nor will I ever be deterred by, any suggestion that it might be to my political advantage to follow the dogmas you advocate."

I say good naturedly to the ladies who represent some of these groups that I am moved by the spirit of chivalry when I say that one of the most chivalrous suggestions I could make to them is that they register for a seminar refresher course on what is involved in foreign aid.

Mr. ROBERTSON. Mr. President, I appreciate the contribution to clearer thinking on the subject that has been made by the distinguished Senator from Oregon.

To return to my discussion of the seriousness of the problem of balance of payments, in a speech to the annual convention of the American Bankers Association on October 9, I spoke of my concern that the administration so far has emphasized short-term stopgaps without going to the roots of the balance-of-payments problem. The President's July 18 statement of administration policy

concerning the balance of payments placed major reliance on increased short-term interest rates and a further export expansion drive. Rising interest rates normally reduce output and employment if pursued to sufficient lengths, but the administration counts upon the proposed tax cut of \$11 billion to prevent output and employment from suffering. There is already some evidence that the increase in short-term interest rates may be spilling over into longer term rate levels. If this tendency persists, the administration may have employed a remedy for the balance-of-payments problem that creates a new malady of increased unemployment and reduced output. The administration further provided more tying of military aid and foreign economic aid spending to purchases in the United States. And it seeks to reduce the balance-of-payments impact of its foreign spending programs by the sale of military assets abroad, such as the sale of land that we have bought in Germany, which we shall sell and buy back again. We shall sell them military hardware from some of our large supply depots in Western Europe. It seeks further to reduce the impact by various prepayment arrangements for foreign loans, and by offset agreements with NATO nations having U.S. troops within their borders. The administration proposes a new tax on foreign securities sales to check private capital outflows.

In my opinion, these measures ease without curing. I am convinced that our balance-of-payments policies require careful reappraisal. They should be accompanied by an equally searching reappraisal of Government spending policies which will, in the current fiscal year, reach an all-time high and include new programs with "escalator" clauses. The two are intimately related. To avoid a needed rethinking of Government spending policies at home, we are letting the balance-of-payments problem push us away from freedom of trade and investment, away from private enterprise in world trade toward more government in foreign economic affairs, and toward more tying of private exports to Government spending abroad, with all the dangers this may bring. Already, instead of reducing Government spending abroad to the minimum, we plan to tax private investment abroad. And the administrator of foreign aid is arguing that we cannot cut foreign aid because that will also reduce our exports.

Take exports, for example, where our promotion campaign has had few concrete results. There is a long list of possible measures. These include cuts in ocean freight rates and export taxes, restudy of our antitrust laws regarding exporters, and increased technical assistance. There is a vast area of nontariff restrictions on trade to negotiate away. There are the restrictions on tourist spending by our trading partners which prevent travel here. It is time to urge and help Europe to develop its own capital markets.

To further the prospect of achieving results in these areas, I have written to the Department of State on the subject of travel restrictions and to the Federal Maritime Commission on the subject of the impact of ocean freight rates. In the face of our freight rates, which are unjustly discriminatory between American exporters and their foreign competitors and are in some cases so high as to be detrimental to the commerce of the United States, we find our ships tied up by maritime union strikes which occur because of the flimsiest and most puzzling reasons.

Mr. President, I ask unanimous consent to submit for the RECORD at the end of my remarks my correspondence with the Department of State and the Federal Maritime Commission and other documents that relate to our shipping problems.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERTSON. To return to the crucial subject of the balance-of-payments problem as a whole and the administration's policy concerning that problem, what is needed is not so much more ingenuity on the part of Government technicians as it is more confidence in the soundness of administration policy both by businessmen at home and by oversea dollar holders. I am convinced that a reduction in foreign economic aid and foreign military aid would make a greater contribution to solving the balance-of-payments problem than would more complicated and ingenious technical devices such as we have seen in recent years developed by the Treasury.

Despite the administration's ingenious actions to borrow time in which to solve the balance-of-payments problem and to fend off the danger of a crisis of confidence on the part of foreign dollar holders, the defenses of the dollar that have been developed during the past few years are not impregnable and do not solve the pressing problems of policy that we face.

Neither can we solve the balance-of-payments problem by juggling figures. The Wall Street Journal, in its issue of Thursday, October 31, contains an article that describes how the administration is confused about how to calculate the balance-of-payments deficit as a result of the measures which it has taken to reduce that imbalance.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the article, "While United States Wrestles Payments Deficit, Economists Fuss Over How To Figure It," from the Wall Street Journal for October 9.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. ROBERTSON. In brief, the problem arises because the Treasury has negotiated medium-term borrowing arrangements with foreign central banks. Such Treasury bonds of 15- to 24-month maturity which are sold to the

foreign central banks, however, must contain a clause that permits the foreign central banks to convert the bonds into dollars on 4 days' notice. The reason for this provision in most cases lies in the monetary laws of the foreign countries, which prevent their central banks from investing in long-term securities in order to assure the liquidity of those vital governmental central banks' assets. Now we find that the administration does not know whether to count the foreign bond sale as short-term liquid liabilities of the United States because they legally come due on 4 days' notice, or whether to count them as a long-term foreign capital investment in the United States.

Mr. President, these medium-term bonds of the U.S. Treasury, in fact, come due in 4 days at the option of the holder. Whether we now think that foreign nations are going to hold these bonds until maturity or not, the matter is for them to decide and not for us to decide. They are our creditors.

Mr. President, the confusion of the administration over our balance-of-payments statistics is only another example, although it is a vivid one, that what we need to solve our balance-of-payments problem is not more ingenuity but more sound fiscal responsibility on the part of the administration. A part of this fiscal responsibility is to tailor our foreign economic aid program to fit our economic resources and to fashion that program to serve the national interests of the United States and to administer that program with a minimum of confusion, delay, and cross-purposes.

We will imperil the soundness of our own currency and hazard our economic future if we do not reduce our foreign aid spending. I hope the present bill will be cut by at least \$1,800 million, as I recommended last March.

Mr. President, the bill should be re-committed for further study and revision.

EXHIBIT 1

FEDERAL MARITIME COMMISSION,
Washington, D.C., October 16, 1963.

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: This will acknowledge receipt of your letter dated October 10, 1963, in which you discuss the impact of ocean freight rates on the balance-of-payments problem, the need to increase our exports, and in which you request that I discuss the possibilities of securing reduced shipping rates which would tend to stimulate our exports.

The Federal Maritime Commission is aware of the vital impact which the level of freight rates in our foreign commerce has upon our export expansion program and balance-of-payment problem. The Commission is now actively undertaking a program, within its authority and jurisdiction as contained in the Shipping Act, 1916, to eliminate wherever possible freight rates which have an adverse effect upon American exporters. Provisions of the Shipping Act make unlawful rates which are unjustly discriminatory between American exporters and their foreign competitors, or which may be so high as to

be detrimental to the commerce of the United States. Under the authority of these statutes the Commission has already instituted a formal investigation into the level of rates on iron and steel products and is actively undertaking studies of freight rates on additional commodities. Whenever it appears necessary, the Commission will undertake further formal proceedings and take appropriate steps to assure that export freight rates are not an unreasonable burden upon our export expansion program.

Sincerely yours,

JOHN HARLLEE,
Rear Admiral, U.S. Navy, retired,
Chairman.

DEPARTMENT OF STATE,

Washington, D.C., October 16, 1963.

Hon. A. WILLIS ROBERTSON,
U.S. Senate.

DEAR SENATOR ROBERTSON: I am glad to be of help on the questions you raised in your letter of October 10 concerning currency restrictions imposed by the more industrialized countries on their residents who wish to tour abroad.

Over the past several years the United States has pressed both bilaterally and in the forums of the International Monetary Fund and the Organization for Economic Cooperation and Development for the removal of restrictions which have served to limit the numbers of Europeans and others visiting this country. A large measure of success has been achieved in this area. For example, 5 years ago French tourist expenditures were wholly subject to license, British tourists were limited to an annual expenditure of \$334 per person, Italian tourists to \$520 per person, and Netherlands tourists to \$554 per person, with any additional expenditures abroad by residents of these countries subject to individual licensing. These countries as well as most of the other industrialized countries have now liberalized these restrictions. In addition to Germany and Belgium, which had no restrictions 5 years ago, the Netherlands, France, Italy, and the United Kingdom currently all permit tourist expenditures freely. In some cases there are checks to verify the bona fides of the case with a view to preventing illegal transactions of other sorts, with actual expenditures for tourism in fact unlimited.

Japan still represents an important exception. Japan grants no automatic allowances for tourist travel abroad at this time. However, it has recently eased restrictions on the use of foreign exchange for business and student travel and there are signs that further liberalization is to come. Japan's announced intention to make the yen convertible for current account transactions beginning sometime in the spring of 1964 should result in further relaxation of existing restrictions.

While the achievements in liberalization of controls over tourism to date have been impressive, the Department of State is, of course, continuing to work for the further reduction of remaining restrictions as the improved financial condition of countries abroad permits.

We are enclosing two tabulations which will indicate the 1963 and 1958 status of regulations over tourist expenditures practiced by the principal industrial countries. A comparison of these two tables will demonstrate the substantial progress made in removing restrictive regulations. Please do not hesitate to get in touch with us should you require additional information.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

Tourist allocations for residents of the more industrialized countries

Country	Automatic foreign exchange allocation ¹	Additional allocation per journey in domestic banknotes (unless otherwise specified this allocation may be exchanged and spent abroad)
1958		
Austria	\$275 per person per year; ½ this amount for children	\$385.
Australia	\$700 per person per year	None.
Belgium	Unlimited but verification of legitimate tourist status required	(See preceding column.)
Canada	Unlimited	Unlimited.
Denmark	\$100.	Determination by individual application.
France	Under license	Travelers permitted to take out 20,000 francs.
Finland	\$125 per person per year	\$112.
Germany	Unlimited	Unlimited.
Greece	\$150 per person per trip	\$5.
Ireland	\$280 per person per year; ½ this amount for children	\$28.
Italy	\$480.	\$40.
Japan	Under license	Under license.
Luxembourg	Unlimited	Unlimited.
Netherlands	\$504 per person per year	\$50.
New Zealand	\$380 per person per year	\$25.
Norway	\$280 per person; \$70 for a child under 12	\$50.
Portugal	Unlimited	Unlimited.
Spain	\$50 per person per year	\$16.
Sweden	\$1,000.	\$250.
Switzerland	Unlimited	Unlimited.
Union of South Africa	\$1,400.	\$1,125.
United Kingdom	\$280 per person per year; ½ of this amount for children under 12	\$54.
1963		
Austria	\$577 per journey	\$500.
Australia	\$4,400 per traveler per year. Additional amounts are granted subject to the verification of the bona fides of the case.	Individual application evaluated for determination.
Belgium	Unlimited	Unlimited.
Canada	do.	Do.
Denmark	do.	Do.
Finland	\$252 per person per trip	Nil.
France	Unlimited. The equivalent of \$1,200 per journey is granted automatically; additional amounts are granted on request subject to verification of the bona fides of the case. There is no restriction for French residents whose foreign tourist expenses are paid on their behalf by travel agencies licensed by the Ministry of Public Works, Transport, and Tourism. Residents may also export the equivalent of \$150 in foreign banknotes left over from previous journeys abroad.	\$150.
Germany	Unlimited	Unlimited.
Greece	\$266 per journey	\$33.
Ireland	Unlimited. The equivalent of \$706 per journey is granted automatically; additional amounts are granted on request subject to verification of the bona fides of the case.	\$140, which may not be exchanged abroad.
Italy	Unlimited. Additional amounts are granted automatically by local banks for legitimate tourism.	\$80 u/a.
Japan	Subject to license	Nil.
Luxembourg	Unlimited	Unlimited.
Netherlands	Unlimited. The equivalent of \$830 per journey is granted automatically in foreign and/or national currency. An additional allocation equal to \$42 is also granted automatically for each additional day after 14 days of travel, up to a total amount equal to \$3,781. Further unlimited amounts are granted on application.	(See preceding column.)
New Zealand	\$1,665 per year. For children under 12 the allocation is reduced to \$1,154	Individual application evaluated for determination.
Norway	\$500 per year. For children under 16 the allocation is reduced to \$250	\$25, which may not be exchanged abroad.
Portugal	Unlimited	Unlimited.
Spain	\$275 per year. Additional amounts are granted to Spanish residents whose tourist expenses abroad are paid on their behalf by approved travel agencies.	\$50.
Republic of South Africa	\$2,800 per year. For children under 12 the allocation is reduced to \$1,120 per year.	Unlimited for bona fide tourist use.
Sweden	\$1,160 per journey in foreign and/or in national currency	(See preceding column.)
Switzerland	Unlimited	Unlimited.
United Kingdom	Unlimited. The equivalent of \$840 per journey is granted automatically; additional amounts are granted on request, subject to verification of the bona fides of the case.	\$140, which may not be exchanged abroad.

¹ Where the amount is limited, the cost of a return or round-trip ticket can usually be paid in national currency to a foreign or domestic air or surface carrier without deduction from the allocation.

EXHIBIT 2

[From the Wall Street Journal, Oct. 31, 1963]
FIGURE FEUD: WHILE UNITED STATES WRESTLES
PAYMENTS DEFICIT, ECONOMISTS FUSS OVER
HOW TO FIGURE IT

(By Richard F. Janssen)

WASHINGTON.—As if the Government's persistent international balance-of-payments problem weren't complex enough, Federal officials now are entangled in an intramural squabble that at least one top Treasury expert considers "damn silly" though, nevertheless, quite pertinent—just how do you figure the payments deficit?

The balance-of-payments problem is one that's never been dismissed as financial child's play, but while the situation itself has become much more difficult this year so has following the statistics by which it is measured. Depending on which set of official Government figures one cares to use, it can be proven that the deficit in the first half this year ran at an annual rate of a ponderous \$4.5 billion, or \$4.2 billion, or a less worrisome \$3.2 billion.

At a time when the degree of the deficit's gravity is a vital consideration in shaping major domestic and foreign policies, the freedom of statistical choice is particularly inappropriate. Unless someone quoting figures hobbles his speech with such awkward qualifications as whether sales of nonmarketable convertible medium-term bonds are treated as a liquid liability or a long-term capital inflow it can be hard to tell if things are getting better or worse. And even then, few find it very easy.

DILLON'S FORECAST

Thus recently Treasury Secretary Dillon estimated the payments deficit for all this year would total roughly \$3 billion. That looks fine when matched up against the first-half pace, no matter which set of figures you choose. But because the Secretary didn't specify the basis he used it wasn't clear at the time whether the 1963 outlook was cause for optimism or pessimism. Depending on the statistics, the 1962 payments deficit amounted to either \$3.6 billion or \$2.2 billion.

Paradoxically, it is the administration's effort to deal with the deficit that has brought the Treasury versus Commerce dispute over how to compute it. Basically, the United States incurs a payments deficit when the total dollars that the Government and the private citizens spend, lend or donate abroad exceeds the total dollars coming back into the country from all foreign dealings.

The problem is worrisome for many reasons. One is that in order to preserve confidence in the stability of the U.S. dollar, the United States pledges to sell gold to foreign central banks at the fixed price of \$35 an ounce. This means that the dollar can be freely used in world trade with the assurance that it is as good as gold. But foreign governments and central banks frequently do exercise this right to buy U.S. gold with the surplus dollars they accumulate. This has brought the U.S. stock down to less than \$16 billion, and around \$12 billion of that is legally required to back domestic U.S. currency. While no one in Government thinks it likely to happen soon, foreigners could

show up with dollars entitling them to buy about \$24 billion of U.S. gold—more than exists.

The Government is taking many steps to bring the dollar inflow and outflow into something close to balance. Among them: Requiring that nearly all new foreign aid money be spent for products in the United States, cutting military spending abroad, campaigning for higher exports, and trying to get Congress to pass a tax discouraging U.S. citizens from putting so many dollars into foreign stocks and bonds. But in addition to these longer-term measures, the administration has made temporary moves to ease the bind. And it's the question of whether these steps count as pluses or minuses in the statistics that has multiplied the ways of toting up the deficit.

The knottiest problem is how to count some of the Roosa bonds, dubbed for Treasury Under Secretary Robert V. Roosa who initiated them. The Treasury started offering one type of these bonds just this year to foreign central banks in hopes they'll use their surplus U.S. dollars to buy them rather than U.S. gold. So far, the Treasury has sold \$678 million of them.

These bonds mature in from 15 to 24 months, and as such, would qualify as a long-term foreign capital investment in the United States—a clear plus for the U.S. balance of payments. But to comply with foreign laws on the type of securities in which foreign central banks can invest, the Roosa bonds are convertible into dollars on 4 days' notice, and thus quickly into gold. This feature, according to the Commerce Department's top balance-of-payments economist, Walther Lederer, requires that they should be counted as a short-term liquid liability of the United States—and thus as a minus in this country's accounts, deepening the deficit the same as would an outflow of dollars.

Treasury men chafe at the bind they find themselves in by having a step they devised to save U.S. gold counted by "masochistic statisticians" as a negative factor. Foreign governments buy the bonds to hold them to maturity and then perhaps renew them, they argue, and it's only a technicality that requires the provision for quick convertibility into dollars and gold. "It's not what the other countries say they intend to do, it's what they can do" that counts, replies Mr. Lederer. He finds support for his view in the way the foreign governments tote up the bonds on their payments balance accounts; they usually count them as assets they can quickly turn into dollars, he says.

When the payments balance is computed the way Mr. Lederer prefers (and he's the one who writes the official Government release on it), the deficit reached a seasonally adjusted annual rate of \$4.2 billion in the first half of this year and a \$5 billion yearly pace in the second quarter alone. The deficit for all 1962 stood at \$2.2 billion by the Lederer calculation.

THE TREASURY'S PREFERENCE

The Treasury, however, prefers to show the deficit being trimmed by the "Roosa" bonds, running at only \$3.2 billion in the first half and \$4.4 billion in the second quarter. Because such bonds weren't issued last year and, thus, don't directly affect 1962 figures, this measure also compares with the \$2.2 billion deficit for all last year, and makes things look not quite so dark.

Sometimes, though, both the Treasury and the Commerce Department prefer to look at the figures without counting the bonds at all and without counting any of the other "special Government transactions" made to improve the balance or temporarily stave off sales of gold. These other "special" dealings include such things as foreign governments

obligingly paying debts to the United States before they're due, and paying for purchases of military equipment in advance.

With the calculations limited only to what takes place without special Government efforts, then, the "regular" deficit ran at an annual rate of \$4.5 billion in the first half, and at \$5.1 billion in the second quarter. While the figures are bigger this way, they don't show the sharp worsening trend the other methods do because they compare with \$3.6 billion for all last year.

The desirability of clearing away the fog isn't unappreciated in Washington, and the Treasury has recruited a committee of non-Government economists to try to iron out the disconcerting creases in balance-of-payments statistics. A report is due next spring, and, depending on what the committee concludes, the dollar flow could take a sharp turn for the better or worse as the simple result of an alteration in the figure flow.

Mr. ROBERTSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 201 Leg.]

Aiken	Hart	Nelson
Allott	Hayden	Neuberger
Beall	Hickenlooper	Pastore
Bennett	Hill	Pearson
Boggs	Holland	Pell
Brewster	Humphrey	Proxmire
Burdick	Inouye	Proxmire
Byrd, Va.	Javits	Randolph
Byrd, W. Va.	Johnston	Ribicoff
Cannon	Jordan, N.C.	Robertson
Carlson	Jordan, Idaho	Russell
Case	Keating	Saltonstall
Clark	Kennedy	Simpson
Cotton	Kuchel	Smith
Curtis	Lausche	Sparkman
Dirksen	Long, Mo.	Symington
Dodd	Magnuson	Talmadge
Dominick	Mansfield	Thurmond
Douglas	McCarthy	Tower
Edmondson	McGee	Walters
Ellender	McGovern	Williams, N.J.
Ervin	McIntyre	Williams, Del.
Fong	McNamara	Young, N. Dak.
Fulbright	Monroney	Young, Ohio
Gore	Morse	
Gruening	Muskie	

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. BIBLE], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Indiana [Mr. HARTKE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

Mr. KUCHEL. I announce that the Senators from Kentucky [Mr. COOPER and Mr. MORTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Nebraska [Mr. HRUSKA], the Senator from New Mexico [Mr. MECHEM], the Senator from Iowa [Mr. MILLER], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from South Dakota [Mr. MUNDT] is absent because of illness.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendments offered by the Senator from Montana [Mr. MANSFIELD], for himself and other Senators, to the committee amendment.

MILITARY ASSISTANCE TO LATIN AMERICA IS DANGEROUS

Mr. GRUENING. Mr. President, the amendment—No. 235 to H.R. 7885, the foreign assistance amendments—which I introduced for myself and Mr. ERVIN, Mr. NELSON, Mr. PROXMIRE, Mr. CANNON, Mr. MCGOVERN, Mr. MORSE, and Mr. SMATHERS, would halt further military assistance to Latin America.

Recent events in both the Dominican Republic and Honduras give added emphasis to remarks I made last year about the dangers we were running in continuing to supply weapons to Latin America.

A year ago those supporting military assistance to Latin America claimed the following five objectives of their program: First, hemispheric defense; second, standardization of weapons; third, modernization of weapons; fourth, reduction of forces; fifth, indoctrinization of the military as to their role in a democracy.

That was last year before I showed on the floor of the Senate on August 2, 1962, that not only were none of the objectives achieved, but, as to some, the exact contrary was the result of our efforts.

So this year there is a "new look" to the presentation of the military assistance program for Latin America.

The objectives of the program which I have just enumerated have been abandoned.

Now witnesses for the military assistance program for Latin America have stressed the danger of insurgency movements in Latin America. They have also stressed the civil action aspects of the work of the military forces in Latin America.

Certainly the emergence of a Communist government in this hemisphere has been a shock. We are legitimately concerned about the possibility of other nations in the Western Hemisphere following Cuba's path. Everyone is anxious to take whatever steps are necessary to reduce the possibilities of new Communist takeovers in the region.

However, we can seriously question whether a policy of helping Latin American countries strengthen their internal security forces is any real answer to the threat to that region. I am convinced that such a policy is inherently dangerous to the long-run objectives of U.S. policy in Latin America, but should rather be the creation of representative governments which are responsive to the will and needs of their people.

The new look was described to the Senate Appropriations Committee on August 31, 1962—shortly after my criticisms of the program—by Brig. Gen. W. A. Enemark in these terms:

It is charged that a threat of direct aggression to the hemisphere is not realistic. We agree. It was precisely for that reason that the primary emphasis of our military assistance program for Latin America was changed from hemisphere defense to internal security in the fiscal year 1962 program.

But, Mr. President, the thorns on a rose are just as sharp no matter what new name we give to the rose. So it is with the military assistance program for Latin America under the guise of internal security and civil action. It is still no less a dangerous program and should be stopped.

I am not alone in perceiving the danger to our entire Alliance for Progress program. On September 28, 1963, our able and distinguished majority whip, Mr. HUMPHREY, stated:

The whole matter of arms assistance to Latin America requires scrutiny. * * * We must arrive at a hemisphere agreement on this matter and quickly. We will weaken and possibly cause the failure of the Alliance for Progress unless something is done to implement an effective arms control agreement in this area.

And, indeed, only yesterday the distinguished senior Senator from Minnesota [Mr. HUMPHREY], the majority whip, said:

I thoroughly agree with the Senator from Alaska and other Senators that in most Latin American countries there is a waste of money in the procurement of military equipment. If it is desired to reduce expenditures in the bill, that is a good place to start.

Indeed it is. Hence my amendment No. 235 to the foreign assistance bill.

I propose to do something right now. It is overdue.

It is not some third power that is supplying tanks and planes to the Latin American countries—a third country perhaps whose actions we cannot control.

No. It is the United States that is dispensing these fatal weapons—and we should be able to control our own efforts.

Since the inception of the Latin American military assistance program in 1951, we have poured over half a billion dollars into Latin America. Next year's program is at the level of \$77 million divided as follows:

Internal security: \$38 million, of which \$29.2 million is for equipment and \$8.6 million for training;

Civic action: \$11.6 million, of which \$10.7 million is for equipment and \$0.9 million is for training;

Antisubmarine warfare: \$15 million, of which \$13.5 million is for equipment and \$1.6 million for training;

Why on earth should we furnish anti-submarine warfare equipment to those countries? Bolivia, for example, is a long way from the ocean. Indeed, why should we furnish antisubmarine warfare equipment to any of these countries? It is ridiculous.

Packing, crating, and transportation: \$5 million.

General training: \$7.5 million.

In other words, some \$53.5 million is for equipment, \$18.6 million is training, and \$5 million for packing, crating, and so forth.

In addition it is my understanding that it proposed to give the Latin Ameri-

can countries \$8 million in excess equipment and another \$25 million in sales credit assistance.

In terms of the billions of dollars Congress appropriates each year, and the real danger of Communist subversion in Latin America, \$110 million may appear to be not worth quibbling about. My concern does not center around the expenditure of that sum—although a saving to the American taxpayers of over \$100 million is not to be taken lightly.

Let us examine the assumptions upon which the new look in U.S. military assistance is based and the arguments with which its supporters advocate the program. But—and more important—let us judge the program on the basis of its performance. The record of performance is not good. In fact it is bad.

Can we point with pride to Peru where a year ago August military hardware supplied by the United States was used by the military forces there to take over from the civilian rulers of that country? Many of the officers leading that coup had been trained in the United States under our military assistance program. The tank that rammed through the iron gates of the Pizarro Palace to seize and depose President Manuel Prado was an American-built Sherman tank.

Can we point with pride to the Dominican Republic where recently a military junta overthrew a constitutionally elected civilian government and installed a civilian facade in an effort to obtain U.S. recognition and assistance? American tanks and other arms made that application of brute force to overthrow the democratically elected regime of Juan Bosch, to abolish the legislature and the constitution, possible.

Can we point with pride to Honduras where even more recently a similar overthrow of the civilian government by the military took place? There again, U.S. arms made possible the coup by Col. Lopez Arellano and his fellow officers. They had been trained in the United States.

Of what avail is our military assistance program in Latin America?

In the minds of the people of Peru, the Dominican Republic and Honduras, are we not aligned with the military cliques who have thrown out the governments selected by the people themselves?

Mr. President, the argument has been made that there must be at least a token military assistance program for Latin America to take care of emergencies and that the way to do it is to include Latin America in the program for the rest of the world.

Those who hold these views are mistaken.

In the first place, my amendment provides an exception whenever the President finds, with respect to any Latin American country, that the furnishing of military assistance under this act is necessary to safeguard the security of the United States, and so informs the Congress."

In the second place, there is section 614(a) of the Mutual Assistance Act which places in the hands of the President 250 million in dollars and \$100 million in foreign currency without regard

to the provisions of any other law. Section 614(a) provides:

The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 for foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

In the third place there is section 510 of the Mutual Assistance Act which gives the President power to transfer up to \$300 million in military stocks. Section 510 provides as follows:

During the fiscal year 1964 the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1964 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

Mr. President, I submit that we are not in any way binding the hands of the President. If my amendment passes, the President still retains sufficient authority to continue military assistance to Latin America whether under the second proviso of my amendment or under section 614(a) or section 510 of the Mutual Assistance Act.

I hope my amendment No. 235 is adopted, and I also hope that the President—with or without my amendment in H.R. 7885—phases out our military assistance program in Latin America.

Mr. President, I ask unanimous consent that my speech on the subject of the failure of our military program in Latin America delivered on the floor of the Senate on August 2, 1962, be reprinted at this point in my remarks.

There being no objection, the text of the address was ordered to be printed in the RECORD, as follows:

MILITARY AID TO LATIN AMERICA IS DEFEATING THE ALIANZA PARA PROGRESO

Mr. President, I was greatly disturbed to read in a special dispatch to the New York Times from Juan de Onis in Lima, Peru, that military hardware supplied by the United States was used by the military forces in Peru to take over from the civilian rulers of that country. Many of the military officers commanding that coup were trained here under our military assistance program. The dispatch states in part:

"The U.S. military assistance program in Peru provided the Sherman tank that rammed through the iron gates of the Pizarro Palace when President Manuel Prado y Ugarteche was deposed and taken prisoner Wednesday.

"The officer who carried out the capture of the palace, Col. Gonzalo Briceno, was trained at the Ranger School of Fort Benning, Ga.

After his instruction, he returned to Peru to develop a crack antiguerrilla commando unit that was a showpiece of the U.S. military mission here.

"A son of former Navy Minister Guillermo Tirado Lamb, who spearheaded the armed forces resistance to accepting the results of last month's presidential elections, was graduated from the U.S. Naval Academy in June.

"Hundreds of Peruvian officers of the armed forces who form part of the military junta that has taken control of Peru have autographed photographs of the U.S. counterparts or of the U.S. Caribbean-area commanders, with whom they are on a first-name basis."

I ask unanimous consent that the entire article be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

Last week, in commenting on the unhappy events transpiring in Peru, I complimented President Kennedy on the prompt action taken to withhold foreign aid funds from Peru until that Government was stabilized. I recommended at that time that our Government take a second look at our Alliance for Progress programs in such countries as Argentina and Brazil whose governments have likewise given evidence of instability, where there is no certainty that the rulers of today will be there tomorrow, and consequently no assurance that commitments made today will be honored tomorrow—and withhold further economic aid to those countries until their governments are stabilized.

I commend the President again for holding firm with respect to Peru and ask unanimous consent that the President's comments on this topic at his press conference on July 24, 1962, be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

The military coup in Peru gives us good reason to review our military assistance program for Latin America: why it was instituted; is it fulfilling its purpose? What, if any, safeguards are imposed on it? Should it continue?

Although during the twenties and the thirties the United States sent military missions to Latin America, it was not until the passage of the Mutual Security Act of 1951 that military assistance was authorized and sent.

The original purpose of U.S. military aid was to strengthen the defense of this hemisphere by encouraging the Latin American nations to participate in their own defense against outside aggression.

The Mutual Security Act of 1951, in authorizing military assistance to Latin America stated that "military assistance may be furnished to the other American Republics only in accordance with defense plans which * * * require the recipient nations to participate in missions important to the defense of the Western Hemisphere."

The question of the use of our military aid for the recipient nation's internal security was the subject of congressional concern during the consideration of the Mutual Security Act of 1958. That act required the President to review annually a Latin American recipient's participation in a hemispheric defense plan to determine whether military assistance from the United States was necessary to enable that participation. The act also stated that internal security requirements of the countries concerned would not normally be the basis for extending military aid.

In 1959, the word "normally" in this restriction was eliminated. The conference report on the Mutual Security Act of 1959 stated:

"The elimination of the word 'normally' from the sentence providing that internal security requirements shall not 'normally' be the basis for military assistance programs in Latin America makes it clear that it is the intent of the committee of conference

that internal security requirements shall not, in the absence of a presidential exception, be the basis for furnishing military assistance to Latin America. Rather it is the intent of the committee of conference that such military assistance as is furnished shall be in accordance with hemisphere defense planning and should be in furtherance of hemisphere missions."

Under the law, then, U.S. military aid to Latin America was limited strictly to hemisphere defense plans.

It is obvious that the genesis of the program of military assistance to Latin American countries was the defense of the Western Hemisphere from outside aggression.

Various reasons were advanced in support of extending military assistance to Latin America.

Those advocating the program pointed to the fact that during World War II the United States had to station more than 100,000 Army, Navy, and Air Force personnel in Latin America. Therefore, they urged that Latin Americans should be assisted to build up their own forces for participation in hemisphere defense in order to relieve us of the responsibility in the event of another conflict.

It was argued that military aid must be provided by the United States in order to promote standardization of Latin American arms and equipment. It was predicted that if the United States did not provide the necessary arms, the Latin American countries would go elsewhere to obtain equipment, resulting in a conglomeration of armaments, ships, and plans which would greatly complicate both training and logistics and invite the danger of military missions to Latin America from other countries.

It was further argued that modernization through military assistance of Latin America's fighting forces would enable the Latin American countries to discard their old equipment and reduce the overall size of their forces.

Another argument advanced for instituting a program of military assistance to Latin America was that in many countries the military exert a dominant role so that contacts among United States and Latin American officers and men would result in the U.S. officers and men being able to shape the Latin American attitude toward and support of democratic institutions, ideas, and ideals.

How have these arguments for U.S. military assistance stood up in practice?

The claim that the United States would be relieved of a share of responsibility for the defense of the Western Hemisphere from outside aggression has proven unrealistic. It is based on World War II concepts of military warfare.

The hard fact is that such strategy is obsolete in today's world. In the unhappy event of a world conflict, the Western Hemisphere will be defended by intercontinental weapons wielded by the United States. The feeble, obsolescent equipment which the Latin American nations possess can play no meaningful role in modern intercontinental warfare.

Moreover, the tragic events in Cuba since the military program was initiated show conclusively that the enemy works through subversion, pulling the strings of his puppets within the Nation being subverted.

The military assistance which we have provided Latin America does not save the taxpayers of the United States from the burden of providing for an adequate defensive missile system.

What of the claim that association with U.S. military personnel teaches their Latin American counterparts the role and mission of the military in a democratic, constitutional government?

Here is how Roy R. Rubottom, Assistant Secretary of State for Inter-American Affairs, testified before the Foreign Relations

Committee on the Mutual Security Act of 1960:

"During this period of extensive U.S. military relations with Latin American countries, there has been a notable increase in the number of constitutional regimes in the area. In the majority of countries in which democratic governments have replaced dictatorial regimes, the local military has presided during the difficult period of transition immediately preceding the establishment of orderly, constitutional government.

"In such countries, the local military is continuing to support the new government and to provide it with that degree of security from antidemocratic acts of subversion and violence which is prerequisite to the functioning of the democratic process.

"These developments in constitutional democracy in Latin America tend to refute the allegation that our military program has impeded the growth of free political institutions in the area.

"U.S. military personnel assigned to Latin America scrupulously adhere to the policy of nonintervention which underlies all U.S. foreign aid activities.

"Nevertheless, as United States and Latin American military personnel are brought into close professional association through our military programs, whether in MAAG's, military schools, training missions or the Inter-American Defense Board, they gain not only a better understanding of the problems of hemispheric defense, but also a deeper appreciation of the democratic ideals which we and Latin American nations share in freedom from Soviet domination.

"As a result of these contacts, we believe that there is increasing emulation in Latin American military circles of the nonpolitical role played by the U.S. soldier in our national life."

After more than 10 years of U.S. military aid to Latin America, recent events have demonstrated beyond peradventure that in many of the countries U.S. influence in inculcating an ideology of civilian authority over the military is not a reality in the reaction of the Latin American army, navy, and airforce officers and men to events in their own countries.

Most of the Latin American military leaders will continue to react to power struggles in their own countries in accordance with their own estimates of the situation, their own ambitions, their vested privileges, and their own heritage. Where military professionalism has really taken root in Latin America, the military's new concept of its role has developed from circumstances within the framework of their own institutions, not from the minute and transitory influence encountered in rubbing shoulders with U.S. military people.

Consider the case of Peru. Three of the four military commanders who staged the Peruvian coup had tours of duty in the United States, one graduating from the Command and General Staff School at Fort Leavenworth and another from the U.S. Armored Tank School at Fort Knox as well as the CGS at Leavenworth. Four of the present 13-man military cabinet were even given the Legion of Merit by the United States. I ask unanimous consent that the names of these officers, together with their citations, be printed at the conclusion of my remarks.

Let us consider just one of these citations for a moment in detail. Maj. Gen. Nicolas Lindley Lopez, commander of the Peruvian Army, participated with fellow military officers in the overthrow of Peru's civilian government. Eight and one-half months before, he was awarded the Legion of Merit by Secretary of Defense McNamara. Maj. Gen. Lindley Lopez attended the Command and General Staff School at Fort Leavenworth during 1946 and 1947. He also visited Fort Bragg, Fort Sill, Fort Bliss, and Fort Benning

in November 1961. Secretary McNamara's citation to the Peruvian general reads, in part, as follows:

"His outstanding professional competence, consistent support of democratic principles, and sincere and imaginative cooperation with military representatives of the Department of the Army have produced important and effective military results in the creation of a Western Hemisphere defense program. * * * His support of common democratic principles and objectives has reflected great credit not only upon himself but also upon the Army of the Republic of Peru, and has enhanced the cordial and friendly relations which prevail between the United States and Peru."

Democracy, Mr. President, does not "rub off" by commingling of individuals or by grants of military assistance.

Now is Peru unique in this respect. Among other military officers who have rubbed elbows with U.S. officers to no avail are the infamous "Ramfis" Trujillo, of the Dominican Republic; Gen. Anastasio "Tachito" Somoza, of Nicaragua; and Colombia's Gen. Rojas Pinilla, who developed from a brilliant officer into a tyrannical dictator and superb stealer of his country's public funds.

What of the claims that military assistance would lead to standardization, discourage the tendency to buy military equipment from third countries, and through modernization, lead to an overall reduction in armed forces?

From a compilation of statistics published in London by "Army, Air Force and Naval Air Statistical Record," I have gathered together a listing of the armaments possessed by the various armed forces in Latin America. I ask unanimous consent that this list be printed at the conclusion of my remarks.

This list discloses that much obsolete armament is in the arsenals of many of the Latin American countries, which lessen their military effectiveness while still necessitating a huge expenditure of funds for maintenance and repair.

The list also shows that weapons have in fact been acquired from other nations, vitiating the argument that the grant of military assistance would lead to standardization of weapons of U.S. manufacture in the Western Hemisphere.

Consider the case of Peru. I single out Peru as an example only because that nation is in the spotlight of the news these days and our arms have contributed to the prestige and power of the Peruvian military.

Efforts to standardize equipment and persuade Peru to limit its purchases to items essential to hemisphere defense have been futile. The Peruvian Air Force, for example, has a mixed bag of United States, British, Canadian and French planes. Many of the planes are no longer operable because parts are not obtainable.

We made available to the Peruvian Air Force 12 F-86's, the planes which proved to be excellent fighters in Korea. I am told that before delivery some of the planes were modified slightly to reduce their speed to make for easier control in landing. The Peruvians insisted that the planes be re-modified to their original extremely fast and tricky configuration. In the first month, sadly, three of the planes cracked up.

Seeking high-powered planes, the Peruvian Air Force turned to Britain to purchase a squadron of 16 British Hawker Hunters, jets which are even faster than the F-86's.

The Peruvians also bought eight British Canberra jet bombers which, I understand, are already obsolete. I mention the Canberras' purchase because there is an interesting sidelight to that story. When the Ecuadorians, with whom the Peruvians have a violent border dispute, heard of the Peruvian deal, they rushed to buy six Canberras from the British. I understand that within days after delivery they cracked up two on the ground in Quito.

These planes cost about \$1.4 million each.

Thus, not only have efforts to modernize, standardize, and reduce forces failed, but the military aid program has had some disastrous results not intended by its advocates.

It is quite appropriate to refer to Ecuador at this point and in the context of my remarks on the dangers of continued military assistance to Latin America for a number of reasons. In the first place, both Ecuador and Peru, neighbors, have long been in an arms race. In the second place, the Governments of both nations are controlled by the military. And, finally, it is an illustration of how the arms race can affect the economic aid program.

Ecuador has received from the United States \$21,700,000 in military aid. It has also received \$39 million in economic aid. There is in the country at present a delegation from Ecuador seeking additional aid to bail out its shaky economic structure. While continuing to spend money to purchase more arms to keep up with arms purchases by Peru, Ecuador comes to the United States to have us make its budget whole.

The National Observer recently had a thoughtful piece on this subject. Part of it was as follows:

"The Malecon, the riverside drive in Guayaquil, Ecuador, is one of the filthiest streets in Christendom. The gutters are full of rotting orange peels, and the sidewalks are littered with fish heads. During the day it crawls with beggars, fruit vendors, drunks, sellers of contraband, and half-naked stevedores loading cargo from riverboats to the army of ancient trucks that jam the piers. At night it crawls with rats.

"Yet the natives of Guayaquil hardly notice the rats. They have other things to worry about. The current mayor, for instance, has three times had to flee for his life from city employees on strike for overdue wages. The previous mayor bowed out to the tune of stones showering through the windows of city hall. And the mayor-elect, who will take office on August 10, arrived in Washington last Monday seeking an immediate \$4 million loan to stave off civic collapse.

"Accompanying the mayor, Assad Bucaram, was President Carlos Arosemena Munro and a host of other Ecuadorian officials.

"Why can't they get the money in Ecuador? What about the Banco Descuento, which collects (due to liens) most of the city's real estate taxes, beer and tobacco taxes, and pier and wharf fees? The city's parks are mortgaged to the bank. So, according to the present mayor, is city hall itself.

"There is, then, money in Ecuador; anyone who doubts it has only to walk through the upper class residential sections of Guayaquil or Quito. For that matter, there's enough money in the Banco Descuento alone to get Guayaquil very safely out of the crisis zone.

"But the bank is getting leery of financing corrupt city administrations. It has made one loan after another, each one supposedly to get the city back on its feet, yet the situation keeps getting worse.

"The problem has three main roots:

"Lax enforcement and widespread corruption have made a farce of municipal tax collections.

"The city government has borrowed so much money, and got itself into such a maelstrom of compounding interest, that each year a larger percentage of its income goes to pay back debts.

"The city is so corrupt, so conditioned to poverty, and so ridden with thieves and gougers in every walk of public and private life that the handful of honest men trying to deal with the problem simply don't know where to begin."

This article points up a first for foreign

aid, as far as I know. Here we have a mayor of a foreign city coming to negotiate a loan to bail out the finances of his city. We are accustomed in this country to welcoming heads of state to our Nation's Capital who come seeking bail out funds for the whole nation. To my knowledge, this is the first visit also from a mayor of a city to seek financial succor. If it ever gets down to the township level we will be overwhelmed.

Can we rely upon the promises of President Carlos Arosemena Munro any more than we could have relied upon the promises of the Valesco government last fall? Let us not be precipitate in our aid to Ecuador. Let us wait until the Government has been stabilized and we can be certain that the self-help measures of the Alliance for Progress have a chance of being carried out.

It has become painfully clear that hemisphere defense considerations play a minor role in the determination of what equipment the Latin Americans acquire.

One nation will acquire some hardware only because a neighboring country has similar equipment. I have already mentioned Ecuador's attempt to keep pace with Peru's air strength. Argentina rushed to buy an aircraft carrier after Brazil bought one from England. Similarly, Ecuador protested long and loud in 1958 when it became apparent that the U.S. Congress was considering providing one of our excess destroyers to Peru. Finally in 1959, despite the Pentagon's judgment that Ecuador did not need a destroyer to fulfill its role in hemisphere defense, and the State Department's concern that the upkeep of the ship would strain Ecuador's hard-pressed treasury, we bowed to the political considerations and furnished Ecuador the destroyer.

Frequently, the questions of prestige vis-a-vis another branch of the military forces within the same country is the determining factor. A navy gets a destroyer; the air force wants supersonic jets.

The military assistance program also has had a bad psychological impact upon our relations with Latin America. Military aid and training grants to dictatorial governments in Latin America have done the United States much harm. Despite clear provisions of the Mutual Security Act that aid would not be used for internal security purposes, a number of Latin American tyrants, when hard pressed, did not hesitate to use U.S.-grant military hardware against their own people. No matter how long and hard we protest our innocence and good intentions, such acts have helped identify the United States in Latin American public opinion with the maintenance of dictatorships.

Another question which troubles me deeply is where the funds come from for the purchase of weapons from other nations.

All of the Latin American countries suffer from severe shortages of capital and foreign exchange. Under the Alliance for Progress, the United States has agreed to provide \$1 billion a year in order to spur Latin American economic and social development. Ironically, it is estimated that the Latin American countries spend about \$1 billion a year for the purchase of military materiel and its maintenance.

Where, Mr. President, did the millions Peru spent to purchase unnecessary British Canberra jet bombers come from? Is the American taxpayer indirectly paying for the purchase in England of British Canberra jets?

I am concerned, Mr. President, that indirectly through our economic aid, just as much as through our military aid, to Latin America we are enabling those nations to step up their arms race.

Take the case of Argentina.

Here is another case of a civilian government having been overthrown by a military junta.

Last Saturday's New York Times carried a story of a \$500 million loan to Argentina, \$200 million of it from the United States. The same day's Washington Post-Times Herald reported that Argentina's cattlemen were receiving tax cuts and government cash subsidies.

I ask unanimous consent that these two news stories be printed at the conclusion of my remarks.

Whose money is being used to give the cattlemen of Argentina a tax cut? I am afraid American tax dollars are being used. As stated by the press, the half-billion-dollar loan to Argentina will be used to bail out Argentina from a fiscal crisis.

"It will be used in Argentina to meet short-term obligations, bolster her currency and foreign payments, and maintain essential programs, including housing," so says the Times news story.

The list of arms which I have asked to be printed at the conclusion of my remarks indicates that Argentina has been obtaining planes from Britain, Italy, Canada, and Germany. This, in addition to the \$4.9 million received from us in military assistance. It seems clear to me, Mr. President, that part of Argentina's financial woes stems from her arms buying, and the costly maintenance which follows.

It is clear that excessive arms buying in Latin America is a drain on the region's meager national resources and an obstacle to economic development. In more ways than one it is a definite impediment to the successful functioning of the Alianza Para Progreso.

If the Latin American governments feel they must sacrifice their precious, meager resources for the maintenance of oversized and obsolete military establishments, I say—let them. But let us not contribute to their folly from our own hard-pressed Treasury, and our own mounting debt and our unfavorable balance of payments.

Mr. President, in the 10 years since the inception of the Latin American military assistance program, we have provided over one-half billion dollars in military assistance to Latin American Governments.

I ask unanimous consent that tables prepared by the AID program be printed at the conclusion of my remarks showing how much was given or loaned to Latin American countries since fiscal year 1952 for both economic and military assistance. I am asking that both tables be printed, Mr. President, because in some countries there is a disturbing contrast in the amount of economic aid given or loaned and the amount of military assistance given or loaned.

It is interesting to note, Mr. President, that when the program of military assistance to Latin America was first instituted in 1952, total military aid that year totaled \$200,000. It has climbed—indeed soared—steadily since that time.

The figures for the intervening years are:

Fiscal year:	Latin America military aid
1952.....	\$200,000
1953.....	11,200,000
1954.....	34,500,000
1955.....	31,800,000
1956.....	30,400,000
1957.....	43,900,000
1958.....	47,900,000
1959.....	54,000,000
1960.....	53,700,000
1961.....	91,600,000

I am informed that it is expected that \$63.6 million will be the total of the military assistance to all Latin American countries in the 1962 fiscal year. For the new fiscal year, the United States is budgeting an additional \$84 million in military aid.

The record is not without warnings delivered on this floor that the program of

military aid to Latin America must be carefully watched.

On May 12, 1957, the distinguished senior Senator from Minnesota, our able majority whip [Mr. HUMPHREY], in his capacity as chairman of the Subcommittee on Disarmament of the Senate Committee on Foreign Relations, warned:

"The executive branch must be careful that military aid sent to Latin American nations does not promote an arms race. Nor should military aid detract from important programs of economic development and technical assistance. What we give to one nation for hemispheric defense may provoke demands by another for an equal amount of aid. The danger is particularly acute since little appears to have been to integrate the defense functions of the separate countries. If greater attention were given the coordination of military policy and functions, it might result in a decrease in the amount Latin American nations need to supply their individual establishments. Such a step might also lessen the possibility for arms competition among the several countries and, in turn, might enable more energy and resources to be channeled into constructive measures to increase living standards and develop Latin American economies."

From Latin America came words of caution also. Perhaps the most eloquent exposition was that of Eduardo Santos, a former President of Colombia and then in exile from the military dictatorship of Rojas Pinilla. Dr. Santos said:

"Against whom are we Latin Americans arming ourselves? Why are our countries ruining themselves with costly armaments which they will never be able to use? We have no reason for fighting one another; we have only reasons for drawing close to each other and living together fraternally. And do we have, perhaps, a military role to play in the great international conflicts? Never. In this era of the atomic bomb with these incredibly costly armaments, with technical systems backed by billions, why are our poor countries continuing to ruin themselves with armaments which at a time of international conflict would represent absolutely nothing? Then? We shall be creating armies which are insignificant in international affairs, but devastating to the internal economy of each country. Each country is being occupied by its own army." José Figueres, while President of Costa Rica, said:

"We don't want any military support. We don't want any army. In case of aggression, our army is our moral standing and our faith in the Inter-American Treaty of Reciprocal Assistance. The two times that we have been invaded our citizens have turned immediately into soldiers to defend democracy while the machinery of the Rio Treaty was set into motion. Any assistance we receive, we want to be directed toward education and economic development."

The principle expressed by President Figueres has applied not only for a long time in Costa Rica, but in practice as well as in theory. Costa Rica has no standing army, no military throwing its weight around at election time. It is no mere coincidence that Costa Rica happens to be the purest democracy in Latin America.

I visited Costa Rica last January as a member of the Public Works Committee of the Senate to inspect the Inter-American Highway, a project largely financed by the United States. I was deeply impressed with the salutary and different atmosphere that prevails in Costa Rica. The Costa Ricans are in every sense the freest, most democratic people in Latin America. They have set a shining example, not merely for their sister Latin American States, but one that should provide the United States with a guideline for action.

Costa Rica carried its leadership in this field to the Organization of American States. In March 1958, Costa Rica's able and distinguished Ambassador to the United States, Dr. Gonzalo Facio—who is again his country's emissary—proposed a plan for control of armaments in Latin America. It was shelved by the same forces that perpetuate militarism in Latin America, with the disastrous consequences I am here discussing.

At that time the Washington Daily News, edited by John T. O'Rourke who is deeply knowledgeable regarding Latin American affairs, wrote an appreciative editorial on this subject entitled "You Cannot Keep a Good Idea Down." I ask unanimous consent that this editorial be printed at the conclusion of my remarks.

The United States and Latin America would have been much better off if 10 years ago we had adopted in our foreign aid program the ideas advanced by these two distinguished Costa Ricans.

Mr. President, a reexamination of U.S. military assistance to Latin America is sorely overdue. None of the goals of the program have been achieved—not hemisphere defense; not standardization, not modernization of the military in their role in a mod-much-to-be-desired byproduct, indoctrination of the military in their role in a modern democracy. Instead, we have witnessed some tragic results.

I am convinced that the evils of the military assistance program in Latin America far outweigh whatever benefits we hoped to achieve when first the program was started.

I call for an end to this unsuitable and fruitless venture. I am suggesting to the Senate Committee on Appropriations that its AID appropriations bill for fiscal year 1963 shall contain a prohibition against the expenditure of any funds appropriated for military assistance to Latin America either directly or indirectly through bailout payments to take the place of funds spent unnecessarily on armaments.

LIST OF ARMAMENTS

ARGENTINA

Fighters, interceptors: 28 North American F-86F Sabre, 40 Gloster Meteor F4, Britain; few Fiat G 46 (FB), Italy.

Bombers, patrollers: 60 FMA 24 Calquin, Argentine Republic; 15 Avro Lancaster 1, Canada; 30 Avro Lincoln, Canada.

Helicopters: Bell 47, Sikorsky S-51, Sikorsky S-55.

Transports: 8 Douglas C-47, 8 Douglas C-54, H. Percival Prince, Britain; 15 Bristol 170, Britain; 48 DH Dove, Britain; 24 Vickers Viking Airspeed Consul, Britain; 1 Aero Commander (VIP), Beech T-34A Mentor, FMA LA-35, Argentine Republic; 4 Aero 45, 12 DC-3 civil airline use, 7 DC-4 civil airline use, 2 DH (c) Beaver (Antarctic), Britain.

Trainers, support: 80 FMA DL 22-24 (T-6), Argentine Republic; 100 Hunting Prentice, Britain; 30 Beech AT-11 Kansan, Stearman PT-17, Vultee BT-13A Valiant, Fockewulf FW-44J, Germany; Stieglitz (AT), 15 Beech T-34A Mentor, 10 Gloster Meteor 7, Britain; North American T-28.

Bombers, patrollers on order: five Sud 1221 Djinn, France; one Sud Allouette, France.

Trainers, support on order: 90 (Beech T-34A Mentor, FMA built T-34A), 48 FMA built M-S Paris.

Navy planes

Fighters, strike: 20 Grumman F9F-5 Panther, 10 Chance Vought F4U-5, 62 Chance Vought F4U-5/5N.

Bombers, patrollers: eight Lockheed P2V-5 Neptune, Convair PBV-5A Catalina, Martin PBM-5 Mariner.

Transports, support: Grumman Goose, Douglas C-39, Douglas C-54, Stearman PT-17, Vultee BT-13A, Beech AT-11 Kansan, 4 Nord Norecrin (naval police), France; 30 North American ENJ-5C, Vickers Walrus,

Britain; 2 DH Beavers (operated by Antarctic Institute of Argentina).

Helicopters: Bell 47 (H-13), three Sikorsky HRS 1 (S-55).

BOLIVIA

Fighters, interceptors: eight North American F-51D Mustang (ex Uruguay), few Republic F-47D Thunderbolt, two Lockheed P-38 Lightning, four C. Vought F4U-4.

Bombers, patrolers: eight Boeing B-17G Fortress, six North American B-25J Mitchell.

Transports: two Douglas DC-3, one Douglas C-47 Dakota, seven Beech C-45 Expediter, one Northrop YC-125B Raider, one Lockheed 10A Electra.

Trainers, support: 2 Beech AT-11 Kansan, 20 North American AT-6 Texan, 15 Boeing BT-17 Kaydet, 18 North American SNJ-6B, 8 Vultee BT-13 Valiant.

BRAZIL

Fighters, interceptors: 60 Gloster Meteor 8, Britain; Republic F-47D Thunderbolt, North American F-51 Mustang, 36 Lockheed F-80, 2 Western Dragonfly, Britain.

Bombers, patrolers: 2 Boeing B-29 Superfortress, North American B-25 Mitchell, 28 Douglas B-26 Invader, 20 North American B-25J Mitchell.

Helicopters: 14 Sikorsky H-19-D (MSA), 10 Hiller 360 (ASR), 4 Sikorsky S-51 (ASR), 5 Bell H-13, 3 Bell 47J, 2 Western Widgeon, Britain; 12 Bell 47G-2 Trooper.

Transports: Beech C-45 Expediter, Curtiss C-46 Commando, Douglas C-47 Dakota, Douglas C-54, Lockheed C-60 Lodestar, 12 Fairchild C-82 Packet, 10 Beech Super 18, 2 Vickers Viscount (VIP), Britain; 30 Morane Paris, France; Convair Canso, Beech Bonanza, 6 Avro 74 8-2, Canada; 6 C-119.

Trainers support: 90 Fokker (Rio) S. 11 (BT), Netherlands; 4 Lockheed T-33 (MSA), Beech AT-11 Kansan, Stinson PT-19 Reliant, 50 N. American T-6G Texan, 10 Gloster Meteor T7, Britain; 1 Boeing TB-29, Stearman PT-17, 20 Nord Norecrins in civil reserve, France; 10 Paulistinha 56B, Italy.

Navy planes

Bombers, patrolers: Convair PBY-5A Catalina, 14 Lockheed P2V-5 Nep (MSA) 13 Grumman S2F-1 Tracker (MAP).

Transports support: 10 Boeing B-17 (ASR), Grumman JRF-5 (ASR), 14 Grumman SA-16A (MSA), 4 Kawasaki 47s Navy, Japan; 6 Sikorsky HSS-1N (MAP), 3 Western Whirlwind 1, Britain.

CHILE

Fighters interceptors: Republic F-47D Thunderbolt.

Bombers patrolers: 32 Douglas B-26 Invader, Convair PBY-5A Catalina, Lockheed P2V Neptune.

Transports: eight Douglas C-47, eight DH L-20 Beaver, Canada; eight DHC Otter (two Antarctica), Canada; five Beech L-23B Seminole.

Trainers support: 60 FNA Chincol, Chile; few Jet Chincol, Chile; 45 Beech T-34.

Other types: Boeing B-17G Fortress (ASR), three Cessna 180, two Beech T-34.

Helicopters: four Bell H-13D (ASR), four Sikorski HRS-1, few Hiller 12E.

Navy planes

Transports, support: three Douglas C-47, three Grumman SA-16 Albatross, C. Vought OS2V-1 Kingfisher.

Trainers: six Beech D-18 (AT).

COSTA RICA

Fighters, interceptors: four North American F-51 Mustang.

CUBA

Fighters, interceptors: 60 Mig-17 Fresco, U.S.S.R.; 15 Hawker Sea Fury (5 left), Britain; few Mig-19 Farmer Planner, U.S.S.R.

Anti-Castro air arm: eight North American F-51D, 12 B-26 Invader.

Bombers, patrolers: five Douglas B-26 Invader.

Transports: Douglas C-47 Dakota, Beech C-45, three DH L-20A Beaver, Canada; four II-14 Coach.

Trainers, support: 30 Mig-15 UTI, U.S.S.R.; 4 Lockheed T-33A (2 left), Beech Bonanza, Vultee BT-13 Valiant, Boeing BT-17 Kaydet, North American T-6 Texan, Piper Tri-pacer, 10 North American T-28A, 10 North American F-51D.

Helicopters: one Bell 47 G-2 Trooper, four Bell 47J, two Western Whirlwind, Britain; four Mil Mi-4, U.S.S.R.

Navy planes

Bombers, patrolers: six Convair PBY-5A Catalina.

Transports, support: 10 Grumman Goose.

DOMINICAN REPUBLIC

Fighters, interceptors: 35 DH Vampire (ex-RCAF), Britain; 30 North American F-51 D Mustang, 15 Republic F-47 Thunderbolt.

Bombers, patrolers: North American B-25 Mitchell, DH Mosquito 6, Britain; Convair PBY-5A Catalina.

Transports: Curtiss C-46 Commando, Beech C-45 Expediter, Aero L-26 Commander, DHC L-20 Beaver.

Helicopters: Few Bell 47.

Trainers, support: Beech T-11 Kansan, Vultee BT-13A Valiant, Boeing PT-17 Kaydet, North American T-6 Texan.

Other types: Cessna 170, Boeing B-17 Fortress (ASR), Bristol Beaufighter 10, Canada.

ECUADOR (AND GALAPAGOS ISLAND)

Fighter, interceptors: 16 Gloster Meteor PR-9, Britain Republican F-4.

Bombers, patrolers: six English Electric Canberra B-6, Britain.

Transports: Douglas C-47 Dakota, Beech C-45 Expediter.

Trainers, support: Fairchild PT-19 Cornell, North American AT-6 Texan.

EL SALVADOR

Fighters, interceptors: Goodyear FC-1D, six Chance Vought F4U-5 Corsair.

Transports: Four Douglas C-47.

Trainers, support: 10 Beech T-11 Kansan, Fairchild T-19 Cornell, 10 North American T-6 Texan, few Vultee BT-13A Valiant, 3 Beech T-34A Mentor.

GUATEMALA

Fighters, interceptors: Republic F-47 Thunderbolt, North American F-51 Mustang.

Transports: Douglas C-47 Dakota.

Trainers, support: North American T-6 Texan, Vultee BT-13 Valiant, Beech T-11 Kansan, Stearman PT-17.

Other types: Hiller 360.

HAITI

Fighters, interceptors: North American 51-D Mustang.

Transports: One Boeing 307 (VIP), two Beech C-45 Expediter, three Cessna C-78, few Douglas C-47.

Trainers, support: One Beech T-11 Kansan, three Stearman PT-17, three Fairchild T-19 Cornell, two North American T-6 Texan, three Vultee BT-13A Valiant.

Other types: Piper L-4A.

HONDURAS

Fighters, interceptors: Lockheed P-38 Lightning, Bell P-63 Kingcobra, Republic F-47 Thunderbolt, North American F-51 Mustang.

Transports: Douglas C-47 Dakota, Beech C-45 Expediter.

Trainers, support: Vultee BT-13A Valiant, Stearman PT-17, North American T-6 Texan, Beech AT-11 Kansan.

MEXICO

Fighters, interceptors: 34 DH Vampire 52, 6 Republic F-47D Thunderbolt, Canada.

Bombers, patrolers: two Douglas A-24 Dauntless, North American B-25 Mitchell.

Transports: Beech C-45 Expediter, Douglas C-47 Dakota, few Heli Courier, two Fokker F-27 (VIP), Netherlands.

Trainers, support: 30 Lockheed T-33, Beech AT-11 Kansan, Beech AT-7-F2, Fairchild PT-19, Stearman PT-17, Vultee BT-13A Valiant, 15 North American AT-6 Texan, 2 DH Vampire T-55, Canada; 30 North American T-28A, few Beech T-34.

Helicopters: one Hiller E4 (VIP), three Hiller 12E.

Navy planes

Bombers, patrolers: Convair PBY-5A Catalina.

Transports, support, other types: Stinson L-5E, Sikorsky VS20-1 Kingfisher (reconnaissance), Grumman J2F-6.

Helicopters: six Sikorsky S-55 Checkasaw, four Bell 47, two Sud Djinn, France.

NICARAGUA

Fighters, interceptors: Republic F-47 Thunderbolt, 25 North American F-51 Mustangs.

Bombers, patrolers: few Boeing B-29.

Transports: Douglas C-47, Beech C-45.

Trainers, support: North American T-6 Texan, Fairchild PT-19 Cornell, Vultee PT-13A Valiant.

Other types: few Lockheed P-38.

PARAGUAY

Bombers, patrolers: Convair PBY-5A Catalina.

Transports: Beech C-45 Expediter, two Douglas C-47.

Transports on order: FMA built, Paris, France.

Trainers, support: Stearman PT-17, North American T-6 Texan, Fairchild PT-19 Cornell.

Other types: six Piper L4A.

Navy planes

Helicopters: four Bell 47.

URUGUAY

Fighters, interceptors: one squadron Lockheed F-80, few North American F-51D.

Bombers, patrolers: one squadron North American B-25J Mitchell.

Transports: Few Douglas C-47, six Curtiss C-46, one DH (C) L-20 Beaver, Canada.

Trainers, support: 6 Lockheed T-33Q, 12 DH Chipmunk, Fairchild PT-26 Cornell, Beech T-11B Kansan, North American T-6 Texan.

Navy planes

Fighters, strike: six Grumman F6F-5 Hellcat.

Bombers, patrolers: eight Grumman TBM-1C Avenger, few Martin PBM-5.

Transports, support: Chance-Vought OS2U-3 Kingfisher, Australia; North American SNJ-4, Fairchild PT-23A, Fairchild PT-26-A, Grumman J4F-1.

VENEZUELA

Fighters, interceptors: 22 North American F-86F Sabre, Republic F-47 Thunderbolt, 22 DH Venom F-4, 20 DH Vampire FB3/5.

Bombers, patrolers: North American B-25J Mitchell; six English Electric Canberra B24, Britain; eight English Electric Canberra B8, Britain.

Transports: Douglas C-47 Dakota, 9 Beech D18s, Vickers Sea Otter, Britain; Douglas C-54; few Heli Courier, 18 Fairchild C-123B Provider.

Trainers, support: Beech T-11 Kansan, 1 DH Vampire T-55, North American T-6 Texan, 14 Beech T-34 Mentor, 2 English Electric Canberra T-4, Britain; on order—5 Vampire T-55.

Other types: Grumman SA-16 Albatross, one MS Paris.

Helicopters: Sikorsky S-61, two Bell 47G, one Sud Alouette II, France; on order—six Sikorsky S-56.

Mr. GRUENING. Mr. President, in connection with the takeover of the Dominican Republic, I call attention to

an interesting article entitled "Dominican Republic Bans Public Meetings," which is a special dispatch from Reuters, published in the Washington Post of today. The article, originating at Santo Domingo, reads:

The Dominican Republic—

"Republic" is a euphemism; it should be "the Dominican military junta"—today suspended all public meetings, demonstrations, and picketing for 30 days.

In other words, it does not take long for the freedom of speech, the freedom of assembly, and the freedom of press, which existed under Juan Bosch, to be suspended. Now note the second sentence:

A government announcement said the measures were taken to prevent Communists from subverting public order.

Always, the usurpers claim they come in to fight communism; but within the past few days other dispatches told how on taking over the junta had jailed Communists, expelled them, and driven them from the Dominican Republic, so that presumably, that country was free of Communists. Yet now the Government of the Dominican Republic has suspended freedom of speech and freedom of assembly, in order allegedly to prevent Communists from subverting public order. The truth, of course, is that it was done to prevent the people from voicing their opposition to the military takeover and its brutal tactics of violence, imprisonment, and suppression.

This is what we can expect in every such military takeover. Such takeovers lead to oppression and to the suppression of all freedoms. They are not governments that the United States, under any circumstances, should recognize.

I notice that yesterday Great Britain recognized the Dominican Republic, and that such recognition was followed by recognition by other countries. That should not cause us to weaken. I think it is probably because of the fact that we recognized Yemen almost simultaneously with Nasser's invasion. Nasser has kept his troops in Yemen for 14 months, at a total cost of \$170 million, in a war of aggression which we are, in effect, subsidizing with AID funds.

The British have not recognized the Government of Yemen, a government which would not last for a moment if Nasser were to withdraw his troops. Yemen and that area are very important to Britain, because of its interests in the adjoining country of Aden, a British protectorate, and for other reasons.

The British are probably repaying us for our prompt recognition of the new Yemen regime in a part of the world where our interest is not so great as Britain's.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Failure in Yemen," published in this morning's Washington Post. It properly challenges our support of Nasser and his aggressions.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FAILURE IN YEMEN

President Kennedy showed restraint in discussing the tangled affairs of the republic (or the kingdom) of Yemen. He is still hopeful that Egypt and Saudi Arabia can bilaterally agree to end intervention in the internal affairs of a country in the midst of a civil war. What he didn't say is that this country's policy in Yemen has failed, and that the chief reason for the failure has been Egypt's refusal to honor its promise to pull out 28,000 troops.

Secretary General U Thant was franker. On November 4, the United Nations will remove its 200-man observer mission, leaving only a token civilian presence in Yemen. Significantly, Mr. Thant's brief report states that during the time the U.N. observer team was in Yemen "there were no signs of Saudi Arabian military assistance or heavy weapons in royalist areas visited by the observers."

This confirms the suspicion that Egypt will not pull out, no matter what the United States or the United Nations may do or feel. Mr. Nasser is evidently determined to continue propping up the republican regime, though the financial drain on Egypt is formidable. At the same time, Mr. Nasser has come to the help of President Ben Bella in Algeria's border dispute with Morocco. Certainly Egypt is entitled to wage an aggressive, expansionist campaign. But should the United States continue to provide the economic aid that helps in this campaign? It is time to take a hard look at our wishful policy of giving Mr. Nasser the benefit of every doubt.

Mr. GRUENING. The situations in the Dominican Republic and the Middle East are not unrelated. In both cases, they have witnessed the rise of military dictatorships. In the case of the Middle East, the United States has been responsible for repeatedly saving Nasser, first from an overthrow which would have taken place 6 years ago if we had not intervened. We saved him from extinction and put him back into power. We have helped him ever since. The United States is not without responsibility in the aggressive war that he is now waging and has waged for 14 months in Yemen at a cost of about \$170 million, while we have been pouring into Egypt a somewhat larger number of dollars. He has broken his promises to us to withdraw his troops. He is now sending his troops to Algeria.

Today the Government of Morocco is severing relations with the United Arab Republic, which is Nasser's Egypt, because he has also sent troops to Algeria to help the Algerians fight Morocco. In other words, Nasser is making war in several countries, threatening it in others, keeping the Middle East in a ferment, and is able to do so because we continue to send him several hundreds of millions of dollars every year which, though intended to help Egypt's economy, in effect helps finance his military ventures. We do not send our money there for that purpose, of course, but rather to help Egypt's ill-nourished, ill-housed, and ill-clothed population. Nevertheless, Nasser takes that money and spends an almost equivalent amount on making war in other countries.

I trust that the amendment which I submitted yesterday, together with several cosponsors, the purpose of which is to deny any assistance to those who wage

aggressive warfare, as is Nasser, will be adopted when it is called up in the Senate.

Mr. MORSE. I join with the Senator in his amendment. I again commend him for the able fight he is making against this most unfortunate bill. I hope that in due course of time the amendment of the Senator from Alaska will be adopted by the Senate.

Mr. GRUENING. There are several amendments.

Mr. MORSE. I refer to the one about which the Senator has just spoken.

Mr. GRUENING. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article to which I referred, entitled "Dominican Republic Bans Public Meetings."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DOMINICAN REPUBLIC BANS PUBLIC MEETINGS

SANTO DOMINGO, October 31.—The Dominican Republic today suspended all public meetings, demonstrations, and picketing for 30 days.

A Government announcement said the measures were taken to prevent Communists from subverting public order.

Police said a conspiracy was discovered aimed at the overthrow of the 3-man junta set up when President Juan Bosch was overthrown by a military coup last month.

Details of the conspiracy were said to have been revealed by air force officer Lt. Col. Danilo Simo. He was arrested, with another air force officer, Col. Guarién Cabrera, industrialist Soto Bermudez, and the former Santiago prosecutor, Ambiorix Diaz.

Police were also seeking former Gen. Pedro Rafael Santiago Rodriguez Echavarria.

Mr. MORSE. Mr. President, without losing my right to the floor, I ask unanimous consent that I be permitted to yield to the distinguished junior Senator from Colorado.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, I have some information which I think would be of interest to the Senate. It has come directly from Indonesia.

Before speaking about the information, I ask unanimous consent that my name be added as a cosponsor of the amendment submitted by the Senator from Wisconsin [Mr. PROXMIRE], which would eliminate all aid to the Republic of Indonesia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, in order to present to the Senate the reasons for my action in this regard, perhaps the Senate would be interested to know of a letter I have received from Djakarta, Indonesia, dated October 13, 1963. It was written by an employee of the AID Administration. Because I have not been able to communicate with the writer of the letter, I shall not give his name in this speech. However, I have written to him and asked permission to place the entire letter in the RECORD at a later date. At this time, I believe it is pertinent to read excerpts from the letter, to give an idea of what is happening to our AID program in the eyes of an AID agent who was working on the spot and

knows what is taking place in that country. He writes:

DJAKARTA, INDONESIA,
October 13, 1963.

DEAR SIR: I am writing this as a U.S. taxpayer and, if it were not for the fact that the regulations covering absentee ballots in the State of Colorado preclude my doing so, a voter. The following are a few comments I would like to make concerning the foreign policy of the United States in general and this policy as it pertains in particular to Indonesia. I am a U.S. AID technician working in the Indonesian malaria eradication program. I have lived in south-central Java for 3½ years.

The Indonesian Government is "run" by a group of juveniles who are not in the least bit concerned about the welfare of the people which they supposedly represent. I have seen a steadily declining standard of living to the present level where, for the average person, a month's salary is enough for 5 days. This Government is continuously trying to find a scapegoat in order to keep the people's mind off of their starving condition. The only thing this "President"—

The writer of the letter is talking about President Sukarno—

is concerned about is himself, his concubines, and in making world trips. How many world trips has "President" Sukarno taken? Who has paid for the expenses of these trips? Recently this country received two large "loans." One was to stabilize the Indonesian economy (what happened to this money?) and one to purchase spare parts and raw materials which this country sorely needed. Two days after receiving the last loan, "President" Sukarno ordered two Convoys from the United States and then departed on another world tour.

Let me tell you about the program of which I am a part. The director of the national malaria eradication program is a military colonel—

Again, the writer of the letter is talking about the Indonesian dictator—

who has vowed "not to die a poor man" and believe me he certainly won't. There have been approximately 16 U.S. purchased vehicles which have been sold by Indonesians (without approval of AID). Supplies and other vehicles have been moved to the outer islands. The U.S. Government is not obligated to purchase supplies and vehicles for the outer islands. A dollar claim has been presented to the Indonesian Government for these items but, as far as I know, nothing has been paid to the U.S. Government. At the end of calendar year 1962, 6 million tablets of chloroquine (a malaria drug) were missing. It is assumed that these tablets were sold (or given) to the army for their invasion of west New Guinea. The United States was forced to fly emergency drugs into Indonesia from Manila. Although we (AID) insist that the vehicles which were purchased for the malaria program are to be used only for official business they are, in fact, used at least as much for unofficial business. Although our agreement with the Indonesian Government is that the United States will furnish the vehicles and the Indonesian Government will furnish replacement tires, the United States immediately shipped in new tires when the Indonesian Government failed to live up to their side of this bargain. Recently there is a shortage of 6,000 tons of DDT (at 35 cents a pound=\$4.2 million). The U.S. Government has purchased enough jeep spare parts to fill a large warehouse in Djakarta. Now the Indonesians refuse to allow the U.S. AID vehicle maintenance specialist into this warehouse (no doubt they are selling these spare parts also). Jeep station wagons were imported for all U.S. AID field technicians. To date only four technicians have received their

stationwagon—the Indonesians refuse to turn over the remaining two vehicles to AID. Three Chevy II's were ordered for the chief AID malaria representative and two of his subordinates. The military colonel took two of the vehicles and released only one to AID. When U.S. AID finally got a chief malaria representative who would at least try to control the corrupt colonel, the colonel told the U.S. mission director that he could not work with such a man—consequently the American was removed. This, of course, gives the colonel the green light for anything he wishes to do. This colonel made a speech that, since the malaria eradication program was a command of the president, it was a part of the military and therefore all foreigners working in this program were spies. Since this speech our working relationships with the Indonesians have steadily worsened.

The letter continues. As I have said, as soon as I obtain permission, I shall have the entire letter printed in the RECORD.

Mr. President, in view of such direct statements from people who are active in the aid program in Indonesia about the fact that the program not only is not doing any good within the context of what we are trying to do in the process of giving aid, but, in fact, is doing nothing but increasing the power and tyranny of Sukarno—who, incidentally, was given the royal treatment when he was in Washington within the last year—it seems to me that we are not fulfilling the philosophy or the purpose of the aid program.

I believe it is time for some of those countries to learn that the United States is not a bag full of honey, into which all they have to do is poke a stick and suck out as much of the honey as they want, and use it in any way they wish. They must learn that we send our missions to them for specific purposes; and that unless they aid in the fulfillment of those purposes, we will cut off our aid.

Therefore, I believe the Proxmire amendment, which specifically would cut off our aid to Indonesia, should be agreed to.

Again I thank the Senator from Oregon for yielding to me.

Mr. MORSE. I thank the Senator from Colorado. He has contributed in a valuable way to the record being made with respect to the shocking inefficiencies and waste in connection with the foreign aid program and the necessity for the adoption of amendment after amendment before the bill is passed. While the Foreign Relations Committee was considering the bill I proposed a 25-percent reduction in the funds designated for Indonesia. That was before the recent aggressiveness displayed by Indonesia toward Malaysia and before the relations of that country's purchases of jet airlines. I think now that aid to Indonesia should be cut far more than 25 percent.

Mr. President, before I proceed to discuss my motion to recommit the bill, I ask unanimous consent to have printed in the RECORD an article entitled "Great Debate on Foreign Aid—Dixie Backing of MORSE Move Viewed as Part of Anti-Civil-Rights Drive." The article was written by Joseph Kraft.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GREAT DEBATE ON FOREIGN AID—DIXIE BACKING OF MORSE MOVE VIEWED AS PART OF ANTI-CIVIL RIGHTS DRIVE

(By Joseph Kraft)

The Senate is now giving a convincing demonstration of the proposition that searching discussion of basic issues is entertained only as a screen to cover up foul purposes. The current debate on foreign aid may seem to promise a thorough exploration of a difficult matter. But in fact, it can endure only as a stalking horse for the southern position on civil rights.

To be sure, the aid discussion has all the earmarks of being the real thing—a great debate in the grand tradition. The chief protagonist is no nitpicking PASSMAN, swollen with trivial details of obscure transactions arising from unheard-of projects in unknown countries. On the contrary, the present attack on the aid program comes from WAYNE MORSE, a Senate veteran of 19 years, equipped with the gift of tongue, noted for doughty fights on behalf of lonely causes, and serious with a vengeance. "We are starting," he said in launching his attack this week, "one of the most historic debates in the history of my time in the Senate."

The issues Senator Morse has raised in the aid debate are as lofty as his rhetoric. With something approaching genius, he has dredged up all the underlying uncertainties, ambiguities, and inconsistencies implicit in the aid program, and traditionally dear to makers of great debates.

He has, for example, pointed out that foreign aid has fostered "antifreedom forces" and "permitted oligarchies to dig in." That poses the question of how aid can be shaped to achieve desirable political results. And that is a nice question.

He has pointed out that the aid program is spread too thinly over too many countries. That raises the question of how to cut off going projects in Africa, Asia, Latin America, and the Middle East without provoking an outburst of anti-American feeling. That, too, is a nice question.

He has pointed out that more aid should be expended and administered on a multilateral basis. That raises the question of how to induce the Europeans to pony up a larger share. That, too, is a nice question.

He has asserted that Congress must not vote large sums on the basis of "an act of faith" in the Executive. That raises the question of how a hundred men, with varying degrees of information and little staff assistance, can draw up complex and detailed programs of great magnitude and importance. And that, too, is a nice question.

But how is it that the country is so fortunate, so late in the Senate session, to have such a searching probe of such fundamental questions? Why is it not simple to override the two-score amendments Senator MORSE has put forward in order to rewrite the aid bill on the Senate floor? Why does not the aid bill go through the Senate as the defense bill went through—in a matter of 3 hours?

The answers lie with the Southern Democrats. Last week, in a secret caucus, they decided to support Senator MORSE's effort to rewrite the foreign aid bill on the floor of the Senate. And why? Not because they love Senator MORSE; but because they see in him a possible dupe.

Plainly, the southerners are now delaying everything in the Senate, the better to wage war on the coming civil rights legislation. Their hope is that by slowing down all business, by prolonging all debate, they will put off the civil rights issue to the point where the North and the Negroes, tired and frustrated, lose heart. Or failing that, the southerners hope to arrange matters so that foreign aid and the tax bill collide with civil rights on the Senate floor—thus creating the conditions for an orgy of trading in which anything could happen.

In these circumstances, the right thing to do is clear. In the interests of civil rights, the debate on aid ought to be abandoned. And the lesson it teaches ought not to be forgotten. What look like great debates are at all times to be regarded with great suspicion. When the Senate allows its time to be taken up with hard and interesting questions, it is not in the hope of finding answers. It is in the hope of stimulating alarms and excursions around conundrums which have no answers.

Mr. MORSE. Mr. President, a reading of the articles will show that not only is the writer of the article extremely ignorant, but, in addition, he is the type of journalist who uses malicious motivations to malign the Senate and deceive the American people, because his article is a chain of falsifications and distortions. Apparently Mr. Kraft thinks the foreign aid bill is not important enough to warrant more than 3 hours' debate. He seems to believe that Senators should not fulfill their responsibilities to present the facts concerning it and the amendments which are for the purpose of correcting the waste, abuse, and inefficiency. He makes pretty clear his opinion that any Senator who seeks to do so can only be a dupe of someone else.

Long ago I became accustomed to the writings of yellow journalists; and I suppose I should thank them, because their techniques bring me thousands of votes in my State, for the people know there is no basis for the falsifications in the press generally in regard to me.

I rise to the defense of the southern Members of the Senate, for I know that neither the Senator from Alabama [Mr. SPARKMAN] nor the Senator from Arkansas [Mr. FULBRIGHT]—both southerners—is against foreign aid. On the contrary, they are ardent supporters of the bill, and it is not true that I have been assured that any agreement of that sort has been entered into by southern Senators.

However, the ignorant writer of this article did not check the previous voting records on the foreign aid bill. He has unjustifiably maligned southern Senators, because among them there are two definite points of view—as there are among all groups of Senators: some favor foreign aid, and some oppose foreign aid. Southern Senators, like the rest of us, have been split in the past, and will be split, again, this year on the subject of foreign aid; some of them will vote for the foreign aid bill and some of them will vote against it.

But, Mr. President, shocking yellow journalism of this type fails to live up to the responsibilities of a free press, for a free press has the obligation to print the truth, not lies; and to inform the American people, not deceive them. However, I think this record of journalistic malfeasance should be put today into the CONGRESSIONAL RECORD; and that is why I have done so. I say from the floor to Mr. Kraft that I cannot imagine anything about which I would care less than to have his views about me or, for that matter, about anything at all.

I turn now to the pending issue. In my opinion, in fairness to the leadership of the Senate, it should have an opportunity this afternoon to vote—for the first time—on a motion to recommit the bill to the committee. I point out that, from the parliamentary standpoint, such a motion can be made on another occasion, too, although I hope it will not be necessary to make it on another occasion, because I hope the Senate has learned by now that if ever there was a bill which had reached the floor of the Senate which ought to be returned to the committee, this is it.

The Senator from Tennessee [Mr. GORE], in a brilliant and eloquent speech last night, made an unanswerable case, in my judgment, in support of returning the bill to the committee, for he pointed out that the so-called compromise Mansfield amendment—and much will be said about it before it is voted on, at some time in the future—is, in itself, tacit admission that the bill should be returned to the committee, because we find that the compromise amendment deals with money figures in the bill. The amendment has been offered on the floor of the Senate without any consultation with the Foreign Relations Committee. The Senator from Tennessee [Mr. GORE] described that as cavalier treatment. That is a very apt description. In my judgment, the full Foreign Relations Committee was entitled to be called into session, for consideration of the proposed compromise amendment, before it was brought to the floor of the Senate.

Here, again, Mr. President, I am completely impersonal and professional; I do not reflect on anyone in a personal way. I express great disappointment that such a meeting of the committee was not held. Before the amendment was brought to the floor of the Senate, a meeting of the Foreign Relations Committee should have been held, and at the meeting the amendment should have been discussed. In view of the debate which now has been in progress in the Senate for several days, I believe it unfortunate that the Foreign Relations Committee has not been called into session to consider the parliamentary situation which confronts the Senate.

Yesterday, I said to the majority leader [Mr. MANSFIELD], who is a member of the Foreign Relations Committee, "I believe that Senators who are in support of the bill should move that it be recommitment. They owe that much to the administration and to the Senate. I believe that we who serve on that committee should closet ourselves again to consider this bill, but not under instructions from the Senate, other than the general instruction which my motion contains. We ought to closet ourselves together and consult not only among ourselves and with our Senate leadership, but with administration leaders downtown, too."

We owe it to the President of the United States to call before the Foreign Relations Committee, the Secretary of State, the Secretary of Defense, the head of AID, and the leading administrators

of the Government who are dealing with the administration of the program of foreign aid. We ought to obtain their advice.

Let us not kid ourselves—and I suggest that there be a stop order to kidding the American people—about foreign aid. The administration knows that its foreign aid bill is in serious trouble in the Senate. The Mansfield amendment is the confession and admission of it. It will be confronted with more serious trouble when it goes to conference and is finally passed. It will be confronted with additional serious trouble when the authorization bill reaches the Appropriations Committee of both Houses. We ought to try to iron out in advance, to the maximum extent possible, the great differences of opinion that have developed in Congress over the foreign aid program.

The other day I said—and I repeat it today—that I do not question to the slightest degree the sincerity, the good faith, and the dedication of Senators who favor the bill. But neither is there any question about the sincerity and the dedication of those who are opposed to the bill. We believe that the bill is not in the best interests of our country.

The next point I wish to make in these brief remarks is that, in my judgment, the Mansfield amendment clearly in effect, supports a motion to recommit. If we are to consider the proposal of the Mansfield amendment, the Senate ought to have the advantage, at least, of the committee's judgment, through committee action of the Foreign Relations Committee. I do not care how it is described, in effect the Mansfield amendment is an end play around the Foreign Relations Committee. It is a bypassing of the Foreign Relations Committee.

The Senate has a standing committee called the Foreign Relations Committee to handle substantive legislation on foreign policy. Before the vote on the Mansfield amendment, each Senator should wish to know what the official formal position of the Foreign Relations Committee is on the amendment.

The report which the committee made to the Senate was not a signed report. It was a report that was passed upon by members of the committee as a whole. I do not know how many members of the committee ever saw the report before it came to the floor of the Senate. I talked with many members of the committee who said that they had not seen it, and they were as surprised as I was and as was the Senator from Missouri [Mr. SYMINGTON], who expressed his surprise on the floor of the Senate today, when they read the committee report.

The committee report supports in meaning my motion to recommit, because the committee report sets forth many of the major objections that we are making to the foreign aid bill. Yet, in spite of those objections, the report recommends that the bill be passed. That is a peculiar way to legislate. The committee has a clear obligation, if all the weaknesses in the foreign aid pro-

gram which the report sets forth exist, to report a bill that would correct the weaknesses.

I have submitted an amendment that I am satisfied bothers a good many of the proponents of the foreign aid bill. They find it a little hot to handle. They find it a little difficult to go back home and explain to their constituents that they are opposed to ending all foreign aid at the end of fiscal 1965, which would give ample time to phase out existing obligations except some long-term obligations that ought to be modified, anyway, and start foreign aid all over again, but on the basis of a new program, a set of standards, a set of guidelines, a set of restrictions, a set of conditions that will have to be met by countries that apply for foreign aid, and a limit of 50 countries that may receive aid at any one time.

If Senators would go into the history of the foreign aid program they would be surprised to see in how many instances the United States in effect has practically forced foreign aid upon some countries. In effect, foreign aid has practically been crammed down their governmental throats. In my judgment, foreign aid ought to be granted only on the basis of an application made by an applicant country, and that country ought to be required to meet standards, conditions, and guidelines that will give the American people a better assurance of an efficient, nonwasteful, and constructive foreign aid program than the record shows the present program has revealed for a good many years.

What did the committee do? It rejected the Morse amendment.

Language is contained in the committee report that in effect tells the administration, "You had better take note. You had better recognize the situation before it is too late." In effect, the committee said to the administration, "We may not be able to hold the line next year. If you do not do something about the faults that we tell you in the report exist in the foreign aid program, we may not be able to stop a Morse amendment in another year."

They have no assurance that they will stop it this year, for judging from what many Senators have said to me and, judging from the nationwide and voluminous support that I have received for my amendment, it may very well be that before the educational debate is over, the Morse amendment will be adopted this year. If it is not, it should be.

What the committee in effect is saying to the administration is, "You had better take note of this proposal and revise the foreign aid program before the end of fiscal 1965."

If I ever saw an example of legislative buckpassing, that is it. It is the obligation of Congress, and not of the administration, to pass proposed foreign aid legislation in such form and subject to such conditions, restrictions and guidelines as to protect the American taxpayer. That is our checking duty. The situation is even much worse than the committee has set forth in its report; but even if the situation as de-

scribed in the report is the full coverage of the need for reform and the justification for reform, Congress has the duty of doing it now and not saying to the executive branch of the Government, "You do our job for us."

Let us take a look at our past experience with regard to the program. This is not the first time that the administration has been warned that something should be done. The records of the Foreign Relations Committee for years are replete with warnings, supplications, and pleas with the administration, whatever the administration may have been at the time, Republican or Democrat, to do something about foreign aid, and to do something about eliminating the waste, the inefficiencies, and the instances of corruption that have arisen in connection with the program in certain places in the world.

We have made this plea over and over again. This procedure has always supplied some with the excuse to go home and say, "We know these criticisms exist, and there is merit in many of them, but let us tell you what we did. We made it very clear to the State Department and to the Pentagon, and we poured it on AID. We sent our messages to the White House, and they had better do something about it." It is the old "wolf, wolf," cry. It is "passing the buck" by the committee, and, if the Senate supports it, by the Senate.

I refuse to believe that Senators who take the time to study the facts we are laboriously trying to put in the RECORD will do so.

I am proud to say that the material we have been putting in the RECORD has been the result of very careful research. I am grateful for the dedication of the Foreign Relations Committee staff members who have helped us, of the researchers in the Government agencies who have helped us, and also of our own senatorial staffs. The instruction they have received from us always has been, "Do not give us anything that is not factual. Do not give us anything that cannot be documented."

We have a solemn trust. We owe it to the Senate to satisfy ourselves, before we make a criticism or present an argument, that we can stand on it. I believe that many Senators are so close to the heat of this debate that they do not yet fully realize what has been going into the CONGRESSIONAL RECORD for the past several days. I speak with some pride, although my part has been really minimal compared to the contributions that other Senators have been making to the debate. I am very proud of the record that has been put into the CONGRESSIONAL RECORD in opposition to the bill and in opposition to the recommendations of the Foreign Relations Committee.

There are many more reasons that I could give which I believe amply justify my motion, but I reemphasize this reason: I believe we owe it not only to Senators, but also to the administration, to give Senators and the administration a second look at the bill.

Leaders of the administration who have consulted with me would be the first

to admit that there is a great need for many reforms in the foreign aid program.

I have another conclusion. It would be helpful to the administration in diplomatic relations with other governments if we did the job of adopting amendments that would deal not only with money reductions in this bill but also with policy.

I quickly add that that does not cover the Morse amendment, which would bring to an end foreign aid by the end of fiscal year 1965. I consulted with no high-level authority of this administration who agrees with that. I am satisfied that the amendment is a sound amendment and that it should be adopted. If it is agreed to, I have no doubt that the administration will move rapidly to see to it that the reforms called for by the amendment are brought about.

I believe that the amendment we are urging—and the amendments called for by implication in the criticisms of the Foreign Relations Committee report itself—would greatly strengthen the diplomatic hands of this Government in negotiations with foreign governments in respect to foreign aid.

Let us consider Europe, for example. I give my opinion, and I impute it to no one else. My opinion is that if the Senate adopts some of the amendments we shall offer in the days ahead in respect to aid to Europe, the Senate will perform one of the greatest services for the administration in the field of diplomatic negotiations that could be performed.

The administration then would be in a position to say, "After all, under our constitutional system, this is the law. As President of the United States"—or Secretary of State, or Secretary of Defense—"it happens to be my obligation to follow the law."

I hope Senators will look upon our criticism of the bill and our amendments from the standpoint of the effect that their adoption would have on strengthening the hand of the President of the United States, the Secretary of State, the Secretary of Defense, the Director of AID, and all the others who are involved.

But be that as it may, I am satisfied that the administration in its heart is not opposed to every one of my amendments. Quite to the contrary. The administration would like some language changes in them, perhaps. The State Department sent down a redraft of one of my major amendments yesterday. State Department officials wish to consult with me further in regard to it; and I shall consult with them early next week.

I cite this, Mr. President, because I am satisfied that at the other end of the avenue there would be a great relief if the Congress fulfilled its legislative responsibilities and duties in connection with the foreign aid bill. Even if that were not true, it would not relieve us of those responsibilities; because in my judgment the facts are overwhelmingly against the bill, which necessarily should be amended in the public interest.

Therefore, for the reasons I have just given, and for many other reasons I have presented during the week in speech after speech, I now move that the bill, H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, be recommitted to the Committee on Foreign Relations with instructions to report the bill back to the Senator no later than November 8.

All we are saying to the committee is: "Receive it once again for further discussion and consultation." We are not sending it back with instructions to do anything by way of changing the bill. We are only pleading that members of the Foreign Relations Committee apply their minds to the bill once more, that they give consideration, in consultation with the administration, to what course of action should be followed, and that members of the committee, in formal committee meeting, be given an opportunity to discuss and suggest modifications of the Mansfield amendment.

Every member of the committee is entitled to that treatment, that privilege, and that opportunity.

I can only say—and if one wishes not to believe it, there is nothing I can do about it—that I know what my own motivation is, and I can bespeak my own motivation.

I offer this motion in a friendly, cooperative spirit, with no rancor, no personal criticism, but with a plea and prayer on my lips that the motion be adopted by the Senate, so that there will be consultations in the Committee on Foreign Relations and consultations and conferences with representatives of the administration.

Mr. MANSFIELD. Mr. President, certain remarks were made on the floor of the Senate yesterday relative to the amendment offered by the Senator from Montana—and I stress the "Senator from Montana"—joined by the Senator from Illinois [Mr. DIRKSEN], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Vermont [Mr. AIKEN].

The leadership in this body has never claimed any special rights or privileges. But it does insist that the leadership has the same rights as every other Member of the Senate; and while I hold the title of majority leader, I am also a Senator from the State of Montana and have as much right as any other Senator to introduce a resolution or offer an amendment.

There are a number of amendments at the desk, introduced by Senators from various States.

About 40 amendments were introduced to this bill before the leadership uttered a word of substance in connection therewith. Each one of these amendments, in effect, differed with the majority judgment of the Committee on Foreign Relations. There were no protests against the introduction of these amendments. Each one was recognized as being fully within the rights of the Senator introducing it. Indeed, members of the Committee on Foreign Relations, themselves, introduced amendments to alter the bill

as reported from committee. Was there any talk, Mr. President, of disrespect for the committee in these actions? Indeed, there was not.

The leadership waited 4 days for action to begin on consideration of these 40-odd amendments.

But aside from the distinguished Senator from Oregon [Mr. MORSE], the distinguished Senator from Alaska [Mr. GRUENING], the distinguished Senator from Arkansas [Mr. FULBRIGHT], the distinguished Senator from New York [Mr. JAVITS], and a very few others, little was done to get this bill moving. It waited for some sign of eagerness or even willingness to begin debate. It waited for Senators to express a deep interest in the matter. But this interest in discussion is such, Mr. President, that there are about 25 Senators absent today, and, may I say with regret, the great preponderance are on this side of the aisle. The leadership had to take into consideration that this bill is already months overdue and that further delays promise only increasing administrative chaos and waste in the program. It had to consider that other pieces of highly significant legislation are approaching the floor as days go by without action on this measure.

I refer to civil rights, tax proposals, health care for the aged, and appropriation bills for the next fiscal year, which will begin coming before the Congress shortly.

It had to consider, in short, what in its best judgment would move the legislative wheels and bring this matter to some resolution.

These were the factors, Mr. President, which influenced the majority leader—the Senator from Montana, if you will—to consult with the minority leader and then with the ranking members on both sides of the Committee on Foreign Relations. These men, of course, did not agree with every detail of what was proposed as a solution to the difficulty which confronts the Senate. The Senator from Arkansas [Mr. FULBRIGHT] and others had reservations about the depth and form of the cut which is proposed. But, these men are all reasonable men with a full recognition that this body operates not at all unless it operates on the basis of mutual restraint and mutual accommodation. And so, Mr. President, we agreed as a group of Senators on how this problem, in our best common judgment, might possibly be resolved. That is the entire story. I then introduced yesterday, on behalf of the six of us, an amendment to the bill. We acted as any Member or Members of this body are free to act at all times, and have acted in connection with this measure at least 40 times.

And for this, Mr. President, for doing no more and considerably less than many other Members have done, we are accused of all sorts of heinous crimes, of cavalier behavior, of disrespect for the committee. I must say, Mr. President, that I resent most deeply these accusations and inferences. The leadership is doing its best, as every other Member of this body is doing. It is doing its best to bring about a resolution of this issue so that the Senate can get on to other

business. To suggest that this is cavalier or highhanded is to seek to deny to the leadership the rights of every other Member of this body. Neither the minority leader nor the majority leader has any inclination in this role to assert superiority over any other Member, but I wish to make clear that in accepting this role of leadership, we did not abandon our equal rights as Senators with every other Member.

I appreciate, by and large, the courtesy which has been extended to me by Senators on both sides of the aisle.

The distinguished senior Senator from Oregon [Mr. MORSE] has been most courteous and considerate, and has notified me ahead of time on all occasions as to what he contemplated doing. And, by the same token, I have tried to notify him, as I would any other Member on any particular legislation, and as the leadership has tried to do at all times.

I wish to make it perfectly clear that, regardless of any title we may hold, by sufferance, we are still Senators from a State, we are still Senators of the United States, and we have at least as many rights as any other Members of this body.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum—

Mr. GORE. Mr. President, will the Senator withhold that suggestion?

Mr. DIRKSEN. I prefer to have a quorum.

Mr. MANSFIELD. Mr. President, will the Senator withhold it?

Mr. DIRKSEN. I withhold it.

The PRESIDING OFFICER. Will the Senator yield?

Mr. DIRKSEN. No; I withdraw the request.

Mr. GORE. Mr. President, the remarks of the distinguished majority leader were the first notice I had had that he entertained some personal resentment at the remarks which the senior Senator from Tennessee made yesterday.

I regret that he so interpreted my remarks. I tried to make it perfectly clear—indeed, I repeated the sentiment—that I directed no personal criticism at any Member of the Senate. I expressed the view, which I reiterate, that the Foreign Relations Committee, which had spent months in consideration of the bill, might properly have been consulted before this major—and, to me, entirely surprising—amendment was offered.

Had the administration and the "leadership"—to use the word of the distinguished senior Senator from Montana—reached the conclusion that the bill needed further modification, the Committee on Foreign Relations could have been consulted and requested to reconsider the bill and submit its recommendation to the Senate.

I had hoped—and I shall hope in the future—that a legislative committee in the Senate would be accorded this courtesy, particularly in view of the responsibility which the Senate has placed upon its respective committees.

I say to my distinguished friend from Montana, with whom I have had the honor and pleasure of serving in both

Houses of Congress, that I intended no personal offense. I was sitting in my seat on the Senate floor, having supported the reporting of the bill, and was taken completely by surprise by this major reducing amendment. It may be that the bill should be reduced this much. It may be that it should be reduced further. Indeed, it was with great reluctance that I consented to support the reporting of the bill. Only the day before yesterday, Secretary Harriman called me, speaking, as he said, for the President of the United States, urging me to support the bill as it was before the Senate. I told him that I had supported its reporting.

I hope the distinguished Senator from Montana, the majority leader, will understand how I and other members of the committee felt, because we were not consulted with respect to this major move, which was made by the combined leadership of the Senate.

The able Senator says that he has every right that every other Senator has. In that statement I concur. I accord him every right. He is also the majority leader; and the distinguished junior Senator from Illinois [Mr. DIRKSEN] the minority leader.

If we follow the lines of traditional procedure in the Senate by according to committees the opportunity to exercise the responsibility which the Senate has delegated to them, all of us will be better off, and our parliamentary procedure will operate more smoothly.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MANSFIELD. I assure my distinguished colleague the senior Senator from Tennessee that, so far as he was concerned, I knew there was nothing personal in what he said. However, so far as the RECORD shows, it would appear that the charge of being cavalier and, in a certain sense, not quite fair, had been directed against the mover of the amendment. I know the Senator will believe me when I state that I did not discuss this reduction with the administration in any way, shape, or form. I looked into this subject on my own authority as an individual Senator. I believe I have a right to exercise independent judgment, as the occasion demands. I have done so in the past, I did so yesterday, and I will continue to do so in the future.

There is a line of demarcation between the various positions which a Senator may hold. So far as I am concerned, I am, first, a Senator from the State of Montana, and I have never lost sight of that fact. So far as the position of majority leader is concerned—and I say again that I hold it by sufferance of the Senate—that is not a subtraction from my duties, but an addition to them, instead.

Therefore, I wish to repeat to my distinguished friend—and he is my friend, and has been for more than 20 years in both Houses of Congress—that I did what I did without any reference whatever to the administration. I had no consultation with them as to what I proposed to do. On the basis of talking with

other Senators, I reached the conclusion that something had to be done. What I did was, in my best judgment, what I thought should be done.

I asked other Senators, as a matter of courtesy, to discuss this subject with me. They did so. There were differences of opinion, but in the end we arrived at a figure and a disposition which we thought would best serve the interests of the Senate as a whole. We may be right, or we may be wrong. However, the offering of other amendments is not precluded. The RECORD should be made clear that I am delighted that we have had an opportunity to have this exchange of views, so that we may better understand the situation.

I repeat that I did not consult anyone in the administration in any way, shape, or form so far as the amendment is concerned; and I accept full responsibility for it.

Mr. GORE. Mr. President, as upon every other occasion, I accept fully and give the fullest possible credence to whatever statement the distinguished senior Senator from Montana makes.

Let me once again express regret that he felt personal resentment with respect to my remarks. It is my way of speaking to say what I mean in rather precise language. I respectfully suggest that if the Foreign Relations Committee had been called into consultation, this proposal might very well have had the endorsement of the full committee.

If the situation which persuaded the distinguished authors of the amendment had been laid before the committee, the committee might have been persuaded. My feeling was that the committee which had the responsibility of considering this highly important question and making recommendations to the Senate should have been consulted before the attempt to make a major alteration in the bill was made by the combined leadership.

Therefore, I am pleased to close the incident on this happy note of renewal of confidence and expression of my esteem for my friend the distinguished Senator from Montana.

Mr. MANSFIELD. There was nothing personal in my remarks. I did not judge the remarks of the Senator from Tennessee to be personal. However, I felt that the record should be made clear.

Mr. GORE. I thank the Senator.

I conclude by saying once again that I had not intended to support the motion to recommit. However, if the combined leadership of the Senate believes that the bill needs such major alteration as is now proposed, it is the responsibility of the Committee on Foreign Relations to consider it and to make its recommendations.

It is my view that the wisest course at this time is to recommit the bill to the committee, and let the committee consider all the amendments offered. I hope the motion to recommit would contain instructions to report back within a reasonable time. If so, I should be glad to support the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MORSE. The motion provides that the committee shall report back on or before November 8. So the committee could report the bill back tomorrow, if it decided to do so, or it could report it back by November 8.

Mr. President, will the Senator from Tennessee yield for a parliamentary inquiry and a brief comment?

Mr. GORE. I yield.

Mr. MORSE. First, while a large number of Senators are in the Chamber, I should like to ask for the yeas and nays on my motion to recommit.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I wish to make these comments about the statement of the majority leader: What he says is true with regard to the relationships that have existed between us in the handling of the parliamentary matters involved in the debate. Those relationships will continue. I shall always notify the majority leader of any parliamentary move I intend to make in opposition to the bill—and there will probably be many before we are through with it.

I publicly express my appreciation to him, as I have in private, for the unfailing courtesy and kindness he has extended to me at all times. Certainly there is nothing in my mind that is subject to the slightest implication that I would deny to him, because he is the majority leader, his right as a Senator from Montana to offer any amendment he wishes to offer at any time. Not only has he that right; he has the duty to offer an amendment as a Senator. He has a right to offer this amendment.

But this amendment is not merely an amendment. It involves some important parliamentary and policy matters of the Senate, because while it is offered, it is true, by the Senator from Montana, he is, nevertheless, the majority leader. The amendment is cosponsored by the distinguished junior Senator from Illinois [Mr. DIRKSEN], the minority leader. It is cosponsored by the distinguished senior Senator from Iowa [Mr. HICKENLOOPER], the ranking Republican member of the Committee on Foreign Relations and chairman of the Republican policy committee. The amendment is cosponsored by the distinguished junior Senator from Alabama [Mr. SPARKMAN], the ranking Democrat on the Committee on Foreign Relations, next to the distinguished junior Senator from Arkansas [Mr. FULBRIGHT], the able chairman of the Committee on Foreign Relations, who is also a cosponsor of the amendment. The amendment is also cosponsored by the distinguished senior Senator from Vermont [Mr. AIKEN], a Republican member of the Committee on Foreign Relations and really the dean of the Republican side of the aisle.

What is before the Senate is really a powerhouse amendment that would have great effect in connection with the parliamentary policy that is to be followed from now on in connection with the bill. We have checked—we will not talk about it now, but we will later, when we begin to discuss the amendment—we have checked the parliamentary situation that is created by the amendment. The amendment would have great parliamentary

tary effect on the future course of the bill. The amendment, if adopted, would have an effect on the standing of future amendments. That does not mean we would not be able to offer other amendments; but it means, as I have been advised by the Parliamentarian, that we would not be able to offer some amendments.

So what is before the Senate, in my opinion, is a powerhouse amendment that seeks to exercise great effect not only on the substance of the bill, but great effect on the parliamentary procedure that would be available to Senators who are opposed to the bill.

Mr. CURTIS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. CURTIS. Would the Senator mind telling the Senate what amendments would be foreclosed from being offered if the amendment he refers to as a powerhouse amendment were adopted?

Mr. MORSE. As I am advised by the Parliamentarian, we would have to proceed to amend the Mansfield amendment in figure amounts in connection with economic aid and military aid. If we want less, we had better offer amendments to the Mansfield amendment itself. The Mansfield amendment is really an amendment to the amendment in the nature of a substitute for the bill before the Senate.

That situation could very well raise serious parliamentary questions as to whether some of the proposed amendments in money amounts would be out of order if the Mansfield amendment were adopted and became a part of the bill.

We think that these questions ought to be discussed in the Committee on Foreign Relations. We think the committee ought to discuss them and obtain a parliamentary ruling on them. We should discuss what the effects of the Mansfield amendment would be on the parliamentary procedures to be followed in amending the bill.

Mr. CURTIS. Is it the Senator's opinion that if the so-called powerhouse amendment were adopted without change, there could be no further amendment changing the figures?

Mr. MORSE. I think amendments could be offered which would affect the figures for specific countries and that those amendments would be in order. If we adopt the Mansfield amendment, so far as its being a general amendment concerning money amounts, we have "fixed" it. That does not mean that when we finished with the total amendment, if the total were less than the Mansfield amendment, such amendments would not be in order. That is my understanding of the advice we have received, although we have not had time to consider it in detail. It is our understanding that such amendments would still be in order. The Mansfield amendment would not in any way prevent the offering of other amendments that dealt with basic policy questions, amendments such as the Gruening-Javits nonaggression amendment, such as my junta amendment, and such as amendments that seek to impose some restrictions on

the use of military aid in Latin America and elsewhere. Such amendments would still be in order.

But I am doubtful as to whether or not we would not be somewhat restricted in our parliamentary maneuverability on the opposition side if the Mansfield amendment were adopted post haste—although it will not be adopted post haste. We shall have to see to it that it is not adopted post haste, in order to protect our parliamentary rights.

Mr. CURTIS. Would it be correct to say that if the amendment were adopted without change, there would be no opportunity to offer amendments changing the overall amount set forth in the bill?

Mr. MORSE. Let us raise that as a parliamentary question.

Mr. GORE. Mr. President, I yield for a parliamentary inquiry.

Mr. RUSSELL. Mr. President, who has the floor?

Mr. GORE. I have the floor, and I have yielded for a parliamentary inquiry.

Mr. RUSSELL. If this amendment were agreed to, any amendment affecting the foreign aid program's main items, such as the Alliance for Progress total, the loan total, and the military assistance program would be buttoned up; no further amendment would be in order. Senators would be precluded from offering any amendments that would change the amounts involved in the main items of authorization.

Mr. MORSE. That is my view. That is the point on which I think the Senator from Nebraska is seeking information.

Mr. GORE. Mr. President, I have yielded for the submission of a parliamentary inquiry. Would the Senator wish to clarify this question by stating a parliamentary inquiry?

Mr. FULBRIGHT. Would the Senator include whether this amendment is subject to amendment? There is nothing to restrict the Senator from Oregon from offering an amendment.

Mr. MORSE. I said that.

Mr. FULBRIGHT. That was not clear from the Senator's statement.

Mr. MORSE. The Senator from Georgia said that once the Mansfield amendment were adopted, it would be buttoned up.

Mr. FULBRIGHT. But there is nothing to prevent any Senator—the Senator from Nebraska [Mr. CURTIS] or any other Senator—from offering an amendment to this amendment to change the amount.

Mr. MORSE. We have admitted that.

Mr. GORE. Mr. President, I have yielded for a parliamentary inquiry.

Mr. CURTIS. I thank the Senator from Tennessee. I am not sure that I can recite all the conditions.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Nebraska will state it.

Mr. CURTIS. If the Senate adopts the amendment referred to by the distinguished Senator from Oregon as the powerhouse amendment, and its adoption is without change, would an amend-

ment then be in order to change the total figures in the bill?

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). Should the Senate adopt the Mansfield amendment, it being an amendment in the first degree, it would freeze any further action on the amounts agreed to in the Mansfield amendment, but it would not foreclose any other amendment of any figure not listed in the Mansfield amendment.

Mr. MORSE. That is what I said. We would have to proceed country by country and item by item.

Mr. GORE. Mr. President, upon careful consideration, it seems to me that any Senator ought to be free to express his view with respect to a parliamentary procedure, without having such expression of view resented. I am sorry that it was. I am happy to accept the statement of the distinguished majority leader.

I respectfully suggest that perhaps we can profit from this occurrence; perhaps we can once again reflect upon the wisdom of the committee system of this body. It has served the Senate well.

In view of all that has transpired, and in view of the fact that the contingency fund is proposed to be increased by \$125 million, without any justification therefor having been given to the Senate, and also in view of the parliamentary ruling which has been made, I am led to conclude that the part of wisdom now is to recommit the bill with an instruction that it be reported within a very brief, but reasonable, time.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I ask for recognition.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DIRKSEN. I was looking for my very distinguished friend from Oregon, because I always like to have his comforting presence when I talk about him. But since the time is running—

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. PASTORE. I would be happy to ask unanimous consent that one of the pages locate the Senator from Oregon and invite him to come into the Chamber and accept the invitation of the Senator from Illinois.

Mr. DIRKSEN. I cannot quite be a monitor for all Senators, and particularly the great appeal in reading the news dispatches from Vietnam. But we have some business on the floor of the Senate and we must get about it.

Mr. President, I listened intently to the distinguished Senator from Oregon. Frankly, when he suffers great agony and pain as a result of the challenges that confront him in the bill, I suffer

right along with him. I catch those reflexes of agony, and as he puts it into a lyrical panegyric, it hurts me even more. So I should like to have him about as I discuss the motion to send the bill back to committee.

First, the amendment is called a "powerhouse" amendment. I have never heard that expression attached to an amendment before. The Senator proceeds to give it that character because of its sponsor and cosponsors, including the two leaders, the chairman and ranking member, and the next ranking member on each side of the Foreign Relations Committee. I think he even noted the fact that the distinguished Senator from Iowa [Mr. HICKENLOOPER] was also chairman of the minority policy committee. Of course, he forgot to put in that I am also a member of the American Legion and the Presbyterian Church. So if he wishes to identify the amendment as a "powerhouse" amendment, he can merely look at the Congressional Directory, because I am not one of those timid and shy people who does not put all of his persuasions into his congressional biography.

But I am concerned about the bill. I earnestly hope that it will not go back to the committee.

The point was made that so many amendments have been submitted, there ought to be a further look-see by the committee, although the bill has been before the committee since the middle of June. If we are going to apply that reasoning as a precedent and every time 41½ amendments are pending in the Senate, that automatically argues that a bill must go back to the committee, we shall be in a fix from now on, because I apprehend there will be other bills—and very notably the implementing appropriation bill to go with the authorization bill—that will have its full share of amendments.

By what sophism can it be argued and justified that a bill should be recommitment to a committee because a sheaf of amendments is lying on the desk for consideration in this body? There is no logic to that argument. If we were to follow that reasoning, then I say, "Look out for the future, because the motion to recommit will become a very common motion indeed based upon a volume of amendments that spring from the fecund brains of Senators who are interested." That justification falls by its own illogic.

The proposal to send the bill back to the committee until the 8th of November is futile. There have been 18 markup sessions on the bill. If Senators desire to send the bill back to the committee, what do they wish the rest of the Senators to think about what has been done by the members of that committee? The distinguished Senator from Oregon is No. 4 in the majority list. Do Senators wish us to think that the work was not done?

The bill has been in the committee since June. The first markup came in middle July. There have been 18 markup sessions. If that is not enough to mark up a bill, I give up. With all the abstruse and difficult things that we have

had in the Judiciary Committee, we can do a little better than that, I believe.

So the Senator from Oregon comes in poor grace to suggest that the bill go back to the committee because of his personal frustration; he does not like it and he wishes a second whack at it. What did he do the 18 other times? Was he there? I do not know, and I am not going to run the record to see. But I say that from the middle of July until the 1st of November is long enough.

I discovered that we cannot push January 3 into the future. At midnight on January 2, unless we push that clock back, the 1st session of the 88th Congress will end. By order, we can change the convening of the second session. We can make it the 9th, the 10th, or the 20th, because the Constitution provides—unless Congress otherwise orders.

We can do it. But the present session comes to an end at midnight on the 2d of January. We can push the clock back for a while—I have seen it done since I have been a Member of this body—but the business of the country has got to be settled.

The third point I make is that there must be a bill. The agency has 67,000 people on its payroll, 27,000 of whom are natives, and 40,000 are aliens. But that money looks as good to an alien as it does to a native Yankee. Senators ought to know.

What are we going to do with that agency? Will we set up a caretaker agency? What would we substitute for it if the bill is not passed? Do Senators think that we would be helping the cause by sending the bill back to the Committee on Foreign Relations without instructions, which is what the motion provides?

Mr. Chairman, I can imagine what the first committee meeting will be like, assuming that a quorum is present the first time around. I shall have something to say on that subject, too. The chairman of the committee might say, "Members of the committee, we are here on orders of the Senate to reconsider the bill. What is your pleasure?" That is all the chairman would have to say.

Then the business would begin. The committee would be presented with the 42 amendments that are at the desk. The committee would probably see amendments that at the moment are merely a gleam in the eye of the Senator from Oregon. There will probably be more before he gets through. Then the argument would begin.

The committee would meet until noon. Some Senator would come into the Chamber and say, "We ask that the committee be authorized to meet notwithstanding the sessions of the Senate." The Senator from Illinois will say, "No." I made that statement to the Finance Committee. I felt that we could not meet over there and be here, too, and discharge our responsibilities on the floor of the Senate. I give my word, Mr. President, if that happens, I shall object, because there is business to be transacted. The clock on the calendar of this session of the Senate is beginning to run out.

No. 5, I said I would say something about attendance. There are five mem-

bers on the committee who are also members of the Senate Finance Committee.

Mr. FULBRIGHT. Six, I believe.

Mr. DIRKSEN. Five or six. One member, distressingly enough, either is in the hospital at the present time or is convalescing at home. It will be six or seven. The Senator will be lucky to start with a quorum from the day he receives instructions to take the bill into "Abraham's bosom" all over again and wrestle with it. How far does the Senator believe he will get with it?

All the while those amendments will be right there. They do not require even mothballs to retain their status. They will be there when the bill is reported from the committee. They will be considered. I have one in the pile, and I am going to offer it, I do not care what happens in the committee. It will be heard, and I shall discuss it, notwithstanding. I believe the committee turned it down, but I do not "turn down" very easily, Mr. President, and so I shall offer it.

But looking at the attendance problem, the Senate Finance Committee—as you, Mr. President (Mr. RIBICOFF in the chair), a distinguished member, know so well—meets every morning except Saturday, wrestling with a monumental tax bill. There are more than 160 registered witnesses, and still more to follow. Obviously, since that matter is of so much moment to the country, the members want to be present in the Finance Committee. But they cannot be there.

The distinguished Senator from Tennessee [Mr. GORE], who is one of the most diligent members of that committee, and one of the most articulate, and one of the smartest, has been on hand all the time. I sit there and just glory in his interrogations, because he does them so candidly and so well. I love to see the witnesses squirm when the distinguished Senator from Tennessee pushes the etymological needle into them in such a deft and agile way.

Where will one get the members to consider the bill if it is reported back to the committee? So, attendance is quite another problem. But the amendments will still be here.

We are operating as we do because the author of the motion to commit the bill told the Senate yesterday afternoon, and told the majority leader as pointedly as he could, that there would be no unanimous-consent request honored, that there would be no expedition. He is the author of the idea that this bill will not get through this Senate very soon, if he can help it. Well then, he can stew in his own juice, but let us not stew with him to the point of futility, because that is precisely what it will amount to. No instructions as it goes back. Then we wait until the 8th of November, and when the bill is reported and the bells ring and the Members call the cloakroom and ask, "What is the order of business?" it will be the foreign assistance bill. And by then there will not be 38 amendments, not 42 amendments, but 50 amendments. Do you believe you will have saved anything? You will have added only to the

time, you will have added only to the agony.

Mr. President, what gives me great personal pain is that the distinguished Senator from Oregon will go down this strange trail, and on every tortuous foot of it, I have to bleed with him. That bothers me no end. I have compassion for that soul-searching pain that is his, over the fact that there is a powerhouse amendment that he characterized as an "end run" around the committee.

The members of the committee as individuals, could well appraise, by looking at the amendment pile and its diversity of subject matter, as to what was going to happen and how long it will be on the floor.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I am glad to yield.

Mr. PASTORE. Does the Senator know whether there is any parliamentary prohibition against trying to amend the Mansfield amendment?

Mr. DIRKSEN. No; I shall get to that, let me say to the Senator from Rhode Island. I wish to be sure that that is specifically understood, to show that we did not deal cavalierly with anyone. I do not believe I am a "class B" Senator yet, unless there is something on the books which I have not seen. By your grace and sufferance you have permitted me to be your floor spokesman. But that did not divest me of my character and my perquisites, and my authority under the rule book and under the Constitution. I am just as free to offer an amendment as anyone. I am just as free to join with the majority leader in offering an amendment as anyone. I did not know about the meeting in the office of the majority leader yesterday, until 10:30. My secretary told me, "The majority leader would like to see you in his office." He is always so gracious about it, and when I arrived there the distinguished Senators from Vermont and Arkansas were there with the majority leader. The Senator from Iowa came later, and then I arrived and we had a general discussion. I made the suggestion that I thought we should get that very brilliant intellect, over on the Appropriations Committee, TOM SCOTT, to come over and sit with us in the afternoon because those are the people who serve so well and who know so much about this Government. We had a second conference. The Senator from Arkansas objected in part to the first suggestion I made, where I thought it should be cut. He said, "I cannot go along with you."

I do not believe the Senator from Iowa, our ranking member, concurred with me, but by dint of discussion, we finally oriented and fixed those items in the bill where we thought cuts could be made, and then one substantive proposal to require feasibility evaluation by the Army engineers. That was my own little, feeble product along with all else. It was modified a good many times, and I believe what was done can stand up. When somebody talks about the military cut, the Defense Establishment gets money from the Congress easier than any other agency in the Government. They can

come asking for a deficiency, they can ask for a supplemental, they can ask for a regular appropriation; and invariably, if it is reasonably justified, they can get it—and they can get it quickly.

One contention I made about the contingency fund, I said, "That is the last one I should like to see cut." I went through that agony with President Eisenhower a good many times, but the headlines, and the ticker tape, out there and the telecasts certainly support my contention that we cannot tell when the firmament of the world will be alight with revolt and fever and bloodshed, so we cannot tie the hands of the Commander in Chief.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. DIRKSEN. I am glad to yield.

Mr. PASTORE. The very distinguished Secretary of State told me one day, "You can afford to cut the foreign aid bill in two if you will only make the contingency fund larger, because you are committing the money under circumstances that do not prevail at the time when a crisis arises. If the President, who is charged under the Constitution of the United States with the foreign policy of this land, had the authority to step in at the appropriate time and operate expeditiously without having his hands tied as the Congress has done from time to time, you could start tomorrow to cut the foreign aid bill right in two."

Mr. DIRKSEN. Well, I say to the distinguished Senator from Rhode Island, I remember when President Eisenhower sent the Marines to Lebanon. I remember Matsu and Quemoy. We cannot tie the hand of our Commander in Chief when we do not know what is going to happen overnight. So we came to a pretty fair conclusion.

Now, because six Senators' names are on this amendment, it is said it is the powerhouse amendment. Perhaps some day we will get it in the Standing Rules of the Senate, and rule 99 may read, "There can"—or cannot—"be powerhouse amendments, and there cannot be powerhouses unless they have the names of the leaders on them and the names of the ranking minority members and the names of chairmen of committees," and we will spell it all out. If it requires any other attribute, they can be put in the rule. "I am a member of the American Legion, the Veterans of Foreign Wars, the Elks Lodge, the Presbyterian Church"—and what a wonderful rule we will have.

I have in my hand amendment No. 232. Look at the list of the distinguished Senators who offered it: the distinguished Senator from Alaska [Mr. GRUENING], the distinguished Senator from Wyoming [Mr. SIMPSON], the distinguished Senator from North Carolina [Mr. ERVIN], the distinguished Senator from Utah [Mr. MOSS], the distinguished Senator from Nevada [Mr. CANNON], the distinguished Senator from Colorado [Mr. DOMINICK], the distinguished Senator from Oregon [Mr. MORSE], the distinguished Senator from Texas, the largest unfrozen State in the Union [Mr. YARBOROUGH], the distinguished Senator from Nevada [Mr. BIBLE], and

the distinguished Senator from Florida [Mr. SMATHERS]. There are 10 names. If the powerhouse from Oregon—and I say that with kindly affection—is a Member, we can put him down for 2, and that will make 11. Yet there are only six on this amendment.

I did not know that when I went on an amendment with the distinguished majority leader, plus one chairman, a ranking member, and perhaps other Senators, suddenly we gave that amendment special status and made it a powerhouse amendment. What an amazing thing and what logic.

Let us nail this down so there can be no question about it. In this amendment we reduce the committee figure to bring it in line with the House figure. That makes a reduction of \$300 million.

Does a Senator want to change it? Ask the Parliamentarian now whether he cannot get up and be permitted to offer an amendment to make a cut of \$100 million, or \$200 million, or the committee figure can be increased by adding \$500 million. A Senator can maul it and maim it to his heart's content under the rules, because the committee amendment is a complete substitute for the House bill. That gives it the status of original text when this amendment is pending, and it will be after the motion to recommit is disposed of.

Senators can offer amendments from now until the 20th of December, but not beyond, I admonish Senators, because that is when our Christmas recess begins. So do not go beyond that date. But Senators can offer amendments to change the figure before that committee amendment is finally agreed to. So Senators have not lost any rights. No one has lost any flexibility. There has been no impairment of the rule. Consequently, a Senator is as free as a bird to maim and maul this bill, amendment-wise, including powerhouse amendments.

Write that in the book. It makes me feel kind of proud that at long last someone recognized my talent that, in a feeble way, I could share, in the history of this establishment, as Brother Clark would say, a powerhouse. [Laughter.]

But we want to get it as clear as crystal that no Senator has given up anything, notwithstanding the very agile argument of our distinguished friend from Oregon. And while he was in the very labyrinth of this amazing argument, I was bleeding with him every minute; I was suffering with him the deep reflexes of his soulful pain. I hope it fell on sterile ears. There was no substance to it.

Let me say to my distinguished colleague what an astounding thing it is to go from a larger forum to a smaller forum of 15. That is the number on the committee, is it not?

Mr. FULBRIGHT. Seventeen.

Mr. DIRKSEN. Seventeen. There has been a gain since I last looked into it.

The whole desire, in the field of legislation, is to get a bill out of the committee, to get it here before this august body of 100 Members; but you see, Mr. President, our friend from Oregon takes an inverse look. He does not want to

go from a lower to a higher body, where the ultimate disposal rests. He wants to go from the higher to the lower body, to wrestle without a single instruction from the Senate.

So when the distinguished chairman says, "Gentlemen, what is your pleasure?" That is when the fun begins. And who shall say what will come back out of the room downstairs, or in the new Senate Office Building where they meet? They will be wrestling with quotas, import duties, the matter of no aid to members of the United Nations unless they pay up their arrears, interest rates—somebody will have amendments on that subject. There is an immigration amendment in there. I had a list. I got up the other morning at 2 o'clock. Counting sheep did not do, so I began counting amendments.

The Senator from Oregon rewrites the whole bill. What a time I had with his substitute. Then there is a money amendment and the country-by-country amendment and the United Nations amendment and the self-help amendment. I cannot read my own writing. Then there is the "hunta" amendment. We ought to call those "juntas." They "junta" people out of the country.

There is an amendment for military assistance to Latin America, college contracts, import duties, aggression.

There they are. What a time members of the committee will have. I will see you Christmas.

What a mistake to send the bill back to the committee. It is in this Chamber that it must be disposed of, and with a reasonable approach, and a decent limitation of amendments, without a Member feeling that all wisdom resides in him.

We can make progress and get this bill out of here, into conference, secure in the feeling, finally, that when one is around the Christmas tree on the morning of December 25, in red flannel pajamas, with his grandchildren, he does not have the weary, aching thought, "Tomorrow I've got to go back. We did not finish foreign aid."

Things are crowding. Do not send it back. This is where the business has to be done.

No matter what the committee does, the bill must come back to the Senate. Then it will be susceptible to every standing rule and every amendatory process. Then we will go through this business all over again.

No; this is not the first time I have seen this done. Therefore, let us approach our responsibility and fight it through. Let us write the score on the scoreboard when the roll is called on the motion to recommit without any instructions so that the orbit could be the limit. I say keep it here. In that way we will make the necessary progress and we will not finally have to have the boys up there at the clock and at the other clock turn the hands back at midnight on the 2d of January; because there is a whole cave full of unfinished business. Let us vote down the motion to recommit and get on with the people's business in the Senate. Not a single right that the Senator from Oregon has is foreclosed.

He can offer amendments by the stack. If he wants no time limit, we can have that too. He can bring up every argument he wishes, but let us have final disposition of it here.

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). The question is on agreeing to the motion of the Senator from Oregon [Mr. MORSE] to recommit the bill to the Committee on Foreign Relations. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. On this vote I have a pair with the senior Senator from Maryland [Mr. BEALL]. If he were present and voting he would vote "yea"; if I were permitted to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. BIBLE], the Senator from Mississippi [Mr. EASTLAND], the Senator from Indiana [Mr. HARTKE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. McGEE], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Montana [Mr. METCALF], and the Senator from Florida [Mr. SMATHERS] would each vote "nay."

On this vote, the Senator from Alaska [Mr. BARTLETT] is paired with the Senator from Nevada [Mr. BIBLE]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Nevada would vote "yea."

On this vote, the Senator from Indiana [Mr. BAYH] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Mississippi would vote "yea."

On this vote, the Senator from Indiana [Mr. HARTKE] is paired with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Washington would vote "yea."

On this vote, the Senator from Wyoming [Mr. McGEE] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Louisiana would vote "yea."

On this vote, the Senator from Utah [Mr. MOSS] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Utah would vote "nay," and the Senator from Pennsylvania would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], that the Senator from Kentucky [Mr. COOPER and Mr. MORTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Nebraska [Mr. HRUSKA], the Senator from New Mexico [Mr. MECHEM], the Senator from Iowa [Mr. MILLER] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The pair of the Senator from Maryland [Mr. BEALL] has been previously announced.

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from New Mexico [Mr. MECHEM] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Iowa would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Utah would vote "nay."

The result was announced—yeas 29, nays 46, as follows:

[No. 202 Leg.]

YEAS—29

Bennett	Gruening	Russell
Byrd, Va.	Johnston	Simpson
Cannon	Jordan, N.C.	Symington
Church	Jordan, Idaho	Talmadge
Clark	McGovern	Thurmond
Cotton	Morse	Tower
Curtis	Mundt	Walters
Ellender	Nelson	Williams, Del.
Ervin	Ribicoff	Young, Ohio
Gore	Robertson	

NAYS—46

Aiken	Hickenlooper	Monroney
Allott	Hill	Muskie
Boggs	Holland	Neuberger
Brewster	Humphrey	Pastore
Burdick	Inouye	Pearson
Carlson	Javits	Pell
Case	Keating	Prouty
Dirksen	Kennedy	Proxmire
Dodd	Kuchel	Randolph
Dominick	Lausche	Saltonstall
Douglas	Long, Mo.	Smith
Edmondson	Magnuson	Sparkman
Fong	Mansfield	Williams, N.J.
Fulbright	McCarthy	Young, N. Dak.
Hart	McIntyre	
Hayden	McNamara	

NOT VOTING—25

Anderson	Goldwater	Miller
Bartlett	Hartke	Morton
Bayh	Hruska	Moss
Beall	Jackson	Scott
Bible	Long, La.	Smathers
Byrd, W. Va.	McClellan	Stennis
Cooper	McGee	Yarborough
Eastland	Mechem	
Engle	Metcalf	

So Mr. MORSE's motion to recommit was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the motion was rejected be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader about the schedule and what he anticipates for the remainder of this afternoon and about as much of the schedule for next week as he can state at this time.

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished Senator from South Carolina [Mr. JOHNSTON] has an hour's speech on the foreign aid proposal.

Unfortunately, the distinguished senior Senator from Oregon [Mr. MORSE] had to leave the floor briefly, to attend a very important conference on the higher education bill. He will return later and will have a speech to make.

I do not know of any votes which will be taken during the remainder of today.

It is anticipated by the leadership that next week the Senate will meet on Monday, Tuesday, Wednesday, Thursday, and Friday; and it may be that votes will be taken on any or all of those days. I mention Tuesday specifically, because although some elections will be held on that day, there is no commitment that votes will not be taken in the Senate on that day. In view of the fact that we may be in for a long siege, I think it well to inform Senators that the Senate will meet on Tuesday of next week, as well as Monday, Wednesday, Thursday, and Friday, and that on Tuesday, votes may be taken in the Senate.

Mr. JOHNSTON obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from South Carolina yield briefly to me?

Mr. JOHNSTON. I yield.

Mr. MANSFIELD. Mr. President, I understand that the distinguished Senator from South Carolina has an amendment to the amendments which are pending and are at the desk. I call his attention to the fact that, in response to a question raised by the distinguished minority leader, I stated that no other votes would be taken this afternoon. So I hope that with that in mind, the Senator from South Carolina will agree with the leadership and will join in the assurance that no other votes will be taken this afternoon.

Mr. JOHNSTON. I assure the majority leader that I shall not call for any vote on any amendment.

Mr. MANSFIELD. I thank the Senator from South Carolina.

ORDER FOR RECESS TO MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session today, it take a recess until noon, on Monday next.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Without objection, it is so ordered.

KAINO HELY AUZIS

Mr. HUMPHREY. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Repre-

sentatives to Senate bill 310, for the relief of Kaino Hely Auzis.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 310) for the relief of Kaino Hely Auzis, which were, in line 3, strike out "sections 101(a) (27) (A)" and insert "sections 203 (a) (2)", and in line 6, strike out "minor child" and insert "daughter".

Mr. HUMPHREY. Mr. President, on April 4, 1963, the Senate passed S. 310, to provide for the granting of nonquota status to the adopted daughter of citizens of the United States.

On July 9, 1963, the House of Representatives passed S. 310, with amendments to grant second preference status to the beneficiary.

Inasmuch as a quota number will be currently available for the beneficiary, I move that the Senate concur in the House amendments to S. 310.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, I have at the desk an amendment to the pending amendments which have been offered by the distinguished majority leader [Mr. MANSFIELD], on behalf of himself and other Senators. I ask that my amendment to those amendments be called up and be made the pending question.

The PRESIDING OFFICER. The amendment of the Senator from Florida to the so-called Mansfield-Dirksen amendments will be stated.

The LEGISLATIVE CLERK. On page 1, in line 8, of the amendments (No. 280) submitted by Mr. MANSFIELD, on behalf of himself and other Senators, the following amendment (No. 290) is proposed: namely, strike out the figure "\$1,500,000,000" and insert the figure "\$975,000,000".

The PRESIDING OFFICER. The question is on agreeing to the Holland amendment to the so-called Mansfield-Dirksen amendments.

Mr. JOHNSTON. Mr. President, I believe that we have reached a crucial point—perhaps the most crucial point in the history of U.S. foreign policy. When any nation, most particularly a great nation which carries the heavy responsibility of leadership for much of the world, is determined to preserve its identity and independence before the onslaught of Communist degradation and imperialism, it cannot afford the luxury of fantastic waste.

Mr. President, it is my considered opinion that it is mind-changing time in the Senate of the United States. For 17 years since World War II we have constantly and consistently accepted the magic formulas of the apostles of giveaway foreign aid. This we must stop.

I am not one of those people who recklessly charge those with opposing points of view with dishonesty, deceit, or a lack of integrity. Let us give the apostles of giveaway the benefit of the doubt. Let us say in all sincerity that they believe in their magic formulas. Like most human beings, the persons whom they have deceived most are themselves. There can be no doubt that these supposedly sane, intelligent, and loyal Americans have gotten us into a quicksand of mess and predicament in foreign entanglements from which we may never disengage ourselves. The great tragedy of it all is that their only recommended solution to approaching disaster consists of more and more billions to be wasted in foreign aid—more billions to be thrown on top of the billions already spent into the cesspool of hopeless confusion.

There is nothing new about foreign aid. In one form or another, it has been given for thousands of years. The nations of the world throughout the pages of history have engaged in aiding each other. The ancient Greeks tried to meet the challenge of the Persians, the Macedonians, and finally the Romans with programs of mutual assistance. The Romans paid handsome subsidies, from time to time, to both their allies and their satellites. Great Britain, almost singlehanded, bore the financial burden of the last and eventually successful coalition against Napoleon.

No, there is nothing new about foreign aid as a concept and as a practice. The only thing new about foreign aid is the reckless abandon with which the United States of America has pursued its programs.

Over the years of history other nations have pursued foreign aid programs with a specific purpose in mind and with a specific goal in view. But we Americans seem to have another idea—or perhaps the lack of an idea. We seem to believe that if we pursue relentlessly a program of abstract togetherness and humanitarianism, we will find at the end of some distant rainbow that brave new world which we have sought and failed to achieve, through two World Wars and the Korean war.

Historically, other nations have extended foreign aid for two reasons: first, to strengthen their military position in concrete terms; and second, to develop their colonies or territories or other areas for the ultimate benefit not only of the colony or protected state but also for the benefit of the motherland itself. We Americans, however, have gone radically beyond these practical and emphatically limited objectives. We Americans aid everybody who asks for it, and even some who do not. We aid our allies. We aid so-called neutral states which consistently vote against us in the United Nations and oppose us elsewhere. We even aid the satellites and vassals of the Communist enemy.

I call attention to the "Report to the President of the United States From the Committee To Strengthen the Security of the Free World on the Scope and Distribution of U.S. Military and Eco-

conomic Assistance Programs." This is the so-called Clay Committee report on foreign aid, dated March 20, 1963.

Every American interested in the foreign relations of his country and in world peace should read the Clay report. The majority view of the report contains more clear thinking than any of the reports on the same general subject which have come out of the executive branch of Government under the three administrations since World War II.

I can only conclude, however, that it is a terrible pity that General Clay and his committee did not carry their thoughts to a logical conclusion and thus recommend that foreign aid giveaway programs be stopped now. I only regret that the President did not, on the basis of the Clay report, do more than make a modest cut of \$420 million in his request for foreign aid funds for the coming fiscal year. But he still asks for another \$4½ billion in foreign aid. May the good Lord have mercy on us and our economy.

But perhaps I expect too much too soon of a committee appointed by the executive branch of Government. In any case, these 10 points made by the Clay Committee were of special interest to me:

1. External aid is of little value unless it is accompanied by an internal expression of will and discipline.

2. We are attempting too much for too many.

3. We should not extend aid which is inconsistent with our beliefs, democratic tradition, and knowledge of economic organization and consequences.

4. We believe the United States should not aid a foreign government in projects establishing Government-owned industries and commercial enterprises which compete with existing private endeavors.

5. Foreign aid was not designed for combat zones. Consideration should be given for making provision for countries in the border areas other than in our foreign aid program.

6. We do not see how external assistance can be granted to Indonesia by free world countries unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures.

7. We cannot accept the view that the United States must provide aid lest the fragile, new, developing countries of Africa accept it from Communist nations with resulting political penetration and eventual subversion.

8. We believe that the United States has contributed proportionately more than its share to the task assumed by the United Nations in the Congo.

9. The United States and Latin America cannot allow another Castroite-Communist Cuba to come into existence.

10. We are convinced that the burden of sustaining foreign assistance to the less-developed countries is falling unfairly on the United States, and that the industrialized countries can and should do more than they are now doing.

One would think, also, that sooner or later, at least a part of the truth would catch up with even those who practice political and economic self-hypnosis. The Clay Committee shows some indication of achieving at least a slight glimmer of an understanding of the political and economic facts of life. But apparently the truth has no meaning for these

other people who are prisoners in the decadent, crumbling castle of ideas of their own making. They suffer from one grotesque hallucination piled on top of one act of stupidity after another. No. Fiscal sanity and the economic facts of international life continue to escape and elude the apostles of giveaway.

Instead, they try to readjust the facts—or at least to confuse themselves about the facts—by indulging in name-changing and alphabet soup for aid programs and agencies. We can only hope that the Clay Committee report will result in more insight and real thinking about foreign aid.

We have had economic aid which we called lend-lease. That was during World War II, and I think a review of the settlement agreements would show that there was not too much lend, very little lease, and an awful lot of giveaway. Since World War II we have had mutual security programs. But these mutual security programs by name defy all logic. Not only is mutual security aid extended to allies but it is extended also to neutrals and to the vassals of the Communist enemy. How can these programs be either mutual or add to our security?

Then there has been technical assistance designed to provide the know-how to those who do not possess our industrial and technical skills. A close examination of the technical assistance program will, however, show that money is spent not only on personnel possessing skills but also on goods and miscellaneous services.

Then, there are loans. These loans, so many of them, are really gifts in that there is no hope of ever recovering them. The Development Loan Fund, which was put into operation several years ago, tacitly acknowledges this state of affairs by employing the category of "soft loans." What are soft loans? Soft loans are loans that no practical banker or businessman would touch with a 10-foot pole. Soft loans are gifts that it is more politic to call loans.

Finally, there is the interesting category of defense support, which one would think includes the instruments and weapons for possible war. But defense support includes not only weapons and materiel but substantial amounts of economic aid. Indeed, at one time all economic aid was called defense support aid.

We started out, after World War II, with the Greek-Turkish Aid Act. At that time there was great pressure by the Russians on Greece and Turkey. In the case of both countries we went from military assistance to permanent programs of economic dole.

Then, there was the Marshall plan. We were told, in 1947, by Mr. Paul Hoffman and by Representative Christian Herter—later Secretary of State under the second Eisenhower administration—that in 4 years the total expenditure on aid to Europe in its recovery would not exceed \$17 billion. Actually, I believe, that aid under the Marshall plan only amounted to about \$12 billion.

But foreign aid becomes a habit, and we have gone on and on, looking for new areas to aid, on the theory that since 1947 there are harsh new forces at work

in the world which endanger this Republic and its people. According to the latest reliable figures I have on hand, by the end of fiscal year 1962 our total aid amounts to \$97,675 million since World War II, on top of \$49¼ billion spent on lend lease.

That makes approximately \$147 billion. Bear in mind that is not all. Remember, we had to borrow the money to pay 3 percent interest. Ever since 1950 we have been paying more than \$3 billion annually on the additional amount of indebtedness caused by our aid to foreign countries. At the present time it amounts to almost \$6 billion annually in interest alone—additional interest created on account of foreign aid.

In the final analysis, it is impossible to determine how much of this aid is military and how much is economic. There is just too much change and too much fuzzy thinking in the labels and categories assigned to different types of programs for anyone to be very sure of himself on this subject.

The agencies which have administered foreign aid have changed names even faster than the names of aid programs have been changed—in fact, as fast as a lizard can change skins. As I recall, we started out with the Marshall plan being administered by a task force within the State Department. For a time, even after the bulk of economic assistance was transferred to a separate agency, the Technical Cooperation Administration was part of the State Department. Later, however, TCA became part and parcel of the Mutual Security Administration which then administered foreign aid.

As for the alphabet soup, the foreign aid agency has been known as ECA, MSA, FOA, ICA, and now AID. Which stand for, respectively, Economic Cooperation Administration, Mutual Security Administration, Foreign Operations Administration, International Cooperation Administration, and now Agency for International Development.

One might say that, regardless of the name, this particular rose smells all the same. The smell is that of giveaway leading to national bankruptcy and economic chaos.

Perhaps the most interesting name of all was Foreign Operations Administration which was the Eisenhower administration's first choice of giveaway agency names. At least, FOA gave the wags around Washington a chance for a little expression of humor. For it was said that FOA, pronounced "Fo-ah," was entirely fitting for a Capital City which at that time showed a strong affinity for the game of golf.

But let us go to great lengths to be fair about this matter. Without being guilty of creating straw men to be knocked down, and with full intent to do justice to those who believe in economic aid, let us ask ourselves: On what premises do they base their beliefs? Let us, indeed, ask ourselves what kind of rationale has been used to stampede the departure of all our billions of foreign economic aid—billions which amount to almost three-fourths of our national debt.

The national debt is more than \$300 billion, and almost three-fourths of it has been caused by the foreign aid giveaway program. It costs us approximately \$6 billion a year in interest alone.

Now then, what are the arguments for foreign economic aid?

Insofar as I can determine, the arguments are based on these basic concepts:

First. Foreign aid, they say, enhances our national defense and strengthens our military might.

Second. Foreign aid, they say, will stop communism in its tracks by creating conditions of social and economic well-being from which the opposition to communism will arise.

Third. Foreign aid, they say, will provide for programs of economic growth on a planned businesslike basis.

Fourth. Foreign aid, they say, will create stable societies friendly to the West.

Fifth. Foreign aid, they say, will provide for hungry nations to buy surplus U.S. commodities.

Sixth. Foreign aid, they say, will encourage the flow of capital, both public and private, essential to the longrun success of economic development.

Seventh. Foreign aid, they say, will act as a stabilizer against recession in the United States, a crutch for our foreign trade and thus, by implication, as a subsidy and a pump-priming device for American economic expansion and full employment.

Eighth. Foreign aid, they say, will offer in the persons of Americans living abroad and through subsidized visits of foreign officials to the United States, a living example of democracy—that is, “democracy by example,” to use the fashionable cliché.

First. Let us take the idea that foreign aid enhances our defense and strengthens our military might.

Historically, and on the basis of practical horse sense, a case could be made for real defense support, as contrasted with vast quantities of giveaway economic assistance, to our NATO allies in Europe as well as to our allies in the Southeast Asia Treaty Organization—SEATO—the Central Treaty Organization—CENTO—the Republic of China, Vietnam, the Philippines, and perhaps a few other nations.

But there are other countries in which economic aid cannot possibly be justified under the pretext of defense support because in those nations the United States is not helping to support the military forces to any significant degree. In those nations economic aid is called special assistance and under this category we are asked to provide additional millions to Afghanistan, Bolivia, Burma, Ethiopia, Ghana, Haiti, Indonesia, Jordan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, Yugoslavia, and others.

Let us take a few examples of the recipients of special assistance. Through fiscal year 1962 we gave approximately \$3,953 million to India. India, supposedly, was a nation dedicated to nonviolence and peaceful pursuits. Yet India's record is a mixed one. She has attacked our NATO ally, Portu-

gal, and defied the U.N. Charter in doing so, but she also resisted Red Chinese aggression.

Ghana, an African State, was promised vast new amounts of aid for its sweeping Volta River project. Yet Ghana's brand of neutralism is that of repeatedly voting against our position in the U.N.—not abstaining but voting against us repeatedly. Ghana, moreover, has embarked upon a program of left-leaning dictatorship and authoritarianism.

Even among those nations to which we are allied there has been incalculable waste which could have only weakened not only our defense position but theirs. In Iran, for example, we spent \$3 million to build a road to a proposed dam site before there was even a firm contract for financing the dam.

In Laos, to whom we have given about \$445 million in aid, there has been, according to one Government operations committee report, case after case of conflicts of interest, apparent mismanagement, misuse of funds, and even instances of what I would call graft.

The list of error and miscalculation and outright stupidity is indeed almost endless. And for further details I refer Senator to the address I made in 1961 before the Senate on this same unhappy subject. So let us proceed in our clinical examination of the ideas which foster giveaway by the billions and over decades.

Second. Foreign aid is supposed to stop communism in its tracks by creating the social and economic conditions from which the opposition to communism will arise. We gave, through fiscal year 1962, approximately \$2,400 million to Communist Yugoslavia, and approximately \$522½ million to Communist Poland. We even gave approximately \$50 million to Cuba before the rise of that bearded beatnik Napoleon, Fidel Castro, and then another \$2 million after Castro came to power. How much opposition to communism has arisen in Poland? Did our aid restrain Castro from declaring himself a Communist and leading his people to totalitarianism and bringing us to the very brink of war last fall? Just how independent, in the final showdown, will Tito's Yugoslavia be of Khrushchev's Soviet Russia?

Third. Foreign aid, they say, will provide for programs of economic growth on a planned businesslike basis, a totally ridiculous theory proven baseless by sad experience.

May I call attention, also, to the fact that in Pakistan one of the auditing teams observed that 10 dump trucks, procured at a cost of \$265,000, were standing idle while the earthmoving work has performed by women with head baskets and burros. The dump trucks, it was discovered, were not suited to the nature of the soil. Moreover, it was difficult to train operators of complex equipment, and labor was abundant, so women were used instead of the expensive dump trucks which our tax dollars had purchased.

Still another example of the planned, businesslike basis of foreign economic aid programs can be found in the case of Korea. In the report of the staff survey team of the Subcommittee for Review of the Mutual Security Program on

Economic Assistance to Korea, Thailand, and Iran, dated July 5, 1960, attention is called to five projects which are described as being “bogged down.” This interesting quotation, found on pages 6 and 7 of this report should provide further refutation of this third concept:

NATURE OF PROBLEM

These stalled projects cannot be gotten back on the track merely by putting up more money. Korea suffers from an acute shortage of capital, but there are indications of an even more acute shortage of entrepreneurs—that is, men able and willing to assume top management responsibility and at the same time risk a substantial amount of their own money in backing up their judgment.

In the United States, as in the other nations of the world where industry and commerce are highly developed, the choice of a factory site, the determination of the type of equipment to be used, and the scale of operations and the prices to be paid for machinery and materials are left to the management of the enterprise. If the judgment of the management proves to be wrong on these matters, the management loses its investment.

In Korea, where many industries are government owned and where many others are financed almost entirely by government loans, the normal profit and loss incentives and penalties cannot be accepted as adequate controls of management, and the elaborate and time-consuming machinery of bureaucratic review has to be relied on.

There are undoubtedly a considerable number of entrepreneurs with the management ability and with capital, and the survey team visited a number of factories equipped by the United States which are in successful operation. These successes appear to reflect the adequacy of the entrepreneurs rather than the effectiveness of the procedures for granting U.S. assistance.

Recognizing that its observations were limited, the survey team nevertheless, invites consideration of the possibility that U.S. assistance to the industrial-commercial segments of the economy (as distinguished from public utility segments—such as railways and powerplants) should be limited to enterprises where there is a qualified manager with adequate equity capital available and then most of the surveying, screening, and reviewing procedures now in effect eliminated.

A corollary of this would be that to the extent that local entrepreneurs are not available to carry forward industrial-commercial development on an adequate scale, encouragement should be given to foreign firms to come in and fill the deficiency. If the Korean Government is unwilling to use the services of foreign entrepreneurs, it should accept the fact that certain areas of economic development must await the indigenous production of management ability and risk capital.

How well-planned and businesslike is a program which gives birth to projects for which the existing managerial abilities and other skills are most inadequate—in fact, so inadequate that the projects grind to a halt?

Another case in point is that of Turkey to whom we had extended approximately \$4 billion in total aid through fiscal year 1962. It is reported that our aid to Turkey has met with tremendous success. Indeed, one document states that there was a 50-percent increase in Turkey's gross national product between 1948 and 1962, 144-percent increase in the number of industrial establishments, 61-

percent increase in industrial production, 52-percent increase in mineral production, 95-percent increase in generating capital for electric power, and more than 100-percent increase in agricultural production.

Yet, despite all of these impressive figures and despite the constantly repeated statement that Turkey's great leader, Attaturk, had carried his country so far that it was ripe for an economic aid program, and despite the fact that Turkey has been able to maintain an impressive armed force against Communist aggression, our hopes have not been fulfilled in that valiant country. For years, inflation has been rampant, there has been a flight of capital from the country, and there has been an unfavorable balance of trade. To put it simply, Turkey could not meet the burden of rapid economic development, and the whole problem culminated several years ago in the overthrow by a military junta of the constitutionally established Government of Turkey.

As that great educator of Yale University, William Graham Sumner, put it many years ago:

State ways do not make folkways.

Too often, our apostles of giveaway have failed to take into consideration the mores and customs of a developing society. Too often, they have overestimated the absorption power of an economy for foreign aid. Too often, foreign aid has brought not stability and economic plenty but instability and economic chaos. Too often, modern technology has been superimposed on regimes and administrative systems which were unable to cope with Western instruments of progress.

Fourth. Foreign aid, they say will create stable societies friendly to the West.

This idea is so closely related to the previous one that it has been for the most part answered. Let me just suggest, however, that stability is generated from within a society. And friendship can no more be purchased among nations than it can be among individuals. Perhaps William Shakespeare put it best when he said:

Neither a borrower nor a lender be, for loan oft loses both itself and friend.

In our own country Ralph Waldo Emerson wrote along the same lines:

We do not quite forgive a giver. The hand that feeds us in some danger of being bitten.

Fifth. Foreign aid, they say, will enable hungry nations to buy surplus U.S. commodities. Under existing law, we may dispose of farm surpluses abroad by selling them for foreign currencies, making grants for disaster and famine relief, and donation to private welfare organizations for oversea distribution.

I do not find fault with giving farm surpluses to hungry people, but I do find fault with some of the techniques used.

Why should we collect foreign currency for agricultural surpluses and then spend these funds on the country's development program? Why do we not make a greater effort to swap more of our agricultural surpluses for the products in which we are in such short supply—for

example, manganese, chromite, cobalt, and tungsten, and so forth? Even given the facts that some of the hungry nations do not produce these scarce commodities, could we not join with other surplus food producing areas and arrange three-way barter of products? And even if we do now have huge stockpiles of many scarce commodities, surely these commodities could be imported for day to day use in the United States.

Sixth. Foreign aid, they say, will increase the flow of capital, both public and private, essential to the long-run success of economic development.

This concept is based, of course, on the fairly widely held view among modern economists that an underdeveloped and agricultural economy will reach a so-called takeoff points. That is, the economy must produce a surplus over and beyond its needs in order that savings may be available for investment. The percentage of savings necessary for the economy's takeoff toward industrialization is variously estimated at 5 to 15 percent of the gross national product.

In the Western World during the industrial revolution, particularly in the 19th century, savings for investment were accumulated by capitalists through the mechanism of maintaining low wages and thus controlling the consumption of the working people—who otherwise would have eaten up and used up all of the savings.

In the Soviet world, modernization and industrialization advanced at a much faster rate than in the West—the Soviets not only kept wages low but also controlled prices, and deliberately maintained scarcities of consumer goods as well as millions of slave laborers.

Taking the underdeveloped nations as a group, it would seem that those Americans who expect miracles from foreign aid ignore many facts of life. First of all, we have seen what happens when foreign aid is poured into nations without modern administrative institutions—nations whose people are tied to beliefs that fitted simple societies but not modern industrial societies. It frequently results in a runaway inflation, reckless consumption, an excess of imports—including luxury imports—over exports and wholesale corruption.

Somehow, those who have the savings are afraid to remove them from the sock or the cookie jar. And to keep the ball rolling—to meet the so-called revolution of rising expectations—the apostles of giveaway must continually find new sources of funds—either American, British, or from international organizations.

More and more, also, we find the recipients of foreign aid inclined toward authoritarian methods to solve the increasingly complex problems of their own making. Castro has embarked on wholesale nationalization and heavy-handed controls. Nasser of Egypt and Nkrumah of Ghana have apparently behaved in a similar, although perhaps more moderate vein. The list of foreign aid sired or nourished tyrants is almost endless.

It is said, however, that Tito of Yugoslavia has relaxed in his frenzy of dictatorship and nationalization since be-

coming a major recipient of the American dole. But this is somewhat like the man who cut his throat so he would not have to shoot himself. For Tito had gone so far down the path of dictatorship and nationalization that any relaxation, whether it is spelled out in a new constitution or not, is purely relative—and probably will be temporary as well.

Seventh. Foreign aid, they say, will act as a stabilizer against recession in the United States, a crutch for our trade, and thus, by implication—a pump-priming device for American economic expansion and full employment.

It is perfectly true that no nation can live indefinitely in economic plenty while the rest of the world starves. But I doubt that it is wise for us, in this era of international tension and fantastic expenditures for defense, to lean upon the weak reed of foreign aid.

True, our exports do exceed our imports, and this imbalance could not continue indefinitely. If a nation sells, it must also buy.

But with foreign aid, we are running a deficit in our balance of payments, and we had been losing gold at a rapid rate until the Kennedy administration was able to institute measures of control. In 1947 we had almost \$23 billion in gold stocks and in 1963 we were left with less than \$16 billion. Most of the gold outflow has occurred since 1957.

And why has there been a gold flow out of the country in recent years? The answer is both complex and simple. It is that our exports are less than the combined totals of imports, essential military aid to our allies, expenditures by American tourists abroad, and giveaway foreign aid.

No. Even ignoring other factors, foreign aid is an undependable crutch. For foreign aid contributes in more ways than one to our balance-of-payments problems.

There is no doubt in my mind that foreign aid channels American production into temporary and unstable pursuits. More important, perhaps, it does the same thing abroad to foreign industries. It builds up with American money competition from foreign industries who have the production costs' advantage of low wages—advantages which can be magnified through the introduction of modern assembly line techniques. The disaster brought to the textile industry in my own State of South Carolina and in many other States is only one example of this fact of life.

American industries, not wanting to preside over their own destruction, are investing more and more money abroad. In 1939 there were \$11,400 million in American long-term capital invested abroad. By 1947, this figure had grown to \$16,900 million in private capital and \$12,200 million in U.S. Government investments. And by 1961, this figure had increased to \$48,927 million in private investments and \$21,814 million in U.S. Government investments—a total of almost \$70 billion invested abroad.

The free flow of capital is just fine in theory until one examines the stark realities of tariffs, customs regulations, currency controls, and differences in

wages for labor that does not move freely across national boundaries.

An excessive flow of capital can, in other words, spell disaster in this world of controlled domestic economies.

Perhaps we should learn a lesson from Great Britain of the 19th century. For Great Britain emerged from the Napoleonic Wars as the most powerful and industrially-advanced nation on earth—the workshop of the world.

Contrary to popular belief, it was not World War I that put Great Britain on the economic skids. World War I only expedited a process that had long been in progress. I am told that in 1860 Great Britain produced two-thirds of all the coal and steel—the very lifeblood of economic strength in the 19th century—which flowed in international trade. By 1880, Great Britain was producing only one-third of the coal and steel that flowed in international trade.

True, British production had expanded during those 20 years. But absolutes are never important in international economics or politics. The awful truth is that Great Britain's competitors had expanded with modern technology at a far greater rate than had the British.

Ironically, it was British capital which had built up the competition offered to her in the 1880's and thereafter by the United States, Germany, and Japan—all newcomers among the great nations on the international scene. Yes, the British capitalists allowed their own industries to become obsolete and antiquated while they enjoyed large profits from oversea investments. The net result was that Britain was no longer able to play her traditional role as the balancer in the European balance-of-power system. And once the scramble for colonies was over, Germany decided to challenge British power.

The peril point and escape clauses and all the trade agreements in the world will not help us if we preside over our own economic disaster. Nikita Khrushchev has invited us to compete with the Communist world and has promised the United States that he would "bury us." Nikolai Lenin is said to have made this statement:

The time will come when they (the capitalist nations) are so bankrupt that they will lose all power of resistance.

It may be, as some eminent authorities have maintained, that Lenin was referring only to moral rather than to financial bankruptcy. But I doubt it. Communism, in theory and in practice, is tied to materialism. Thus, I should think that Lenin meant both financial and moral bankruptcy. In any case, financial bankruptcy frequently precedes moral bankruptcy—or at least the two go hand in hand.

Let us not contribute to our own downfall by reckless giveaway programs. Let us not aid Khrushchev in burying us. Let us not prove that a ruthless Communist, Nikolai Lenin, was right.

Eighth. Foreign aid, it is said, will, in the persons of Americans living abroad and through subsidizing visits of foreign officials to the United States, provide a living example of democracy, that is,

democracy by example, to use the fashionable cliché.

According to the last account I had, we, the United States, had about 15,000 people engaged in the foreign aid program. All of these people, of course, do not live abroad. But I wonder how many of them, even with the best will in the world, can really offer democracy by example in societies ruled by absolute monarchs, medieval despots, and authoritarian socialists—regimes which are so frequently riddled with corruption. And we note that Americans living abroad are subjected to wholesale criticism for high living in the minds of those less fortunate than ourselves—particularly the intellectuals who cannot hope to attain the American standard of living. To them, the oversea American more and more comes to resemble the European colonizers who have departed so recently. Surely the tempers of these Americans must be frayed and they must be the most frustrated and disillusioned people on earth.

As for the foreign officials whose visits to the United States are subsidized, I wonder how much understanding they really gather in their tours of the United States. Do they see only the shell of America? Contrary to the recently popular song, "Getting to Know You" does not always mean "getting to like you"; in fact, "getting to know you" frequently means "getting to despise you." For on a short-term basis, people of different value systems come to realize that they disagree with those of another value system about things that never even occurred to them before they came into contact.

Real international understanding is a cumulative thing and should be thought of in terms of generations. An official on a subsidized visit naturally has on the blinkers of his own society—blinkers through which he must look and which cloud his vision. In a few short months he could not possibly gather much understanding of the United States and its people. For one never understands another country and its people until one absorbs the beliefs and customs of that country and its people and thus is able to judge its people by their own value system.

Mr. President, this has been a long review of the question of foreign aid. But I conceived it is my duty to state my opposition more clearly than ever during this year of great decisions.

I am tired of giveaway programs. I am weary of oversimplifications. I am disgusted with waste and unfulfilled promises of accomplishment.

I am annoyed by those nations which play the role of international coquettes; who openly say that they will take aid from any nation, Soviet or Western.

I am also irritated by those leaders who suggest that their countries will turn to communism if we do not sign a blank check. In July 1961, the President of Pakistan, Ayub Khan, said that if we gave his country billions of dollars, Pakistan would embrace democracy and be our friend. But if not, Pakistan would turn to communism. Moreover, it was

also reported in 1961 that Ambassador Habib Bourguiba, of Tunisia, stated, as he left the conference table with Secretary of State Dean Rusk:

I suggest the free world act now before another world does.

Foreign aid is the vehicle of special interests. Foreign aid is the vehicle of selfish interests. No matter how its cloak shines with humanitarianism and empty promises of economic progress, foreign aid is still not in the national interest.

At times like this, I am reminded of this message from the words of one of our greatest Presidents, Woodrow Wilson:

When I think over what we are engaged in doing in the field of politics, I conceive it this way. Men who are behind any interest always unite in organization, and the danger in every country is that these special interests will be the only things organized, and that the common interest will be unorganized against them. The business of Government is to organize the common interest against the special interests.

I shall vote against foreign aid, as I have always done in the past.

Mr. RUSSELL. Mr. President, I have just read an article which was published this afternoon in the Washington Star. The article was written by one Joseph Kraft; and in the article he undertakes to deal with the debate on the floor of the Senate on the pending legislation.

Mr. Kraft seizes on the very popular approach to every subject today, when it is desired to prejudice any case by substituting fancy for fact and by seeking to don the mantle once worn by Ananias—by indulging in the most contemptible kind of falsehoods in attempting to prejudice the opposition to the foreign aid bill by reciting the fact that some southern Democrats are opposed to the bill.

The writer has made the statement that the southern Democrats, in a secret caucus, had agreed that they would support the efforts of the Senator from Oregon to rewrite the foreign aid bill on the floor of the Senate. He went on to attribute that support to a great many ulterior purposes in an effort not only to prejudice the opponents of the bill now before the Senate, but also to prejudice any opposition that might ensue later to the so-called civil rights measure. Of course, that man is a contemptible falsifier, which is evident from the vote taken on the floor of the Senate just a few minutes ago, before I had read the article. He said:

All the southern Democrats had met and had agreed on this course.

I have checked the yea-and-nay vote briefly, and I think I am correct in saying that every one of the southern Democrats followed the voting pattern he has always followed with respect to foreign aid. Those who are in favor of foreign aid voted against the motion to recommit, and those who are opposed to increasing foreign aid voted in favor of the motion to recommit. I do not have the actual yea-and-nay vote before me, but the Senator from Alabama [Mr. HILL] has not yet completely deserted the little group of embattled southern

Democrats; the Senator from Florida [Mr. HOLLAND] has not; the Senator from Alabama [Mr. SPARKMAN] has not; the Senator from Arkansas [Mr. FULBRIGHT] had not at the last account that I had from him. All of them voted against the motion to recommit.

All of those who voted in favor of the motion to recommit have a consistent record of voting to reduce the foreign aid authorization or opposing the program in its entirety.

We have come to a pretty pass in our country when men of the fourth estate, who are supposed to be men of honor—and most of them are—seize on every issue that comes before the Senate in an effort to twist, distort, and wilfully and malignantly falsify in order to attempt to prejudice the case in favor of the pending civil rights legislation, which has not yet reached the floor of the Senate, or—as, in this case attempt to prejudice the efforts of all those who are opposed to the foreign aid program or seek to reduce the authorization therefor.

Mr. President, there is nothing I can do about it. I cannot stop it. It is not a new custom, although all of it is not as vicious and as open and flagrant and maliciously false as is the article to which I have referred. But I shall continue to protest it and to have embalmed in the volumes of the CONGRESSIONAL RECORD the fact that some men who are supposed to be devoted to a cause that is protected in the Constitution of the United States—the freedom of the press—abuse that freedom by attributing evil purposes to all those who do not agree with their views on all legislation.

It ought to stop. Those who own the newspapers should see to it that this kind of yellow journalism is eliminated or else there will be a time when they will have finally made the circuit around and distorted the position of everyone, and there will be some curtailment of the right of the press to slander, libel, and falsify, as is done in the article to which I have referred.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MANSFIELD. Before I make the request which I intend to make, I should like to say that the writer to whom the distinguished Senator from Georgia has referred, whoever he may be, I am sure underestimates very drastically the integrity of the Senator from Georgia as well as the integrity of the Senator from Oregon.

Mr. President, I referred previously to an amendment offered by the Senator from South Carolina [Mr. JOHNSTON]. It is my understanding that a prior amendment to the Mansfield-Dirksen amendment had been offered by the Senator from Florida [Mr. HOLLAND], and is now pending. I have been trying to locate the Senator from Florida to ask him to make certain that his amendment would not be called up this afternoon because of the commitment which the leadership has given to the Senate that there would be no further votes this afternoon. I am quite certain that the distinguished Senator from Florida

will agree to the arrangement, because he has had to leave the Chamber temporarily, and therefore I cannot at the present moment see him. But I desired to put the Senate on notice that there will be no further votes this afternoon.

Mr. JOHNSTON. Mr. President, the Senator from Florida said that he intended to file the amendment, so that he could call it up on Monday. I believe that the Senator will find there is no difficulty.

Mr. MANSFIELD. I have stated information I received from one of the attachés.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MORSE. I regret that I did not hear the Senator's comment. I came into the Chamber as the Senator was closing. I understood that the Senator made some reference to the Kraft column.

Mr. RUSSELL. I said that he was a candidate for the mantle of Ananias and had demonstrated more ability to wear it than anyone I have known recently.

Mr. MORSE. That is an appropriate description of that journalist. Earlier today I had paid my disrespects to him for his lying column published today.

Mr. RUSSELL. I regret that I did not hear the Senator. I was out of the Chamber when he made his statement.

Mr. MORSE. I made it clear that I had been advised by Senate colleagues that there had been no such secret caucus as is reported. I also made it clear that the writer had done a great injustice to my southern colleagues. I expect that kind of justice to be done to me by men of the yellow press of America. That does not concern me, except that I attempt to keep the record straight each time I observe such articles by paying my disrespects to such kept journalists.

Mr. RUSSELL. The writer evidently undertook not only to prejudice the case of the Senator from Oregon, but also undertook to make a case against the efforts of the southern Democrats in connection with a proposed civil rights bill. He is trying to kill two birds with one falsehood, to besmirch all those whose consciences will not permit them to support the foreign aid bill as well as those who will be opposed to a so-called civil rights measure when it comes before the Senate.

He endeavored to create a monumental falsehood in order to accomplish a double purpose with one falsehood.

Mr. MORSE. I wished the Senator to know that I paid my disrespects to that kind of journalist. I desire that the RECORD be clear again that there is no arrangement between the Southern Senators and the Senator from Oregon. I know that on the merits and the demerits of the bill Senators will exercise their independent judgments.

I also suggested that the writer take a look at the division of the southern Senators in this body on the question. I suggested that he look at the record of the Senator from Alabama [Mr. SPARKMAN] and the chairman of the Commit-

tee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT].

Mr. RUSSELL. As well as the senior Senator from Alabama [Mr. HILL] and the Senator from Florida [Mr. HOLLAND], who voted in the negative. Unfortunately they have persisted in the error of their ways by supporting all foreign aid legislation.

Mr. MORSE. Nevertheless, I appreciate the fact that the Senator from Georgia has joined in nailing this vicious, lying article to the mast.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. LAUSCHE. I commend the Senator from Oregon for his bold and direct approach and purpose to reveal the truth. Unless journalists are truthful, we will run into calamity. The Senator from Oregon has exhibited his usual, objective, and courageous approach to problems in regard to foreign aid.

Mr. MORSE. I appreciate the Senator's comments.

Mr. JOHNSTON. Mr. President, to go back to the discussion that the Senator from Georgia brought up, I believe I, too, have attended every one of the southern caucuses. I can truthfully say that the proposal of the Senator from Oregon was never discussed before the group at all. I believe he will agree that neither I nor any other Southern Senators has come to him and acknowledged anything about it.

Mr. MORSE. Mr. President, yesterday, in connection with my comments in connection with our aid program with regard to Turkey, I intended to have printed in the RECORD as an exhibit a memorandum prepared by the Agency for International Development, commenting upon the criticisms which I made.

Through some inadvertence this memorandum was omitted from the RECORD. I now ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

COMMENTS ON SENATOR MORSE'S STATEMENTS RELATING TO U.S. ASSISTANCE TO TURKEY

The following is provided in response to Senator MORSE's statement on Turkey in the Senate on July 16, 1963 (CONGRESSIONAL RECORD, pp. 1199-1200). The comments are directed to the four basic issues raised.)

Senator MORSE's statement: "First, the question deserves to be asked of whether Turkey will be able to absorb the amount of aid we are extending. It is said that our AID administrators in Turkey admit that of all AID projects there, only 10 percent are the result of initiative coming from the Turks."

AID comment: All U.S. economic assistance to Turkey is provided in response to specific Turkish requests. It is based on careful estimates of Turkish foreign exchange requirements and Turkey's specific needs for projects and essential imports to maintain economic stability and to achieve reasonable growth objectives. The level and type of assistance requested by the Turkish Government to meet its external needs are under continual review in the OECD consortium, established to assist in the financing of Turkey's 5-year plan. The Consortium Secretariat has appointed a team of experts

for this purpose who report on their findings and these judgments on the Turkish requests for assistance are combined with the independent analyses made by the United States. Requests from the Turkish Government for foreign economic assistance to carry out economic development activities have consistently exceeded financing available so that response to these requests has been on the basis of highest priority needs.

In connection with technical assistance, the Government of Turkey annually screens proposed projects, suggested by technical committees of its ministries, and submits a consolidated technical cooperation program to the United States, and to other countries and international institutions (e.g., U.N., UNICEF, OECD, CENTO). For those projects chosen from this program by the United States, a separate agreement is signed for each project by the Government of Turkey and the Director of the USAID Mission. Thus, the Government of Turkey not only requests the projects initially, but also agrees with each of them individually before the project is funded by the United States.

Senator MORSE's statement: "A second problem in Turkey, and it is certainly related to the first, is the apparent serious disadvantage of private industry in that country. It is my understanding that most industrial endeavors there are state-owned and operated. Many of their operations are very uneconomic with costs of production far out of line and with topheavy administrative bureaucracies."

AID comment: Turkey has a mixed economy. Early efforts to increase production rapidly included development of state economic enterprises which currently control about 40 percent of Turkey's nonagricultural output. Many of these enterprises are inefficient and Turkey in its recent planning efforts has recognized that the role of the private sector must be increased and strengthened and state enterprises must become more efficient if Turkey is to achieve its production targets. Provision for favorable legislation and financial assistance for private industry is included in Turkey's 5-year economic development plan adopted in December 1962.

The U.S. aid program has sought to help Turkey increase industrial production by assistance both in expanding the private sector and improving the operation of the state enterprises. AID projects such as Support of Industrial and Trade Association, Export Promotion Center, Assistance to Small Industry, and Industrial District Development have as a primary objective the strengthening of Turkish private industry efforts. In addition, U.S. private industry encouraged by AID and the Turkish Government has invested and is considering investment in various fields including vehicle assembly, paper manufacture, hotels and petrochemical production. The AID program provides capital through local currency and dollar development loans, and training programs help to improve Turkish management. As a consequence, traditional attitudes favoring public domination of economic opportunities are gradually shifting toward encouragement of investment of private Turkish and foreign capital.

While the strengthening of private industry has been a major objective, the United States also assists Turkey in improving the operation of essential state-controlled enterprises. There are serious shortcomings in the efficiency of a number of these enterprises but the causes must be viewed in the context of the Government policy which has made the state enterprises serve a number of different Government aims. These have included the provision of essential consumer and investment commodities at subsidized prices and employment of excess labor. Given this background, recent improvement

in state enterprise operations has been considerable. As a result of measures taken by the Turkish Government, the state enterprises have ceased to be a primary source of inflationary pressure and the attendant waste in the use of resources. There is still much room for improvement, however, and the U.S. representations for adoption of further reforms along with a study conducted cooperatively by Turkey, United States, and OECD experts have led to the consideration of additional legislation to correct shortcomings.

U.S. assistance through local Public Law 480 currencies gives no advantage to public enterprise over private. U.S. loan agreements with the Government of Turkey under Public Law 480, title I, expressly provide that both private enterprises and state enterprises of a profitmaking nature be accorded credits at the prevailing market interest rates. While loans of local currency Public Law 480 proceeds to the Turkish Government may be at less than market rates, no advantage to the state enterprises is allowed on the relending of these funds which are relented at approximately 7 to 10 percent. Sixty-three percent of local currency proceeds under 1961-62 Public Law 480 agreement has been made available to the GOT at 4-percent interest and similar loans under the 1963-65 multiyear agreement will be made at three-fourth of 1 percent. Under the most recent Public Law 480 loan agreement half of the credit is made available for relending to the private sector as a first priority in an effort to favor private enterprises. U.S. businessmen receive Cooley loans under section 104(e) of the Agricultural Commodity Agreement at prevailing market rates similar to those of Turkish state or private enterprises, that is, from 7 to 10 percent.

Senator MORSE's statement: "A third allegation about aid in Turkey is that it suffers from inflated costs and political inspiration for many of the projects."

AID comment: Criticism in Turkey of uneconomic use of resources was an important factor leading to the overthrow of the Menderes regime by the revolution of May 1960. One of the first acts of the revolutionary government was to review public investments and to cancel all those that failed to meet strict requirements. A state planning organization was created to design a long-range program and to encourage investment only in those enterprises which met priority needs. These efforts were continued by the present Government and in December 1962 a 5-year economic development plan was completed. The plan has received the strong support of the Government which has now staked its future on the success of its economic development efforts.

The United States encouraged the formulation of this plan and provides technical assistance to the Turkish Government in its review of projects which would be most effective in achieving the economic goals sought. The United States makes project financing to Turkey only for projects requested by the Turks which have been included in their 5-year development plan and once these projects have been presented by the Turkish Government or by private corporations for financing, they are carefully reviewed in compliance with the Foreign Assistance Act to determine whether the projects are based on reasonable cost estimates and are technically and economically feasible.

Senator MORSE's statement: "Fourth, it would appear that despite our heavy financial and military aid to Turkey and participation in two alliances with her, Turkey finds it more advantageous to take advantage of the United States, than to cooperate with us. For example, I understand that despite a NATO agreement to the contrary, our defense facilities in Turkey are taxed. The estimate is offered that we have paid about

\$800,000 in taxes on gasoline and utilities used by American NATO forces in Turkey."

AID comment: There is no evidence that the U.S. Government has paid Turkey \$800,000 in taxes on gasoline and utilities used by U.S. forces in Turkey. NATO agreements and bilateral U.S. agreements with Turkey provide relief from taxes, duties, and fees for the U.S. defense facilities in Turkey and there is no evidence of Turkish violation of the agreements. In certain instances, however, the U.S. Government has reimbursed commercial suppliers for taxes paid on aviation petroleum purchased at remote installations for use by the U.S. military aircraft. The petroleum subject to this tax is a small percentage of the total consumed by the U.S. military in Turkey.

Members of the U.S. forces in Turkey are subject to individual tax on petroleum if purchased from commercial sources and official travel is not involved. Also, tax is paid on utilities if they do not live on facilities which are required for common defense. Although relief from this individual tax is considered possible under existing agreements, the benefit to be derived is considered to be too small to warrant the cumbersome and costly administrative machinery that would be required to provide this exemption.

In addition to the NATO agreements, the bilateral tax relief agreement of 1954 specifically provides relief from taxes, duties, and fees for all expenditures by and on behalf of the United States in Turkey for goods, facilities, and services for the common defense effort, including expenditures for any foreign aid program of the United States. Thus, the U.S. taxpayer does not pay import duties on the economic assistance offered. Development loans cover only the dollar costs of the projects being financed; imports under U.S. supporting assistance are financed to cover no more than the CIF values of commodities and we know of no cases where customs payments were required on development grant projects, or where customs payments made in error have not been refunded.

The U.S. taxpayers are not providing loans to pay Turkish customs on U.S. aid provided to the steel plant on the Black Sea. The Foster Wheeler World Services Corp., cited by Senator MORSE, is a contractor hired by Eregli, the private Turkish steel company. Under the terms of that contract, Eregli makes payments to the Foster Wheeler World Services Corp. in both U.S. dollars and Turkish lira. Import duties which are levied on construction equipment and tools imported by Foster Wheeler World Services are clearly specified in the contract as Turkish lira costs and are an obligation of Eregli, the Turkish company. Therefore, any import duties which are paid by the U.S. contractor are reimbursed by the Turkish company from non-U.S. funds. Regarding the allegation that Turkey charges more for nonimmigrant visas than does the United States, the following should be noted. The GOT requires no visa for nonimmigrants from NATO countries staying less than 90 days. For visits longer than 90 days the fee is \$1.92 for single entry and \$9.60 for multiple entry. The United States issues visas to Turkish visitors initially without fee, but charges a fee of \$10 for any extensions requested. The two systems are considered roughly comparable; in practice the average visa charge to Turkish visitors to the United States is probably higher than average charges paid by the U.S. visitors to Turkey.

Mr. LONG of Missouri. Mr. President, since the American Revolution, the people of our Nation have had one fundamental dream with respect to the world family of nations. That is, that it be made up of free and independent nations. While for many years our role in

achieving such a world was passive, time and events have brought us to a role of world leadership. Our own security prevents us from turning our backs on this leadership. The basic question before us today is how can we as a nation best exercise this leadership to accomplish the longstanding dream of freemen and thus advance our own security.

To answer this question, we must first recognize the forces working against a world of free and independent nations. Of course, the foremost enemy of freedom is Communist imperialism. The Communists are hard at work attempting to penetrate and dominate the underdeveloped nations of the world. In Latin America, Asia, and Africa, the Communists are utilizing every weapon at their command—social, political, and military—in their efforts to make this a Communist world. Their allies in this fight against freedom are poverty, disease, ignorance, and desperation.

Our efforts must be directed toward overcoming all of these forces. Foreign aid has proved an effective instrument in this struggle and I believe it can be made an even more effective instrument in achieving a world of free and independent nations.

Mr. President, critics of foreign aid almost always include in their charges the assertion that you can't buy friends. This is a very easy charge to make since it is axiomatic. However, the charge is completely irrelevant to foreign aid since the program is not intended to buy friends. The military support phase of the program, of course, is for the purpose of strengthening the military might of the free world. The nonmilitary phase is intended to help less fortunate underdeveloped nations strengthen their economic and political independence. That is, to help the people of the nations win their struggle against poverty, disease, ignorance, and desperation.

Paramount to success in this endeavor is a desire on the part of underdeveloped nations to achieve economic and political independence. All our Nation can do is help those who are willing to help themselves. As a general rule, economic aid should not be extended unless the recipient nation undertakes to carry out the necessary social, political, and economic reforms. This was the intent of Congress in enacting the Foreign Assistance Act of 1961 and the Alliance for Progress.

Mr. President, I believe the basic intent of Congress in enacting these two programs is sound. I believe the future security of the free world depends on our continuation of an effective foreign aid program. This belief is supported by the fact that almost all industrial nations of the West have adopted programs to economically assist the underdeveloped nations. Even the Soviet Union has recognized the effectiveness of this approach by adopting an economic assistance program to bring underdeveloped nations under Communist influence.

Our economic assistance program to Western Europe after the war had dramatic results and its success was easily measured. Unfortunately, this cannot be true of our present program. Europe

had all the necessary requirements for economic development other than capital and plants. The underdeveloped nations are beginning from scratch. It will be a long but necessary road.

Our actions on the pending bill should be aimed at carrying out the policy envisioned when the Foreign Assistance Act of 1961 and the Alliance for Progress were initially enacted.

ALLIANCE FOR PROGRESS

Mr. INOUE. Mr. President, recently I had the opportunity to visit the small nation of Uruguay for the dedication of a statue to George Washington. During my visit, I had occasion to talk with many members of the Uruguayan Government, business and civic leaders, as well as our personnel in the Embassy and related missions. Although I have always been interested in the Alliance for Progress, and have offered it my support, this was my first opportunity to view in operation the vast hemispheric program that has developed under the sponsorship of President Kennedy, to promote the economic and social development of Latin America.

In the numerous discussions I had in Uruguay, the Alliance for Progress repeatedly became the topic of interest and concern. A number of Uruguayans were unhappy with the slowness of the implementation of this program. On the other hand, I was extremely impressed by the dedication of the Uruguayan Government and the people of Uruguay in following a course of action within the framework of the Alliance for Progress, although it was apparent that they, themselves, were not moving as fast as possible.

Since the time of my visit to Uruguay, I have been devoting a considerable amount of my time reviewing the Alliance.

Certainly, neither party can claim exclusive authorship of our present Latin American program. It was during President Eisenhower's regime that the Act of Bogotá, calling for mutual cooperation, was adopted. It was also at the request of President Eisenhower that Congress, in 1960, authorized \$600 million for the Inter-American Program for Social Progress.

Then, under President Kennedy, the Alliance itself was inaugurated in August 1961, at a meeting of finance ministers at Punta del Este, Uruguay. It was conceived as a vast, dynamic program, engulfing the northern and southern continents of America, and dedicated to the eradication of poverty, ignorance, and disease, which have plagued Latin America through its long and turbulent history. Twenty nations signed the Charter of Punta del Este, and dedicated their programs and their efforts to the accomplishment of such goals as: elimination of adult illiteracy by 1970; increasing life expectancy and birth by a minimum of 5 years; an annual rate of growth of 2.5 percent per capita per year; and encouraging and expanding such related enterprises as housing construction, sewage and sanitation facilities, agrarian reform, and increased pro-

ductivity; and to the development of long-range programs which would insure the self-sustaining growth of each nation.

Since its inception, I have heard some critics prophesy the failure of the Alliance for Progress, while others have predicted its eventual failure unless certain changes—which happen to fit their own ideas—are made immediately.

Sentiments like these could indicate that there exists an impatience to get moving, to get the job done, and that would be all to the good; I am afraid, however, that this attitude reflects defeatism and a deep misunderstanding of what we have undertaken.

These people have forgotten what President Kennedy said when he first outlined his proposals for the Alliance at the White House on March 13, 1961. The 10-year plan for the Alliance, he said, will be the years of maximum effort, the years when the greatest obstacles must be overcome.

And, if we are successful—

He said—

if our effort is bold enough and determined enough, then the close of this decade will mark the beginning of a new era in the American experience.

I would like to stress his use of the word "beginning." Those who complain that the Alliance has failed in 24 months to correct the economic and social distortions of 250 years of colonialism and 150 years of frequently turbulent political independence should go back and read Mr. Kennedy's speech to discover the full dimensions of the job we are tackling.

As stated by the U.S. Chamber of Commerce in its recent report on the Alliance for Progress:

These criticisms reflect not only the obstacles facing the Alliance, but also the enormous problems that called it into being.

Certainly, the Alliance for Progress has not been a total success. However, the great progress that has been made is miraculous in the face of the problems it faces. As Tad Szulc, noted columnist on Latin American affairs, has said:

Social and political unrest are rising vertically like a maddened fever chart.

The chamber of commerce has pointed out the principal criticisms brought against the Alliance in the light of its objectives, accomplishments, and potential. These criticisms, and the chamber's answers, are as follows:

It hasn't gotten off the ground. The need for speed is urgent. As U.S. Alliance Coordinator Teodoro Moscoso constantly stresses: "It is 1 minute to midnight in Latin America." Tomorrow the hemisphere may have more Cubas to deal with. Yet any program as complex and ambitious as the Alliance requires time to get moving, and the results are not likely to be apparent overnight or even within the first few years. Economic development historically shows a tendency to accelerate from slow beginnings.

Its machinery is inadequate. Much more needs to be done to improve coordination among the United States, the IDB, the OAS, ECLA, and the other international institutions which will participate. The OAS machinery itself, particularly the Panel of Nine, needs to be strengthened and its role clarified. National planning for the Alliance in Latin

America is just getting underway, but AID and other U.S. agencies could improve their coordination. As one leading U.S. newspaper has put it: "Latins thought they had a monopoly on manana and they were both perplexed and dismayed when they discovered that this was another field where Washington was first."

The U.S. contribution is inadequate. At this stage most of the Latin American countries have not completed their plans, much less undertaken the varied and complex self-help efforts necessary to make U.S. aid effective.

Latin American governments have not met the conditions to which they agreed. This is one of the thorniest problems for the Alliance, because of the inclination of AID and other agencies to provide aid, as in the past whenever an emergency arises. On the other hand, 18 Latin American countries have taken positive steps toward sounder long-range planning, self-help, and reforms.

The emphasis is on social development rather than the real need for investment in productive enterprise. In this respect, viewpoints differ widely. Many experts feel that there is not enough time to follow the pattern of the United States and Europe, and that social and economic development must be pursued simultaneously if either is to succeed.

The reforms envisaged by the alliance are unfair. Members of the so-called oligarchies of Latin America have made this charge. This is the group which stands to be most immediately affected by altered land and tax policies. However, these oligarchies stand to lose more in the long run if they are unwilling to relinquish some degree of the control which they now enjoy. As one Peruvian aristocrat said, "Either we give or they take."

The Alliance gives too little emphasis to the role of private enterprise. If this investment is to materialize, Latin American governments must make more strenuous efforts to provide the conditions necessary for the free enterprise system to function adequately. Among other things, many countries will have to reexamine policies on expropriation and compensation, state planning, state investment in enterprise, and business regulation. Of the total \$80 billion expected from the Latin American countries over the 10-year period of the Alliance, nearly three-fourths is to be in the form of private domestic investment by the Latin American businessmen themselves.

The alliance lacks a mystique. The U.S. Government has so far failed to create a genuine enthusiasm for the Alliance in this country, and in much of Latin America it is still largely unknown or misunderstood. Without broad popular support, the task of the Alliance will be infinitely more difficult. A new public information effort by the OAS was launched in July 1963, to create greater public consciousness of the Alliance and to stress, particularly in Latin America, the partnership nature of the program.

The Alliance for Progress has recently been faced with a series of blows, more particularly the military coups d'etat in the Dominican Republic and Honduras. As stated by Tad Szulc in the New York Times of October 6:

Because this [Washington] is a town that has accustomed itself to think in the black-and-white terms of definitive victories or definitive defeats, the instantaneous inclination here was to begin composing the obituary of the Alliance for Progress.

To me it is quite apparent that these setbacks should not reflect adversely on the Alliance for Progress program, since these military coups are not a result of

the failure of the Alliance, but rather a most vivid manifestation of the tremendous problems which the Alliance is attempting to overcome.

The New York Times, on Monday, October 7, in referring to these last violent death throes of the Latin military and oligarchy, correctly stated that—

The Alliance needs time, persistence, and that elusive quality—faith. It must not be used to bolster military reaction, but it must not be given up because these vestiges of a dying past are making last stands in some Latin American countries.

I do not deny that what has happened in Honduras and the Dominican Republic is sad—sad for the Alliance for Progress, sad for the Dominicans and Hondurans, and sad for those around the free world who strongly believe in the principles of self-government and democracy.

Even though we have taken one step backward in these instances, the story of the Alliance is not yet finished. Even the Dominican and Honduran stories are not yet finished. I remind you that even in the cases of the military coups d'etat in Peru and Argentina, they have eventually resulted in free elections and representative democratic governments.

I cannot promise you that there will not be similar setbacks in the future in Latin America before the Alliance for Progress achieves its ultimate goals.

Battles are lost, but wars are still won. What is at issue is whether, in the face of adversity such as we have recently encountered, we have the necessary fortitude to continue this war against communism, or whether our frustrations will result in our withdrawing from the affray. Upon this decision will rest the ultimate success of the Alliance for Progress.

Support for this program by the American people unfortunately ebbs and flows with every intermediate small advance or setback. Our fickleness in this regard leads our Latin American friends to feel that possibly we are incapable of the long-sustained effort necessary to reach the goals set by the Alliance. Castro and his communistic cohorts in Latin America play continually on this fear as part of his campaign to destroy the program that stands between Latin America and Communist domination. Castro, recently on the Havana radio, happily commented:

The North American Congressmen have cut in half certain funds which the administration has asked for the Alliance for Progress. Of course, that famous Alliance was always conceived on a false basis, as an instrument of aggression against the Cuban revolution. It was from the beginning doomed to failure.

The Chilean Communist newspaper, *El Siglo*, tolled the death knell of the Alliance as follows:

The \$2 billion annual aid promised 2 years ago was mere propaganda and was actually reduced to \$600 million. The result has been stagnation, even retrogression instead of predicted growth, since in this period North American monopolies have withdrawn from Latin America more than AID furnished. With the House cut to \$450 million, the Alliance has died. May it rest in peace.

It is miraculous that, considering the problems faced in Latin America, we have had the degree of success that has accrued to the Alliance in short time of its operation. The U.S. Chamber of Commerce sums up its report, as follows:

In the face of these difficulties, the Alliance for Progress stands as a bold program calculated to make at least a start toward the long-range solution of Latin America's diverse problems and toward assurance of social and economic progress in the years ahead.

In order to place the progress of the Alliance in its proper context, I would like to tell you some of the things that I know are right with the Alliance, and some of the accomplishments that the program has already achieved.

One thing right with the Alliance is that it represents an awakening of our national interests and responsibilities in Latin America.

Until a couple of years ago, very few of us in the United States were aware of the real nature of the problems of Latin America, and few of us cared. As Mr. Moscoso recently stated in the Saturday Review of October 12:

Latin America was a region we took for granted. We went there as tourists, and counted on it to supply us with coffee, bananas, and raw materials. It was also an area to which we exported a large volume of our manufactured products. Through these decades, Latin America either failed to develop modern economies and societies, or it reared distorted economies dependent on only one or two products—tin in Bolivia, oil in Venezuela, coffee in Brazil. All this time, blissfully ignored by all but a few, tensions and problems were growing. Revolutions made colorful, but unimportant, reading. Dictatorships and political convulsions drew from most of us a yawn rather than a quest for understanding. Only intermittent and largely ineffective attempts were made to get to the root of the problems that were growing in Latin America and that sooner or later were bound to command our attention.

Then came Fidel Castro, and suddenly, North America awoke to Latin America.

The Alliance is not a carbon copy of the Marshall plan which merely—yes, I said "merely"—set itself the task of reconstructing war-ravaged economies. This is a program, as Alliance Coordinator Teodoro Moscoso has put it, which seeks to build—not to rebuild—economies and societies ravaged by history.

Against this background, it seems to me that the expectation of quick results in the shape of a flourishing, contented, democratic Latin America after 2 years of treatment, is as ludicrous as it sounds.

Another thing that is right with the Alliance is its concept. It does not gloss over problems but faces up to them honestly. It does not say that, with a few million dollars poured into technical assistance projects, we can make up for 150 years of underdevelopment. It calls for changes in the outdated and brittle structure of the Latin American economies and societies, so that the money and the other resources that are poured in are channeled to the people who need them most. Nor is the Alliance just another aid program. It puts the burden of the effort—as far as internal reform as well as the

generation of funds are concerned—on the Latin American countries themselves. United States and other outside aid can and will become effective only to the extent that the Latin American members of the Alliance carry out their end of the bargain. President Kennedy has said repeatedly that this is "a vast cooperative effort in which the United States is the junior partner."

Not only are they required to institute basic reforms in order to better respond to the needs of their people—not only is the principal burden of generating 80 percent of the necessary funds within their own countries—but even on those programs with which we assist them, they provide a substantial portion of the funds.

In Mexico we have authorized a \$20 million credit for loans to small farmers. It is expected that Mexico's own contribution to this program will be \$185 million.

AID is providing a \$30.5 million loan to Argentina for the construction or improvement of 1,200 miles of highways. Argentina will provide \$160 million.

In Chile, through the social progress trust fund, we have made a credit of \$2 million available to build 1,900 homes. The local contribution is in excess of \$5½ million.

A grant of \$310,000 for technical assistance in the formation of credit unions in Latin America has resulted in stimulating and creating some 500 credit unions. New credit unions are being created at the rate of 60 a month.

In Central America the social progress trust fund has made a \$2,925,000 loan to the five Central American universities, for improvement of the training of their technical and professional personnel. This is being matched by an equal amount from the countries themselves.

Another thing that is right with the alliance is that it is not a government-to-government program.

It recognizes candidly that roads, ports, communications, and other infrastructure facilities are generally beyond the ability of private enterprise to provide. So, to the extent that these basic ingredients need to be provided, we have to work with governments.

Even most of the loans that are made under the Alliance for Progress to recipient governments end up in the private sector. For example, the supervised agricultural credit loan to the Government of Mexico, which I have referred to, is for the purpose of distribution through private banks, for small agricultural credit loans under a controlled rate of interest, to farmers for the purchase of seed, equipment, fertilizer, and the other basics required for full utilization of the land.

But beyond this, private enterprise must carry the burden. It is estimated that 65 percent of the resources within Latin America must come from private sources there. Also, \$300 million a year will be needed over the course of the 10-year program from U.S. and other foreign private investors. What is needed is the maximum cooperation and pooling of resources from both the private and public sectors. For what we are after

are modern economies in the Government serving the people and in which private initiative has the opportunity to play the productive role it must assume if the country is to prosper and the people are to be free.

Development toward fair tax loans and proper administration is another thing that is right with the Alliance for Progress.

Twelve Latin American countries have either passed new and tighter tax legislation or improved their tax and customs collection systems. In seven cases, the reforms have been of major scope. This area is of great concern to the founders of the Alliance both here and in Latin America.

It is also, as we know from our own experience in the tax field, one of the most politically sensitive and difficult.

However, the beginning that has been made in countries as far apart as Guatemala and Chile, Colombia, and Bolivia, is impressive. At the same time we realize that it is only a beginning.

One of the most valuable services that our American technicians are providing today in Latin America is advice on tax collection and fiscal administration. Our Internal Revenue Service in a short time has built up a fine and efficient record in this field.

Rational comprehensive modernization of agriculture is another thing right with the Alliance for Progress.

As in most underdeveloped countries in the world, agriculture is the backbone of the economy of Latin America. Yet, much as these countries depend on it, agriculture is at the root of much of Latin America's economic and social difficulties. It is either turning out too much of a few products such as coffee or it is producing too little of the desperately needed staples like wheat and corn. What is more, agriculture is highly inefficient, employing far too high a percentage of the population and thus unable to give those masses more than a few crumbs of the small pie they all have to share. So, naturally, it did not take much imagination when the charter of the Alliance was drawn up, to make agriculture a big chapter. Agrarian reform was the watchword. And it gave rise very quickly to the misconception that all that was wanted or needed was the splitting up of the large landed estates, which were owned by a few wealthy men who also played a decisive role in controlling the political destiny of their countries. But it is not this simple. The fact is that, in a number of cases where land was divided and given to individual farm families, production did not increase. Instead, it fell and, in some cases, drastically. Bolivia, which went through this experience beginning in 1952, is a case in point. So I prefer to speak rather in terms of modernizing agriculture. By that we do not mean taking land away, dividing it up and redistributing it, but orderly reorganization, including possible changes in land tenure, supervised credit and extension services, and farm-to-market roads which make it possible to get a product to the places where it is needed. This is the rational way in which the Al-

liance is tackling the problem of agriculture. It is the right way. Under this kind of program, Venezuela, with relatively little help from us, has succeeded in resettling close to 60,000 farm families on land of their own since President Kennedy visited there just a little over a year ago. In Chile, Colombia, Bolivia, and many other places in the area, similar programs are getting into high gear. In these efforts, American land grant colleges, like the Universities of Wisconsin and Iowa, are playing a major role. Experts from these universities are in Latin America or are training Latin Americans in this country, thus making available the best knowledge that we have developed and put to use in this field.

Bringing other free world developed nations in to help provide the funds for modernization of Latin America in the joint interest of all free countries is another thing that is right with the Alliance.

The notion that the United States is footing the whole bill for the Alliance has been removed even further from the truth because of some recent developments in the consortium approach to aiding less-developed countries—a technique which the World Bank pioneered in India. After preliminary discussions on Colombia's development program, we now have the prospect of West European participation in Alliance efforts to bolster Latin American economies.

A consultative meeting in Washington was held under the sponsorship of the World Bank and yielded clear-cut indications of commitments from that organization and from European countries to join us and Colombia in financing the initial stage of Colombia's 10-year national development plan. This is the first case in which our efforts to spread the financial burden of Latin America's economic and social development to the other industrialized nations are bearing substantial fruit. There is reason to hope that in the case of Chile, a similar multinational financing pattern can be worked out.

Under the leadership of my good friends and esteemed colleagues, Senators HUMPHREY and JAVITS, the Atlantic Community Development Group for Latin America, known as ADELA, is being formed to add its efforts in inducing the more developed countries to participate in the economic development of Latin America.

The promotion of a vitally increased role for private enterprise in the programs of the Alliance and the heartening response in recent months of some American firms are more things that are right with the Alliance.

Another important point that needs mention is the extensive program this administration is carrying on to attract more funds from American private investors into Latin America, as well as to create greater confidence and thus more productive investment from private sources within Latin America. U.S. loans to intermediate credit institutions in Latin America under the Alliance so far exceed \$100 million. These loans are used for credit to farm-

ers, small and medium size private businesses precisely to develop the kind of healthy, decentralized business activity which is so vital both to economic progress and to the development of social and political stability. For example, with the assistance of the United States, five private development banks have been formed or are in the process of formation in Colombia.

As for U.S. private investment, the Agency for International Development is carrying on a program of loans in local currency in the Latin American countries from funds generated from the sale of surplus U.S. food stocks; loans in dollars; sharing of the cost of investment surveys; and, most important, guarantees of new investments by U.S. firms against the triple risk of expropriation, inconvertibility, and war. This makes it clear that we are in full agreement with those who want the Alliance to make use of the resources and the know-how of private enterprise.

Vision, the largest circulation news magazine in Latin America, published in both Spanish and Portuguese, has recently issued a report pointing out that from U.S. private enterprise the net capital flow to Latin America, plus reinvested earnings, and expenditures for depletions, depreciations, amortizations, and other plant retirements, amounted to about \$1 billion.

Those American firms which have shown faith in the future of Latin America and in the success of this program by making new investments in the region are to be congratulated.

The Alliance is fulfilling many of the goals and aspirations of the Charter of Punta del Este. The amount of accomplishments that have occurred in this relatively short period of time since the inception of the Alliance can be measured as follows: 140,000 new homes or family dwelling units have been constructed in Latin America; 8,200 new classrooms have been built, and more than 4 million textbooks have been printed and distributed in the drive for educational improvements; 160,000 agricultural loans have been made to Latin American farmers for the purchase of individually owned farms, for improved seeds and broodstock, for modern agricultural implements; 700 communities for the first time have sanitary water facilities, and 900 hospitals and health centers have been established in a part of the world where disease traditionally has snuffed out the lives of 85 children out of every thousand before the age of 5. This compares to a similar mortality rate of 28 per thousand in the United States.

Gentlemen, as you look at these figures, I believe that we are all struck with what seems to be quite a large accomplishment, but I venture to say that this represents only a dent in the great shield of poverty in Latin America. I am impressed on the one hand by the accomplishments that have occurred, and on the other hand by the immense task still confronting Latin America. I share with President Kennedy his views on the Alliance for Progress. As you remember, he said:

We have a long, long way to go, and in fact in some ways the road seems longer than it was when the journey started.

Probably the greatest roadblock to the success of the Alliance for Progress has been the unwillingness of the Latin American Nations to mobilize their available resources at the pace demanded by the rising expectations of Latin America. However, thanks to the firmness of Teodoro Moscoso in insisting that reforms be a condition to assistance, we are seeing increasingly that the Latin Americans are beginning to realize that this is not just another aid program, but one requiring that they, themselves, make the principal efforts.

We have, as has been said quite often, only one minute to midnight in Latin America. And the clock continues to move. The Castro-Communist design of coercion in this hemisphere has been dealt with in considerable depth on many previous occasions in this chamber. It would be unnecessary for me to dwell on the subject, which I know is well understood by others of my colleagues. However, I must remind you that the Alliance for Progress is the only alternative to communism in this hemisphere.

If we consider the facts which are available to us, we will see that we have no choice but to support Latin America to the fullest. Historically, Latin America, and the United States have been bound tightly together. The United States and Latin America have enjoyed a mutually beneficial exchange of goods and services. Presently Latin America accounts for the purchase of 20 to 25 percent of total U.S. exports sold abroad. Likewise, the United States purchases 40 to 45 percent of Latin America's total exports. Without question, the pattern on economic interdependence has joined together the continents of North and South America, and unless we are willing to abrogate the existing trade and commercial ties between the United States and Latin America, we must continue to support the Alliance for Progress. For the Alliance is the only substantial deterrent to the influx of Castroism in this hemisphere. If it fails, the vast markets and storehouse of natural resources in Latin America will no longer be available to this country.

Therefore, it is quite apparent that, in addition to our security interests and the eleemosynary aspects of the Alliance, there is also economic justification for its continued support.

The contrary is also true. The Alliance for Progress has carried the brunt of the attack against the United States from Castro and his Communist cohorts. Their vehemence against the Alliance is the best evidence of their fear that through the Alliance for Progress their ambitions for conquering Latin America will be thwarted. All of us are concerned with the problems that are presented by this little island. However, what has happened in Cuba is of relatively small consequence compared to similar successful subversions in the rest of Latin America.

It is estimated that the extraordinary costs of the United States during the

Cuban missile crisis amounted to \$200 million, and we are told that Russia is pouring \$1 million a day into the small country of Cuba. In fact, Communists in Latin America are now pointing out with glee that, taking into consideration the House cuts on the Alliance, we are making no more available to all Latin America through our loans than Khrushchev is making available to Cuba.

We will shortly be faced with the consideration of the foreign aid authorization bill, in which is contained the authorization for funds for the Alliance for Progress and for the Social Progress Trust Fund. Therefore, the following words from Vision magazine, in speaking of the recent cut to the Alliance for Progress program by the House, should be of interest:

The program does not deserve such treatment. Slow and fumbling in getting off the ground, it is now beginning to show achievements. Almost every Latin American state has already or is in the process of overhauling its tax structure. Land reforms are moving ahead. Roads, schools, hospitals, sewage nets are being built. Small businessmen are receiving alliance loans for expansion. At the same time, other fortuitous signs of Latin American advancement are appearing—the regional economic integration movements and the slowly rising prices of major commodities.

Of course there is disappointment and grumbling—over the slowness of reform on the one hand, and the slowness of money on the other—but on the balance it is widely accepted that the program is providing a real stimulus to progress. The United States must remember that the \$1 billion a year promised by Washington is not the Alliance for Progress, but only a small part of it. Its chief importance is to provide a catalyst which will set off a much larger and purely Latin American reaction. By trimming its commitment, Washington at a very minimum will do irreparable harm to a burgeoning alliance spirit that only now is beginning to take hold.

The call on alliance funds will be greater in the coming year than ever before. Peru and Argentina will be back in the program with their return to democratic rule. Major commitments to Chile and Colombia must be continued. If the dust settles in Brazil, new projects will rise again there. After setting rigidly high standards for development aid, Washington is hardly in a position to default once its demands have been met.

We have already seen indications from Latin America of the trauma felt there by our friends due to the recent cuts, and we have seen examples of the gloating by the Castro and Communist press over this cut, coming, as Mr. Moscoso has said, at the very time that Latin American governments are moving ahead and when they have placed themselves way out on thin political limbs.

We have but one road to follow, the road of support to the Alliance for Progress. Our failure to do so will result in consequences to our own national interest—and to the hopes of the Latin Americans themselves, for a hemisphere of countries, representative of their people, and responsive to the social and economic needs of the populace, which are too horrible to consider. We certainly cannot expect to be able to sit fatuously on our own front porch while our backyard is aflame.

PERSONAL STATEMENT BY SENATOR MORSE

Mr. MORSE. Mr. President, I understand that while I was out of the Cham-

ber this afternoon, presiding as chairman of the Senate conferees on the higher education bill, the Senator from Illinois [Mr. DIRKSEN] discussed the motion of the senior Senator from Oregon to recommit the foreign aid bill to committee and, in the opinion of colleagues, paid his disrespects in sarcasm and ridicule to the senior Senator from Oregon.

I judge from what I have heard that the speech of the Senator from Illinois shows that he and I have nothing in common. I am glad, if that is true, that it does, because I would never want to be that common. I am delighted to know that I no longer belong to a political party so bankrupt in leadership that it is dependent upon the alleged leadership of the Senator from Illinois.

I understand that the speech was characterized by ill manners and bad taste. But I am accustomed to that from the Senator from Illinois.

I am very proud of the fact that I have never won his good will; because if I did, I would have to engage in some very long introspection. I am proud of the fact that there are some people who obviously are not enthusiastic friends of the Senator from Oregon. I am perfectly willing to leave the record as it is.

I am glad that none of my Democratic colleagues sought to answer him, although some said they thought they should, but decided they should not unless I were present. I take this as one of the normal courses of events that sometimes take place in the Senate, when Senators are so lacking in their facts that they have to resort to ridicule, personal sarcasm, and personal abuse as a substitute for logic, reason, and evidence.

Some Senators thought it was too bad that we could not have recorded in the RECORD the well-known inflections of the voices of the Senator from Montana and the Senator from Illinois; but I have requested that the RECORD remain unchanged, not edited—which is the right of the Senate. So let the RECORD now show that I have formally notified the Official Reporters that the RECORD of the speech of the Senator from Illinois is to remain unedited.

Mr. President, I have another brief comment to make: It would appear that a part of the burden of the arguments and public announcements of the majority leader [Mr. MANSFIELD], the chairman of the committee [Mr. FULBRIGHT], and the majority whip, the Senator from Minnesota [Mr. HUMPHREY] dealing with the position which those of us who are opposed to this bill have taken is, so it is reported, to charge that we are picking out instances of waste and mismanagement that always are bound to crop up in a program such as the foreign aid program, and that we are not dealing with the basic issues involved.

Mr. President, nothing could be more incorrect. On the contrary, we have not "nit-picked" at specific projects or items. What we have been doing, and what we will continue to do for some days, before the Senate votes on the Mansfield-Dirksen amendments, is to offer amendments to the committee amendment and to the Mansfield-Dirksen amendments. Thus we will put Senators in a position

where they cannot say to their constituents, when they return home, "But we did not know." They may put themselves in a position where they will have to say, "We did not listen" or "we did not read," because it is obvious that many of them are not listening. But we will make the record; and it is obvious that their answer, on the basis of the record they make here—not on the basis of the record we make—will have to be just that.

So I say we have not "nit-picked" at specific projects—but we have shown the history of the AID in many places, and we have shown that it has not accomplished its purpose.

For example, Mr. President, consider the \$300 million a year, for 10 years, that Turkey has received under the AID program; yet today Turkey is worse off than she was in 1947. If any persons are laboring under the illusion that Turkey has a constitutional, democratic form of government, they could not be more mistaken.

Or consider the \$3.5 billion which Pakistan has received under the AID program. We have pointed out that aid in that amount to Pakistan cannot be justified. Today we find Pakistan playing "footsie" with the Red Chinese and entering into negotiated agreements with them. We point out that, as a matter of policy, that cannot be justified to the taxpayers of the United States.

We have been discussing the basic policy questions involved in the foreign aid bill; and we shall give all Senators an opportunity to vote on the question of whether they want billions of dollars of the funds of the taxpayers of the United States to continue to be sent to Pakistan, because we are going to move that that item be cut.

Or let Senators consider the \$5.5 billion which Korea has received under our AID program, although South Korea would not last for more than a matter of days if it were not for the presence of our Armed Forces there. We point out that it is cheaper to put on the front-line a South Korean soldier or a Pakistan soldier or a Turkish soldier, rather than an American soldier; but the program now being operated makes no sense, because both American troops and the troops of the other countries are used; and not only are we paying the entire bill for the maintenance of foreign armies, but we are also placing in those countries—in uniform—American soldiers, sailors, and airmen; and they are the ones who provide protection to these countries—not the foreign aid program, at all.

Furthermore, let us not forget that the aid program does not include the cost of maintaining our forces abroad or the cost of a good many other things which add to these huge expenditures. Next week, we shall give a detailed accounting of the facts.

Let Senators also consider the sum, close to \$1 billion, which Indonesia receives under the U.S. foreign aid program. Can any Senator state exactly where Indonesia stands today among the nations of the world, or show which side she is on?

Or let Senators consider the \$4,500 million which Taiwan has received under our foreign aid program. The United States has maintained a great social security program for Chiang Kai-shek's soldiers, and the United States pays the salaries of more generals in Chiang Kai-shek's army than the total number of generals in the entire U.S. Military Establishment. Is it any wonder that the American people are fed up with such a program.

Of course the proponents of the program want to rush this bill through the Senate, so that the facts, such as those I am bringing out, cannot be known by the American people. But the proponents will not be successful in that attempt; and the Senator from Illinois can weep his forensic tears until his shirt front is as wet as he may want it to be, but he will not shake me from my determination to have full debate in the Senate on this bill.

This afternoon I gave the Senate an opportunity to make use of the most proper forum for procedure in connection with this bill at this time; namely, to permit the Foreign Relations Committee to hear, behind the doors of the committee room, representatives of the administration. However, my motion was defeated. Nevertheless, Mr. President, the vote on my motion did not make the proponents of the bill at all happy, because now they know that many Senators will not join them in their opposition to the Senator from Florida [Mr. HOLLAND] to me, and to other Senators who have amendments to offer.

The Senator from Illinois made sport of the fact that I called the Mansfield amendments "powerhouse amendments"—which, in my judgment, they are, for they are designed, in my judgment, to seek, parliamentarywise, to prevent an onslaught on this bill by means of amendment after amendment; and their purpose—as the Presiding Officer has already pointed out—is to place the opponents of the bill in a position where, if we permitted the Mansfield-Dirksen amendments to be adopted before we first resorted to all the amendments which we wish to offer, we would find ourselves in a parliamentary position in which certain figures in the Mansfield-Dirksen amendments could not be changed, once those amendments were adopted. Mr. President, I have not served here for 19 years only to walk into that trap, even though it is laid by the majority leader and the minority leader.

There is no hurry about the bill. Any time they want to have it laid aside, they can succeed in having that done. Or if they want to have the Senate take up, one at a time, the various amendments to this bill, they will have my cooperation.

But I shall continue to be impervious to insults. I shall be sad if I offend any Senator who finds himself inconvenienced because he cannot go on a safari to Paris or Malaya, or on some other junket. But I have the old-fashioned idea that the place for U.S. Senators to be is in the U.S. Senate, in Washington, D.C., when a bill involving—to the degree this bill does—the security and the

future of the United States is under debate. I am sorry if some Senators do not like that; but let them tell their constituents that they do not like it, because it is my judgment that the course of action which is being attempted by some Senators will be repudiated—as I said the other day—in the great citadel of freedom, the voting booth, when the voters of the United States have an opportunity to pass judgment on the foreign aid bill and their support of it.

Mr. President, I should like to ask my friend the Senator from Ohio [Mr. YOUNG] would do me a great favor. I am sure I can count on him to do me a great favor, although I apologize because I cannot stay and hear his speech. However, I shall read it. I have an engagement that I must keep. The majority leader, assuming that the Senator from South Carolina [Mr. JOHNSTON] would be the last speaker, told me to move to recess the Senate until next Monday noon at 12 o'clock. He apparently did not know that the Senator from Ohio intended to speak. I wonder if I may plead with my friend from Ohio to take over that chore of mine and, when he finishes, move to recess until Monday at 12 o'clock.

Mr. YOUNG of Ohio. The distinguished Senator from Oregon need never plead with me. In fact, he need never plead with anyone. I find myself on his side in many things. I am flattered by his kind reference to me.

Mr. MORSE. I, myself had planned to deliver a speech, but a conference on higher education made it impossible for me to do so.

I should like very quickly to report that I am delighted that the House conferees and the Senate conferees reached an agreement today on the higher education bill. I shall make a report on that subject on Monday.

My speech on the foreign aid bill had already gone to the press gallery. I wish to explain to the members of the press gallery that I shall deliver that speech on Monday.

I thank my friend from Ohio very much.

Mr. YOUNG of Ohio. Mr. President, in the course of the debate on foreign assistance, I find myself aligned with those of my colleagues who seek to cut unnecessary spending from this program.

As I have said before, and I repeat now, I am thankful that the present administration is honest with the American people and terms our foreign aid program "foreign assistance." While I supported all of the foreign assistance requests of President Eisenhower during the final 2 years of his administration, I always felt that it was not honest to term foreign aid "mutual security," as was the case during that administration.

SHELTER BUILDING BOONDOGGLE

Mr. YOUNG of Ohio. Mr. President, at this time I desire to speak but against another series of expenditures that have been without justification.

A limited nuclear test ban treaty ratified by the Senate last month is of great significance not only because it

ends the deadly pollution of the atmosphere, but more important for its symbolism as a possible first step toward permanent peace. For more than a month millions of words were uttered by witnesses and by Senators in the historic debate on ratification.

I consider the test ban treaty in the best interests of our country. I was very glad indeed to speak out for it on a number of occasions, and I am glad that my vote is recorded in favor of ratification of the treaty.

It is incongruous that as the Senate debated this treaty, which we hope may be a step toward permanent peace, the House of Representatives at the same time authorized \$190 million for a fallout shelter program, obviously on the assumption that there will be no peace. The limited test ban treaty stands on the judgment that new weapons development would not significantly add to the deterrent power of our present nuclear arsenal. The administration rejected Dr. Edward Teller's advice on the treaty, but is enthusiastically following his advice in proposing to spend almost \$200 million next year alone on the beginning of a fallout shelter building spree that could become the greatest boondoggle in American history.

It was indeed reassuring to see "sweet reason" return to the other body when the House Appropriations Committee subsequently refused to approve one cent for this proposal.

The authorization measure is presently awaiting action in the Senate Committee on Armed Services. It is my fervent hope that a convenient pigeonhole will be found for it, and as a member of that great committee I shall do my utmost to see to it that this bill remains in committee.

This \$190 million authorization would be only the first step in a 5-year program of shelter building that the civil defense bureaucrats say will cost a total of \$2.1 billion. It would provide Federal grants of up to \$2.50 a square foot for the construction of shelters in State and municipal buildings, schools, hospitals, and welfare institutions in communities throughout the land.

I am reminded of a poem which recently appeared in a national magazine and read something like this:

Oh, what a rumpus in the Nation
On Federal aid to education
But yet there's money found
To bury children underground.

We would do far better to enact legislation to provide additional classrooms for children of this Nation than to spend money for useless fallout shelters in the basements of antiquated school buildings. It would be ironic if this Congress passes a subsidy for school construction underground while refusing assistance for wholesale school programs above ground. What must we think of our children to do such a thing?

Mr. President, over the past 12 years over \$1,300 million of taxpayers' money has been foolishly wasted on silly civil defense schemes. Today, 18 years after Hiroshima, the United States has no civil defense worthy of the name. Most of what there is consists of absurd

plans on paper and the rest is confusion. Simple arithmetic proves that any shelter program large enough to be meaningful—if such a thing is possible—will cost untold billions of dollars. However, civil defense officials follow the bureaucratic rule of keeping first estimates low enough to induce Congress into authorizing some colossal lunacy knowing they can always get more once a program is born.

Mr. President, those favoring a massive fallout shelter building program have estimated that it will cost anywhere from \$20 billion to \$200 billion. In their recent book "Strategy for Survival," Thomas L. Morton, dean of the College of Engineers of the University of Arizona, and Donald C. Latham, an electronics researcher, concluded that a national community shelter program would cost in excess of \$37 billion. Herman Kahn, one of the foremost proponents of fallout shelters, has estimated that a reasonable program might involve a gradual buildup from about \$1 billion annually to somewhere in the neighborhood of \$5 billion annually. A recent estimate by Prof. John Ullman, chairman of the Department of Management at Hofstra College, would place the cost as high as \$302 billion. Regardless of which of the expert opinions is cited, the price tag would be astronomical.

Even then, there is no guarantee that a shelter program will be at all effective. With extensive advances being made in rocket and nuclear technology, it would probably be obsolete before completion. One of the scientists now working on advanced weapons technology is reported to have said: "You ain't seen nothing yet," compared with what is coming into sight in the way of new weapons. Edward McDermott, Director of the Office of Emergency Planning was recently quoted as having said that most nuclear scientists now agree any underground facilities can be "dug out" if an enemy is willing to invest enough in the job, while others believe some protection is possible if one goes down far enough. He pointed out it would be "economically impractical" to dig such a shelter and subsequent nuclear advances might wipe out the investment once made.

There is also the possibility of more deadly types of warfare for which shelters offer no protection whatever—chemical and biological warfare. Any nation that would unleash a thermonuclear war would probably not hesitate to use other methods equally as terrifying and devastating.

Is the Congress prepared to embark on such a vast gamble and to spend perhaps \$200 billion of taxpayers' money? Let us have no illusions. In reality, this is what the civil defense planners are asking us to do.

Anyone who has taken the trouble to look into the matter is aware of the fact that most building owners have ignored or refused requests to provide shelters, and that ordinary citizens have lost interest. During each crisis the get-rich-quick shelter salesmen appear. As soon as the crisis abates and public interest fades completely, they crawl back under the rocks from whence they came, or

take up some other means of separating worthy people from their money.

Only recently the city of Portland, Oreg., voted to abolish its civil defense program which was costing \$110,000 of local funds annually. The Los Angeles City Council slashed \$209,000 from the civil defense budget request, reducing it to \$30,000. The staff was reduced from 26 to 3. Officials of the city of Baltimore, Md., are considering taking similar action. The city comptroller has called for the outright elimination of the city's civil defense organization. Last weekend, Mayor Theodore McKeldin stated he would drastically reduce the budget request for civil defense purposes. Communities throughout the Nation are awakening to the fact that thousands of dollars of taxpayers' money has been spent on foolish programs with no tangible results except for the fact that in many instances livelihoods were provided for ex-politicians and city hall parasites. They are the types in my State of Ohio and elsewhere who for the most part are handling civil defense work—political hacks who have been defeated for office by the people and then seek soft public jobs and feed at the public trough, drawing high salaries and waiting for that bomb to fall while doing nothing constructive.

Mr. President, there is no shelter building program in Great Britain, France, or in any of the major Western powers. Reliable observers in the Soviet Union report that there is no fallout shelter program in all of Russia.

Henry Shapiro, dean of the American correspondents in Moscow, wrote:

No foreigner here has seen any civil defense shelters. The average citizen is unaware of the existence of shelters.

Preston Grover of the Associated Press took a similar position when he stated:

Attachés from Embassies who have looked round the country for sign of shelters have found nothing. Foreigners live in many of the newest buildings put up in Moscow, and they have no bomb shelters.

In 1961, the New York Times published a report from Moscow by Harrison Salisbury which stated:

About 12,000 miles of travel in the Soviet Union by this correspondent in the last 4 weeks failed to turn up evidence of a single Soviet bomb shelter.

Mr. Salisbury agreeing with Mr. Grover of the Associated Press said:

Diplomats, foreign military attachés, and correspondents who have traveled widely in the Soviet Union report that there is no visible evidence of a widespread shelter programs.

In the Soviet Union, civilians are being taught first aid procedures; they are being taught about street fighting and how to resist invasion from basement to basement and from street to street. There is no construction whatsoever of shelters in the ground for people to crawl into and cower in, like moles in holes waiting for the conquering paratroopers to come. That is what some of the civil defense bureaucrats advocate in this country. Yet, generals of our Armed Forces, Gen. Curtis LeMay and others, have testified that they would prefer, in the first place, to spend the money for

offensive weapons rather than to dig useless holes in the ground.

Mr. President, it is interesting to note that through the uncertain years while this Nation and the Soviet Union were building up their nuclear capacities, no real interest could be stirred up among the general public or in the Congress for any form of civil defense. During that time it is true that over \$1 billion was appropriated in piecemeal fashion but not for any really serious or effective plan of action. Actually, we were soothing our consciences "just in case" a nuclear war would come. Year after year we appropriated \$75 or \$100 or \$80 million for civil defense purposes, always "just in case." Neither the Eisenhower administration nor the Kennedy administration nor the Congress over the past 12 years has really faced up to this issue. It was always easier to pretend that something was being done. It assuaged the fear of a possible future guilty conscience.

It is only human to grasp at straws when faced by an overwhelmingly difficult situation, and in appropriating these funds which gradually began to total a staggering sum; this is what was done. No one in his heart really believed that the civil defense fishnet would be of any protection in a surging sea of nuclear destruction. These appropriations were psychological pabulum to soothe the anxieties and fears of a worried citizenry that wanted a solution to an insoluble problem—civil defense in the atomic age. In the city of Columbus, Ohio, for example, more than \$600,000 was spent on special regulation of traffic lights on the assumption that in a time of emergency all traffic lights in that city would be green to enable people to flee in one direction. As if in a moment of terror during a nuclear attack people would be looking at traffic lights or would be guided by them. If they did that, there would be the greatest traffic jam known to history.

Now that there has been a lessening of tension, we are asked to approve a bill for the spending of an additional tremendous amount of taxpayers' money for protection against past dangers and to again soothe our consciences just in case.

Mr. President, our best and probably only civil defense in this nuclear age is a firm stand against aggression. This was evidenced a year ago last October when President Kennedy took firm, determined, resolute, and unyielding action against Khrushchev, and Khrushchev turned tail and withdrew his offensive missiles and airplanes from Cuba.

There is no workable defense against the hydrogen bomb except not to drop it in the first place. As Gen. Douglas MacArthur has stated:

War has become a Frankenstein to destroy both sides. No longer does it possess the chance of the winner of the duel. It contains, rather, the germs of double suicide.

Or, as Walter Lippmann put it:

There is no protection against nuclear war except to prevent it.

Certainly, holes in the ground or so-called fallout shelters are no deterrent to any possible aggressor. They in no way work to prevent war.

Mr. President, I fervently hope that the Senate will reject the bill passed by the other body authorizing \$190 million for a beginning of a shelter building program. There are many more worthwhile places where taxpayers' money can be put to good use. When our country has so many unmet needs, when more than half the world is ill clothed, ill housed, and ill fed, is it appropriate to devote billions of dollars to burrow underground? Is it justifiable to spend millions to stock shelters with food when so many are hungry?

Mr. President, I again urge officials of this administration to review carefully present civil defense policy so that we in the Congress may be aware of the ultimate costs and so we may know where we are going in this area. I hope that the present proposal calling for Federal aid to States and communities to supply public buildings with shelters, is going to receive a complete review in the Senate Armed Services Committee. Until that is done, not 1 cent more should be appropriated on a wasteful, directionless program that has already cost taxpayers well over \$1 billion and threatens to cost hundreds of billions more.

I yield the floor.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, first I thank the Senator from Illinois [Mr. DOUGLAS] for his consideration and kindness in permitting me to speak at this time, because he has been waiting to make a speech. I wanted to make a statement in reference to one of the amendments before the Senate on the foreign aid bill; namely, the amendment that was offered to reduce the bill by \$385 million.

Mr. President, we have recently seen evidence of a massive failure on the part of the Soviet Union—the failure of the Soviet agriculture system to provide sufficient food to feed the Russian people. The Communists are clearly having basic economic difficulties. Their system simply is not working efficiently. This not only may provide opportunities for us to make better use of our great economic system; it also means that the Communists do not have the economic power necessary to implement their political objectives. Among other things, they are having trouble with their foreign aid program.

While we should not minimize the threat of Communist subversion, it is quite clear that the Communists, at least at the present time, do not have the means necessary for the foreign aid program they have been conducting in recent years. This is a development of great significance for the United States and the free world. It means that we are gaining in our contest with the Communists on the economic front, and it provides the opening for moving into the vacuum created by Communist withdrawal.

It is paradoxical, at the very time we appear to be winning and the Communists appear to be pulling back, that we should also seem to have so many doubts about ourselves and our own foreign aid program. Doubts have been created about whether the responsible officials of this Government really believe what they profess and what they say about the foreign aid program. At the beginning of this year, before the Clay Committee made its report, we were told that a \$4.9 billion program was essential to the Nation's security and prestige in the world. After the Clay Committee report, we were told that a \$4.5 billion program was the bare minimum necessary if the Nation's security is not to be impaired. The Senate Foreign Relations Committee, after months of study, hearings, and markups, recommended an authorization of \$4.2 billion as the absolute minimum. Now we learn that a smaller authorization bill, \$3.8 billion can be justified.

The citizens' committees for the foreign aid program have been permitted more or less to dissipate or evaporate, rather than have the kind of organizational assistance required for a better understanding of our foreign aid objectives.

It is no wonder that the people are confused. My office and others in this city have received calls from numerous groups and organizations who were planning to launch programs to arouse public support for the foreign aid program. Now is it any wonder that they are confused and perplexed? They ask: Are the leaders of the executive and legislative branches willing to fight for the aid program which they repeatedly have claimed to be essential to our national security, or are they not? Is there any point in trying to arouse public support for the foreign aid program which the administration said was needed?

Mr. President, these are legitimate questions by citizens who are genuinely concerned. This is not the first time the aid program has been attacked—nor will it be the last.

It is the perennial whipping boy of anyone who has any sense of frustration on any subject, domestic or international.

But in view of the difficulties presently confronting the Soviet Union and the opportunity now available to us, it is most disturbing that we shrink from taking advantage of these opportunities.

Wars are not won by retreating when the enemy retreats, and the war which is being fought with all the tools in our foreign aid program is just as serious and as important as any of the shooting wars we have ever fought.

In fact, the foreign aid program is designed to win the struggle in the world without a shooting war.

Now is not the time to retreat. Now is the time for launching an offensive in those areas of the world that are of greatest importance to the United States. Now is the time for mobilizing all the resources at our command. Now is the time to get on with the job, rather than worrying about what others are doing, or dwelling on minor mistakes and shortcomings. Mistakes are bound to

happen. Enough mistakes were made on D-day to convince any skeptic that the war was lost—if all he could see were the mistakes and the confusion. D-day was turned into a great victory for free men because we moved ahead without stopping or looking back.

As the Soviet Union cuts back on its commitment, we should move ahead. It should be noted that others are moving ahead to expand their influence, to take advantage of new opportunities. France is notable among them.

I may add, so is the Federal Republic of Germany.

The French Government is not cutting back its aid program. It is expanding it—even though its per capita aid is already twice as large as that of the United States.

I do not share many of the aims of French foreign policy, nor the objectives which their aid program in some cases may be designed to achieve. But I am impressed with the French Government's decisiveness in formulating its foreign aid policy, and its resoluteness in implementing it. There is nothing random, disjointed, or haphazard about its policy. Although the French aid program is certainly not a model program, particularly in regard to the terms of the aid offered, it has one characteristic which we should note carefully. It is concentrated in selected areas considered to be of highest priority to France. It is not scattered over 80 or 100 countries. It has a consistent direction. The French Government knows what it wants to do with its aid program—and is doing it.

One of the major weaknesses of our aid program is that of attempting to do too much, and thereby it loses its sense of direction. What is often lacking is a clear set of priorities for the program and a strong resolution to implement these priorities.

This is sometimes evident among those in the executive branch and in the Congress who are declared friends of the foreign aid program. In their espousal of the foreign aid program, they must have a clear grasp of what is most important and what is less important, what is top priority, and what is of secondary importance.

This set of priorities must always be kept in mind. If it appears that the Congress will not approve of the administration's total program, then the established set of priorities will naturally be followed in distributing any cuts.

We have recently been advised in the Senate that the Foreign Relations Committee's recommendations must be reduced.

I have shared the view, after sensing the temperament of the Congress, that some agreement to reduce the committee's figures might be necessary in order for the bill to be approved in the Senate. But what concerns me most is the absence of any clearly established priorities in distributing the cuts that have been proposed.

Many parts of this foreign aid bill are important, but which part is most important? Which part has top priority?

I believe that the Alliance for Prog-

ress program has top priority. I accept the President's statement that Latin America is the most critical area in the world as far as U.S. foreign policy is concerned. I accept this and believe we should act upon it. The executive branch should act upon it. The leaders of Congress should act upon it, and yet we are informed that some believe the Alliance for Progress item recommended by the Senate Foreign Relations Committee can be cut by \$125 million. We hear that this is one of the categories best able to sustain a cut. And today we hear further that some officials in the executive branch are most concerned, not about obtaining the full request for the Alliance for Progress, but about restoring a large part of the military aid program—most of which goes to southeast Asia.

Mr. President, I claim no superior knowledge about strategy for obtaining the best possible foreign aid bill this year. I am quite willing to follow the advice of others on this question in many respects. But I am certain on one thing: I know that a cut of \$125 million from the Alliance for Progress weakens it.

I know that that cut does not carry out what was the President's judgment on the importance of the Latin America area in the struggle in which we are now engaged with world communism.

I know that this conflicts with the policy stated by the President of the United States.

Mr. President, this week there opened in São Paulo, Brazil, the annual meeting of the OAS Inter-American Economic and Social Council. At this meeting, which will be attended by most of the key Alliance officials in the hemisphere, the future of the Alliance for Progress will be discussed. Proposals to modify its structure to achieve greater Latin participation will be discussed at this meeting. At the end of next week, Under Secretary Averell Harriman will go to São Paulo to head the U.S. delegation to the OAS meeting at the ministerial level.

This proposed reduction puts Secretary Harriman in a most difficult position. The U.S. Government has been exhorting Latin American governments to do better in mobilizing their own resources, to exact the taxes and enact the reforms called for in the charter of Punta del Este. We have repeatedly pleaded with Latin government officials to live up to their commitments under the Alliance. And yet now we indicate that the United States is to go back on its commitments. Most of the major Latin American newspapers, including those most friendly to the United States, did not fail to note that the House figure approved for the entire Latin American continent was only slightly above the total Soviet aid to Cuba alone. Our commitments under the Alliance, as well as those of our Latin American neighbors, must be honored. Nothing is more harmful to our prestige, to our national image, and to our foreign policy interests than the appearance of reneging on commitments made. The recent action of the House of Representatives in drastically reducing the Alliance for Progress

funds requested by the administration is interpreted in every Latin American country as precisely that.

The Senate Foreign Relations Committee disagreed with the House action, and recognized the embarrassment this would cause the U.S. Government and restored the funds cut by the House. Now we are told that the Senate should follow the House's example and reverse the decision of the Senate Foreign Relations Committee.

I remind my colleagues that this is only the authorization. The appropriation is another matter. Everyone who has served in this body over the years knows that the appropriation figure usually is substantially less than the authorization figure.

This would mean that the Senate authorization figure for the Alliance would be \$525 million. As everyone knows this figure could be reduced further by the House-Senate conference and reduced drastically by the House in the appropriations round. What we would likely have in the end is a figure approximating the \$400 million which the Soviet Union now gives to one small country, Cuba. If the world's leading capitalist country cannot do any better than that, we do not have much of an argument with the Communists. Yet Latin America is the most critical area in the world, as we have been told by the leader of the greatest Nation on the face of the earth, the President of the United States.

What Mr. Harriman is likely to be asked in São Paulo, and quite rightly, what prompted us to go back on our commitment. When we committed our support to the Alliance at Punte del Este, we expressed support for a figure of \$600 million per year for 4 years. The expectation, however, was that our aid would increase after the first year. Instead it is now proposed to be cut back from the \$600 million level.

Mr. President, it is difficult to justify a cut of \$125 million from the Alliance for Progress and add \$125 million to the contingency fund when experience teaches that funds for this category have gone unused. Last year, out of \$260 million appropriated for the contingency fund, \$117 million went unspent.

Furthermore, if the President's contingency fund is increased by \$125 million, we can rest assured that the little Alliance for Progress establishment will be pushed out of position in the grab for that money by more powerful forces in this country.

I repeat that I am not unaware of the necessity to make compromise to obtain an acceptable foreign aid bill this year. I can readily accept a cut in military assistance. It is long overdue. I can accept a modest cut even in the Development Loan Fund. However, if we are to wage the battle in Latin America that we ought to be fighting, so far as this part of the world is concerned, to prevent it from falling into chaos and revolution and Castroism and communism, we ought not to retreat from our obligations and our commitments.

What I insist upon is that these cuts must not fall on the highest priority program, the Alliance for Progress. I will

continue to oppose any substantial cuts in this program.

I am not saying we must honor in full the administration's request for aid to 80 or 100 different countries. The sooner we cut that figure the better. The sooner we really learn to concentrate our aid program in selected high priority areas the better. We have been asking our allies to step up their aid program. But if we continue to have aid missions in 80 different countries where are our allies going to concentrate? And so I do not ask that we give the administration what it requests for 80 different countries.

I ask only that we provide what the Senate Foreign Relations Committee recommended as a prudent amount for the Alliance for Progress program, in Latin America, the area having top priority under our foreign policy.

THE TAX BILL—THE NEED FOR TAX REFORM

GOOD FEATURES OF BILL

Mr. DOUGLAS. Mr. President, there are many good features in the present tax bill, H.R. 8363, with which we are dealing in the Finance Committee. Among these are first, the fact of tax reduction itself in order to stimulate demand, production and employment; second, the minimum standard deduction of \$300 per taxpayer plus \$100 for each family dependent; third, the shifting of the corporation tax collection period from the present delayed system to roughly the same basis as taxes are now collected from individuals, against taxes actually owed, and certain other features as well; and fourth, the repeal of the 4-percent dividend credit.

I shall discuss these and other features of the bill in later brief discussions which I plan to make on the tax bill during this session of Congress at times which will not interfere with discussion and action upon pending business. My comments come at the end of a long day's session, and certainly do not interfere with any pending business before the Senate.

MILLIONAIRES ESCAPE TAXATION

But today I rise to state the urgent need for tax reform and to protest its slow and quiet strangulation.

There are, in the record of the current hearings of the Finance Committee on the pending tax bill, some shocking figures of which every American ought to be aware. The Secretary of the Treasury has furnished figures showing that in 1959 there were 20 persons in this country with incomes—adjusted gross incomes—of more than \$500,000 who paid not a penny in Federal income taxes in 1959.

There were 15 persons having incomes of more than \$1 million who paid not a cent of taxes.

There were five persons having gross incomes of more than \$5 million a year who did not pay a single cent in taxes.

Adjusted gross income does not include interest on State and municipal bonds. It does not include write-offs for drilling and developmental costs in the oil

and gas industry. It does not include one-half of capital gains. All these were in addition.

But with respect to the figures on adjusted gross incomes, there were, I repeat, five persons having incomes of more than \$5 million who did not pay a single cent in taxes. Their real incomes were probably much in excess of this, to the degree that they owned State and municipal bonds, wrote off drilling and developmental costs, and had capital gains, only one-half of which goes into adjusted gross income.

AVERAGE FAMILY PAYS MORE TAXES

These figures are shocking when one considers that any worker with a wife and two children who is earning just \$100 a week—\$5,200 a year—an average American—would, under current tax rates, pay about \$456 in Federal income taxes, at the same time that 5 persons having 1,000 times that worker's income can get away with paying no taxes whatever. The need for reform would seem to be clear.

Of course not every multimillionaire escapes wholly tax free, as these five managed to do. But the average multimillionaire comes surprisingly close to achieving just that. According to Treasury Department figures, for which I asked, and which are printed in part I of the hearings on the tax bill before the Committee on Finance, there were, in 1959, 37 people whose total incomes—including all the taxable part of their capital gains—came to more than \$5 million and they paid, on the average, a little less than 25 percent of their total incomes in Federal income taxes. That is only somewhat higher than the first bracket rate of 20 percent.

We hear great complaints about the "confiscatory" top income tax rates of 90 and 91 percent. Those rates are too high—but the fact is that the bark about the tax rates is far, far worse than the bite. Theoretically, if all of the income of these multimillionaires were subject to the tax rate schedule currently in the law, they would be paying to the Government taxes at the rate of about 90 percent. The fact is, though, they are paying less than 25 percent of their total income in taxes or about the same proportions being paid by those with incomes of \$20,000 to \$50,000.

Mr. President, I shall ask unanimous consent that a table prepared by the Research Division of the Treasury Department be printed at the conclusion of my remarks.

Mr. President, this table also will be found in part I of the hearings on the tax bill before the Committee on Finance.

GLARING INEQUITIES

Clearly, Mr. President, there are glaring inequities in our tax system in urgent need of correction. In 1961, President Kennedy told the Congress that his administration was preparing a "comprehensive tax reform program" which would be "aimed at providing a broader and more uniform tax base" and at establishing "a more equitable tax structure and a simpler tax law." Originally, that program was to be presented to us in 1962. It was delayed until 1963.

the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,600 than the highest gross rate paid to any other person employed under the authority of this resolution, and (3) with the prior consent of the heads of the departments or agencies concerned, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 2. Expenses of the committee, under this resolution, which shall not exceed \$50,000 through January 31, 1964, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The PRESIDENT pro tempore. Is there objection to proceeding to the consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CURTIS. Mr. President, I thank the chairman of the committee for his courtesy to all the members of the committee, particularly those of the minority. I appreciate the fact that the resolution provides for minority representation staffwise. The task before the committee is not a pleasant one, but it is one that involves the good standing and integrity of the entire Senate. It must be followed judiciously but thoroughly.

The PRESIDENT pro tempore. Without objection, the resolution (S. Res. 221) is agreed to.

BILL AND JOINT RESOLUTION INTRODUCED

A bill and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HUMPHREY:

S. 2278. A bill for the relief of Elmer O. Erickson; to the Committee on Post Office and Civil Service.

By Mr. KUCHEL:

S.J. Res. 130. Joint resolution to designate the powerhouse on Clear Creek at the head of Whiskeytown Reservoir, in the State of California, as Judge Francis Carr powerhouse; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. KUCHEL when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTION

INQUIRY INTO FINANCIAL OR BUSINESS INTERESTS OF ANY OFFICER OR EMPLOYEE OR FORMER OFFICER OR EMPLOYEE OF THE SENATE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 221) authorizing the expenditure of funds by the Committee on Rules and Administration in discharging its responsibilities under Senate Resolution 212, inquiry into the financial or business interests of any officer or employee or former officer or employee of the Senate, which was considered and agreed to.

(See the above resolution printed in full when reported by Mr. JORDAN of North Carolina, which appears under the heading "Reports of Committees".)

TRIBUTE TO THE LATE FRANCIS CARR

Mr. KUCHEL. Mr. President, America owes her greatness to men and women who have unselfishly devoted their time, talent, and energy in the public interest to their fellow man. Today I call upon the Congress to honor a Californian who, in his lifetime, worked assiduously for his State.

The late Judge Francis Carr, of Redding, Calif., was a water lawyer for more than 40 years. His was a distinguished record of public service in varied fields for the good of his fellow Californians.

In 1932, he was appointed to the State water resources commission. He also served as chairman of the State relief commission during the discouraging days of the depression in the 1930's. He served his local community as judge. In all these and other ways, he served his native Shasta County, his State, and thus, his Nation.

Judge Carr helped to develop a plan and obtain legislative support for the great Central Valley project on which construction began in 1935 to meet serious water problems in vast areas of California. Following through, he was, for several years, the principal advocate for the Trinity River division of the Central Valley project. He served as chairman of a two-county committee to bring about the construction of that particular division.

Though Judge Carr died in 1944, I can testify, as a sponsor of legislation authorizing the Trinity River project in 1955, that the efforts of Judge Carr on behalf of this project were indeed of crucial importance in bringing this project for the people into being.

Judge Carr advocated building Whiskeytown Reservoir in Shasta County as a part of developing the tributaries of the upper Sacramento River for flood control and water conservation as a part of the project. That reservoir is now emerging as a fine recreational asset.

A part of this project is the 130,000-kilowatt capacity Clear Creek Powerhouse near Redding and a short distance from Shasta, Calif., the historic settlement where nearly a century ago Judge Francis Carr's father, a pioneer lawyer and teacher, first established his home after moving to California from upstate New York. This powerhouse, at the head of Whiskeytown Lake, is already producing power which helps to defray project costs and to provide a return on the Federal Government's investment. It is fitting, I think, that the Clear Creek Powerhouse, largest of the Trinity River division, with its constant energy output, be named for and dedicated to Shasta County's native son, the late Judge Francis Carr, who served with tireless energy to achieve an exceptional record of public service, including the development of California's water and power.

Mr. President, I introduce, for appropriate reference, a joint resolution by which the Congress would designate a 130,000-kilowatt-capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir in Shasta County, Calif., as the Judge Francis Carr Powerhouse, and

by which the Secretary of the Interior would be directed to place a suitable plaque at the site of the reservoir.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed at this point in the RECORD, together with resolutions by the Shasta County Board of Supervisors and the Greater Redding Chamber of Commerce, each urging approval of such a resolution.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution and resolutions will be printed in the RECORD.

The joint resolution (S.J. Res. 130) to designate the powerhouse on Clear Creek at the head of Whiskeytown Reservoir, in the State of California, as Judge Francis Carr powerhouse, introduced by Mr. KUCHEL, was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the one hundred and thirty thousand kilowatt capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir shall hereafter be known as Judge Francis Carr powerhouse in honor of Judge Francis Carr of Redding, California, a lawyer, judge, public servant and advocate of reclamation development including the great Central Valley project developed to meet the serious water shortages in the San Joaquin Valley and Sacramento Valley of California. The Secretary of the Interior is hereby directed to place a suitable plaque at the site. Any law, regulation, document, or record of the United States in which such powerhouse is designated or referred to shall be held to refer to such powerhouse under and by the name of Judge Francis Carr Powerhouse.

The resolutions presented by Mr. KUCHEL are as follows:

RESOLUTION 63-95

Resolution of endorsement by the Board of Supervisors of the County of Shasta, State of California

Whereas the contents of the attached resolution of the Greater Redding Chamber of Commerce requesting the Senate and House of Representatives of the United States of America in Congress assembled to designate the 130,000-kilowatt capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir as the Judge Francis Carr Powerhouse and direct the Secretary of the Interior to place a suitable plaque at the site to make known the wishes of the Congress has been made known to the Board of Supervisors of the County of Shasta, State of California; and

Whereas the Board of Supervisors of the County of Shasta are in accordance with the sentiments expressed in said resolution: Now, therefore, be it

Resolved, That the Board of Supervisors of the County of Shasta, State of California, do hereby place their endorsement upon said resolution.

Attest:

FLOYD H. MORGAN,
Chairman.
RICHARD C. BRENNAN,
County Clerk.

RESOLUTION OF THE GREATER REDDING CHAMBER OF COMMERCE

Whereas the dams and powerhouses of the Trinity River division of the Central Valley project in California are nearing completion,

and the 130,000-kilowatt capacity Clear Creek powerhouse near Redding, Calif., at the head of Whiskeytown Lake, is already producing power which helps defray project costs and provide a return on the Federal Government's investment; and

Whereas the late Judge Francis Carr, of Redding, Calif., a water lawyer for more than 40 years, was the principal advocate for several years of the Trinity River project, serving as chairman of a two-county committee to bring about its construction and also in the early 1940's, prior to his death in 1944, advocated building Whiskeytown Reservoir as a part of developing the tributaries of the upper Sacramento River for flood control and water conservation; and

Whereas the late Judge Francis Carr was appointed in 1932 by Gov. James Rolph, Jr., to the State water resources commission, which commission helped develop a plan and obtained legislative support for California's great Central Valley project on which construction began in 1935 to meet serious water shortages in California's San Joaquin Valley and serve other multiple purposes; and

Whereas in addition to his distinguished record of public service in varied fields for both Republican and Democratic State administrations, including service as chairman of the State relief commission during the discouraging days of the depression in the 1930's, Judge Francis Carr, as he was affectionately known for his onetime service as justice court judge, was one of California's outstanding attorneys in the water and power field and successfully litigated several precedent-setting cases in California water law; and

Whereas Clear Creek Powerhouse of the Central Valley project is located a short distance from Shasta, Calif., the historic settlement where, nearly a century ago, Judge Francis Carr's father, a pioneer lawyer and teacher, first established his home after moving to California from upstate New York; and

Whereas it is most fitting and proper that the Clear Creek Powerhouse, largest of the Trinity River division, with its constant energy output, be named for and dedicated to Shasta County's native son, the late Judge Francis Carr, who loved his native country, serving her and her people with tireless energy to achieve an exceptional record of public service, including the development of California's water and power resources: Now therefore, be it

Resolved by the Greater Redding Chamber of Commerce, That it is hereby recommended to the Senate and House of Representatives of the United States of America in Congress assembled that they do hereby designate the 130,000-kilowatt-capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir as the Judge Francis Carr Powerhouse and direct the Secretary of the Interior to place a suitable plaque at the site to make known the wishes of the Congress.

ROBERT C. ANDERSON,
President of the Greater Redding Chamber of Commerce.

FOREIGN ASSISTANCE ACT OF 1963 — AMENDMENTS (AMENDMENT NOS. 284, 285, 286, 287, 288, AND 289)

Mr. ELLENDER submitted six amendments, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. HOLLAND proposed an amendment (No. 290), to the amendment submitted by Mr. MANSFIELD (for himself

and other Senators) (No. 280) to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. THURMOND. Mr. President, I submit, and ask to have printed, an amendment (No. 291).

I submit, and ask to have printed, an amendment to H.R. 7885. The purpose of this amendment is to delete from the bill in its entirety section 402 which authorizes the President to grant most-favored-nation treatment to countries within the Communist bloc.

I do not believe there is any justification for this provision, and I intend to have more to say concerning it when I call this amendment up for consideration.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. DOMINICK. Mr. President, I submit an amendment to House bill 7885. The amendment is designed to assure that the Appropriations Committees will have the right to review the portion of the Development Loan Fund which consists of receipts which come back from loans which have previously been made.

The PRESIDENT pro tempore. The amendment (No. 292) will be received, printed, and lie on the table.

Mr. YOUNG of Ohio. Mr. President, I submit an amendment to House bill 7885, and ask that it be printed and lie on the table.

In support of my amendment, I quote from John Gunther, who in his great book, "Inside Europe Today," wrote:

It is dangerous for a democracy, like the United States, to become too closely involved with a dictator or a semidictator, no matter how convenient this may seem to be. It is the people who count in the long run, and no regime is worth supporting if it keeps citizens down—if only for the simple reason that they will kick it out in time.

The PRESIDENT pro tempore. The amendment (No. 293) will be received, printed, and lie on the table.

FEDERAL EMPLOYEES' SALARY ACT OF 1963—AMENDMENT (AMENDMENT NO. 283)

Mr. WILLIAMS of Delaware (for himself, Mr. LAUSCHE, Mr. DOMINICK, Mr. TOWER, Mr. COTTON, and Mr. THURMOND) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 8986) to adjust the rates of basic compensation of certain officers and employees in the Federal Government, which was referred to the Committee on Post Office and Civil Service, and ordered to be printed.

ADDITIONAL COSPONSOR OF S. 2249 TO CREATE THE INDIANA DUNES NATIONAL LAKESHORE

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the name of the senior Senator from West Virginia [Mr. RANDOLPH] be listed as a cosponsor of S. 2249, the bill to establish the Indiana Dunes National Lakeshore, and that his name be added to the bill at the next printing.

The PRESIDENT pro tempore. Without objection, it is so ordered.

NATIONAL ECONOMIC CONVERSION ACT—ADDITIONAL COSPONSOR OF BILL

Mr. HUMPHREY. Mr. President, I ask unanimous consent that, at the next printing of the bill (S. 2274) to establish a National Economic Conversion Commission, and for other purposes, my name be added as a cosponsor.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF BILL AND CONCURRENT RESOLUTION

Under authority of the orders of the Senate of October 24, 1963, the following names have been added as additional cosponsors for the following bill and concurrent resolution:

S. 2259. A bill to further amend section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), to liberalize the conditions of loans by national banks on forest tracts: Mr. AIKEN and Mr. MCCARTHY.

S. Con. Res. 65. Concurrent resolution favoring agreements with other nations for the joint exploration and use of space and to place a man on the moon: Mr. BARTLETT, Mr. MCGEE, and Mr. RANDOLPH.

NOTICE OF HEARING ON NOMINATION OF CHARLES H. TENNEY, TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, November 8, 1963, at 10:30 a.m., in room 2228, New Senate Office Building, on the nomination of Charles H. Tenney, of New York, to be U.S. district judge, southern district of New York, vice Alexander Bicks, deceased.

At the indicated time and place, persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND], chairman, the Senator from South Carolina [Mr. JOHNSTON], and the Senator from New York [Mr. KEATING].

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. RANDOLPH:

Address by Dr. Shane MacCarthy in accepting the Cosmopolitan Club's Distinguished Service Medal Award, October 22, 1963, in Washington, D.C.

Editorial, "B. & O. Deserves Our Applause," in the Thursday, October 31, 1963, issue of the Morgantown (W. Va.) Dominion News; correspondence between Senator RANDOLPH and Mr. Jervis Langdon, Jr., president of the Baltimore & Ohio Railroad.

By Mr. BYRD of Virginia:

Statement delivered before the Senate Committee on Finance by Steve Stahl, on

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 5, 1963
For actions of Nov. 4, 1963
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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Dodd criticized decision on sale of wheat to Russia and he and Sen. Stennis inserted items critical of a sale. Sen. Metcalf inserted article critical of area redevelopment program and REA ski lift loan. Rep. Hoeven criticized administration's farm program. House committee reported bill to increase public debt limit.

SENATE

1. **FOREIGN AID.** Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 19914-6, 19918, 19942-64, 19975-80). Sen. Humphrey spoke in opposition to any reduction in funds for the Alliance for Progress and commended a provision in the bill to assist Latin American countries to organize and develop cooperatives (pp. 19975-80). Several Senators submitted amendments intended to be proposed to this bill (pp. 19897-8).

2. **FOREIGN TRADE; WHEAT.** Sen. Dodd criticized "the decision to sell wheat to the Soviet Union at a subsidized price...with so little advance notice," expressed concern that the U. S. may not insist on the use of U. S. ships for transporting such wheat because of objections of the Russians, urged action on his resolution calling for a study of this matter, and inserted several items in support of his position. pp. 19918-41

Sen. Stennis inserted an editorial critical of a sale of wheat to Russia, stating that "We are falling over ourselves now to rush to Khrushchev's aid in his hungry country, ruined by false agricultural theories and practices." p. 19905

3. AREA REDEVELOPMENT; ELECTRIFICATION. Sen. Metcalf defended the area redevelopment program in Mont. against recent attack, and inserted an article critical of the program and the use of funds from an REA loan to establish a ski lift in Pa. pp. 19905-6

4. FOREIGN TRADE. Sen. McGovern stated that "our policy with reference to the Chinese mainland is a sterile, shortsighted approach that is against our best interests," and inserted an article favoring a reevaluation of trade relations with China, including the assertion that former President Truman favors offering the sale of wheat to China. pp. 19966-8

Sens. Morse and Lausche criticized a statement attributed to George Kennan, former Ambassador to Yugoslavia, that he is bitter because Congress "ignored his advise and revoked favored trade status to Yugoslavia." pp. 19900-1

Sen. McGovern supported a policy "to exempt Yugoslavia and Poland from some of the trade and aid restrictions which we apply to other Communist states," and inserted a letter to the editor by George Kennan on the subject. p. 19909

Sen. Humphrey supported the enactment of legislation to amend the Anti-dumping Act so as to "tighten loopholes and provide for fairer, more effective procedures in the administration" of the Act. pp. 19974-5

5. FARM LABOR. Sen. Ellender stated that he intends to call up for consideration on Wed., S. 1703, to extend the Mexican farm labor program for one year. p. 19897

6. FOREIGN AFFAIRS. Sen. McGovern inserted an article on foreign affairs by McGeorge Bundy, special assistant to the President, "The Next Steps Toward Peace: Some Notes on the Two-legged Process." pp. 19910-2

HOUSE

7. OMNIBUS BILL. At the request of Rep. Gross, H. R. 7155, the administrative omnibus bill to facilitate the work of the Department of Agriculture, was passed over without prejudice and without discussion. p. 19880

8. FARM PROGRAM. Rep. Hoeven criticized Administration farm policies, stating "that the present crazy-quilt price support and control program held together by Mr. Freeman was born in depression, matured in war and is now in a faltering position" and urged "enactment of sound and realistic farm programs." pp. 19891-2

9. FARM LABOR. Rep. Rosenthal urged defeat of the Mexican farm labor extension bill if a conference report is submitted to the House, but if not returned, then he urged the President to veto the bill. pp. 19893-4

10. PUBLIC DEBT. The Ways & Means Committee reported without amendment H. R. 8969, to provide for a temporary increase in the public debt limit to \$315 billion for the period Dec. 1, 1963, to June 30, 1964 (H. Rept. 885). p. 19895

11. LANDS. Passed without amendment S. 876, to authorize GSA to convey a tract of land, formerly under the jurisdiction of the Agricultural Research Service, in Prince Georges County, Md. to the American National Red. Cross. This measure

"the Conference Center." Early last month, the annual meeting of the National Association of Supervisors of State Banks was held at Williamsburg, at which, incidentally, every State in the Union was represented. I addressed that meeting on the morning of October 3 and was impressed by the beautiful carpet that was on the conference room floor. When I asked for an explanation of the remarkable pattern that had been woven into that rug and also information as to where the rug was made, all I could learn was that the rug had been woven in my home county of Rockbridge by the Glasgow, Va., division of James Lees & Sons, now a part of the textile empire of Burlington Mills. So, I wrote my friend, the very able and efficient president of Colonial Williamsburg, Hon. Carlisle H. Humelsine, to tell me why what appeared to be the great seal on the carpet showed the national emblem, the bald eagle, looking to the right, as in the great seal, is holding arrows in his right talon and the olive branch in his left—which is the reverse of what appears in the great seal.

Mr. President, I ask unanimous consent that I may have printed at this point in the RECORD a letter to me of October 31 from President Humelsine, explaining the pattern of that gold rug at the Williamsburg Conference Center.

Mr. President, perhaps this is a felicitous time to make available to many American citizens who have not yet had an opportunity to enjoy the wonderful food that is served at the Williamsburg Inn and the other places of entertainment in Williamsburg, recipes of some of the wonderful dishes that have come down to us from our colonial ancestors. I therefore ask unanimous consent to have printed in the RECORD at this time the following recipes taken from the 1962 President's report of Colonial Williamsburg:

There being no objection, the letter and recipes ordered to be printed in the RECORD, as follows:

WILLIAMSBURG, VA.,
October 31, 1963.

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Senate Office Building, Washington, D.C.

DEAR WILLIS: You are a most observant visitor.

The sunburst pattern in the gold rug at the conference center is derived from the Nova Constellatio patterns in silver, which were represented in perhaps the first U.S. coinage. They were designed for Gouverneur Morris to carry out his ideas in a decimal coinage system. As the proposed denominations and coins did not advance beyond the pattern stage, the pieces are all dated 1783 and are extremely rare. In the original pattern an eye appeared in the center of the sunburst which we have omitted.

The heraldic eagle appearing in the rug was used in 1797 on dimes, dollars, half eagles, and eagles. In those coins, the relationship between the eagle, the arrows, and the olive branch were reversed as you detected from their position in the Great Seal and in modern coinage.

You have raised an interesting question, and I think we probably ought to have these answers published in some form in the conference center as the derivation of the rug designs is, I think, most interesting.

Accept by very best wishes.

Sincerely,

CARLISLE H. HUMELSINE.

SPoon BREAD

Stir 1 cup of corn meal into 1 pint of boiling water, which contains one-half teaspoon of salt. Stir 1 minute, remove from fire and add 2 tablespoons of butter. Beat well, add 4 beaten eggs and beat in 1 cup of cold milk. Beat again and pour into hot buttered baking dish. Bake 25 minutes in hot oven and serve from baking dish.

CORN PUDDING

Take 6 large, tender, milky ears of corn. Split the corn down the center of each row; cut off the top and then scrape the cob well. Beat 2 eggs and stir them into the corn. Add one-fourth cup of flour, 1 teaspoon of salt and one-half teaspoon of black pepper. Stir in 1 pint of fresh milk and mix all together thoroughly. Put in a cold buttered pan about 4 inches deep. Cover the top with 2 heaping tablespoons of butter cut in small pieces. Bake in a moderately hot oven about 1 hour. Serve hot.

How To COOK AN OLD VIRGINIA HAM

Select a 3- to 5-year old ham weighing 12 to 18 pounds. Trim and wash carefully and soak overnight. Change water and add 1 cup of apple vinegar and 1 cup of brown sugar. Cover with water. Boil very slowly 5 or 6 hours, or until end bone is loose. Leave the ham in the water in which it was cooked until water is cold, then skin. Put ham in bakingpan and bake to a nice brown.

CANADA'S EXPORT PROBLEM

Mr. BOGGS. Mr. President, a distinguished Canadian industrialist last week summed up Canada's need for larger exports to the United States in an important speech before the Advertising Club of Washington, D.C.

It was my privilege to meet the speaker, T. J. "Ted" Emmert, president and chief executive officer of Hawker Siddeley Canada, Ltd. I was impressed by him personally as well as by the message he delivered.

We in the United States have long recognized Canada as a good and friendly neighbor. With this in mind we need to consider seriously Canada's problem of economic imbalance in her business relations with this country.

Mr. Emmert's speech is the opinion of an industrial statesman, and I recommend heartily to my colleague that it be carefully read. I ask unanimous consent that the text of the address be included at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Your business is advertising and selling, and very largely, so is mine. Normally I am advertising or selling on behalf of my own company.

But today, the product is Canada, the country I have chosen to live and work in.

In size, Canada ranks next only to Russia and our operating companies which are from the Atlantic to the Pacific are 4,200 miles apart—or the distance from Chicago to Paris. Windsor, Ontario, is parallel with northern California, and from Windsor we look north to Detroit. Our northern frontier is the Arctic Circle.

In this tremendous landmass we have a population of only 19 million—about the same number of people living in New York State.

Our form of government is based on the British system, as free and representative as your own. Canada is an equal partner in the British Commonwealth and subservient to no one.

Although we have full nationhood, and complete political entity, because of geography and tremendous distances we Canadians tend to look upon Canada as not one but five Canadas; The Maritime Provinces, Quebec, Central Canada, the Prairies and British Columbia.

Canadians have, for a long time, been extraordinarily interested in the United States, and our media give a lot of attention to your affairs.

But today the United States is making a great deal of news in Canada in a manner previously unknown. And with it is a feeling of apprehension.

The subject of the news is not political, defense or friendship. It is freedom—economic freedom, without which so many other freedoms and principles go by the board.

To put it very simply, U.S. investors and business are now so extensively involved in the Canadian economy that the situation has become critical. As Canada continues to buy much more from the United States than she sells to the United States, every passing year aggravates the situation.

U.S. investment in Canada is nothing new. After all, Canada is the United States biggest customer. Two-thirds of all Canada's international transactions are with the United States. Canada has always welcomed outside capital, but today its proportions and its drain on the economic stability of Canada are too great. Canada is living beyond her means on a dangerous scale.

Our two countries have always had their differences and always will, but like a family we settle our disputes by compromise or mediation.

This economic situation goes much deeper than a family dispute. Many Canadians see their sovereignty in jeopardy.

How is this feeling possible when the countries have been so close for so many years? And very often the only way you can tell a Canadian from an American is by the brand of cigarettes he smokes.

The U.S. people haven't changed, that's true, but their stature in Canadian affairs has changed.

Canada's annual average deficit with the United States is now running at \$1.5 billion, which is the equivalent in the United States of a deficit of \$20 billion annually with one trading partner.

To the United States with a gross national product of around \$600 billion, Canada's \$1.5 billion problem is negligible. But to Canada with a \$44 billion gross national product it is economic survival.

Our Minister of Finance said this month: "The Government of Canada is determined to give priority in its economic policy to measures that will bring order, stability, and better balance in our international trade payments. This will not be easy. It will mean some changes in the way we do things."

He said also: "The direction we must take is clear and unmistakable. We will proceed carefully in seeking and applying solutions. We will bear in mind the interests of our friends and neighbors, but there can be no question about the compelling need for effective action."

To Canadians the economic facts are loud and clear and dangerous. The danger of relying on the flow of foreign capital into Canada as an offset to trade imbalance was brought rudely home last year when the flow stopped. The result was an extreme exchange crisis.

The logical question here is: How did Canada get herself into this position? Well, I guess we can blame the war and the boom years that followed, when we changed from a primary producer to a manufacturer.

The cry was "Canada can make it." Literally hundreds of new factories sprang up every year in a phenomenal industrial expansion. Many of these factories were subsidiaries of U.S. and oversea companies.

In 1938 primary industries such as mining and agriculture accounted for over 40 percent of the dollar value of Canada's total production. By 1960 that figure had slumped to 26 percent, and today secondary industry accounts for three-quarters of the dollar volume of Canadian production.

Canada has had to pay the price for this rapid progress and today U.S. interests control well over half of all Canadian industrial enterprises, including some 45 percent of manufacturing. While this circumstance could be viewed with alarm and contribute to our current economic difficulties it has speeded up the development of Canada and provided the high standard of living we enjoy today.

We should remind ourselves that it was European investors who provided the financial strength for the development of the United States when she became an independent Nation. Yet America has retained her economic independence. Naturally, Canada is equally anxious to retain hers—and I feel sure she will.

A further problem has been the youth and inexperience of Canada's new secondary industry in export markets. Often it has been a matter of timidity; sometimes restraint by the parent company, especially in attempting to penetrate the U.S. market, or neglect through complacency in the boom years of the domestic market.

Geography has also added to Canada's dilemma. Much of the population of Canada is resident in the large new industrial belts along the Great Lakes and on the U.S. border.

As a result, these people who are the pacesetters in Canadian standards of living are directly under the full onslaught of U.S. influence. Through television and radio, magazines and all other methods of communication—a field in which Americans are expert—the desire for U.S. standards has spread—and this is good.

Today a Canadian in Ontario has his own home, his new model car, his refrigerator, his washing machine, his television and all the other material things expected in the United States.

The only trouble is that while the individual Canadian may be able to meet the payments for all these things, his country can't meet the bills without borrowing. And there's a limit to what can be borrowed safely.

As a nation we are now committed to industry. But because of our much smaller domestic market, industrial Canada today must look elsewhere to sell her goods. Quite naturally her eye turns first to the immense U.S. market.

In order to balance trade something has to go. Either Canada lowers her standard of living by cutting imports or she balances the books by selling more to the United States—\$1.5 billion worth annually to be exact. And the people of Canada are not willing to accept the first alternative.

My own company operates internationally. Our divisions and subsidiaries are not afraid to compete in any market. That is why we do a fair amount of business abroad. We don't win them all, but of sales totaling \$1.3 billion in the last 5 years, about \$200 million has been earned in foreign markets.

I am all for opening more trade doors and closing fewer. Restrictions cripple initiative, expansion, and progress. In this day and age no nation can sit on its hands behind a high protective wall and survive. The Europeans found this out.

I was pleased to note that in a speech given the other day, Gen. E. W. Rawlings, U.S. Air Force, retired, one of your distinguished military men and now a leading industrialist, pointed out to a Toronto audience that one of North America's chronic problems is a matter of geography.

"Basically," he said, "certain problems arise on our North American Continent because politically the dividing lines run east and west, whereas economically they run north and south."

This is of real concern to enlightened industrialists on both sides of the border, but I am sure that in the course of time some practical solution will be found for this problem.

From my own experience in the farm equipment business where there are no duty barriers, I found that both Canadian and United States agricultural equipment consumers and manufacturers benefit by the free north and south flow of their goods.

The question now is: Where do we go from here?

First, Canada is not looking for handouts. She is not a recipient of foreign aid—but is in fact a giver.

Second, What she seeks is a better opportunity to sell her secondary products in the U.S. markets. She feels she has earned that right by her "wider door" policy with the United States, and is still earning that right.

Third, Canada doesn't want a better market share through charity. Her goods should be marketed in the United States on quality and price.

Fourth and probably the most important, Canada needs better U.S. education and understanding of her position, her role in North American affairs, and acceptance of her new industrialization.

I do not fear Canada's ability to compete successfully in the United States under fair ground rules. Canada can compete. There's no doubt about that.

Today we sell a lot of goods in certain U.S. markets. But many other markets are virtually closed to us.

We are constantly studying the U.S. market and we accept the challenge.

For example, in order to do business U.S.-style, our company opened a subsidiary in Chicago 14 months ago staffed entirely by Americans. This is an engineering and assembly plant for the production of power packages using industrial gas turbine engines developed and manufactured by our Orenda Engines Division, which has been in business for nearly 20 years. By the end of this year we will have about \$2 million invested over here, in hopes of getting it and some more back by penetrating your market with a first-class product at competitive prices.

Next year, Canada hopes to export more than \$6.8 billion worth of goods and services, and undoubtedly an increasing proportion will be in manufactured goods which are showing some encouraging improvements.

Generally, however, we are looking and must look more to the U.S. market. And when a Canadian industrialist looks at the American market one thing happens—his mouth waters.

A fractionally greater share of that vast market can solve Canada's greatest economic problems.

Good relations between Canada and the United States are vital for the future prosperity and perhaps even the survival of both countries. Therefore, we must not only seek to encourage a better understanding of the problems which have arisen and may arise, but also to develop solutions which are in the common interest of both countries.

It may well be in the future that Canada will appear to be adamant in many matters while wrestling with her problems.

If this is disturbing I would ask you to remember the words of Vincent Massey, first Canadian citizen to become Governor General of Canada and former Canadian Ambassador to Washington, who says in his recently published biography: "Americans do

not dislike us when we are loyal to ourselves, and they respect us when we stand up for what we believe to be our rights as they are always zealous in defending what they believe to be theirs."

And having lived on both sides of the border, I believe that this is true.

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (H.R. 6885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Senate resumed the consideration of the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Florida [Mr. HOLLAND] to the so-called Mansfield amendments, which were offered by the Senator from Montana on his own behalf and on behalf of other Senators. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, in line 8, of the amendments (No. 280) submitted by Mr. MANSFIELD, on behalf of himself and other Senators, the following amendment (No. 290) is proposed: namely, strike out the figure "\$1,500,000,000" and insert the figure "\$975,000,000".

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HOLLAND obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HOLLAND. I am glad to yield.

Mr. MANSFIELD. The amendment of the Senator from Florida is the pending business. I ask unanimous consent that I may suggest the absence of a quorum, with the understanding that the Senator from Florida will not lose his right to the floor.

Mr. HOLLAND. Mr. President, I appreciate the courtesy of the Senator from Montana. I shall be happy to accept it, if the Senate gives permission for a quorum call, provided that in doing so I do not lose my right to the floor.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I now suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. (Mr. WALTERS in the chair). Without objection, it is so ordered.

Mr. HOLLAND. Mr. President, before urging my amendment upon the Senate, and before the distinguished chairman of the committee leaves the Senate Chamber, let me say that I appreciate the fact that the majority leader, the minority leader, the chairman of the committee, and the ranking minority member have tried to deal realistically with the problem presented this year in offering their amendments. They show a realistic approach to the thinking of the country which, I am sure, is strongly in favor of a substantial reduction in the foreign aid program. Senators who have joined in offering these amendments are probably in closer touch with the problem than other Senators—certainly much closer than I am. I appreciate their effort, and I want to support it. I hope that I shall be able to support it. But there is one feature in it which has seemed to me to be not realistic and not showing an understanding of what I believe is in the minds of other Senators, and certainly in the minds of the great majority of our people—that is, that we are hoping not merely for a reduction of the program this year, but for continued reductions and for an end to the program at as early a time in the future as possible.

The Senate has noted, I am sure, in the amendments offered by the majority and minority leaders and the distinguished ranking members of the Foreign Relations Committee, including, in addition to the ones I have already mentioned, the Senator from Alabama [Mr. SPARKMAN] and the Senator from Vermont [Mr. AIKEN] that on line 8 of page 1 of the printed amendments there appears a reauthorization of the entire amounts included in the Development Loan Fund, by existing law, for the 2 years 1965 and 1966.

The reduction for this year to \$975 million from the \$1,500 million previously authorized for this year is, I think, a realistic reduction. I am glad the leaders have proposed it. But I think there is even more need for a reduction in the authorizations for the ensuing 2 years, 1965 and 1966.

It would be incomprehensible to me if the Senate, knowing of the hopeful attitude of the country that the Congress should not only reduce the program, but end the program at an early date, would reauthorize at this time the whole \$1,500 million included in the original act of 1961, as the authorizations for each of the years 1965 and 1966.

I do not believe there is present in the Senate an intention to reauthorize that very large amount for the Development Loan Fund for 1965 and 1966.

I call attention to the fact that, if the amendments offered by the leadership were adopted, they would, in fact, reauthorize the \$1,500 million authorizations for 1965 and 1966.

Because I think we should not do that, but should show the deliberate intention of the Senate to reduce this program for the future, and to look to an even greater reduction than we have offered in the

amendments of the leadership for this year, I have offered my amendment, which would reduce the \$1,500 million authorization in the amendment for 1965 to \$975 million, and accomplish the same thing as to the \$1,500 million authorization for 1966.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Ohio.

Mr. LAUSCHE. Am I correct in my understanding that in the existing authorization there is allowed \$1,500 million for the fiscal years, separately, of 1964, 1965, and 1966?

Mr. HOLLAND. The Senator is correct.

Mr. LAUSCHE. The amendments offered by the Senator from Montana [Mr. MANSFIELD], on behalf of himself, the Senator from Illinois [Mr. DIRKSEN], and other Senators, would reduce the \$1,500 million authorization for the fiscal year 1964 to \$975 million, but would allow the \$1,500 million authorization, respectively, for the fiscal years 1965 and 1966 to continue. Is that correct?

Mr. HOLLAND. They would not merely allow it to continue; they would reauthorize the amounts. If the amendments offered by the leadership had referred only to 1964, they would not have been as objectionable in this respect as they are; but they include these words, and I read now the words to be inserted in the present authorization:

For the fiscal year 1963, \$975,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years.

I believe the Senate has the duty to work upon that part of the Mansfield amendment by saying that we are not merely hoping to reduce the large amount authorized for this year, but are looking forward, with equal hope, to the next 2 succeeding years.

I am sorry I have no evidence on which to make a request for less than \$975 million for each of those future years, but I know that with a ceiling of that amount for 1965 and 1966, a reduction in the programs would be much more likely to take place than it would with a ceiling of \$1,500 million, as under the present law.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LAUSCHE. Mr. President, will the Senator let me pursue that thought?

Mr. HOLLAND. Yes. I yield to the Senator from Ohio. Then I shall yield to the Senator from Oregon.

Mr. LAUSCHE. If the amendment of the Senator from Florida were adopted, it would mean that the amount which has been recommended for authorization in fiscal year 1964 would also be the amount for fiscal year 1965 and fiscal year 1966, which is \$975 million. Is that correct?

Mr. HOLLAND. The Senator is correct. That would be the authorized amount for the 2 following years, meaning that that would be the ceiling for those years. This year the authorized ceiling is \$1,500 million. The amendments offered by the leadership would reduce that amount, which was already reduced by the committee to the budgeted amount—I believe the budgeted

amount was \$1,060 million, or something like that—to \$975 million. They have accomplished those two reductions from the \$1,500 million ceiling in the authorization for the year 1964. For 1965 and 1966 my amendment proposes a ceiling in the authorization of \$975 million, instead of \$1,500 million, as would be the case if the amendments of the leadership, as written, were to be adopted.

Mr. LAUSCHE. It is the argument of the Senator from Florida that, if there is legitimacy in the argument that we are to reduce the amount, we should begin the reduction in some way at the present time, rather than increase or allow the larger sum to remain for 1965 and 1966. Is that correct?

Mr. HOLLAND. The Senator is correct. I think we should show our intention to the people. It would be an appreciated act on the part of Congress, if, in regard to this program, we not only reduce it this year, but also look to the future. If we reduced the ceiling for 1965 by \$525 million at this time, and for 1966 by the same amount, namely, \$525 million, I think it would begin to show to the country that we really are working toward a reduction, and, we hope soon, an elimination of this program.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Oregon.

Mr. MORSE. I wish to raise a point or two with regard to the Senator's amendment in relation to the Mansfield amendments. One of the "gimmicks" of the Mansfield amendments is the provision that seeks to commit the Senate to an authorization for 1965 and 1966. Does the Senator know any reason why we should not limit the authorization to 1964?

Mr. HOLLAND. That, of course, would be an appropriate way to approach the problem; but there is a problem stated in these amendments, in which there is a proposal for a reauthorization of \$1.5 billion for 1965 and 1966. So far as the Senator from Florida is concerned, he thinks it would be a great mistake for the Senate to go on record that we should retain that huge authorization for the years 1965 and 1966. I think we ought to begin to work our will toward a substantial reduction of the program for the future by cutting the ceiling for those years from this part of the program, that is, the Development Loan Fund, from \$1.5 billion to \$975 million.

Mr. MORSE. Mr. President, let me tell the Senator what I believe to be a great mistake. It is to have in the bill any language that authorizes expenditures for 1965 and 1966. The Senate ought to face what I call a "sleeper" proposal in the amendment. There is no doubt that the proponents of foreign aid know that foreign aid is in serious trouble in the United States. I am satisfied that most of the proponents of foreign aid know that if foreign aid went to a referendum vote by the American people, it would be overwhelmingly defeated. The American people have had enough.

That does not mean that the American people would not vote for some reasonable foreign aid program. How-

ever, I believe that the American people are satisfied that the foreign aid program is unreasonable, unjustified, and uncalled for. The American people are preparing to strike it down. They are going to strike it down in a variety of ways. They are going to strike down some Senators and Representatives in 1964, when they come up for election.

I hope it will be remembered that the senior Senator from Florida said so on the floor of the Senate today, and will remember it when we take a look at the results of the 1964 election. The people are going to strike them down. Some of us believe that we had better wait and let the people decide what we should do for 1964 in the election of 1964, before we proceed with the Mansfield amendments to authorize for 2 additional years \$1½ billion of foreign aid. That is my first point.

My second point is that I believe anyone who will study the foreign aid program knows that we ought to reduce the number of countries that are receiving aid. We cannot justify continuing to pour foreign aid funds into countries which are as well able to support themselves as we are to support ourselves. They have no right to receive any additional money from the United States. Before we finish with the debate we shall present our evidence to show our reasons for believing that this is already true of most of the NATO countries. We shall propose a reduction in most of the foreign aid money that is intended to be poured into a number of countries, because they are able to support themselves and should not be getting a subsidy from the American taxpayers.

There is in the bill an authorization of a billion and a half dollars for the next 2 years. I know what the proponents of foreign aid will say. They will say, "We have it in our pockets." I believe that next year the entire foreign aid program ought to come before us as a matter of necessity.

It can be said that the people are not going to do anything to stop Congress from going into foreign aid if it wills to do so. The Senator from Florida knows, as well as I do, that the Senate does not go out looking for business, usually; it has enough to do to handle the calendar of bills that automatically comes before us.

If an authorization bill does not come before us, no one will go out to dredge one up. I would propose to strike all the language on line 8, page 1 of the Mansfield amendments "And \$1,500,000,000 for each of the next two succeeding fiscal years."

I do not believe we ought to vote for an authorization for fiscal years 1965 and 1966. We ought to pass only on 1964, and then take a look at what the situation is for 1965 after the American people have taken a look at the election. Thank God, we have the kind of democratic system in our country under which the people can go into the voting booth and register their dissent from actions of Congress, by retiring a few Senators and Representatives who ought to

be retired. The American people are entitled to have us, in this session of Congress, pass what our wisdom as of now indicates should be the authorization for 1964. I do not believe it ought to extend beyond that period for 1 day. I make the suggestion because I want the Senator from Florida to know that I would like very much to find myself in agreement with him as far as possible. He is making a contribution by the amendment that he has offered. However, it does not go far enough.

Mr. HOLLAND. The Senator is always frank. I always like to be in agreement with him, not only because he is my seatmate, but also because of his brilliance and his broad grasp of so many problems.

I invite his attention, with some temerity, to the fact that if the course he suggests is followed, it will leave as a part of the law the authorization now outstanding, which is for a billion and a half dollars for 1965 and a billion and a half dollars for 1966.

We have a precious opportunity to bring the authorized amount down. I am suggesting it be brought down by more than a billion dollars by the amendment which I am suggesting. I am also stating that I do not propose to vote for any reauthorization of these huge amounts if they are left in the amendments proposed to us as the result of some very careful study, I am sure, by the distinguished Senators who offer them. We shall find ourselves in the position of facing a billion and a half dollar authorization for next year, because it is already on the books, and a billion and a half dollar authorization for the year following, in connection with the Development Loan Fund.

I believe there is a wonderful opportunity to show to the country that the Senate is not merely performing an operation on this year's budgeted request, but is also laying a predicate for a greater diminution of the program in the future.

I am sorry, as I have already said, that I cannot intelligently fix any other figure for 1965 and 1966, other than to take the diminished figure which is proposed to be put in the bill for 1964, which I believe is real progress, because it suggests the elimination from the program of a total of a billion and fifty million dollars in the authorization for the next 2 fiscal years.

I am sure, knowing how the Senator from Oregon feels about the whole program, that he will admit that this is a very meritorious objective in itself.

Mr. MORSE. Mr. President, I admit that it is a meritorious objective. Apparently I did not make myself clear. What we propose to do is to repeal the authorization in the existing law for 1964 and 1965. We propose to repeal it, and to have nothing but the authorization for 1964 remain in the bill. We do not believe there should be any continuing authorization beyond this year. The committee in its report has suggested that the entire foreign aid program be reconsidered. We want to encourage that recommendation, by

repealing the authorization provision beyond 1964.

I should like to ask the Senator a procedural question. I have been asked to attend a meeting of Democrats being held in the majority leader's office, apparently to ask me some questions about my position in connection with the pending bill. I cannot very well leave the floor to do that, because the Senator's amendment might be adopted in my absence.

Mr. HOLLAND. I certainly would not call it up while the Senator is away.

Mr. MORSE. I understand that. Unless I made an arrangement, it could be adopted in my absence. My present intention would be, after the Senator finishes his argument, and before action is taken on the amendment, to have a live quorum. That would take long enough so that the meeting, which I understand will not take very long, could be held and Senators could return to the floor.

Mr. HOLLAND. Mr. President, I am in sympathy with the situation in which the Senator from Oregon finds himself. I ask unanimous consent that I may yield the floor for the purpose of suggesting the absence of a quorum, and that I may have the floor upon the conclusion of the quorum call. I give notice that this will be a live quorum.

Mr. DIRKSEN. Mr. President, will the Senator withhold his suggestion of the absence of a quorum?

Mr. HOLLAND. I am glad to withhold it.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Florida?

Mr. HOLLAND. I withdraw my request. The distinguished minority leader, being always able to take care of every situation, will, I think, take care of this one in such a way as to enable Senators who are members of the other party to attend the caucus.

Mr. President, I amend my request that there be a quorum call by withdrawing the part relating to the suggestion that there be a live quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida that he retain the floor at the conclusion of the quorum call? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. Under the unanimous-consent agreement, the Senator from Florida was to retain the floor at the conclusion of the quorum call. Is there objection to allowing the Senator from Ohio to proceed?

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Senator from Ohio may proceed, notwithstanding the request of the Senator from Florida.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF PRESENT GOVERNMENT OF DOMINICAN REPUBLIC

Mr. LAUSCHE. Mr. President, the present Government of the Dominican Republic should be recognized by the United States promptly and without any further delay. Recognition is required in the interest of fairplay to the people of the Dominican Republic, the United States, and the Western Hemisphere in general.

We cannot afford to have the creation of any further Communist governments in this hemisphere. Failure to recognize the present regime of the Dominican Republic is likely to produce that very unwanted condition. By our refusal to recognize the present government and to give it the aid that was formerly being given to the Bosch regime, we are inexcusably rejecting the will of the Dominican people and the friendly attitude of the present government; thus giving encouragement to the leftwing forces of that country.

The revolution against Bosch had the practically solid backing of the Dominican people. It is true that the military forces led the movement in overthrowing the government. All the evidence, however, shows that they did not have personal ambitions, as indicated by the fact that within 24 hours the military forces succeeded in having the six most important political parties—genuine representatives of the people—selecting and electing a triumvirate from among the nonpolitical elements to rule provisionally for 2 years.

The Bosch regime was overthrown by the people because of general discontent in the soft-handed treatment, and in fact paternalism, that was accorded to the Communists.

I suggest that a careful study of the developments since the Bosch government went into power will disclose the existence of facts that justified the Dominicans in becoming apprehensive of the Communists taking control of their government.

Several specific and manifest situations finally had such an impact upon the people that they concluded the need of removing Bosch in order to escape communism. The people became alarmed because:

First. The exiled Communists were coming back into the Dominican Republic in droves and without hindrance.

Second. The Bosch government rented to the Communist Party a school building to be used in the teaching of the Communist technique and doctrine.

Third. The governmentally operated radio and television station was made available to Communists for the spread of their propaganda against the free West and in favor of the Communists.

Fourth. An uninhibited outflow and inflow of Cuban and Dominican Republican youth made possible the use of the Communist beachhead in the Western Hemisphere in Cuba as a further place of indoctrination in communism.

Fifth. On July 26, 1963, when Castro in Cuba was celebrating the 10th anniversary of the initiation of the Castro revolutionary group, Bosch sent from the Dominican Republic 48 students to participate as the representatives of the Dominican Government in the celebration.

Sixth. Communists were placed in important governmental positions, especially in the agency having control of the radio and television facilities. These facilities were used by the Communists to attack the non-Communist political parties, advocate what was called social revolution, and otherwise to extol the Communist cause.

While these things were happening, Bosch was being urged to bring to an end the privilege that was granted to the Communist exiles, the rental to the Communist Party of the school and the television and radio facilities, and the use of facilities for a Cuban base of indoctrination. Bosch turned a deaf ear to all these pleas and, if anything, allowed the activities of the Communists to be expanded.

Early in October, when Bosch was asked whether Castroism had influence in the Dominican Republic, he replied that in Santa Domingo there was a Castroite movement, as in Venezuela, Colombia, and Mexico. "This movement," he added, "is fighting, not for communism, but for liberty."

Mr. President, with that statement, I cannot agree.

We do know that in Venezuela Castroism is dynamiting the interests of the Venezuelan people and those of the United States. The army there has sounded the alarm against what is happening.

The opponents of the present regime argue that it has usurped power, is unlawfully holding office, and should not be recognized or aided, because it overthrew a constitutionally selected government.

It is true that the military did act. What it did, however, was the product of the will of the workers, the farmers, the religionists, the business, professional and mining men, the housewives and the merchants. The Dominican people do not want a Communist government in their land; they are friendly to the West. The military leaders foresaw what was happening, and, for that reason, proceeded to remove the government which was allowing communism to take hold; moreover, it was actually aiding the Communists. But these military persons did not have personal ambitions, for it is obvious that within 24 hours after they removed the Bosch government, they turned it over to a triumvirate selected by the six leading political parties of the land.

Emilio de los Santos, the President of the provisional government triumvirate, in his inaugural address 24 hours after the overthrow said:

We are not a product of Castro's institutions; this government came as a result of the mismanagement under which we were suffering, and the will of the people who can be considered to be represented by political parties which command a vast abundance of national votes.

Manifestly the Dominican people rejected the honeyed words coming from the Marxists and Leninists. They recognized the failure of the Communist system, especially in the agricultural field, which has been so clearly evidenced by the embarrassing acts of the Communists in buying, with their gold, wheat from the United States, Canada, and Australia.

The claim that the present regime is made up of Trujillo devotees is completely without foundation; it is false. Manuel Enrique Tavares, a present member of the incumbent government, was implicated and arrested in connection with the death of Trujillo; a second member, Mr. Tapia Espinal, was secretary of the government after the downfall of Trujillo's reign.

The triumvirate government was, in the main, opposed to Trujillo; and it is opposed to the Communists, and is representative of the thinking of the people of the Dominican Republic.

Mr. President, I submit that two courses are left for the people of the United States with respect to the Dominican Republic: First, by our failure to recognize the incumbent government and to give it aid, we can deliver it to the Communists; second, we can preserve the government in that nation for the people, through immediate recognition of the present civilian government.

The assertion that a government can at the same time be democratic and communist is a paradox and an untruth. The existence of communism demonstrates that democracy and constitutional government are absent. The people of the United States want democracies established everywhere, but will not be duped into believing that a constitutional form of government can exist where Communists are in charge.

Let us not delay. We should let the world know now that the overthrow of the Bosch regime was induced by the manifest rejection of communism by the Dominican people. Mr. Bosch was soft and yielding to the Communists, and thus suffered his overthrow.

I believe Bosch is an idealist; but he allowed the Communists to take charge. The result was that the strong and the weak, the rich and the poor, those from every rank of life in the Dominican Republic, became apprehensive, and joined in the movement for the removal of the Bosch government.

Mr. President, we must not delay. If we do, we are likely to create another Cuba in the Western Hemisphere.

My words become especially important because we are now at the threshold of deciding what we shall do in regard to South Vietnam. If the United States recognizes the South Vietnamese Government, how can it fail to recognize the government in the Dominican Republic?

Mr. President, I yield the floor.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McINTYRE in the chair.) The clerk will call the roll.

The legislative clerk proceeded to call the roll.

MR. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, while many Senators are presently in the Chamber, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. HOLLAND. Mr. President, I do not wish to press the question at any particular time. I certainly do not wish to call up the amendment when the Senator from Oregon is not present in the Chamber. But while so many Senators are present, I should like to state again briefly that my amendment would merely seize the present golden opportunity to say to the Nation and to everyone concerned that the Senate desires to bring the program down. Instead of reenacting the present authorization of \$1.5 billion for each of the years 1965 and 1966, the amendment would reduce the ceiling of authorization for each of those years to \$975 million, the same as is proposed for the present year, which would mean eliminating \$1,050 million from the authorization now contained in existing law.

I have already stated—and I state again—I am sorry that I do not have the information, and I do not believe anyone else does, to propose a reduction even lower than the \$975 million, but I do not want it to appear that we are reauthorizing a program which we expect to be very much larger for next year and the year after that than what we are passing for the present year. I say again that I think we now have a precious opportunity to see that the program will be on the way out, and we are cutting down the future authorizations when we have an opportunity to do so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the Mansfield amendment to the committee amendment.

FURTHER AMERICAN CONCESSIONS ON THE SALE OF WHEAT TO THE COMMUNIST BLOC

Mr. DODD. Mr. President, the decision to sell wheat to the Soviet Union at a subsidized price was announced to Congress and the American public with so little advance notice that there was no time for serious discussion of the implications of such a deal from the standpoint of our national security or of the terms that might make it compatible with the national security.

On October 8, I introduced a resolution asking simply that this decision be deferred until February 1 so that a Sen-

ate committee might study these matters and submit its report for the guidance of Congress and the administration.

As matters turned out, we were granted no such time for consideration.

On the following day, October 9, it was announced that a decision had been made to approve the sale of American surplus wheat to the Soviets.

This entire matter has been handled in a piece-by-piece manner which has obscured the true extent of the concessions we have made both from Congress and from the American people.

I gravely fear that these concessions may prepare the way for the complete collapse of the defenses which we have so painstakingly erected in our country and in the free world community against the shipment of heavy industrial equipment and other strategic goods to the Communist bloc.

I intend to speak about this matter at length in the very near future.

But meanwhile, so that my colleagues may have a clearer understanding of the scope of our concessions and the degree of our humiliation, I wish to tabulate the separate concessions that we have made, sometimes in defiance of assurances to Congress and the public, over the past several months.

First. Immediately on the heels of the ratification of the test ban treaty, it was announced that the Johnson Act would not be applied to the sale of agricultural commodities to the Communist bloc, and that these commodities would be available to the Communist nations on the same terms as apply to friendly countries.

Nothing was yet said about selling wheat to the Soviet Union.

But even in the general terms in which it was couched, I do not see how this action can be reconciled either with the Johnson Act itself, or with the Latta amendment to the Agricultural Act, which prohibits subsidies on the sale of agricultural commodities to Communist nations.

Second. The official announcement on October 9 that wheat would be sold to the Soviet Union sought to obscure the fact that this sale would be at a subsidized price.

We were told that the subsidy would go not to the Soviets, but to the American graingrowers, and that the wheat itself would simply be sold at the world price.

What we were not told is that the world price previously prevailing was an artificially deflated price based upon the existence of substantial reserves in a number of countries; and we were also not told, although the Agriculture Department subsequently confirmed this fact, that the United States at this moment is the only country still commanding large reserves of wheat and other food grains.

If the law of supply and demand has any meaning at all, what it means in this case is that last year's price is no longer relevant; the world price should not differ substantially from the current domestic price.

I find it most disturbing that while we have insisted on artificially maintaining last year's deflated price as a concession

to the Soviets, the price of wheat and flour on the American market has risen substantially. Not merely are we subsidizing the Soviet Government to the extent of almost \$100 million, but the American housewife, in consequence of this deal, is already called upon to pay an extra 40 cents per hundredweight of flour because of the increased price of wheat futures on the Chicago market.

Third. The impression was fostered at the time the announcement was made that this was to be a cash sale, or, at least, a sale based on a normal commercial credit arrangement.

On Friday, October 18, however, we were informed, through an article in the New York Times, that the Export-Import Bank would guarantee loans made on the sale of U.S. wheat to the Soviets. It was stated that the Export-Import Bank would charge five-eighths of 1 percent to guarantee such loans made by commercial banks in this country to American grain traders.

For the entertainment of my colleagues, I should like to point out that Mr. Harold F. Linder, President of the Bank, while refusing to affirm or deny the reports, made the following statement to the press:

It would be perfectly normal for us to guarantee all or part of a credit for an export transaction of this nature. We would do the same for France and Switzerland, for example.

We have come to a sorry pass, indeed, if high-ranking officials can discern no difference between extending credits to friendly nations that traditionally honor their obligations and extending credit to a government that is committed to our destruction and that is in default on more than \$800 million on prior credits extended.

Mr. President, I consider this to be a clear violation of the Johnson Act which prohibits the extension of credit to nations that are in default on prior obligations.

Fourth. On Friday, October 25, I was informed that the Justice Department had ruled that a "normal commercial credit" could extend to 18 months.

I say that this arbitrary ruling, which may be intended to cover up the violation of the Johnson Act, flies in the face of banking practice and the accepted usage of the term.

It has always been my understanding that normal commercial credits extend from 30 to 90 days at the most. An 18-month or 3-year credit would not be a "normal commercial credit" but a medium-term loan.

In this connection, it seems clear that, if we enter into such a transaction, we shall probably be called upon to extend the loans beyond the original period, as the Chinese Communists have already done in the instance of two 18-month loans negotiated with Canada.

Fifth. Finally, Mr. President, we were given the firm assurances that this wheat would be carried in American ships where available.

The Soviets have objected strenuously to the use American bottoms because the American conference rate of approximately \$23 per ton is approximately

passed through the Marienborn checkpoint about 7 p.m., after a delay of 14 hours, presumably without any concession to Soviet demands.

About 3 hours later, however, while diplomats were still at dinner at the Soviet Embassy here, the convoy reached the Berlin end of the road and was again denied clearance.

At 5:45 this morning, New York time, after a delay of 7 hours, the convoy's commander threatened to proceed past the checkpoint without clearance, if necessary. An hour later he ordered his men to raise the bar across the road and ordered the vehicles forward.

After moving only a few yards, however, they were stopped again, this time by eight Soviet armored personnel carriers. Another convoy was hastily mounted by Americans in Berlin and sent to the checkpoint.

It was cleared quickly and without incident, but then parked on the road to assist the stalled vehicles in case of trouble. Both have been there since.

[From the Washington (D.C.) Star,
Oct. 22, 1963]

REDS AGAIN EYE BERLIN ISSUE

(By Edmund Stevens)

Moscow.—With the nuclear test ban sealed, signed, and delivered, the Russians show symptoms of again pressing for the oft-threatened, oft-postponed showdown on West Berlin.

At a glance, this seems inconsistent: First Moscow takes the initiative in pressing for a test ban and improved relations with the Western Powers, in order to revive the one issue sure to generate tension.

The Kremlin sees no inconsistency. The desire for a test ban and an accommodation with the West was spurred by its mounting trouble with Red China for the Russians are determined to avoid the prospect of having to face threats from opposite directions simultaneously.

WANT NEUTRAL WEST LINE

Because of the new menace along the vast length of the border with China, the Russians would like to neutralize their Western approaches. But they consider this impossible while the Western Powers continue to occupy West Berlin and while West Germany is committed to a policy of rearmament.

Because the horrors of the Hitler invasion are still etched in people's memories, German rearmament is a highly emotional issue here. The Kremlin leaders have deliberately played it up for political reasons.

This helped reconcile the citizenry to sacrifices for the sake of defense. It also helped to keep the Poles and other restive satellites in line.

But as sometimes happens, the Kremlin ended by believing its own propaganda, especially since the propagandists selected and collected evidence which, though one-sided, made a fairly convincing case.

DIRECT ATTACK

The proposal for a nonaggression pact between NATO members and the Warsaw Treaty powers, which Foreign Minister Andrei Gromyko first tried to crank into the test ban negotiations, was the first move in the renewed Soviet diplomatic offensive on the issues of Germany and West Berlin.

Since the reception this proposal received in NATO chanceries was less than lukewarm, the Kremlin, as an alternative to an oblique approach, has since trained its sights directly on the target. Thus, Premier Khrushchev, in his message to President Kennedy on the coming into force of the nuclear test-ban treaty, referred to the need for "liquidating the remnants of World War II." In Soviet parlance this is synonymous with the signing of a German peace treaty and demilitarization of West Berlin.

For several months prior to this, the Soviets ignored the Berlin issue, muted their press attacks on NATO and even toned down their criticism of the Bonn Government to keep from rocking the boat before the test ban was settled.

But now, along with the revival of the German peace treaty-West Berlin issue, Moscow has resumed its attacks on NATO, pegged principally to the project for a multinational nuclear force which is pictured as a Bonn inspired subterfuge for getting nuclear weapons into West German hands.

Simultaneously, on the eve of Konrad Adenauer's resignation, the Soviets mounted a blistering campaign of invective against the old man, accusing him of filling his administration with former Nazis and SS troopers and plotting preventive war against the U.S.S.R. The Soviet Foreign Ministry even issued a statement charging Mr. Adenauer lied when he recently asserted that he had tried to achieve German unification on the basis of offering Moscow a 10-year "armistice."

MOSCOW'S KROLL EFFORT FAILED

Doubtless the Russians were angered by Mr. Adenauer's comment that he was opposed to selling wheat to the U.S.S.R. without exacting political conditions and by his skeptical attitude toward the present easing of tension.

But the main reason for painting the outgoing Chancellor in the blackest colors was to make his successor, Ludwig Erhard, look good by comparison on the theory that any change from Mr. Adenauer could only be for the better. Although hardly wild about Mr. Erhard, the Kremlin is at least prepared to give the benefit of a doubt.

About 2 years ago Mr. Khrushchev seriously flirted with the idea of making a separate deal with West Germany, bypassing the United States and Britain.

He made overtures to Mr. Adenauer through Hans Kroll, then West German Ambassador to Moscow. Mr. Kroll had a strong empathy for Mr. Khrushchev—the saying around the Moscow diplomatic colony was that these two saw eye to eye, being of almost identical height and build.

And Mr. Kroll's response to Mr. Khrushchev's feelers was so eager as to prove his undoing. For Mr. Adenauer spurned Mr. Khrushchev's proposition and Mr. Kroll was recalled for exceeding his mandate.

L'affaire Kroll was never fully ventilated, but apparently the Kremlin was prepared to go a long way toward reunification and economic relations in return for West Germany's giving up NATO and acceptance of an Austria-like neutrality.

The reason the Russians, after blowing hot and cold on their demand for the signing of a German withdrawal from West Berlin, may now be set on forcing the issue ties in with their belief that the threat from China, while serious, is not immediate.

The Kremlin may consider its bargaining position with the West is better now than it will be when China is strong enough to press its challenge. And the Russians probably hope that with Mr. Adenauer out, the Bonn government may prove more malleable.

NEEDS OF OUR CITIZENS MUST BE FULFILLED FIRST

Mr. GRUENING. Mr. President, at a recent banquet in Charleston, W. Va., our able and distinguished colleague, the senior Senator from West Virginia [Mr. JENNINGS RANDOLPH], gave as his opinion that it was more important to help people on earth than to hurry a man to the moon.

A somewhat similar theme, expressed

differently, was eloquently voiced the week before last by the junior Senator from Arkansas [Mr. FULBRIGHT], who said it was desirable, in our spending, to establish some priorities. He emphasized that it was more important that we cut down on space and some other expenditures, and concentrate our spending on some of our domestic needs, such as education.

It was natural that our able colleague [Mr. FULBRIGHT] should emphasize the importance of education, he being a former university president, and having been a pioneer in extending education in the international field, through the Fulbright scholarships.

Likewise, I feel it is our duty to focus our attention on problems at home, and it is more important to take care of the unemployed, this great curse in this land of plenty and abundance, and the wealthiest Nation on earth, before we start on ventures overseas.

This idea has relevance to the debate now going on in connection with foreign aid. I am not opposed to foreign aid, but I think its extravagant expenditures could well be reduced in a number of countries which no longer need our aid, for various reasons. Some of the money could be used to put the unemployed back to work.

While we are debating the authorization of the expenditure of several billion dollars in foreign countries, our funds for public works at home have run dry. Hundreds of worthwhile projects are processed and waiting to be put into effect, but cannot be because there is no money. That, at the same time we are discussing an expenditure of \$4 billion in foreign aid, is in my view a failure to give proper consideration to our own citizens.

I pay tribute again to the able speech of the distinguished Senator from Arkansas [Mr. FULBRIGHT], made a week and a half ago, on the subject of priorities, which agrees with the view I have, a view which we cannot emphasize too much. I think our first priorities should be for domestic needs, to putting our unemployed back to work. So long as 5½ percent of our people are out of work, our first duty is to work on that problem. I have pending an amendment to increase our accelerated public works fund. What we eliminate from the foreign aid, and space programs, should be expended at home for needed public works projects that help diminish unemployment.

I ask unanimous consent that the editorial which quoted the distinguished Senator from West Virginia [Mr. RANDOLPH], entitled "Needs of Our Citizens Must Be Fulfilled First," which appeared in the Charleston Gazette of October 30, be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NEEDS OF OUR CITIZENS MUST BE FULFILLED FIRST

Voices throughout the land are being raised in opposition to the continuing expenditure of fantastic sums to accelerate the lunar space probe and to agument the Nation's "overkill" and conventional arms supply.

It wouldn't be accurate to claim that these voices represent a majority, but many public officials, businessmen, labor leaders, and private citizens are having hard second thought about the billions upon billions being pumped into the economy for purely destructive purposes and for the questionable purpose of placing a man on the moon.

One of the leaders in this fight, we're happy to report, is West Virginia's own Senator RANDOLPH.

The other evening in Charleston at an AFL-CIO banquet, Senator RANDOLPH told the audience that in his opinion it was much more important to "help people here on earth than hurry a man to the moon."

He acknowledged the necessity of the United States meeting its foreign aid, defense, space and nuclear obligations. But he doubted that withdrawing a mere billion from these programs and using it to assist the Nation's jobless and impoverished would seriously jeopardize these obligations.

His argument was later supported by George Meany, AFL-CIO president, the principal speaker of the occasion.

Meany noted that the chronic above-5-percent unemployment rate, the educational lag among those having lost jobs to machines, the inability of the economy to provide the abundant life for far too many citizens living in areas like Appalachia, and the too low national economic growth rate aren't indicators of health or prosperity.

Landing a man on the moon no doubt would enhance U.S. prestige, but is this accomplishment more to be desired than maintaining a decent standard of living for all Americans?

The imperatives of a strong national defense, which is costly and necessitates certain sacrifices to sustain, are facts of life the Nation must accept—probably for generations. Nevertheless, what good is any defense, if the overall economy is flabby and malnourished?

If, as is generally contended, this Nation is in a struggle to the finish with the Soviet Union to determine whose ideology is superior, aren't the imperatives of a self-sufficient society equally as vital as an unassailable military position?

The Randolph-Meany view is quite simple, very precise: Unless the United States can retain its democratic principles while providing for its citizens the indispensable criteria associated with a meaningful and rewarding civilization, the Nation's defense capability and an American astronaut on the moon with flag will count for nothing in the pages of history.

As a nation, the needs of our citizens must be met. Otherwise, as a nation, we will have failed ourselves and our destiny.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the order for the yeas and nays heretofore ordered on my amendment be now vacated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I have been in consultation with the Senator from Florida [Mr. HOLLAND] about this amendment. The addition of the reauthorization of what is already authorized was inadvertent. We had in mind dealing only with this year's \$975 million. The law already carries the au-

thorization for \$1,500 million, and the clerk of the committee inserted it by reiterating the full language of section 202(b).

I have no strong feeling about the overall limitation of authorization. We have had the authorization for development lending since 1961. In 1961, Congress, in an effort to give the program continuity and, it was thought, some efficiency, authorized it in the act for 5 years. We have never appropriated the full amount. The administration has never requested it. This year the administration requested \$1,060 million.

I think it has no real effect on Congress. Congress can always change it, as Congress did in the appropriation for this year.

There is specific language in section 616 of the act which reads:

Except as otherwise provided in the Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

It is not easily apparent what the real effect is. It is merely a strong hope, I suppose, as to what would be accomplished. It was hoped, in 1961, at least, that this authorization would give the agency some feeling of continuity and that it would improve its planning and administration.

Generally, the really serious criticism in the committee has nearly always been about the efficiency of administration. Back in 1958 or 1959, the Senate approved the proposal for continuing authority to use a public debt transaction, a method of financing which has been used successfully in many other cases by other agencies of Government. But at that time the House of Representatives rejected it; particularly, the House Committee on Appropriations opposed it.

The later action, in 1961, was, in a sense, an outgrowth of the previous action. The main motive was to try to give to the agency a more efficient administration.

Nevertheless, in spite of that fact, I do not wish to have a controversy over this question at this time, and I am disposed to accept the amendment of the Senator from Florida. I think the reauthorization should not have been in the amendment. However, I shall be glad to take the amendment to conference and support it in conference. As I have said, each Congress has full authority to change these authorizations each year the question arises.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. If the amendment were to be adopted, however, the Congress would be without authority to appropriate for the Development Loan Fund, except under that authorization as a ceiling for 1965 and 1966, unless an increased authorization were voted meantime by Congress itself.

Mr. FULBRIGHT. The Senator is quite correct. Congress has every right to change the authorization, as well as the appropriation, in the coming year.

As the Senator knows, I have recommended to the administration, as has the

committee, that it reevaluate the entire program and seek a new approach to it. I am thoroughly in accord with that recommendation.

I do not think the Senator and I disagree on that aspect of the problem. We may disagree as to our estimates of what importance it has had in the past and what a great contribution it has made, in spite of faults in its administration.

Be that as it may, I am reluctant to oppose the Senator's amendment. I think it does not drastically change matters, because next year Congress can either increase or decrease the authorization, as the Senator so well stated.

Mr. HOLLAND. I thank the Senator very much for accepting the amendment.

Mr. FULBRIGHT. Mr. President, I accept the amendment.

Mr. MORSE. Mr. President, will the Senator yield for some additional questions?

Mr. FULBRIGHT. I yield.

Mr. MORSE. There are some of us who, for the purpose of legislative history, would like to obtain a statement in the RECORD as to what, in the opinion of the chairman of the committee, the effect of the Holland amendment would be.

I understand the Senator from Arkansas is willing to take the Holland amendment to conference. There are those of use who believe that there would should be no authorizations for 1965 and 1966. The answer is that there already are in the act authorizations for 1965 and 1966. Our answer to that is that there is nothing to prevent us from stopping such authorizations as are in the act. That is what we propose to do, if the parliamentary situation will permit us to do it, before consideration of the Holland amendment is concluded.

My first question is this: Assuming that the Holland amendment is agreed to by the Senate, and assuming it goes to conference and is accepted in conference, would it be necessary for a foreign aid bill, with this authorization for 1965 and 1966, to come before the Congress again next year?

Mr. FULBRIGHT. It will be necessary for a bill to come, but, so far as the authorization as to amount is concerned, it would be the same as this year. If there were no effort to change it in any respect, it would not be a matter of action. But it would be if any effort were made—which has been done in this case—to make a change in the existing authorization; not merely by this amendment, but by the proposed Mansfield amendments and the fact that the request of the administration for appropriation was only \$1,060 million.

Mr. HOLLAND. Assuming that the Holland amendment is written into law this year, there is nothing that will stop the Congress next year from striking the authorization of \$975 million?

Mr. FULBRIGHT. No; I do not see that there is anything to stop it.

Mr. MORSE. Why, therefore, in the opinion of the Senator from Arkansas, is it desirable that the bill this year contain a figure of \$975 million as an authorization?

Mr. FULBRIGHT. As I said a moment ago, having the figure after 1964 was an inadvertence on our part; and was no need to reiterate the authorization, because it is already in the law. Since it was done, I was agreeing to take the Senator's amendment to conference. So far as I can see, it does not do too much harm. I am perfectly willing to take it to conference.

Mr. MORSE. Mr. President, I hope the Senator will bear with me. This may be clear to the Senator, but it may not be clear to many people who are unfamiliar with Senate procedure; and I believe that for their sake I must be guilty of some repetition. Even though the bill is passed this year—assuming a hypothetical situation—containing either the \$1,500 million on line 8 of the Mansfield amendment, or the figure of \$975 million in the Holland amendment, as a substitute therefor, the adoption of either figure does not in any way bind Congress for fiscal 1965 and 1966 to authorize either figure, depending on which figure is adopted.

Mr. FULBRIGHT. That is my understanding.

Mr. MORSE. There is a desire on the part of some of us to strike any figure for 1965 and 1966; in other words, to amend the existing act by striking what is already in the act for 1965 and 1966, because if Congress is not bound by it anyway, we see no harm in taking it out, and we see some advantage, because the committee in its own report is urging the administration to make a careful review of the entire aid program; and we would at least provide a psychological incentive to accomplish that end if we took action this year to strike the language which is already in the act representing an authorization for 1965 and 1966.

Does the Senator from Arkansas see anything particularly wrong with that proposal?

Mr. FULBRIGHT. Yes; I do not believe it is realistic to assume, as the Senator does, that the program, though it may be lacking in some virtues, is to be ended. I know the Senator expressed that view in committee. I do not agree with him. Much as I would like to end it, I do not believe it is realistic to expect to end it altogether.

What I believe the committee did is to take a new approach. We are proposing a better way to reduce its scope, particularly with respect to the military provisions of the bill.

I do not believe it is realistic to expect this kind of activity to be ended completely. I hope that some method of administration superior to what we now have will be developed by the administration, together with Congress. That is as far as I can go at the moment. It is my hope that we can find a better way to discharge the function of trying to maintain the integrity of the free world. That is one of the major purposes, at least, to help new countries develop as independent countries, rather than to become satellites of the Communist world.

I am sure we shall be called upon to do something. How much, I do not

know. The pending bill clearly reduces the amount. That is about all I know about it. If the Senator is suggesting that we delete the amount for the next fiscal years altogether, there again I do not know that that would be disastrous, but I would not support such a proposal. If I am not mistaken, in 1961, when the question was before the Senate, the Senator supported it, just as I did, to give some continuity to the administration of the aid program.

Mr. MORSE. The Senator is absolutely correct. However, this is 1963, and not 1961.

Mr. FULBRIGHT. I agree.

Mr. MORSE. The conditions in 1963 are different than they were in 1961. We were hopeful that there might be some improvement in the administration of the program. I hold to the point of view that there has not been, but, instead, that it has worsened.

Perhaps on this particular question, the difference between the Senator from Arkansas and the Senator from Oregon is perhaps a difference of definition, or perhaps a matter of semantics. The senior Senator from Oregon has never taken the position that this program should end. The position of the Senator from Oregon is that it should continue, but under an entirely different program; that we should announce to the world that we are ending it in its present form, but that we are immediately starting a new foreign aid program. On the basis of terms and conditions, reservations, and guidelines mentioned in my amendment, it would be a better foreign aid program.

There is merit in what the Senator from Arkansas says; that, in a sense, this is an ending and new beginning. I also stress the fact that I propose to start over. I do not propose the ending of all foreign aid. Perhaps it should be put this way: I propose to end the program and immediately substitute for it a new foreign aid program.

That perhaps represents the difference between us. Eliminating the authorization for the Development Loan Fund for 1965 and 1966 will make perfectly clear to the administration that when they come before us with their authorization requests next year, they will have to come prepared to take into account the recommendations which the Senator's committee report makes to the State Department. I believe that puts us in a stronger position. I am not sure from the parliamentary standpoint that this can be done. I shall ask a series of parliamentary questions of the Chair after I obtain the floor in my own right.

Mr. HOLLAND. Mr. President, it seems to me that a specific benefit would be accomplished by the adoption of the amendment; namely, a reduction of \$525 million for 1965 of the ceiling on the appropriation for the Development Loan Fund, and a similar reduction in the ceiling of the authorization for 1966. Is the Senator in accord with that?

Mr. FULBRIGHT. The Senator's interpretation is correct.

Mr. HOLLAND. It seems to the Senator from Florida that without any more

information before us, about all we can do is to show by our vote that we do not expect the program to be bigger, or the Development Loan Fund to be enlarged, in the 2 succeeding years, and therefore we are not abandoning the position the Senate has repeatedly taken—and I wish to call the particular attention of the Senator from Oregon to this point—that we prefer the loan program to the grant program.

The loan program is here because of the Senate's demand that it be here. The Senator from Florida, both in the consideration of the authorization bills and in the consideration of appropriation bills, with respect to which he has also had some responsibility, has given preferment to the Development Loan Fund.

Therefore it seems to me that in the circumstances we would not be justified in taking as drastic action as that suggested by the Senator from Oregon.

I am hopeful that the Senator from Arkansas, in accepting the amendment, will be followed by the Senate, for this is the first and only opportunity we have had to show that we want a substantial reduction in the program and that we are working toward ending of the program at such reasonable time as the end can be reached. This is an excellent opportunity to show that intention by the adoption of the amendment. I appreciate the willingness of the Senator from Arkansas to accept the amendment.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. GRUENING. I am much interested in what the Senator from Florida has said, and heartily approve of it. But I wish to raise a question which will arise in the form of an amendment. Does the Senator from Florida consider that the so-called loans we are making at three-quarters of 1 percent interest with a 10-year grace period are really loans? The change from grants to loans was in response to the feeling of the Senate that this money should not be given away, but that those who receive it should be asked to repay it. It seems to me that to call money advanced under those terms a loan is really a deception and a fraud upon the American people, for it is not a loan at all. It is obvious that our Government must borrow money from the American people at higher rates of interest, and that we are actually making a grant when we make a so-called loan, as well as a loan.

Mr. HOLLAND. I thoroughly agree with the Senator from Alaska. The terms of the loans, in many instances, have been much too liberal. This is not fair to the taxpaying public. Unfortunately, we cannot hit that part of the program at this point; but, as I have already said, we now have a golden opportunity to say that we want the program reduced substantially and brought to an end as quickly as possible.

Mr. GRUENING. I was somewhat distressed when the President apparently indicated that he was opposed to the half billion dollar cut made in the House. In some remarks I made on the floor last Tuesday, I showed, country by country,

how I believe the aid program could be improved by stopping aid to certain countries which either no longer need it, or should not have it for other valid reasons. We are continuing aid to countries like Japan, West Germany, and France which are prospering and no longer need it. Our aid to those countries should be stopped. Aid to other countries, such as Israel, Greece, and Lebanon, is practically finished for the same reasons. We should cease our aid to a country like Taiwan. We have already poured over \$3 billion into that little island. It should be self-sufficient by now. I think it is time for aid to such countries to be brought to an end.

Countries, like Egypt, which are engaged in aggression or Indonesia which threatens war on Malaysia should have their aid stopped until we make sure the money is not being used for military ventures but for the purposes intended—namely, to build up the economy and help their people.

If we were to consider the situation country by country, we could decide in which countries the program should continue or be discontinued. By this approach we could make a substantial cut in the total amount, and not only not impair the program but improve it. We could decide whether this country, that country, or the other country should or should not have more money right now.

In my opinion, that is the way to approach the situation, rather than by a blanket, meat-ax cut of a certain amount, which might be too much or might not be enough. That is the way we should focus attention on the bill. That is what we should do in this debate. To cut substantial sums without specifying where and why is not desirable. While I consider there was ample justification for the House cut, I would prefer a country-by-country or project-by-project approach. Then the administrators of the program would have the kind of guidance they should have but have never had in the past from the Congress, which has the constitutional responsibility for authorizing expenditures and appropriating for them.

Mr. HOLLAND. I am thoroughly in sympathy with the suggestion of the Senator from Alaska. I have no objection to making such an approach. I regard this as our first opportunity to make a substantial reduction in the foreign aid program and to bring it to an end as quickly as possible.

Mr. GRUENING. I heartily agree.

Mr. HOLLAND. I hope that my proposal will meet with the approval of the Senate, so that we may give a clear indication to the people of our intention to reduce the foreign aid program.

Mr. GRUENING. It will be a bit of encouraging news and it will improve the program.

Mr. HOLLAND. It certainly should cause widespread encouragement over the country.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. MILLER. Do I correctly understand that the amount in the bill passed by the House was \$900 million?

Mr. HOLLAND. I am not familiar with the amount stated in the House bill. The authorized amount for this year, 1964, with which we are now dealing, was \$1,500 million. The request of the Budget—as approved by the committee—the request of the administration—was \$1,060 million. The amendment offered by the leadership on both sides of the aisle and by the senior members of the Committee on Foreign Relations from both sides of the aisle would reduce that amount to \$975 million. By my amendment, I call attention to the fact that we now have an opportunity to cut equally the authorizations which are already law for 1965 and 1966. I think it is our duty to do it. I am sure we are not interested solely in the appropriation to be made this year, but that we are thinking in terms of reduction and of the elimination, finally, of the program.

Mr. MILLER. I thoroughly agree with that approach; but my question is: If the House saw fit to reduce the amount to \$900 million—I understand from the Senator from Arkansas that that is what happened—what justification is there for increasing the amount to \$975 million? Why not make it \$900 million, just as the House did, so that the conference committee would have one less item with which to concern itself?

Mr. HOLLAND. My answer is that if the Senator from Iowa feels that way, he should offer an amendment to the appropriation authorized for this year, which, under the amendment of the leadership, would be fixed at \$975 million. The proposals I am offering would be in conference. I feel quite certain that the conference would return with a single answer, rather than to have the authorization for this year differ from the authorizations for 1965 and 1966. The House has not had an opportunity to consider the authorizations for 1965 and 1966 in connection with this bill.

Mr. MILLER. I appreciate the Senator's suggestion, but has he any suggestion as to why the amount should be \$975 million in the authorization bill, rather than the \$900 million in the bill passed by the House?

Mr. HOLLAND. The reason why I have selected the figure \$975 million is that it is in the amendment proposed by the leadership on both sides of the aisle and by the two ranking members of the committee who dealt with this question, and who know much more about the situation than does the Senator from Florida, and perhaps more than most Senators can know about it. It seems to me, without having a greater knowledge of the situation, that we would be on firmer ground if we placed the authorization for the 2 succeeding years at some ceiling that had been fixed by the group of distinguished Senators who have offered the amendment for this year, which provides for \$975 million. The Senator from Florida knows perfectly well that Congress has never appropriated an amount up to the ceiling authorized. Authorization bills have been consistently lower than was the blanket authorization for 1961, and appropriation bills have been consistently lower than that. We are not talking now about the amount that

will actually be appropriated. I am simply trying to offer an amendment to bring the authorization into conformity with what is recommended by the group of distinguished Senators as what should be authorized for this year.

Mr. MILLER. I am strongly in agreement with that approach. I propose to support the amendment.

Mr. HOLLAND. I thank the Senator from Iowa.

Mr. MILLER. If the amount were the same as the amount the House sent to the Senate, I would feel a little more comfortable about it, unless perhaps the Senator from Arkansas might enlighten the Senate as to the justification for the extra \$75 million.

Mr. HOLLAND. The Senator from Iowa is talking about the authorization for 1964. My amendment relates to the authorizations for the 2 succeeding years.

Mr. FULBRIGHT. This amount is the amount that was actually appropriated for this year, 1963, by the Committees on Appropriations of both Houses. That is the reason.

Mr. MILLER. Mr. President, will the Senator from Florida yield further, so that I may ask another question?

Mr. HOLLAND. I am glad to yield.

Mr. MILLER. The response of the Senator from Arkansas is that the appropriation for this year was \$975 million. However, I invite attention to the fact that the House, notwithstanding the fact that the appropriation was \$975 million, saw fit to reduce the authorization to \$900 million. So the Senator from Iowa is still intrigued by the justification the Senate has now found to increase the House amount in the authorization bill from \$900 to \$975 million.

Mr. HOLLAND. I wish I could respond to the distinguished Senator from Iowa; but not having sat in the committee, I do not know what the reason was. I do not know that, so far as I am concerned, my amendment does not relate to the authorization for this year at all. I take it that amendments possibly will be offered to other parts of the amendment offered by the group of distinguished Senators. I have merely tried to reduce the authorization for the 2 succeeding years by \$1,050 million, which I think is a worth while objective toward which all of us should try to work.

Mr. MILLER. Again, I pledge to support the Holland amendment. However, I hope that perhaps the colloquy that has taken place might develop whether the Holland amendment may be improved a little by reducing the amount to \$900 million, which is the amount provided by the House in the bill sent to the Senate.

Mr. HOLLAND. The Senator from Iowa can accomplish what he suggests in another way, because my amendment relates only to 1965 and 1966.

Mr. ELLENDER. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. ELLENDER. I have an amendment that I shall propose today or tomorrow, if I have the opportunity to do so, to reduce the amount in the so-called

Mansfield amendments from \$975 million to \$900 million. As I understand, for next year the amount of authority would be reduced from \$1,500 million to \$975 million, and there will be ample time to reduce it from \$975 million to perhaps less than \$900 million.

Mr. HOLLAND. If experience indicates anything, there will be ample energy and ambition to move in that direction.

Mr. ELLENDER. I thank the Senator from Florida.

Mr. HOLLAND. I thank the Senator from Louisiana for his comment.

Mr. MORSE. Mr. President, I think it very important that we take a few minutes at this time to try to clarify the parliamentary situation which confronts us as regards the parliamentary effects of the Mansfield amendments and the parliamentary effects of the Holland amendment. Many of us want to amend the money provisions of the bill as well as many particulars of its policy. But we are concerned and are not too clear about our parliamentary rights in regard to money item amendments.

The Senator from Louisiana has spoken about an amendment which he will propose, and I wish to make certain that he will be in a parliamentary position in which he can propose it.

I have an amendment, which I have not yet submitted in final form, which would amend the text on page 1, in lines 7 to 9 of the Mansfield amendments, by striking out "\$975,000,000 for the fiscal year 1964 and \$1,500,000,000 for each of the next two succeeding fiscal years," and by inserting in lieu thereof "\$900,000,000 for the fiscal year 1964." That would mean that we would automatically drop any reference in the bill to 1965 and 1966, and we would accept the House figure for 1964; namely, \$900 million.

I should like to add a further amendment: On page 2 of the Mansfield amendments, strike out lines 10 and 11, and insert in lieu thereof the following:

On pages 40, line 10, strike out \$175,000,000 and insert in lieu thereof \$150,000,000.

That would take us back, as regards the contingency fund, to \$150 million. If parliamentarily possible, we would desire to handle those two matters together, although we could separate them, and could deal with an amendment to the contingency fund separately from the Mansfield amendments—and perhaps we should, and then we could deal separately with an amendment of \$900 million for Development Loan Fund; \$900 million is the figure voted by the House.

These amendments then would leave the Alliance for Progress program as it now is in the Mansfield amendments.

The economic aid program to the Alliance for Progress program is very important. I would be willing to raise it beyond what is proposed in the Mansfield amendments. If any further saving is made in Latin American military aid it should be added to the Alliance for Progress economic aid program. That would be welcomed, I believe, by all our friends in Latin America among the heads of state of democratic governments.

Mr. President, my first parliamentary inquiry is as follows: Are we in a position to seek to amend the Mansfield amendments by changing the figure \$975 million, in line 7, to \$900 million; or are we now in a parliamentary position—with the Holland amendment pending—in which we cannot act on the Mansfield amendments until first we act on the Holland amendment; and if we act first on the Holland amendment and if the figure \$975 million, which is called for by the Holland amendment, prevails, then will we be foreclosed from amending it to \$900 million, particularly if—as are the custom and practice here—a motion to reconsider and a motion to lay on the table are agreed to?

The PRESIDING OFFICER. If the Holland amendment is agreed to, the figure \$975 million would be agreed to in line 8; and the Parliamentarian informs the Chair that once the Holland amendment is agreed to, insofar as line 8 is concerned; thus changing the amount to \$975 million, line 7 of the Mansfield amendments would still be open to amendment.

Mr. MORSE. Does the Chair mean to state that the Mansfield amendments would still be open to amendment in line 7, even though the Holland amendment calling for \$975 million had been agreed to, insofar as line 8 is concerned?

The PRESIDING OFFICER. That is in accordance with the understanding of the Chair.

Mr. MORSE. Assuming that in line 7, the figure \$975 is changed to the figure \$900 million, as called for by the bill as passed by the House, would we then be in a position in which we could not subsequently change the \$975 million figure in line 8?

The PRESIDING OFFICER. That is correct; the \$975 million figure in line 8 would then be frozen in, and—assuming adoption of the Mansfield amendments—could not be amended further.

Mr. MORSE. That was my understanding, and that is why I wish to make it a matter of record, and to point out again to the Senate that although some do not like my use of the phrase "powerhouse amendments," it is a rather apt description of the Mansfield amendments.

Before acting on it, any amendments to it, we must be perfectly certain that there is no way at all for us to reach some meeting of the minds in regard to this bill, for I have no intention of agreeing to the taking of a vote on the Holland amendment at this hour until there has been ample cloakroom discussion in regard to the parliamentary effect of the Holland amendment as regards other changes we wish to make later, when the Senate may reach the conclusion that other changes should be made.

It is a difficult position to occupy, and yet it is important that it be occupied, and I occupy it not alone. We want Senators to realize the limitations that have been placed upon their freedom of parliamentary action in the Senate by the introduction of the Mansfield amendments. We think there should be a good many money changes in the bill. I shall ask some parliamentary questions on that

point in a moment. We have some avenues open that will make that possible. But my own judgment is that days of time would be saved if the Mansfield amendments were withdrawn, if we cleared the decks, and if we started on the bill item by item, section by section, rather than to have a cut by way of a general money cut on the Mansfield amendments, which create serious parliamentary hurdles for those of us who think that the bill should be cut much more than the Mansfield amendments would cut it.

Mr. President, I should like to ask the following questions: If the Holland amendment were adopted, parliamentarily it would not affect in any way the item of \$975 million on line 7. Is that true?

The PRESIDING OFFICER. That is true.

Mr. MORSE. Mr. President, if the Holland amendment were adopted, and the amount of \$975 million were written into line 8 in replacement of the amount of \$1,500 million, could those of us who think that the bill should be changed further offer a complete substitute for section (b) of the Mansfield amendments?

The PRESIDING OFFICER. It would be in order provided a substantial change were made in the paragraph.

Mr. MORSE. I shall come to that point in a moment. Assuming that a very substantial change would be made in the paragraph, would we then be in a position in which we could modify the amount of \$975 million in the Holland amendment, even though the Holland amendment were agreed to?

The PRESIDING OFFICER. The Parliamentarian states that such action would be in order.

Mr. MORSE. Now we come to what a substantial change would be. If we offered an amendment to paragraph (b) which would read:

Section 202 of the Foreign Assistance Act of 1961, as amended, is amended by striking out "for each of the next four succeeding years," and inserting "for each of the next two years,"

Would that be a substantial change?

The PRESIDING OFFICER. The Chair feels that reducing the period of time from 4 to 2 years would be a substantial change.

Mr. MORSE. Mr. President, before we might offer such a substitute for paragraph (b), we would be in a parliamentary position, even though the Holland amendment were adopted, to offer, for example, the amendment that many of us propose to offer on the contingency fund, leaving it at the figure of \$150 million? The adoption of the Holland amendment would in no conceivable way affect our parliamentary right to amend the contingency fund?

The PRESIDING OFFICER. Agreeing to the Holland amendment would not affect any other part of the bill.

Mr. MORSE. Likewise we could propose to cut further into the military aid figures of the Mansfield amendments.

Mr. President, I should like the leadership of the Senate to give consideration to a withdrawal of the Mansfield

amendment for the time being so that we will not have to do all the parliamentary manipulating and maneuvering in strategic action that would be called for as long as the Mansfield amendments are before the Senate, so that those of us who wish to change the bill in respect to various provisions can go ahead and see how much we can change. Then they can decide whether or not they wish to offer or reoffer the amendment.

We know our reasons in making that proposal. I do not believe it would come to pass, but let us hypothetically assume that we are beaten on most or all of our amendments. Then the proponents of the bill might decide that they do not want to cut the bill at all, not reoffer the Mansfield amendments, and let the committee bill stand as it is.

We are perfectly willing to run that risk. But what we feel sad about is that we have been placed in this parliamentary position in which we have to consume a great deal of time in conference and prevent votes from occurring here in the Senate until we can see the end of the trail parliamentarywise.

So far as we are concerned, all the Mansfield amendments have done is to slow us up. We are cautious men, and we shall be exceedingly cautious, for no matter who disagrees with us, we believe we are putting up a fight here in the Senate on a question so vital to the welfare of the American taxpayer and so important to the welfare of our country foreign policywise, that we are going to take all the slings and arrows that may be directed at us until we are satisfied that we can say to our constituents that we did all we could. We at least tried not to go to sleep by swallowing any parliamentary pills that the leadership may have stuffed into us.

I only make the plea. I cannot bring about a withdrawal of the Mansfield amendments unless the proponents wish to withdraw them. My parliamentary question is as follows: There is nothing that prevents the proponents of the Mansfield amendments from withdrawing the amendments, is there?

The PRESIDING OFFICER. There is nothing that would prevent the Mansfield amendments being postponed temporarily or withdrawn.

Mr. MORSE. When the Chair states "postponed temporarily," such action would not clear the floor of the Senate for other amendments?

The PRESIDING OFFICER. The amendments can be withdrawn at the request of the proponents. The Senator from Montana [Mr. MANSFIELD] might make the request.

Mr. MORSE. The amendments could be reoffered at any time the proponents of the amendment wished to reoffer them?

The PRESIDING OFFICER. The Senator is correct.

Mr. MORSE. Of course, if they were withdrawn, the Senator from Florida could nevertheless offer his amendment as a separate amendment to the bill.

He could not very well offer it to a withdrawn amendment. But I would assume—I do not know—that if the

Mansfield amendments were withdrawn, the Senator from Florida would probably give consideration to postponing any further consideration of his amendment at this time. He would have to change its form, in any event, if the Mansfield amendment were withdrawn.

I have raised all the parliamentary inquiries that I care to raise at this time, so there can be some consultation on the suggestions that I am making in behalf of those who are opposed to the bill in its present form.

I suggest the absence of a quorum, and request that it be live.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 203 Leg.]

Alken	Hart	Mundt
Allott	Hartke	Muskie
Anderson	Hayden	Nelson
Bartlett	Hickenlooper	Neuberger
Bayh	Hill	Pearson
Bible	Holland	Pell
Boggs	Hruska	Prouty
Brewster	Humphrey	Proxmire
Burdick	Inouye	Randolph
Byrd, Va.	Johnston	Robertson
Byrd, W. Va.	Jordan, N.C.	Russell
Cannon	Keating	Saltonstall
Carlson	Kuchel	Scott
Case	Lausche	Simpson
Church	Long, La.	Smathers
Clark	Magnuson	Smith
Curtis	Mansfield	Sparkman
Dirksen	McCarthy	Stennis
Dodd	McClellan	Talmadge
Dominick	McGovern	Thurmond
Douglas	McIntyre	Tower
Ellender	Metcalf	Walters
Ervin	Miller	Williams, N.J.
Fong	Monroney	Williams, Del.
Fulbright	Morse	Yarborough
Gore	Morton	Young, N. Dak.
Gruening	Moss	Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Connecticut [Mr. RIBICOFF], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent due to illness.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Kentucky [Mr. COOPER], the Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from New Mexico [Mr. MECHEM] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

The PRESIDING OFFICER. (Mr. BAYH in the chair). A quorum is present.

Mr. DIRKSEN. Mr. President, what is the pending question?

The PRESIDING OFFICER. The pending question is the amendment of the Senator from Florida [Mr. HOLLAND] to the amendments offered by the Sena-

tor from Montana [Mr. MANSFIELD], for himself and other Senators, to the committee amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Is it in order to ask for the yeas and nays on the so-called Mansfield amendments?

The PRESIDING OFFICER. It would be in order.

Mr. MANSFIELD. Mr. President, have the yeas and nays already been ordered?

The PRESIDING OFFICER. No; they have not been ordered.

AMENDMENT NO. 296

FOREIGN AID BUILDS INDUSTRIES ABROAD TO COMPETE WITH U.S. INDUSTRIES

Mr. GRUENING. Mr. President, one of the greater follies committed under the foreign economic assistance program has been the practice of using U.S. dollars to establish or expand industries abroad which compete with U.S. industries.

Since 1945 we have spent \$1,735,685,-782 building up steel producing capacities in such countries as Japan, Turkey, France, India, Korea, Liberia, Peru, and Yugoslavia. Today our own steel mills are operating well under their capacities.

We have spent abroad, since 1955, \$14,-507,024 to build up foreign fishery resources, while our own fishing resources at home have been sorely neglected and are floundering.

We have given or loaned millions to establish and expand textile mills in many foreign countries while our own textile mills are in ever more serious trouble because they cannot compete on an equal footing with the more modern textile mills abroad.

Paper mills, rubber plants, chemical plants, and aluminum plants could also be cited as examples of instances in which AID dollars have been used to build facilities abroad to compete with U.S. industries either in the United States or in foreign markets.

I send to the desk and ask that it be printed and lie on the table, an amendment to H.R. 7885, the bill to amend further the Foreign Assistance Act of 1961, so as to lessen competition to the United States from foreign businesses founded with U.S. AID funds.

I ask unanimous consent that this proposed amendment be printed at this point in my remarks.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, will be printed in the RECORD.

The amendment (No. 296) proposed to be offered by Mr. GRUENING is as follows:

On page 51, between lines 13 and 14, insert the following:

"(f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall

keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises."

Mr. GRUENING. Mr. President, this provision is identical with the provision dealing with this same subject appearing in the House-passed bill.

The Foreign Assistance Act of 1961 already has a provision aimed at cutting down competition with U.S. industries through loans abroad. I ask unanimous consent that section 620(d) of the Foreign Assistance Act of 1961 be printed in the RECORD at this point in my remarks.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than 20 per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

Mr. GRUENING. Even a cursory reading of this provision indicates that it is severely limited—more limited than it should be to protect adequately U.S. business. As I shall demonstrate shortly, many industries in the United States have lost their foreign markets to a considerable extent.

It should be noted that the provision on this subject in the present law—section 620(d)—is limited to development loans.

It has been further limited by the interpretation of its provisions by the Agency for International Development. I ask unanimous consent that Order No. MO-1016.1 of the Agency for International Development Manual entitled "Impact of Aid on the U.S. Economy—Competition With U.S. Enterprise," effective August 1, 1962, be printed in full at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRUENING. This is a truly remarkable document.

It is an attempt to give to the congressional directive contained in section 620(d) of the Foreign Assistance Act the narrowest possible interpretation.

In the first place, Mr. President, there is a curious shifting of the burden of proving that the granting of the loan will lead to competition with U.S. business. Thus paragraph II-A of this order provides as follows:

A. Likelihood of competition: Section 620(d) will apply in those cases where there is substantial evidence that competition in the U.S. market will take place during the life of the loan. It should not be considered applicable in those cases where there is only a possibility that such competition will occur or where there is no reasonable expectation that competition will develop prior to repayment of the loan.

Under this paragraph, Mr. President, note that it must be proven by "substantial evidence that competition in the U.S. market will take place." However, if there is a possibility that such competition will occur, the loan may still be granted. Apparently it must be proven by the strongest evidence that there will be competition. In these enterprises—such as steel mills, for example—why should there not be the requirement that it must be proven by substantial evidence that there will not be competition with U.S. industries?

But this strange order weakens the congressional directive contained in section 620(d) even still further.

Paragraph II-B provides:

B. U.S. market: The restrictive provision applies only with respect to direct competition in the U.S. market. It is not designed to limit exports for use or consumption outside the United States even though such exports would compete with U.S. enterprises in foreign markets.

Observe, Mr. President, the only consideration is the market for the particular product in the United States. The paragraph specifically decrees that exports outside the United States are not to be considered even though such exports would compete with U.S. enterprises in foreign markets.

The proverbial man from Mars, Mr. President, would have great difficulty understanding our actions during the past 10 years. He would have seen the United States of America, a great export nation, deliberately using its funds to establish abroad, steel mills to compete abroad with our steel mills, paper mills to compete abroad with our paper mills, textile mills to compete with our textile mills, and so on and on and on.

At the same time the man from Mars would have heard the AID administrators proudly proclaim that 80 percent of the AID dollars are spent in the United States. Of course they are now. That was not so a few years back.

But even so, Mr. President, should not the AID administrators in the past have considered the end result years from then when the steel mills built with AID funds could compete abroad for steel orders against our own steel producers? And with our steel mills operating well below capacity they are, in addition, forced to compete with steel produced in modern plants erected with AID funds.

In the past 5 years the Export-Import Bank has loaned for steel mill construction and expansion of facilities the sum of \$327.8 million—all U.S. dollars.

In the past 5 years the World Bank has loaned for steel mill construction and expansion the sum of \$380.3 million, a good portion in U.S. dollars.

In the years between 1954 and 1962 AID and its predecessors have granted

and loaned the sum of \$249.3 million for steel mill construction and expansion of facilities.

These three agencies alone account for loans and grants to erect and expand steelmaking facilities abroad of \$957.4 million.

I ask unanimous consent that tables showing these loans for steelmaking be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. GRUENING. Mr. President, the gentleman from Texas, Representative BOB CASEY, has obtained from the Library of Congress a listing of loans and grants to steel industries abroad, to pulp and paper plants abroad, to petroleum and related facilities abroad, to chemical plants abroad, to aluminum plants abroad, to plastic plants abroad, and to rubber plants abroad. He is greatly to be commended for obtaining such a list. It is admittedly an incomplete list since the Library of Congress forwarded it to him with this caveat:

The enumeration of total foreign aid to specific industries can be undertaken with only limited success. * * * The Agency itself does not compile aid figures according to industry or by name.

According to that chart, in the years from 1945 to 1963 the United States has given or loaned for steel mills the total sum of at least \$1,735,685,782.

Is it any wonder, Mr. President, that now—but a few years later—our steel industry is operating at less than capacity, that our textile industry is in difficulty, and so on?

Add this, Mr. President, to the facts disclosed to the Senate by the distinguished senior Senator from Illinois [Mr. DOUGLAS] on July 15, 1963, when he disclosed the shocking dual rate system under which imports into the United States pay lower ocean freight rates than must be paid to export the very same item from the United States.

The wonder, Mr. President, is that our balance-of-payments problems is not worse than it is.

No, we cannot be complacent about the fact that 80 percent of the AID dollar is spent in the United States when it is being spent to build up industries abroad which will compete on advantageous terms with U.S. industry in the years ahead.

It is time that we stopped using tax dollars from U.S. industry to build up competition with that very same industry abroad.

But, Mr. President, let us continue to study the amazing AID document issued to implement the congressional directive contained in section 620(d) of the Foreign Assistance Act of 1961.

Paragraph III states that the directive is limited to development loans and only development loans for productive enterprises. It does not apply to commodity import loans, loans to development banks, technical assistance loans, stabilization loans or program loans where the loan cannot be clearly identified as aiding a productive enterprise which will compete in the U.S. market.

The paragraph does make a concession for loans to development banks or program loans by saying it is applicable only where it is known that the loan will be used to assist enterprises which will compete in the U.S. market.

Note here, Mr. President, where the burden of proof is placed. It must be known that the industry aided by the loan will compete with U.S. business in the United States to have section 620(d) of the Foreign Assistance Act of 1961 apply. But even if there is a possibility that the industry aided will compete with the United States in the United States that possibility may be disregarded.

Mr. President, it is time we went to the aid of the U.S. businessman.

We must do away with the warped thinking which seems to have all too many officials in its sway—the warped thinking that what helps business abroad of necessity helps business in the United States. That just is not so.

Therefore, I hope that my amendment—which is exactly the same as appears in the House-passed bill—will be adopted.

EXHIBIT 1

IMPACT OF AID ON THE U.S. ECONOMY— COMPETITION WITH U.S. ENTERPRISE

I. LEGISLATION

Section 620(d) of the Foreign Assistance Act of 1961 prohibits loans to productive enterprises which will compete with U.S. enterprises in the U.S. market unless the country agrees to limit the enterprise's exports to the United States to 20 percent of the annual production of the facility for the life of the loan. This prohibition may be waived by the President where it is in the national security interest to do so.

II. GUIDANCE

All development loan proposals should be reviewed to determine whether the provisions of 620(d) are applicable. In testing loan proposals for this purpose AID will be guided by the following principles:

A. Likelihood of competition: Section 620(d) will apply in those cases where there is substantial evidence that competition in the U.S. market will take place during the life of the loan. It should not be considered applicable in those cases where there is only a

possibility that such competition will occur or where there is no reasonable expectation that competition will develop prior to repayment of the loan.

B. U.S. market: The restrictive provision applies only with respect to direct competition in the U.S. market. It is not designed to limit exports for use or consumption outside the United States even though such exports would compete with U.S. enterprises in foreign markets.

C. Nature of loan: The application of the provision is limited to assistance provided in the form of development loans rather than to all economic assistance under part I of the act. It is further limited to loans for the operation or construction of productive enterprises. It will not apply to commodity import loans, loans to development banks, technical assistance loans, stabilization loans or program loans where the loan cannot be clearly identified as aiding a productive enterprise which will compete in the U.S. market. In the case of most loans of this type it will be practically impossible to determine what particular enterprise will benefit. In the case of loans to development banks or a program loan where it is known that the loan will be used to assist enterprises which will compete in the U.S. market, section 620(d) may be applicable. Determination as to the applicability of section 620(d) will need to be made on the basis of the facts in each such case.

In the event a positive finding is made that an aided enterprise will compete with U.S. enterprise, an agreement to establish procedures to prevent exportation for use or consumption in the U.S. market of more than 20 percent of the annual production of the aided enterprise during the life of the loan must be reached. This agreement may be incorporated in the loan agreement or take the form of a separate agreement. The President is authorized to impose import controls necessary to effectuate the objective of section 620(d) if the agreement is not reached or implemented.

Section 620(d) expressly authorizes the President to waive the restrictions of that section where he determines such waiver is in the national security interest. Authority to grant such waivers is expressly reserved to the President under the terms of Executive Order No. 10973 of November 3, 1961.

III. U.S. AREAS OF SUBSTANTIAL LABOR SURPLUS

Sections 201a, 211a, and 604a of the 1961 Foreign Assistance Act require the President

to take into account possible adverse effects of the use of the Development Loan Fund, development grants, technical cooperation, and procurement outside the United States on the U.S. economy, "with special reference to areas of substantial labor surplus."

EXHIBIT 2

World Bank loans for steel mills

[In millions of dollars]

Colombia, South America.....	30.0
Australia.....	13.4
Belgium.....	12.1
Italy.....	1.9
Yugoslavia.....	8.7

India (four loans):

1.....	29.2
2.....	75.0
3.....	20.0
4.....	32.5

Total..... 156.7

Japan (10 loans):

1.....	5.13
2.....	20.00
3.....	8.00
4.....	33.00
5.....	10.00
6.....	22.00
7.....	24.00
8.....	20.00
9.....	6.00
10.....	7.00
11.....	2.39

Total..... 157.52

Total loans made for steel mills by World Bank..... 380.32

Lines of credit extended by Export-Import Bank for steel mill construction and expansion of facilities—1958 to 1963, inclusive

[In millions of dollars]

Japan, 7 credits.....	84.8
Philippines, 1 credit.....	62.3
Turkey, 1 credit.....	15.0
France, 4 credits.....	6.4
Italy, 4 credits.....	83.9
Spain, 4 credits.....	30.8
Argentina, 3 credits.....	19.4
Chile, 1 credit.....	8.3
Mexico, 1 credit.....	16.9

Total, 26 credits..... 327.8

AID or predecessor agency obligations for iron and steel projects by country and project, fiscal years 1954–62

[In thousands of dollars]

Region, country, and project	Fiscal year obligated	AID or predecessor obligations ¹	Region, country, and project	Fiscal year obligated	AID or predecessor obligations ¹
Total, all regions.....	—	249,333	Far East.....	—	2,923
Europe.....	—	116,060	China, Republic of.....	—	695
Spain.....	—	7,560	Steel tube mill, Ya Tung Enterprise, Inc.	1955 to 1956	466
Altos Hornos de Vizcaya cold rolling mill.....	1954 and 1956	4,460	Tang Eng Ironworks.....	1957	229
Empresa blast furnace.....	1954	3,100	Korea.....	—	2,228
Yugoslavia.....	—	8,500	Wire Rope Manufacturing Co.....	1956	122
Sisak Ironworks (development loan).....	1961	8,500	Chain Manufacturing Co.....	1956	111
European Coal and Steel Community.....	—	100,000	Pusan Ironworks.....	1955	1,995
Contribution to capitalization (loan) ²	1954	100,000	Near East and south Asia.....	—	130,350
			India.....	—	750
			Bokaro Steel Plant.....	1962	750
			Turkey.....	—	129,600
			Steel mill (Eregli) (development loan).....	1959 and 1961	129,600

¹ Data on development loans are loan authorizations.

² Data on proportion for steel only not available.

Economic development projects from U.S.-owned foreign currencies,¹ July 1, 1954, to June 30, 1962
[In thousands of dollar equivalents]

Country and project	Source of funds	Fiscal year obligated	AID or predecessor obligations	Country and project	Source of funds	Fiscal year obligated	AID or predecessor obligations
Total.....			15,686	Brazil.....			6,831
Austria.....			3,154	Minas Gerais steel plant.....	480	1961	6,831
Steel mill.....	480	1957	1,346	India.....			91
Steel mill and tool manufacture.....	480	1958	846	Bokaro steel plant.....	402	1962	91
Steel and malleable foundry.....	480	1958	577	Yugoslavia.....			5,610
Fabricated structural steel.....	480	1957	385	Iron works, Niksic.....	480	1958	5,610

¹ Represents the use of U.S.-owned foreign currencies derived from sales of surplus agricultural commodities under sec. 402 and title I, Public Law 480. Data on Public Law 480 loans to Japan are not in sufficient detail to differentiate any loans benefiting the steel industry.

AID or predecessor agency commitments for aid to iron and steel industry, summary by country and fiscal year of supporting tables II to IV, July 1, 1948, to June 30, 1962
[In millions of dollars or dollar equivalents]

Region and country	Total through June 30, 1962	Fiscal year											
		1949	1950	1951	1952	1954	1955	1956	1957	1958	1959	1961	1962
Grand total.....	472.5	129.8	71.6	5.2	0.9	107.0	2.4	0.8	1.9	7.0	12.3	132.6	0.9
Europe.....	332.3	129.8	71.6	5.2	.9	107.0		.6	1.7	7.0		8.5	
Austria.....	28.2	18.7	6.4										
Belgium.....	8.3	5.5	2.9						1.7	1.4			
France.....	75.5	70.0	1.3	4.1									
Italy.....	54.8	7.6	46.1	1.1									
Netherlands.....	14.9		14.9										
Portugal.....	.8	.8											
Spain.....	8.4				.9	7.0		.6					
United Kingdom.....	27.2	27.2											
Yugoslavia.....	14.1									5.6		8.5	
European Coal and Steel Community.....	² 100.0					100.0							
Far East.....	2.9						2.4	.2	.2				
China, Republic of.....	.7						.4	(³)	.2				
Korea.....	2.2						2.0	.2					
Near East and south Asia.....	130.5										12.3	117.3	.9
India.....	.9												1.9
Turkey.....	129.6										12.3	117.3	
Latin America—Brazil.....	6.8											6.8	

¹ Represents the use of U.S.-owned foreign currencies generated by surplus agricultural commodity sales under sec. 402 and Public Law 480, title I; India includes the equivalent of \$100,000 in fiscal year 1962; all other data are dollar commitments.

² Data on proportion for steel only not available.
³ Less than \$50,000.

NOTE.—There were no commitments in fiscal year 1953 and fiscal year 1960.

European iron and steel projects financed in part by the United States under the European recovery program, by country and project, fiscal years 1949–51¹
[In thousands of dollars]

Country and project	Project approval date	ECA dollar obligations	Country and project	Project approval date	ECA dollar obligations
Total, all countries.....		207,565	Italy.....		54,769
Austria.....		25,119	FINSIDER.....		
VOEST (Vereinigte Oesterreichisch Eisen-und Stahlwerke A.C.) Linz.....	Apr. 1, 1949	2,887	FIAT, Turin and Avigliana.....	Aug. 18, 1949	32,390
VOEST, Linz.....	do.....	8,362	Acciaierie e Ferriere Lombarde FALCK, Milan.....	Aug. 4, 1949	7,408
Do.....	Apr. 6, 1950	2,169	Do.....	June 30, 1949	1,649
Alpine Montan (Oesterreichisch Alpine Montangesellschaft), Donawitz.....	Feb. 25, 1949	4,147	Cantieri Metallurgici Italiani (FALCK subsidiary), Castellamare di Stabia.....	May 18, 1950	4,502
Alpine Montan Donawitz.....	May 26, 1949	3,346	do.....	June 30, 1949	2,131
Do.....	Apr. 27, 1950	4,208	SISMA, Soc. Industrie Siderurgiche e Affini, Villadossola.....	do.....	2,538
Belgium.....		8,343	TERNI, Societa per L'Elettricit�, Terni.....	Apr. 6, 1949	1,315
S.A. Metallurgique d'Esperance-Longdoz, Liege.....	Apr. 1, 1949	2,329	RECAELLI, Giuseppe e Fratello Redaelli, S.p.A., Rogoredo.....	Aug. 17, 1950	1,067
S.A. Ougree Marthaye, Ougree.....	Feb. 9, 1950	2,866	Issa-Viola, S.A. Pont St. Martin, Aosta Valley.....	Aug. 30, 1949	1,569
Phenix Works at Flemmalle-Haute, near Liege.....	Apr. 1, 1949	3,148	Ferrotubi S.p.A. (FIT), Milan.....	July 12, 1949	200
France.....		75,475	Netherlands.....		14,935
SOLLAC (Societe Lorraine de Laminage Continu), Hayange and Ebange.....	June 14, 1949	56,164	Royal Dutch Blast Furnace & Steel Co, Ijmuiden.....	Dec. 1, 1949	14,935
USINOR (Union Siderurgique du Nord de la France), Denain (Nord) and Montataire (Oise).....	Apr. 1, 1949	11,919	Portugal.....		847
SIDELOR (formerly Societe Lorraine des Acieries de Rombas), Rombas.....	Sept. 2, 1949	1,301	A. J. Oliveira Filhes & Co., Lda., S. Joao da Madeira.....	Feb. 14, 1949	847
Sto. Anonyme des Forges et Acieries de Dilling, Dillingen in the Saar.....	Dec. 21, 1950	2,038	Spain.....		853
Acieries de Longwy, Mont Saint Martin.....	do.....	2,094	Sagunto Steel Plant ²	June 23, 1952	853
J. J. Cernaund et Forges de Basse-Indre.....	Feb. 25, 1949	1,959	United Kingdom.....		27,224
			Steel Co. of Wales, Ltd., Margram and Troste, South Wales.....	Apr. 1, 1949	25,373
			Stewarts & Lloyds, Ltd., Corby, England, and Clydesdale and Tolcross, Scotland.....	May 26, 1949	1,851

¹ List includes 1 project approved in 1952.

² Financed under Spanish loan program, Public Law 759, 81st Cong., approved Sept. 6, 1950.

U.S. and international agencies aid to the steel industries of the world, 1945-63

EXPORT-IMPORT BANK CREDITS TO FOREIGN STEEL INDUSTRIES, 1945-63

	Amount authorized
Africa:	
Liberia:	
Liberia Mining Co., 1949.....	\$4,000,000
Liberia Iron Ore Ltd., 1960.....	5,625,000
National Iron Ore Ltd., 1960.....	6,000,000
Liberian Amer-Swed Minerals, 1960.....	30,000,000
Asia:	
Japan:	
Fuji Iron & Steel Co., 1957.....	10,300,000
Yawata Iron & Steel Co., 1957.....	26,000,000
Toyo Kohan Co., Ltd., 1958.....	7,100,000
Toyo Kohan Co., Ltd., 1960.....	3,000,000
Japan Steel & Tube Co., 1961.....	6,500,000
Fuji Iron and Steel Co., 1961.....	15,600,000
Sumimoto Metal, Inc., 1962.....	8,100,000
Yawata Iron & Steel Co., 1962.....	26,000,000
Kawasaki Steel Corp., 1962.....	18,500,000
Philippines:	
American Wire & Cable Co., 1957.....	98,000
Ysmael Steel Mfg. Co., 1957.....	68,000
Jacinto Steel, Inc., 1958.....	58,000
Central Bank of Philippines for steel mill construction, 1961.....	62,300,000
Turkey:	
Vulcan Iron Works, 1946.....	5,341,014
Vulcan Iron Works, 1947.....	2,521,469
Republic of Turkey, 1950.....	681,563
Republic of Turkey, Karabuk Iron & Steel, 1959.....	15,000,000
Canada:	
Steep Rock Mines, Ltd., 1948.....	5,700,000
Europe:	
Austria: Oesterreichisch-Alpine, 1957.....	28,150,000
France:	
Union Sid du Nord, 1960.....	1,036,000
Union Sid du Nord, 1960.....	1,142,000
Union Sid du Nord, 1960.....	3,536,000
Union Sid du Nord, 1961.....	842,000
Germany: August Thyssen-Hutte, A.G., 1956.....	10,000,000
Italy:	
Instituto Mobiliare Italiano, 1947.....	9,000,000
Instituto Mobiliare Steel Mills:	
Alti Forni, 1947.....	3,634,000
Terni, 1947.....	1,350,000
Dalmine, 1947.....	1,300,000
Cornigliano, 1947.....	3,000,000
Equipment for steel mills, 1955.....	2,000,000
Equipment for steel mills, 1955.....	5,000,000
Equipment for auto and steel, 1956.....	10,000,000
Innocenti, S.P.A., 1956.....	1,500,000
Equipment for steel mill, 1958.....	7,000,000
Blast furnace and rolling mill, 1958.....	6,500,000
Itatsider steel plant, 1962.....	25,000,000
Spain:	
Union de Siderurgicas Asturians, S.A., 1958.....	6,800,000
Empress Nacional, 1959.....	4,400,000
Empresa Nac Siderurgica, 1960.....	2,300,000
Empresa Nac Siderurgica, 1961.....	13,000,000
Altos Hornos Viscaya, 1961.....	18,000,000
Empresa Nac Siderurgica, 1962.....	6,600,000
Yugoslavia: Government of Yugoslavia to purchase original U.S. steel mill equipment, 1961.....	15,000,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

Latin America:

Argentina:

	Amount authorized
Soc Mixta Siderurgia, 1955.....	\$60,000,000
Acinifer, S.A., 1959.....	700,000
Socie Indus Argentina, Tubos Acero, 1959.....	1,710,000
Acindar Ind. Argentina Aceros, 1960.....	5,645,000
Dalmino, SAFTA, 1960.....	1,842,000
Soc. Ind. Argentina Tubos Ac., 1960.....	1,675,000
Industrias Puerto San Martin, 1958.....	90,000
Somisa, Steel Mill Equipment, 1960.....	12,000,000
Acinifer Ind. Arg. Acero SA, 1960.....	170,500
Acinifer Ind. Fundiciones SA, 1961.....	105,000
Rycsa SAM Steel Shear, 1961.....	9,000
Est. Metalurgicos Santa Rosa, 1961.....	241,660
Dolmine SAFTA, Equipment, 1961.....	21,000
Acinifer Ind. Arg. Fundiciones, 1961.....	20,400
Tinigal SRL Equipment, 1961.....	5,000
Est. Metalurgicos Santa Rosa, 1962.....	91,700
Est. Metalurgicos Santa Rosa, 1962.....	225,900
Est. Metalurgicos Santa Rosa, 1962.....	100,600
Est. Metalurgicos Santa Rosa, 1962.....	127,100
Est. Metalurgicos Santa Rosa, 1962.....	26,200
Metalurgica Tandil, 1962.....	114,500
Brazil:	
Cia Sid NAC, 1950.....	25,000,000
Cia Metalurgica Barbara, 1952.....	2,185,000
Cia Siderurgica Belgo, 1955.....	780,440
Cia Sid NAC, 1956.....	35,000,000
Acos Villares AA, 1957.....	2,320,000
Soc Technica Fundicoes Gerais, 1957.....	2,558,000
Cia Vale Do Rio Doce SA, 1958.....	12,500,000
Chile:	
Corp. De Fomento Prod., 1951.....	58,000,000
Cia de Acero del Pacifico SA, 1956.....	3,550,000
Cia de Acero del Pacifico, 1957.....	16,000,000
Cia de Acero del Pacifico, 1960.....	15,574,000
Cia de Acero del Pacifico, 1962.....	8,300,000
Mexico:	
Cia Fundidora de F.Y.A. Monterrey, S.A., 1945.....	800,000
National Financiera S.A., 1951.....	5,000,000
Cia Fundidora de Fierroy, Acerode Monterrey S.A., 1952.....	4,500,000
National Financiera S.A., 1952.....	3,600,000
La Consolidada S.A., 1955.....	662,000
Hojalata y Lamina S.A., 1955.....	2,055,000
Aceros de Chihuahua S.A., 1955.....	720,000
Cia Fundidora de Monterrey, 1956.....	46,500,000
National Financiera S.A., 1957.....	16,000,000
Altos Hornos de Mexico S.A., 1960.....	174,000
Aceros de Chihuahua S.A., 1960.....	550,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

Latin America—Continued

Mexico—Continued

	Amount authorized
Altos Hornos de Mexico S.A., 1960.....	\$1,479,000
Altos Hornos de Mexico S.A., 1960.....	443,850
Tubacero S.A., 1960.....	4,000,000
Altos Hornos de Mexico S.A., 1961.....	120,000
Manufacturas Metalicas MSA, 1961.....	113,500
Altos Hornos de Mexico S.A., 1961.....	290,000
Altos Hornos de Mexico S.A., 1961.....	345,000
Altos Hornos de Mexico S.A., 1961.....	51,886
Altos Hornos de Mexico S.A., 1962.....	1,850,000
Peru:	
Marcona Mining Co., 1953.....	2,500,000
Marcona Mining Co., 1957.....	10,000,000
Marcona Mining Co., 1961.....	6,500,000
Marcona Mining Co., 1962.....	6,000,000
Metalurgica Pervana, 1962.....	1,950,000
Uruguay:	
Cinoca, S.A., 1961.....	65,500
Cinoca, S.A., 1961.....	35,000
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT LOANS FOR FOREIGN STEEL INDUSTRIES, 1946-63	
Asia:	
India:	
Indian Iron & Steel, 1952.....	\$31,500,000
Indian Iron & Steel, 1956.....	20,000,000
Tata Iron & Steel Co., 1956.....	75,000,000
Tata Iron & Steel, 1957.....	32,500,000
Indian Iron & Steel, 1961.....	19,500,000
Japan:	
Japan Development Bank:	
Yawata Plate Mill, 1955.....	5,300,000
Yawata Steel Production, 1959.....	20,000,000
Kawasaki Strip Mill, 1956.....	20,000,000
Kawasaki Steel Production, 1958.....	8,000,000
Kawasaki Steel Production, 1960.....	6,000,000
Sumitomo Steel Production, 1958.....	33,000,000
Sumitomo Steel Production, 1960.....	7,000,000
Kobe Steel Production, 1958.....	10,000,000
Nippon Kokan Steel Production, 1958.....	22,000,000
Fuji Steel Production, 1959.....	24,000,000
Europe:	
Belgium: Equipment for steel and power industries, 1949.....	16,000,000
France: Miferma, 1960.....	66,000,000
Luxembourg: Steel mill and railroad, 1947.....	12,000,000
INTERNATIONAL FINANCE CORPORATION LOANS TO FOREIGN STEEL INDUSTRIES, 1956-63	
Asia:	
India: Republic Forge Co., 1959.....	\$1,500,000
Pakistan: Steel Corp. of Pakistan, 1958.....	630,000
Latin America:	
Argentina: Acindar Industria Arg. de Aceros S.A., 1960.....	3,660,000
Mexico:	
Compania Fundidora de Fierro y Acero Monterrey, 1963.....	1,126,000
Tubos de Aceros de Mexico, 1963.....	400,000
Venezuela: Siderurgica Venesolana SA, 1960.....	500,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

EUROPEAN RECOVERY PROGRAM ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1949-51

Europe:	Amount authorized
Austria:	
Voest, Linz, 1949.....	\$2,887,000
Voest, Linz, 1949.....	8,362,000
Voest, Linz, 1950.....	2,169,000
Alpine Montan, 1949.....	4,147,000
Alpine Montan, 1949.....	3,346,000
Alpine Montan, 1950.....	4,208,000
Belgium:	
S.A. Metallurgique d'Esperance-Longdoz, Liege, 1949.....	2,329,000
S.A. Ongree Marihaye, Ougree, 1950.....	2,866,000
Phenix Works, Flammale-Haute, 1949.....	3,148,000
France:	
Sollac, Hayange and Ebange, 1949.....	56,164,000
Usinor, Denain and Montataire, 1949.....	11,919,000
Sidelor, Bombas, 1949.....	1,301,000
Ste. Anonyme des Forges, Saar, 1950.....	2,038,000
Acieries de Longwy. Mont, St. Martin, 1950.....	2,094,000
J. J. Carnaud et Forges de Basse-Indre, 1949.....	1,959,000
Italy:	
Finsider, 1949.....	32,390,000
Fiat, Turin and Avigliana, 1949.....	7,408,000
Acciaierie e Ferriere, Milan, 1949.....	1,649,000
Acciaierie e Ferriere, Milan, 1950.....	4,502,000
Cantieri Metallurgici Italiani, 1949.....	2,131,000
Sisma, Villadossola, 1949.....	2,538,000
Terni, Societa per L'Elettricit�, Terni, 1949.....	1,315,000
Recaelli, Rogorodo, 1950.....	1,067,000
Issa-Viola, Aosta Valley, 1949.....	1,569,000
Ferretubi, SPA, Milan, 1949.....	200,000
Netherlands: Royal Dutch Blast Furnace & Steel Co., 1949.....	14,935,000
Portugal: A. J. Oliveira Filhos Co., 1949.....	847,000
Spain: Sagunto Steel Plant, 1952.....	853,000
United Kingdom:	
Steel Co. of Wales, Ltd., 1949.....	25,373,000
Stewarts & Lloyds, Ltd., 1949.....	1,851,000
AID OR PREDECESSOR AGENCY ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1954-62	
Europe:	
Spain:	
Altos Hornos de Viscaya, 1954.....	\$4,460,000
Empresa Blast Furnace, 1954.....	3,100,000
Yugoslavia: Sisak Iron Works, 1961.....	8,500,000
European Coal & Steel Community: Contribution to capitalization loan, 1954.....	100,000,000
Far East:	
Republic of China:	
Ya Tung Tube Mill, 1955.....	466,000
Tang Eng Ironworks, 1957.....	229,000
Korea:	
Wire Rope Mfg. Co., 1956.....	122,000
Chain Mfg. Co., 1956.....	111,000
Pusan Iron Works, 1955.....	1,955,000
Near East and South Asia:	
India: Bokaro Steel Plant 1962.....	750,000
Turkey: Eregli Steel Mill, 1959.....	129,600,000

U.S. and international agencies aid to the steel industries of the world, 1945-63—Con.

FOREIGN STEEL INDUSTRIES ASSISTED FROM U.S.-OWNED FOREIGN CURRENCIES, 1954-62

Europe—Continued	Amount authorized
Austria:	
Steel mill, 1957, Public Law 480.....	\$1,346,000
Steel mill and tool manufacturing, 1958, Public Law 480.....	846,000
Steel and malleable foundry, 1958, Public Law 480.....	577,000
Fabricated structural steel, 1957, Public Law 480.....	385,000
Yugoslavia: Niksic Iron Works, 1958, Public Law 480.....	5,610,000
Latin America:	
Brazil: Minas Gerais Steel Plant, 1961, Public Law 480.....	6,831,000
Asia:	
India: Bokaro Steel Plant, 1962, Public Law 402.....	91,000
U.S. aid to specific foreign industries, 1953-62	
PULP AND PAPER PLANTS	
Amount of aid grants and loans	
1958:	
Taiwan: Papermill expansion.....	\$162,000
Iceland: Wastepaper pulp equipment.....	2,000
Yugoslavia: pulp and paper manufacturing equipment.....	21,000
Israel: Paper plant.....	3,000,000
Finland: Wood pulp equipment.....	750,000
Argentina: Pulp and paper mill.....	7,600,000
Colombia: Papermill.....	5,700,000
Mexico: Pulp and paper mill equipment.....	333,000
1959:	
Vietnam: Pulp plant.....	265,000
Yugoslavia: Processing pulp.....	47,000
Argentina: Pulp mill expansion.....	2,220,000
Philippines: Pulp and paper mill machinery.....	5,400,000
Colombia: Pulpmill machinery.....	180,000
1960:	
Finland: Pulp and paperboard machinery.....	2,056,000
Argentina: Pulp and paper mill.....	9,190,000
Venezuela: Papermill machinery.....	198,000
Tanganyika: Pulp and paper mill.....	6,250,000
Egypt: Pulpmill.....	6,700,000
Yugoslavia:	
Pulp and paper products machinery.....	54,000
Pulp and paper mill.....	3,093,000
South Africa: Pulp machinery.....	61,000
India: Pulp and paper mill.....	18,500,000
1960:	
Finland: newsprint machinery.....	5,203,000
Israel: Pulp and paper machinery.....	670,000
Greece: Pulp machinery for fiberboard.....	2,500,000
Argentina: Pulp and paper machinery.....	80,000
Colombia: Cellophane paper machinery.....	196,000
Panama: Paper bag machinery.....	17,000
1962:	
Philippines: Pulp and paper mill machinery.....	100,000
Egypt: Cellophane plant.....	3,000,000
Venezuela: Bagasse plant.....	1,450,000

U.S. aid to specific foreign industries, 1958-62—Continued

PETROLEUM AND RELATED FACILITIES	Amount of aid grants and loans
1958:	
India:	
Oil and Gas Commission.....	\$41,000
Fuel Research Institute.....	25,000
Israel: Oil field conservation techniques.....	6,000
Taiwan:	
Petroleum refining.....	145,000
Petroleum products diversification.....	97,000
Bolivia: Ministry of Petroleum.....	83,000
Argentina: Petroleum asphalt plants.....	289,000
1959:	
India: Oil and Commission.....	12,000
Israel:	
Oil field conservation techniques.....	6,000
Petroleum facilities.....	367,000
Argentina: Petroleum asphalt plants.....	83,600
Spain: Petroleum production study.....	8,000
Panama: Petroleum regulations study.....	16,000
Greece: Petroleum facilities.....	500,000
1960:	
India: Oil and Gas Commission.....	42,000
Israel: Oil field conservation techniques.....	38,000
Panama: Petroleum laws study.....	1,000
Italy: Petroleum and chemical plant.....	2,890,000
Argentina: Petroleum asphalt plant.....	10,000
Pakistan: Petroleum gas treating plant.....	1,994,000
1961:	
India: Oil and Gas Commission.....	31,000
Israel: Oil field conservation techniques.....	6,000
Greece: Petroleum facilities.....	836,000
Finland: Petroleum facilities.....	1,750,000
Chile: Petroleum plants.....	34,500
1962:	
Colombia: Petroleum asphalt equipment.....	31,000
Greece: Petroleum facilities.....	570,000
1958: CHEMICAL PLANTS	
Taiwan:	
Caustic soda.....	144,000
Urea plant.....	1,617,000
Japan: Chemical plant expansion.....	2,300,000
Mexico: Chemical production.....	460,000
1959:	
Taiwan: Urea plant expansion.....	189,000
India: Phosphorous plant.....	21,000
Korea: Soda ash plant.....	5,600,000
Colombia: Chemical plant facilities.....	460,000
Peru: Chemical plant.....	700,000
1960:	
Taiwan:	
Urea plant.....	1,884,000
Sulphuric acid plant.....	74,000
Indonesia: Nitrogenous chemical plant.....	33,200,000
Argentina: Phenol plant.....	2,000,000
Mexico: Citric acid plant.....	800,000
Israel: Chemical facilities.....	258,000
1961:	
Israel: Chemical plant.....	7,150,000
Mexico: Chemical plant equipment.....	58,000
Peru: Chemical plant equipment.....	508,300
Turkey: Chemical plant.....	2,800,000

U.S. aid to specific foreign industries,
1958-62—Continued

	Amount of aid grants and loans
1962:	
India: Chemical plant facilities.....	\$7,650,000
Japan: Ammonia and urea plant.....	800,000
Argentina: Chemical plant for synthetics.....	413,000
Chile: Sulfuric acid plant.....	95,000
Colombia: Chemical fertilizer plant.....	237,200

ALUMINUM PLANTS

1958:	
Taiwan: Aluminum plant modernization.....	672,000
Austria:	
Aluminum products plant.....	385,000
Aluminum plant.....	1,000,000
1959:	
Taiwan: Aluminum plant.....	1,350,000
Colombia: Aluminum plant facilities.....	400,000
1960:	
India:	
Aluminum reduction plant.....	13,650,000
Aluminum fabricating plant.....	5,000,000
Aluminum plant.....	2,000,000
Lebanon:	
Aluminum plant.....	400,000
Aluminum extrusion facilities.....	124,300
1961:	
Taiwan: Aluminum plant modernization.....	238,000
Philippines: Aluminum press.....	150,500
Mexico: Aluminum smelter.....	6,500,000

PLASTIC PLANTS

1958:	
Cuba: Plastic injection molders.....	14,000
1959:	
Argentina: Polyethylene plant.....	8,000,000
France: Plastic plant facilities.....	370,000
1960:	
Argentina: Plastic extrusion facilities.....	110,000
Yugoslavia: Plastics plant.....	23,000,000
1961:	
Argentina:	
Plastics plant equipment.....	9,000
Plastics products equipment.....	24,500
Korea: Plastics plant for fibers.....	3,200,000
Israel: Plastics equipment.....	80,000

RUBBER PLANTS

1958:	
Colombia: Rubber development.....	2,000
Peru: Rubber development.....	200,000
Latin America: Regional rubber development.....	600,000
Austria: Rubber plant equipment.....	769,000
1959:	
Guatemala: Rubber development.....	50,000
Latin America: Regional rubber development.....	400,000
Spain: Rubber plant.....	650,000
1959:	
Argentina: Rubber pneumatic plant.....	3,300,000
Guatemala: Rubber plant.....	5,000,000
Israel: Rubber plant facilities.....	457,000
1960:	
Guatemala: Rubber development.....	156,000
Peru: Rubber development.....	199,000
India: Rubber plant.....	4,500,000
1961:	
Guatemala: Rubber development.....	180,000
1961:	
Peru: Rubber development.....	20,000
Turkey: Rubber plant.....	4,000,000
India: Rubber plant.....	8,000,000

U.S. aid to specific foreign industries,
1958-62—Continued

	Amount of aid grants and loans
1962:	
Guatemala: Rubber development.....	\$26,000
Brazil: Synthetic rubber plant.....	3,400,000

U.S. aid to specific foreign industries,
1958-62—Continued

	Amount of aid grants and loans
1962—Continued	
Turkey: Rubber plant.....	\$3,125,000
India:	
Rubber equipment.....	500,000
Synthetic rubber plant.....	3,000,000

Hourly employment costs—American versus foreign steel industries

Country	Hourly employment costs ¹		Increase 1961 over 1952		Foreign as percent of United States	
	1952	1961	Cents	Percent	1952	1961
Luxembourg.....	\$0.98	\$1.47	\$0.49	50	42	37
Belgium.....	.82	1.26	.44	54	35	32
France.....	.72	1.11	.39	54	31	28
West Germany.....	.69	1.37	.68	99	30	34
Italy.....	.64	1.04	.40	63	27	26
Netherlands.....	.53	1.40	.87	164	23	35
European coal and steel community average.....	.72	1.25	.53	74	31	31
Japan.....	.32	.63	.31	97	14	16
United States.....	2.32	3.99	1.67	72	100	100

¹ Sources: 1952-60 data, Information Statistique; 1961 data, Siderurgie; 1962, No. 5 and 6, European Coal and Steel Community; Japan Iron and Steel Federation; and American Iron and Steel Institute.

AMENDMENT NO. 297

COMPTROLLER GENERAL SHOULD HAVE THE RIGHT
TO AUDIT FOREIGN AID PROGRAM

Mr. GRUENING. Mr. President, I send to the desk and ask that it be printed and lie on the table an amendment to H.R. 7885, a bill to amend further the Foreign Assistance Act of 1961.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. GRUENING. Mr. President, the amendment is also one which appears in the House-passed bill and was offered by Congresswoman KELLY at the request of the Comptroller General.

The amendment merely provides that all aided countries must agree, before qualifying for aid, that they will submit to such reviews, inspections, and audits as the President of the United States may require in order to ascertain whether the assistance granted is being administered in such a way as to carry out the purposes for which it was granted or loaned.

I ask unanimous consent that the text of the amendment be printed at this point in my remarks.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

On page 51, between lines 13 and 14, insert the following:

"(k) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

Mr. GRUENING. Mr. President, in making this request to Congresswoman KELLY, the Comptroller General states:

Although we have been able to resolve satisfactorily the difficulties we have encountered in auditing foreign aid programs, it is to be noted that recipient countries

are not required, as a condition to receiving economic and technical assistance grants and loans, to permit observation and review by, or furnish information to, U.S. representatives. Enactment of such a requirement would make it clear that recipient countries are expected to grant the right of observation and review to U.S. representatives.

It is a simple request and one which the Congress should honor. As the Comptroller General states, resistance to audit has been overcome in all cases so far but his task would be much easier if the agreements contemplated by my amendment were in existence.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 204 Leg.]

Aiken	Hart	Mundt
Allott	Hartke	Muskie
Anderson	Hayden	Nelson
Bartlett	Hickenlooper	Neuberger
Bayh	Hill	Pearson
Bible	Holland	Pell
Boggs	Hruska	Prouty
Brewster	Humphrey	Proxmire
Burdick	Inouye	Randolph
Byrd, Va.	Johnston	Robertson
Byrd, W. Va.	Jordan, N.C.	Russell
Cannon	Keating	Saltonstall
Carlson	Kuchel	Scott
Case	Lausche	Simpson
Church	Long, La.	Smathers
Clark	Magnuson	Smith
Curtis	Mansfield	Sparkman
Dirksen	McCarthy	Stennis
Dodd	McClellan	Talmadge
Dominick	McGovern	Thurmond
Douglas	McIntyre	Tower
Ellender	Metcalf	Walters
Ervin	Miller	Williams, N.J.
Fong	Monroney	Williams, Del.
Fulbright	Morse	Yarborough
Gore	Morton	Young, N. Dak.
Gruening	Moss	Young, Ohio

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the Holland amendment to the Mansfield amendments to the committee amendment in the nature of a substitute.

Mr. MORSE. Mr. President, before I deliver my next major speech in op-

position to the bill, I have another parliamentary inquiry to address to the Chair. Suppose the Holland amendment is adopted, and suppose I then offer a substitute for the paragraph of the Mansfield amendments in lines 4 to 9 on page 1, and suppose the substitute were to read:

On page 1, lines 7 through 9 of the Mansfield amendments, strike out "\$975,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years" and insert in lieu thereof: "\$900,000,000 for the fiscal year 1964."

Would that substitute language be sufficient substantial change in the language of the paragraph on page 1, lines 4 to 9, to meet the previous ruling of the Chair that if I offered substitute language for this paragraph, and if my substitute were agreed to, the whole paragraph, including the Holland amendment, would come out?

The PRESIDING OFFICER. The Chair would rule that such an amendment would be in order—even after the Holland amendment was agreed to—as being a sufficient substantial change.

Mr. MORSE. Yes; the amendment would be in order. But if the amendment were adopted, would that wipe out the Holland amendment, with the result that then we would finally have an authorization only for 1964, and it would also automatically amend the Mansfield amendments by wiping out any authorization of \$1,500 million for 1965 and 1966?

The PRESIDING OFFICER. Does the Senator from Oregon have a copy of the proposed amendment to submit to the Chair for the Chair's consideration?

Mr. MORSE. Yes, Mr. President; and at this time I send it to the desk.

Before the Chair rules, let me restate my objective, because I want the Senate to know—in spite of any other views which may be held—what my parliamentary objective is: I want to get myself and my colleagues in a position where we can move expeditiously, amendment by amendment, to deal with the amendments now at the desk, without first being required to hurdle any parliamentary barrier, for the consideration of these amendments moneywise and policywise, in connection with our attempts to modify or amend this bill.

Many of the amendments will be adopted. We believe they should all be adopted. But let us assume, hypothetically, that they are not. Senators should know the risk that those of us who are opposed to the bill are willing to run. Assuming that we lost no our amendments, the proponents of the Mansfield amendments might decide not to offer any amendment and try to win on the bill as is, which is their right. We believe it would be a great mistake for the country, but they would be in a position to act in that manner.

They could say, "We do not like the position which the Senator from Oregon has taken as to why he thinks the amendment was offered." Forget for a moment about the motivation of the

amendment. The effect of the amendment is to put those of us in opposition to the bill at a parliamentary disadvantage. That will not hasten the final consideration of the bill, because we have got to have time to figure out as best we can how we can at least reduce that disadvantage.

Mr. KUCHEL. Mr. President, will the Senator yield for a question?

Mr. MORSE. I should like to finish my explanation, and then I shall be glad to yield.

We have suggested to the leadership that they lay aside for the time being the Mansfield amendments and give the opposition an even break in the race, if we might use that figure of speech. At least they should not put us under a handicap. Let us try our amendments and let the Senate work its will on them. If we lose, we lose. We do not think we will lose on a good many of them. I am very frank to say that I do not want to be in a position of delaying action on the bill.

A few minutes ago I talked to the whip. I do not see him present at the moment. I am not going to agree to a unanimous consent request to limit debate and fix a time to vote on the bill. This is one major piece of legislation that will go through the Senate in keeping with what I think the procedure of the Senate ought to be on all major legislation. Debate will run its course, and we shall vote without any limitations upon the debate. Senators will not like it, but that is just too bad, so far as I am concerned. That is the way it is going to be. That will guarantee to the American people full and adequate debate on the bill. They are entitled to it. I believe that they will approve of that procedure.

Time would be saved if the Mansfield amendments were temporarily laid aside, to see how we get along with our amendments. I do not know whether that course will be agreed to or not; the proponents have not told me that they will or that they will not agree. Therefore, I intend to make my next speech on the bill. But before beginning that speech, I want a ruling on the parliamentary question. If the leadership refuses to lay aside the Mansfield amendments, and the Holland amendment is adopted, the Holland amendment would reduce the authorization for 1965–66 to \$975 million. I would congratulate the Senator. That would be wonderful. The only thing wrong with it is that it would not go far enough. But the result is better than the proposed \$1.5 billion. What I wish to do is to get rid of the authorization of 1965 and 1966 entirely. In effect, what I wish to do is to offer an amendment that would amend the entire foreign aid program so that the authorization would be only for 1964. Then we would return next year and decide what to authorize for 1965 and 1966.

Psychologically, it would be one of the greatest things for the country, and it would be clear notice to the present administration that the recommendation in the Foreign Relations Committee report

that the administration ought to reorganize the foreign aid program should cause them to go forward and do so.

The majority of the committee, with whom I disagree on many parts of the bill, have so recommended in the committee report. I am trying to accommodate them by eliminating the authorization for 1965–66. I wish to know whether or not the amendment that I have sent to the desk for a parliamentary ruling would, first, be in order after the Holland amendment was adopted; and, second, if it would be in order after the Holland amendment had been adopted, would it, in effect, if agreed to, eliminate all authorizations for 1965–66? That is, would it eliminate the \$1.5 billion continuing authorization now in the law? That is my objective.

Will the Senator from California accept by apology? I wanted to get that point clear before I yielded.

Mr. KUCHEL. Mr. President, though the authors of the Mansfield-Dirksen amendments are not present, I should like to ask the following question: Is it not true that if at any time a Senator obtained an order for a yea-and-nay vote on the Mansfield-Dirksen amendments, Senators would be powerless to withdraw the amendment in the absence of a unanimous-consent agreement?

Mr. MORSE. Certainly. For that reason the order for a yea-and-nay vote has been withdrawn, so that there may be a period of negotiations. But it only illustrates again why—although I hurt feelings apparently—I referred to the amendments last Friday as "powerhouse amendments." That is exactly what they are. I know of no more apt description of them. They are a parliamentary powerhouse. They put those of us in opposition to the bill at a great parliamentary disadvantage. Those who have proposed the amendments are perfectly within their rights. I do not question their right. The question is whether or not it is wise to create this kind of parliamentary jam in the Senate. Partly as a result of it—but that is only one of the causes—there will be no unanimous-consent agreement to limit debate.

Mr. KUCHEL. I misunderstood my friend. I thought he voiced some apprehension that if the amendments to the Mansfield amendments were offered and defeated, there would be no guarantee on the part of any Senator that the Mansfield-Dirksen amendments would not subsequently be withdrawn.

Mr. MORSE. I did not mean to say that if I said it.

Mr. KUCHEL. I thank my friend.

Mr. MORSE. There is no guarantee that they would not subsequently be offered again. That is what I thought I said.

Mr. President, I ask for a ruling of the Chair.

The PRESIDING OFFICER. The Chair rules that the amendment would be in order after the adoption of the Holland amendment. For the sake of the record, the Chair will state the amendment:

On page 1, lines 7 to 9, of the amendment, strike out "\$975,000,000 for the fiscal year 1964 and \$1,500,000,000 for each of the next two succeeding fiscal years," and insert in lieu thereof, "and \$900,000,000 for fiscal year 1964."

The amendment would be in order.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HOLLAND. I call attention to the fact that the Senator's question was predicated on the adoption of the Holland amendment beforehand, which itself would have eliminated the \$1,500 million figure and substituted for that figure, "\$975 million."

The PRESIDING OFFICER. The Senator from Florida is correct. If the amendment were agreed to, line 7 of the Mansfield amendment would read as follows: "the fiscal year 1963, \$900,000,000 for the fiscal year 1964." The remainder of lines 8 and 9 would be stricken out.

Mr. MORSE. My question is this: If the Senate adopted the amendment, would that automatically amend the existing law, which presently contains an authorization of \$1.5 billion for 1965-66?

The PRESIDING OFFICER. The Chair is in no position to interpret what the laws are today as they are on the books.

Mr. MORSE. The Presiding Officer is in a position, is he not, to advise the Senate as to whether adoption of the amendment would automatically amend existing law in respect to 1965-66?

The PRESIDING OFFICER. The Chair has no authority to interpret the legal affect of an amendment.

Mr. MORSE. What I am seeking to do is to eliminate from the Foreign Aid Act as it is now on the books any and all authorization of funds for the years 1965 and 1966. I want to know if the passage of the Holland amendment will prevent me from offering an amendment aimed at accomplishing such an end. Such an amendment would defeat the purpose of the Senator from Florida—which is also my purpose, although I would go further. The situation that we would then face if I cannot eliminate the \$1.5 billion for 1965-66 would be to seem to support a continuation of a huge authorization beyond the year 1964.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. SALTONSTALL. I have read the amendment of the Senator. It would authorize \$900 million for fiscal year 1964 and eliminate the law that Congress passed last year or the year before to carry on through 1965-66; so that if we wanted any aid to be provided next year for the same purpose we would have to pass a completely new authorization.

Mr. MORSE. I believe so. That is what I wish to do. However, I cannot obtain a ruling that says I would accomplish that end. Until I get such a ruling that I would accomplish that end, I must take the time to find some other way to get around the Mansfield amendments so that I can accomplish that objective.

Mr. SALTONSTALL. I have read the amendment and talked with the Parliamentarian. That is what the Senator

would accomplish. So the issue before the Senate, if it votes on the amendment, would be whether to eliminate all authorizations for every year after the year 1964.

Mr. MORSE. That is what I am trying to do. I am trying to find out if I can succeed, and the Presiding Officer has told me he cannot advise me.

The PRESIDING OFFICER. The Chair has no authority to interpret the legal affect of an amendment, but his amendment could only change the law which is referred to in the amendment.

Mr. MORSE. I drafted this amendment because I was advised it would accomplish the objective. That is why I wanted to get the matter on record. I will draft another amendment to try to accomplish the same end.

I repeat, what I am trying to do is to eliminate 1965-66 entirely. If I cannot eliminate it entirely, I should like to reduce the amount to the House figure—\$900 million. I prefer the Holland amendment to the allowance of \$1.5 billion. I like the figure of \$900 million better.

This procedure takes time. I am acting in good faith. Those opposed to the bill are entitled to have time—and I shall see to it that they get the time—to see if we can perfect the bill so that our objective, at least, will be brought before the Senate for a vote.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MORSE. I yield.

Mr. SALTONSTALL. If the amendment of the Senator from Oregon is not what I tried to state, but would leave in 1964-65, would it not become an amendment in the third degree after the Mansfield amendments and the Holland amendment? In other words, is it necessary to eliminate 1964 or 1965 before the Senator can offer his amendment at this time?

The PRESIDING OFFICER. If the amendment deals only with the matter contained in the amendment of the Senator from Florida, and would be in order.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HOLLAND. It seems to me there is a mistake in understanding. The Senator from Oregon has predicated his position upon the premise that the so-called Holland amendment would first be adopted and written into the so-called Mansfield amendment.

Mr. MORSE. That is correct.

Mr. HOLLAND. In that case, there could be no objection arising of the nature suggested by the Senator from Massachusetts, to the effect that the amendment would be an amendment in the third degree.

Mr. MORSE. We have these rulings. The staff members of the Foreign Relations Committee who have been assigned to me, and my own staff and others who share my opposition to the bill, can take note. I respectfully request that they get the help of legislative counsel and proceed with the work of drafting an amendment—which I can submit later this afternoon for a series of other

parliamentary rulings—so that we can finally get one that will be in order, and that will accomplish the objective I have in mind.

What we are trying to do is to offer an amendment to reduce the authorization for 1964 to the House figure of \$900 million. We are trying to perfect an amendment that would eliminate the \$1.5 billion authorization for 1965 and 1966 so that the only authorization that then would be left in the law would be \$900 million for 1964, with nothing for 1965 and 1966.

This would mean that the administration would have to take a look at the program from the standpoint of the committee's recommendations that the administration should consider reorganizing the foreign aid program. That is sorely needed.

Such a course would leave no doubt that we should be in a better position next year, when the Foreign Relations Committee considers foreign aid legislation again, to consider a much smaller authorization for 1965 and 1966. I believe that by that time the reaction in the country will be such that the Congress will be more prone to cut down the number of countries we are now aiding, from somewhere in the neighborhood of 90. We are having difficulty obtaining the official figure—as to whether it is 90 or 107, or some figure in between—but I believe by next year the temper of the country will be such that the people will want that number of countries cut down to at least the figure in one of the amendments I shall offer—which would limit foreign aid to 50 countries. I believe that about 50 countries which are getting aid do not need it and should not be getting it. That would be a great saving to the taxpayers. If that should be true, we do not need anything in the neighborhood of a \$975 million authorization, to say nothing of \$1.5 billion.

If my assistants will check with the Parliamentarian and proceed to draft an amendment to accomplish that end, I will hold the floor until it is drafted.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MANSFIELD. I have met with the Senators who joined me in the offering of the amendments, and I am sorry to report back to the Senator from Oregon that there is no possibility for change in the initial procedure.

Mr. MORSE. That is perfectly all right. I understand. The Senators are well within their rights.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MORTON. If there is any question about the amendment as the Senator from Oregon submitted it, and assuming it is adopted after the Holland amendment is considered and adopted, would it not be made perfectly clear, if the Senator's amendment remained just as it is, and a new section were inserted which specifically repealed those sections of the act referred to?

Mr. MORSE. Yes. The ruling of the Chair was interesting. It was a perfectly proper ruling, but if the Chair

supports me, my amendment will be in order, and I am of the opinion that it would accomplish exactly what I have in mind, for the Chair has not told me what effect my amendment will have, because the Parliamentarian apparently follows—

The PRESIDING OFFICER. If the Senator will indulge an interruption by the Chair, it is the Chair's understanding that the Chair cannot interpret the legal effect of any measure passed by this body. That is not within the province of the Chair. The Chair was fearful the remarks he made might be misinterpreted. All the Chair said was that lines 8 and 9 of the Mansfield amendments would no longer be in the bill and that the final line then would read: "the fiscal year 1963, \$975,000,000 for the fiscal year 1964"—period

The Chair does not have the right to interpret the effect this amendment would have on existing law.

Mr. MORSE. I understand. I am not criticizing the ruling of the Chair. I am trying to explain to the Senator from Kentucky, and through him to the Senate, what my interpretation of the ruling of the Chair is. I shall give study to it.

My interpretation is that when the Chair rules my amendment to be in order, the effect of this amendment will be to eliminate from the existing law \$1,500 million of the authorization for 1965-66. That is my judgment. We apparently shall have to wait until my amendment is adopted, and if it is adopted, then obtain a ruling.

I want legislative counsel to take note of the suggestion of the Senator from Kentucky: We can also add an additional section, that proposes to leave no room for doubt, by repealing the authorization for 1965 and 1966.

While my assistant and legislative counsel are giving further consideration to this question, I turn to another discussion of some of my objections to the bill.

One of the amendments I have offered calls for a 25-percent cut from anticipated 1964 aid levels for Spain, Portugal, Greece, and Turkey. These countries are included in one amendment because our aid programs for all are assumed to promote the defenses of Europe.

Ignoring for a moment the question of whether they do promote the defense of Europe, it is still no more our obligation to aid these countries than it is the obligation of all our partners in European defense. Three of the four are NATO members. One of these, Portugal, receives military aid from us in payment for use of her Azore Islands as an air base.

Since Portugal contributes no manpower and very little seapower to NATO defenses, one might reasonably ask why she should not offer the use of the Azores to the Alliance as her contribution. She does not; she gets military aid from us in payment for it. That aid is not to build up Portuguese NATO forces because there are virtually none.

Why should the United States alone pay the cost for this base? Why, if Portugal must be paid, does not each NATO member help pay the bill?

We have already extended \$498 million in aid to Portugal. Currently, her aid is entirely in military grants—not loans, but grants, out-and-out gifts by the American taxpayer.

My amendment calls for a military aid program 25 percent below what is planned for fiscal 1964. Unless other NATO members make up whatever difference Portugal requires to make her NATO memberships worth her while, I believe the United States should abandon use of the Azores and cease all aid to Portugal.

Mr. President, I do not like to be held up; I do not like to be told by Portugal, "You pay, or else." That is the position of Portugal. I say, go around her.

Mr. President, do not tell me that we must have the Azores as a base. It is true that we must have the Azores as a base if we want to use certain types of planes, but those planes are already semiobsolescent, and there are other air lanes we can use without going to the Azores.

It is about time that Congress stood up in opposition to what I call a form of international blackmail; for, if it is a case of Portugal saying to us, "Pay, or else," I am for taking the "else."

It is about time for us to make very clear to Portugal that, as a NATO member, she has obligations, too, and that no longer should she be on the receiving end. She must also be on the paying end.

I say to my colleagues in the Senate—and I quote no one—that we would greatly strengthen the hand of this administration, in connection with European diplomacy, if we took a long, hard look at what this bill contains by way of payments for Europe, and cut them drastically.

In my opinion, if that were done, this administration would be put in the position where it could say, in the diplomatic organizations in Europe, "Congress made very clear the limit and the checks that are placed upon us."

In my judgment, if we adopted the amendment of the Senator from Oregon and those who joined with him, we would almost automatically, overnight, change the relationships between Europe and the United States. They would stop spitting in our face. They would stop insulting us with their anti-American nationalism. They would start realizing that the people of the United States, through their elected representatives, had had enough, and that they would either have to fulfill their NATO obligations or we would withdraw.

The fact is that our NATO Allies have not fulfilled their NATO obligations. I challenge any member of the Foreign Relations Committee to stand up and show that there is any NATO ally that has lived up to her NATO commitments—not even West Germany.

What the senior Senator from Oregon is pleading for, in behalf of the taxpayers of this country, is that we stop paying more than our share in respect to Europe, for we have done our duty to Europe. We have rehabilitated Europe. The greatest steel mills in the world are no longer in the United States.

That is having a tremendous effect on

the American economy. It is having a tremendous effect on American labor, too. That is so even though much of American labor has been misled into believing that paying more than our share is having a longtime benefit on American labor. I am at a loss to understand the position of some American labor leaders on the question of foreign aid. If they think it is in the longtime best interest of American labor, they could not be more wrong. In order to continue to pay more than our share, we must continue to export more and more jobs from the United States. It is about time that we paid some attention to seeing to it that we provide job opportunities for our own people.

GREECE AND TURKEY

In my earlier remarks on the bill, I have dealt in great detail with what I consider to be the failure of our huge aid program in Turkey. During the committee hearings, I asked AID Director Bell for a report on what our NATO partners are doing to help Turkey and Greece, both of which make available large numbers of troops to NATO. The answer was that some economic aid goes to them, chiefly from Germany, but virtually all their military aid comes from the United States.

Mr. President, Turkish aid has already totaled over \$4 billion. For the last 10 years, it has averaged over \$300 million per year, and the fiscal 1964 plans are for a sum in considerable excess of \$300 million.

If anyone believes that Turkey is a showcase for democracy, he has never been to Turkey, or has never studied the existing system in Turkey. Turkey is anything but a democracy. Is it any wonder, then, why millions of people in the world suspect us of being hypocritical? We are. The sordid fact is that we are a hypocritical Nation with respect to many phases of American foreign policy. We are hypocritical when we say we seek to establish freedom around the world by encouraging governments which have guaranteed to their people self-government based upon the American doctrine that the people should be the masters and not the servants of the state. Yet we pour \$4 billion into Turkey, and she is in a worse state now than she was in 1947. What was a trend toward freedom in Turkey has disappeared. Only by a stretch of semantics could one say he has found anything resembling democratic government in Turkey.

I do not know why we should carry the burden alone. Except for some token payment that West Germany makes, we are doing it practically alone.

To Greece we have already given \$3.5 billion. The yearly amount in 1961 was \$86.2 million and in 1962 it was \$82.8 million. But unless some reduction is made this year by Congress, Greek aid will get up far over the \$100 million mark once again.

Why? I ask that I be given some reasons. Where is the brief of the administration which justifies \$100 million of American taxpayer money for Greece? I want to see the facts. I want to see the brief, I want to proclaim it, so that the

American people can criticize it. They will.

The administration cannot sell to the American people \$100 million of aid to Greece. The American people will make their opposition known. The American people will say to Congress "Unless the other NATO allies want to come in and help with Greece and Turkey, you must cut down to a reasonable amount American aid to Greece and Turkey."

That is my thesis. I would like to have the administration's answer. I would like to see the administration's justification for \$100 million in aid to Greece, without our NATO allies giving a fair share toward that aid.

I do not see any reason why the subsidizing of Greek-Turkish NATO forces should continue to be an American function. If those forces are important to the alliance, their financing should be the function of every member.

SPAIN

Spain is in very much the same position as Portugal, except that she is not a NATO member, even though we treat her as though she were. The U.S. bases in Spain are essentially for the defense of Europe. In payment for those bases, the United States has, through fiscal 1962, extended \$1.173 billion in economic aid to Spain, and \$524 million in military aid.

She is down for tens of millions more in military aid next year.

A few weeks ago, it was announced that a new agreement extending our leases had been reached. What is in that agreement is still unknown to the American people and to most of Congress.

It is known to call for an undisclosed amount of military aid to Spain. More recently, it has also become known that the agreement does not permit the United States to use the naval base at Rota for our Polaris submarines that are assigned to NATO forces in the Mediterranean. Since the Strategic Air Command bases in Spain are steadily decreasing in importance, it is very difficult for me to see what purpose has been served by this agreement, except another lush handout to Spain.

More important, it is a disservice to the people and to Congress that the terms of this executive agreement and its price tag are kept secret.

Imagine the hue and cry that would go up in this country if an executive agreement of this kind were worked out in secret—and held in secrecy—with Indonesia, or British Guiana, or Algeria, or some other totalitarian government of the left. But little is said about a secret agreement with a totalitarian government of the right, such as how much it is going to cost the American people and whether we are getting our money's worth.

Let it be remembered that there is no executive agreement that cannot be overridden by an act of Congress. The Executive cannot appropriate the money for Spain—only Congress can do that.

And until the American people are shown that every NATO partner which enjoys the protection of those American

forces in Spain is helping to pay for their cost, I am not in favor of any such military aid program for Spain as is planned in fiscal 1964.

My proposal is extremely simple. I merely say to my administration, "Tell the American people all the facts about the executive agreement with Spain." If we have really reached the point where a President of the United States, acting through his Secretary of State and Secretary of Defense, can enter into an executive agreement of this type with Spain, pledging all this money, and the elected representatives of the people cannot learn the facts about it, and the American people cannot be told the facts. I do not know how one would describe the situation; but if that is to be the policy, I call it a further step in the direction of a police state. A police state is based upon secrecy; a police state is based upon concealment from the people and the people's elected representatives such pertinent facts as I am calling for in regard to whatever agreement was entered into with Spain. I am for cutting it. I am for an amendment to the bill that will slash it. How can, in any other manner, notice be served on the administration. If the administration wants to go about the world, entering into the kind of arrangement it entered into with Spain, and is not willing to make the facts public, that administration should be cut off at the purse string. Congress should deny the administration the money. If Congress is not willing to do that, in my judgment, it will have surrendered one of the greatest checks that our constitutional fathers wrote indelibly into the Constitution—the check upon the executive branch of the Government through the purse strings. I am not for giving one dime to Spain until at least we know the facts.

FIRM STAND NOW IMPORTANT

It was never more important for us to take a firm stand on these NATO costs than now. Unless Congress is firm now, the American people are going to find themselves saddled with the cost of yet another NATO venture, one of the most expensive and least useful of all—the Polaris-carrying surface fleet.

One would think that at a time when the American Government has been trying to persuade our NATO partners to start putting up their fair share of the conventional forces of the alliance, it would have better judgment than to propose at the same time a nuclear fleet for which we are offering to pay 40 percent of the cost.

What a sham we are making of the notion that NATO is a multilateral alliance. It is a German-American alliance, as this proposed nuclear fleet makes embarrassingly clear. It is an alliance from which France has virtually withdrawn now that the great flow of money from the United States has ended. It is an alliance that Britain belongs to only to the extent she thinks is necessary to retain some voice in its affairs. Along with Italy, these are the great powers of Western Europe; but when it comes to the financing and manning of the military defenses of

the alliance, there are really only two members.

This is true now of its conventional forces. We, the United States, are now trying to make it true for a nuclear force as well. How do American spokesmen expect to make the case stick for the fulfilling of NATO force goals when at the same time they are urging members to let the United States pay 40 percent of the cost of a nuclear force?

Of course, one has to go to Bonn, or Paris, or London, or Rome to find out exactly what our spokesmen are urging.

We do not find it out in Washington, D.C. No Secretary of State or Defense, or Under Secretary, or even Assistant Secretary has discussed the proposed multilateral NATO fleet with the Senate Foreign Relations Committee. Perhaps they have with the Armed Services or Appropriations Committee—I do not know—but if so, it has been kept very quiet.

We Senators have to do our best to find out what it is all about from reading the papers, and buttonholing foreign dignitaries, and foreign newsmen to get some idea of the American objective.

We ought to slash into the NATO funds; we ought to serve notice this year—now—that NATO funds will be drastically reduced. In my judgment, that would not only strengthen the hand of the President and the Secretary of State in diplomatic negotiations; it would also serve notice in the form of a very much needed lesson in democratic self-government to our allies abroad. They need to be told that in this country the executive agreements of a President must be implemented with appropriations. Now is the time to make it clear that any agreements under NATO have run on the rocks; that NATO will not get the appropriations—that is, if the House Committee on Ways and Means and the Committees on Appropriations of the House and Senate intend to carry out the will of the people.

In due course, I shall offer a series of amendments, country by country, if the parliamentary situation forces me to do so, calling for reductions in NATO appropriations. Let Senators stand up and be counted.

PURPOSES OF MULTILATERAL FLEET

On one central point they are all agreed: this new fleet is a political and not a military venture. Apparently it has two purposes; one, to head off a German nuclear arms drive, and second, to give NATO something to work on while waiting for De Gaulle to pass from the scene.

To take the second point first, many Americans are great believers in the theory that working out infinite details and spending large sums of money in joint projects brings nations together irrespective of the value of the project itself. But even if that were true—I think anything but that is true—I do not believe it is worth several billion dollars to the American people.

The second reason given for pressing this fleet is that it will give to the Federal Republic of Germany a hand in a nuclear weapons system and thereby re-

lieve any desire on her part for nuclear weapons of her own.

This is a very large-sized assumption. I have not heard any clamor from the German people to become a nuclear power. They know, as the world knows, that any step in the direction of nuclear weapons for West Germany is considered by the Soviet Union to be a grave threat to her security. Aside from that problem, nuclear weapons are very expensive. It is problematical whether that is an expenditure the German people are ready to make.

Of even greater concern to me is the constant implication in all these discussions that once the nuclear fleet is a reality, the United States would be willing to give up the control of its warheads. That is the old gimmick. That is the "come-on." We offer to pay far more than our share; and to keep the American people quiet, it is said that the warheads will remain under American control. But once the project is a reality, once our money is spent and gone, then our policymakers find it convenient to invite the noncontributing countries in to help to run the fleet and decide when, where, and how its nuclear warheads will be fired.

There have even been rumors in the press that administration officials have hinted that we would turn our entire share of the fleet over to Europeans. These are rumors and allegations that have frightening implications. The very least of them, aside from all the implications of the expansion and proliferation of nuclear forces, is that once again, Uncle Sam is preparing to finance, pay for, and furnish to Europe the instruments of her defense.

I am not at all interested in any more of these military giveaways to Western Europe. Either NATO is going to be an alliance in which everyone pays a fair share, or the alliance should die. The time to find out is now, and the place to begin finding out is here in the Senate, in connection with this foreign aid bill.

Before leaving this point, I want also to bring to the attention of the Senate an article, by Crosby S. Noyes, which appeared in the Evening Star of October 24, 1963. In this article, Mr. Noyes describes the meeting now going on in Paris under the Western European Union treaty. He points out that one provision of this treaty obliges France, now that she has nuclear weapons in production, to submit to a vote of the council of the Western European Union "the level of stocks that the high contracting parties concerned will be allowed to hold on the mainland of Europe." It takes a majority vote of the council to make such decisions.

As Mr. Noyes indicates, France is already in violation of that treaty obligation. France has no intention of submitting the control of her nuclear weapons to a majority vote of the WEU; and apparently no member of the treaty group is planning to hold France to account under its provisions.

Yet it is also this treaty—and this treaty alone—that proscribes the Federal Republic of Germany from manufacturing nuclear weapons and which

limits German armaments in other fields, as well. I ask unanimous consent that the article from the Star be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EUROPEAN CONSPIRACY OF SILENCE

(By Crosby S. Noyes)

PARIS.—The ministers of the Western European Union who meet in Brussels tomorrow are partners in a curious conspiracy of silence.

The conspiracy consists of the fact that France—which is a member of the seven-nation group—is or soon will be in open violation of provisions of the Western European Union treaty. And not one of the assembled ministers is at all likely to so much as mention the fact.

Under little-known terms of the treaty, France is solemnly bound to submit its national nuclear program to the control of the Council of the Western European group as soon as it begins production of nuclear weapons.

From recent statements of high French officials, this stage would now seem to have been reached. Our October 16, Minister for Information Alain Peyrefitte announced that "France has started to provide itself with an operational nuclear force."

The terms of the Brussels Treaty, signed in 1954 by Premier Pierre Mendes-France (who also launched France's nuclear development program that same year), are quite explicit:

"When the development of atomic, biological, and chemical weapons in the territory on the mainland of Europe of the high contracting parties who have not given up the right to produce them has passed the experimental stage, and effective production of them has started there, the level of stocks that the high contracting parties concerned will be allowed to hold on the mainland of Europe shall be decided upon by a majority vote of the Council of the Western European Union."

BEHIND THE SILENCE

The reasons for the conspiracy of silence when it comes to invoking this clause are very simple.

France, at least as long as President de Gaulle is running the country, will most certainly not volunteer to place its nuclear force under the control of any international group. Other members of the group—most of whom profess to deplore France's national nuclear effort—feel that invoking the treaty would be the quickest possible way of destroying the Western European Union.

At this stage, the Western European Union is valuable primarily because of its non-military aspects. European powers look on it as a way of maintaining contact after Britain's exclusion by France from the Common Market. Economic and political questions are expected to dominate the discussions at Brussels.

The argument that France, if challenged, would simply denounce the Brussels treaty is somewhat disingenuous. France may not worry very much about the organization which forms a bridge between Britain and the Common Market. But behind the organization is a treaty which is of enormous importance to France as well as the other countries of the Western community.

THE TREATY'S IMPORTANCE

The Western European treaty regulates, among other things, the degree and quality of German rearmament. It is the treaty—and the only one—that presents Germany from manufacturing nuclear weapons for itself. It also limits German-made armaments in many other fields. It would not be torn up lightly by France if for no other reason

than the fact that France relies on the treaty to preserve its nuclear monopoly on the continent of Europe.

The problem of revising the Brussels Treaty is equally hard. Presumably if seven powers can agree not to raise the issue of the French nuclear program, they can also agree to revise the treaty to eliminate the embarrassing clause.

But this would inevitably involve demands for changes from the German side. And this is the problem which the seven Western European powers would dearly like to avoid as long as possible.

If they were asked, French officials would have a ready answer for their failure to adhere to the terms of the Brussels treaty.

Conditions, they would say, have changed greatly since the treaty was signed 9 years ago. At that time, for instance, there were no atomic weapons in Europe. Since 1954, the accumulation of large American nuclear stockpiles in Europe—which along with British stocks are not subject to control of the WEU powers—has made the relatively small nuclear French stockpile unimportant.

This remains to be seen. As things stand at present, the simple fact is that Britain, Belgium, Holland, Luxembourg, Italy, and Germany possess between them undeniable legal control over the French nuclear effort which they claim—in varying degrees—to oppose.

It may be the smart practice of civilized diplomacy to continue to ignore this solemnly ratified international undertaking. But it is doubtful that the issue—which goes to the heart of Europe's future—can indefinitely be swept under the Western European rug.

Mr. MORSE. Mr. President, Russia commits many wrongs; and, in my judgment, Russia has for years deliberately followed a course of action by which she has sought to arouse our concern and to create crisis after crisis. But, many times we are guilty of the same tactics. If we continued to support NATO while France followed her nationalistic course of action, and if we did not see to it that West Germany continued to be proscribed insofar as the acquisition of nuclear weapons is concerned, we would have to assume a part of the responsibility for creating what I believe would be a very frightening and dangerous crisis in the immediate future between the Western World and Russia. I do not know why anyone should think Russia would stand mute and would remain idle with France building up great nuclear power on the continent of Europe, and with France already in violation of the treaty provisions in regard to the amount of nuclear power a country can maintain on the continent. If there were added to that situation any weakening whatsoever of the proscription of nuclear power insofar as West Germany is concerned, there would be a greater crisis than the 1962 Cuba crisis.

That is why I am fearful that this mad, insane nuclear armaments race will end in war, because if we follow a course of action that leaves Russia no other course, just as Russia last year was following in Cuba a course of action which left us with no other course, the challenge will be laid down. So if we are dedicated to preventing war, we now have an opportunity in dealing with this foreign aid bill, to use it in such a way as to change U.S. policy in regard to NATO. It is for that reason that I said

a few minutes ago that Congress could very well strengthen the hand of the President of the United States in diplomatic relations with our NATO Allies by saying to him, "Mr. President, we will allow you only so much money for NATO"—much less than the amount the bill now provides.

Many do not fully realize that what we are doing in connection with some aspects of the foreign aid bill, particularly in connection with the NATO aspect, may very well have a direct bearing on whether in the years immediately ahead we may have to assume our share of the responsibility for plunging the world into a nuclear war. Yet I cannot see any basis for reconciling the nationalistic course of action of De Gaulle with world peace, and I cannot see any basis in reality for assuming that any move to make West Germany a nuclear power could be reconciled with world peace. If Congress does not do something about this matter, insofar as NATO is concerned, in connection with the foreign aid bill, Congress will have to assume its share of the responsibility for the outbreak of a nuclear war, for I am perfectly satisfied that if a nuclear France and a nuclear West Germany are built up, Russia will act before the buildup is completed, because her position is bound to be that although she may not survive, her only chance of survival will be had if she takes action to stop such a nuclear buildup. Senators now can appreciate my belief in regard to the seriousness of the bill.

Of course, others can disagree with my evaluation of this situation; but many persons share it, and that is why a group of us are seeking to amend the pending bill.

It can be argued, at almost any time that Germany wishes to make the argument, that the failure of France to live up to the treaty and the failure of the other members to hold France to account under the treaty have reduced the whole 1954 agreement—to use a notorious phrase—"to a scrap of paper."

In my opinion, the time for Britain, France, Holland, Italy, and Belgium to indicate their rejection of nuclear weapons for Germany is right now. If they have any apprehensions of a nuclear-armed Germany, they must make the Western European Union a meaningful organization. If they do not act to apply its provisions to France, then they are washing their hands of any future limits upon German nuclear forces.

They have already made it pretty clear that they are not interested in diluting German nuclear activity with their own participation in a multilateral fleet. Once again, they expect Uncle Sam to remain in partnership with Germany so that Germany will not become a nuclear power in herself. But they are not interested in sharing the expense.

They will never share expense in any project to which the United States is party so long as they have the constant example of our aid coming in whether they do their share or not.

FAILURE TO MEET NATO FORCE GOALS

We already know the sorry record that our major allies in Europe are making in connection with NATO force goals.

Before the Senate begins voting on the amendments to the foreign aid bill, I hope that each Member will obtain from the Department of Defense its summary of "NATO Country Forces in Being and Force Objectives." This is a frightening document. It is frightening to me for one major reason: It indicates that not only has one of the major suppliers of NATO forces failed to supply those forces, but it has no intention of supplying them.

I refer, of course, to France. Many other of our NATO partners do not have the forces "in being" that they are assigned. Some do not plan to make any improvements next year. But France has reduced her already meager forces under NATO; she has no intention of meeting her force goals this year. And in terms of the troops, ships, and air squadrons she is supposed to furnish to the Organization at the time of mobilization, France does not intend to furnish more than a small fraction of her assignment at the time of mobilization. What an ally. By what stretch of reasoning can we vote more money to her? If the secret document to which I have been referring could only have the label "Classified, Secret," removed from it and the American people could know its contents. I take the position they should be allowed to know the contents. I wish that the "secret" document which I have on my desk could only be known to the American people so that the American people could know what we can count on from France and what we cannot.

If this document could have the "Secret" label removed from it so the American people could know what we can count on from France and what we cannot, our men, women, and dependents would be pulled out of France so fast it would make your head swim. There would be a revision of the alliance demanded by the American people that would count France out formally, as she has already counted herself out informally.

Senators are welcome to come to my desk and read the document. If they come, I particularly suggest that they look at the section labeled "B—NATO Country Forces in Being and Force Objectives." Take a look at the record of our allies. It is a shocking record. We continue to vote aid to them. So far as the Senator from Oregon is concerned, he will continue to call it what it is—a deception of the American people. The American people are entitled to better treatment. If the administration does not like that language, I challenge it to release the document to the American people and obtain their verdict. My language calling it "a deception of the American people" is mild in comparison with what the American people will call it. I challenge members of the Committee on Foreign Relations to answer my argument. Let that classified document be read by every Senator before he casts his vote on the foreign aid bill and then justify his vote if it is for it.

I am always astonished at the anguished cries that go up from the press and politicians of the Federal Republic of Germany whenever it is suggested that some American troops could be brought home.

Before I proceed further, I ask Senators, "Why do you not talk to the chairman of the Senate Committee on Armed Services in regard to the issue of how many American troops are needed in Germany?"

I do not propose to placate West Germany any further. We should bring home at least four divisions now. I completely disagree with the President of the United States in his announcement of no intention to bring American forces home from Germany. They ought to be brought home and quickly—at least four divisions of them. That would leave, for the most part, two divisions. I am not sure that we ought to leave more than one division over there.

That action would have a great deal to do with our gold supply. In spite of the rationalizations that the administration has tried to make in regard to the so-called irrelevancy of the troops in Germany to our gold supply problem, they do not make a case. It would have a great effect. We ought to bring them home.

West Germany is a prosperous nation with full employment.

Mr. President, we see an ironical paradox. If Germany were to fulfill her commitments to NATO, she would have to take a great many men out of industry.

But the great United States—supposedly the great industrial example of the world—does not have to take men out of industry to fill up her troop ranks. She takes them out of the unemployed group. There is a lesson to be drawn from that situation. I would bring them home. I would put them to constructive work by spending some of the foreign aid money to develop underdeveloped areas in the United States. I would do something about the falling water table in many parts of America. Such a program requires workers. It requires great dams. It requires great reclamation projects. I would do something about schools in America with some of the foreign aid money that I would take out of Europe. I would build schools which are sorely needed at all educational levels—elementary, secondary, higher education, and graduate. There is such a shortage of schools in our country that tens of thousands of young men and women are being denied the development of their educational opportunities.

Mr. President, my heart does not bleed for West Germany, but my heart does bleed for the boys and girls in this country who are being denied the development of their educational potential. The money that we are wasting on the foreign aid program is needed for the improvement of American health.

I would be perfectly willing, if anyone is at a loss to understand what we can do with that money, to turn it all over to heart research, to cancer research, to arthritis research, or to any other kind of research sorely needed in connection with other diseases that take their heavy toll. I could go on for an hour listing the needs of this country with respect to which we could spend the money.

I would say to West Germany that I do not approve of our Secretary of State going there and promising them that we

will not bring home any American divisions. We have already told them that if Russia makes a move against them we will join them in their own defense. We have just finished demonstrating to them that under our airlift power—if it is manpower they need, together with their own divisions, and one or two that we will leave there—they will be quickly reinforced, if necessary, by manpower.

But whom are we kidding, Mr. President? Such a war will never be a manpower war: It will never be a conventional war. We continue to spend billions of dollars for our nuclear might because we know, if war should break out with Russia, that it will be a nuclear war, and military manpower in the old conventional sense to a large extent will be a surplus commodity. Of course, if war should break out, it would be a non-existent commodity, too—including civilian manpower.

We should stop the waste of money involved in maintaining so many divisions in Germany. We should cut that amount and spend what is saved in the development of our own economy and in helping the truly unfortunate sections of the world, such as are encompassed by the Alliance for Progress program, where the fight for freedom is still to be won.

I have said many times—though I continue to be misrepresented in the press of this country—that I am not for cutting economic aid to Latin America. I will join in increasing it. I will vote to maintain it as it is, and then I will vote to add to it every dollar that we cut from military aid to Latin America. I would take some of the savings made by cutting military aid to other parts of the world and utilize it by giving more economic aid to Latin America. That is the way we will win the case for freedom in the world. But I would not waste the taxpayers' money in the type of military aid we are now supplying West Germany.

Mr. President, the same voices that raise these cries are all too often the same voices that cry out for closer military and political relations between France and Germany. Yet, as our Secretary of State has pointed out in Germany recently, there was not so much as a tremor in Germany when France took her Atlantic fleet out from the command of NATO. Of course, her Mediterranean fleet is long gone. Her failure to meet her troop commitments for the defense of Germany is the most scandalous military problem faced by the entire alliance.

It is a matter of history that after Germany was brought into NATO as a full partner, and when she began furnishing much of NATO's manpower, there was a radical shift in NATO defense plans for central Europe.

It had been the plan in the early 1950's that the alliance would have a "trip-wire" force in Germany that would serve to absorb the initial blow of a prospective Soviet invasion while the nuclear retaliation of the United States was being brought into play. These trip-wire forces were not expected to defend Germany, but to fall back and leave it to massive retaliation to destroy Russia.

But once Germany became an active member of the alliance, she was not satisfied to see the abandonment of Germany as a defense strategy for Europe. She began to insist upon being defended, not liberated. So there was developed, and rightly so, what we now call the forward strategy of defense. It calls for Germany to be defended on her eastern border, and not serve as ground across which NATO will retreat, keeping France as the steppingstone back to the Continent.

To carry out the American part in that defense we have some 250,000 troops, roughly speaking, in Germany.

But the German political leaders, defense leaders, and military leaders who led the cause for the forward defense idea, many of whom are also the chief advocates of throwing in Germany's cause with De Gaulle, have never seen the fulfillment of France's part of the forward defense. Nor will they. I suggest that the next time they raise the cry that Germany is being abandoned by the United States, they go to De Gaulle and see how many French troops they can get from him for the defense of Germany. Let them take Germany's defense problem to De Gaulle, and see how much manpower they get from him.

Certainly, if we all accepted the De Gaulle assumptions about Europe and the Soviet Union, there would be no need for American forces in Germany at all. De Gaulle is assuming that there is not going to be any Soviet attack across Europe. He is assuming that the large NATO ground forces are a waste of time for France. If De Gaulle is right, then they are a waste of time for the United States, as well.

For some reason, I do not hear his counterparts in Germany accepting that line of argument insofar as the United States is concerned. They do not seem to argue with De Gaulle that he is wrong; for them, it is only wrong for the United States to play down or underestimate the dangers of attack from Russia.

Yet the more De Gaulle ignores the defense of Germany, the more some German politicians seem to love him. The more De Gaulle plans on defending Europe at the Rhine instead of the eastern border of Germany, the more he appeals to some German politicians. I will tell you what I suspect: I suspect that their alliance with De Gaulle is only for the purposes of justifying Germany to become an independent nuclear power, just as France has done.

I think they know perfectly well that so long as the De Gaulle theories of European defense prevail, they will get no help from France in defending the territory of Germany from attack from the East. I think they are also willing to accept that, in return for the right of Germany to emulate the French example and to adopt as their own the French reasons for having independent nuclear forces.

That, too, is their right and their country's right. But I think it makes a mockery of their outcries over the withdrawal of American forces, and their advocacy of the De Gaulle theory that the United States will not live up to its obligations to Europe.

We will not fail in our obligations; we are not failing now. We never have; and we are the only member of the NATO that has not. But it is obvious that the other partners, principally France, do not agree that it is necessary to have so many men stationed in Germany. Even Germany has not furnished the manpower asked of her in NATO force goals.

Since we have not won our allies around to our way of thinking on this matter, I think it is only reasonable to accept their decision, and to go along with them. We should reduce our own forces in Germany, and most certainly we should reduce our forces in other places in Europe.

The place we should start is in France. Remember that while we have some 250,000 men in Germany, we have around 400,000 in all of Europe. I would like to see the total of American forces in Europe brought down to the figure of 250,000. That is a cut of 150,000. We should start by bringing back the tens of thousands of troops we have in France.

We could also reduce our very large garrisons in Britain, Italy, Turkey, and Spain.

We should start by bringing back a division from Germany now, in 6 months another division, and in another 6 months a third division. Germany would know that we would defend her immediately, will all the power of the United States, in case she were attacked by Russia—assuming, of course, she herself did not commit an act of aggression.

AMERICAN AID TO NATO PARTNERS SHOULD CEASE

But above all, we must stop up the constant outflow of American aid to these countries. Despite the pleas that have been made from this floor in the last 3 years alone, and despite the promises that have been made "downtown" to head off drastic congressional action, the aid to our NATO partners still flows in one form or another. We are usually told that no new commitments are being made, and that all aid, except to Greece and Turkey, is in fulfillment of past commitments.

In light of some of their own poor performances in fulfilling NATO commitments, I am no longer much impressed with this argument against cutting off our aid. Virtually all of it is military aid. But there is not one recipient that is not capable of furnishing all its NATO forces without aid from us, if it so desires.

It does not intend to do so. It intends to continue to "soak" the American taxpayer. It intends to continue to let Uncle Sam assume European obligations. He has all he can do to assume American obligations now. The word that ought to be on the lips of every Senator is "cut." Cut, and continue to cut the bill until justice is done the American taxpayer, because doing justice to the American taxpayer by the cuts will not weaken the security of this country one iota.

I believe that the bill should not go to the White House without a flat prohibition on new aid commitments to NATO members and a directive that existing commitments immediately be renegotiated downward.

Not only should no new commitments be made by the United States to Norway,

Denmark, Great Britain, France, Germany, Italy, Holland, Belgium, Canada, or Luxembourg, but any existing commitments should be promptly revised downward. At the very least, there should be an American policy that any NATO member that does not fulfill its commitments to the organization forfeits any American aid under existing agreements.

The President made a statement in his news conference yesterday in which he said that additional American forces were sent to Germany in 1961 because of unfulfilled commitments by other allies.

Note that, Mr. President; we send American boys over there in 1961, according to the President of the United States, because of the unfulfilled commitments of other allies. Why? By what justification? I do not know. That statement by the President is an indication that the Congress must no longer leave any choice to administration officials. We must write it into the law that this country is no longer to underwrite the failures of our allies.

Let me read an excerpt from the Foreign Relations Committee hearings on the Foreign Assistance Act of 1963, which includes the colloquy I had with Mr. Bell, of AID. The colloquy is very interesting. I read a part of it:

Senator MORSE. Mr. Bell, I share the views of Senator FULBRIGHT that he has expressed with regard to this European aid.

I won't use the figures although I think figures have been used in public, but I want to direct your attention for a moment to economic and military aid to Greece and Turkey.

Mr. BELL. Yes, sir.

Senator MORSE. That amounts to many millions of dollars. That is as much as I will say. They amount to many millions of dollars. And the United States makes the contribution.

Greece and Turkey supply 24 divisions of men in the Mediterranean area under NATO. Here again those divisions are dependent upon the United States because our further military assistance would encompass the cost of their maintenance.

I digress to say that, in spite of all the talk about Turkish and Greek divisions, they are of no value if not maintained by the United States. We equip them. We pay them. They are dependent upon us. That is not my idea of a very effective or efficient ally.

To return to the colloquy:

What I am at a loss to understand is why shouldn't West Germany—West Germany in particular, although I think it is true of other NATO countries, too—contribute economic aid to Greece and Turkey?

Mr. BELL. They are, sir.

Senator MORSE. To what extent and in what amount percentagewise?

Mr. BELL. I am not sure I have the figures with me. But I would be glad to supply them for the record. May I expand on that a moment, if I may?

We have within the last year taken two steps which are exactly in the direction that you are indicating as desirable and which we agree is desirable.

I marvel, all through the hearings on foreign aid, that whenever we had the State Department or other administration witnesses in a tough position, they invariably found themselves in agreement with us on principle. The difficulty

with the State Department and other officials of the administration is that they seem to be unable to implement what they deem is sound in principle. It is when we come to their administrative practices that they break down. That is where the inefficiency develops. They are good talkers, but they are failures when it comes to putting into practice their good talk.

Mr. Bell continued:

First we sought a special contribution from Germany and other NATO countries directly to the Greek military budget as part of an increase in the funds available for the Greek military forces. During the last or current fiscal year, Germany has contributed specifically and directly to Greece as we have been doing for many years, for the purpose of helping them carry larger military forces than their own economic circumstances would permit.

Secondly, we have, under the Organization for Economic Cooperation and Development, the OECD, and its Development Assistance Committee urged the establishment of a consortium of countries. Germany is a member; we are a member; several other countries are as well. We will consider the requirements for economic progress in Greece, and together consider what the contributions might be made to that progress.

This consortium has met twice and the Germans have made a substantial pledge.

Furthermore, Senator, as you know, Greece is one of the cases where we are now rapidly changing the form of the assistance that we make available.

Last year, 1962, we made our last economic grants to Greece.

This year, the present fiscal year, we have made only loans to Greece. The last loan, that I approved the day before yesterday, is at 3½ percent interest and 20 years, like the one you commented on a week ago with respect to Taiwan.

So that we are moving in what seems to me a sensible direction toward providing such assistance as we still will provide to Greece on terms that are more relevant and more appropriate in the light of the progress Greece is making; and we have been trying to urge and arrange for greater and more appropriate participation by Germany and other European countries.

Again, my comment should be qualified to say that we would hope the Europeans will do more than they have to date, but we certainly concur in the direction that you are pointing.

Mr. President, it sounds good. They always sound good. However, when we analyze their language, it is always evasive. The talk by Mr. Bell is not substantiated by policy. So I again say to my administration: "Tell me how much we are going to be able to make it possible for us to cut in Turkish and Greek aid, in terms of the amount of money that the NATO allies are now willing to contribute as their share, thus reducing our share?"

I have been advised that the talk about West Germany contributing still does not put them into a substantial contribution in comparison with the contribution of the United States. There is little from France. If there is anything from Great Britain, it is only a token contribution. Where are the other NATO allies?

I serve notice on the State Department that I am not at all impressed with the kind of "snow job" language they flutter down on us every time they

testify on foreign aid. They are great seducers. I am not interested in being seduced into a further waste of taxpayer money. I want some delivery of savings from the State Department. We are not going to get them until we cut the foreign aid bill far below the Mansfield amendments, at least to the House figures, although I would reorganize the House figures by taking more off military aid and adding that saving to economic aid.

The colloquy continued:

Senator MORSE. Let me see if I could get into the record on a percentage basis an answer to this question. Let's take all of the economic and military aid that Greece and Turkey get. Let's set the other NATO countries off to one side and compare their contributions to the U.S. contributions to Greece and Turkey percentagewise.

What percentage would the other NATO countries be paying and what percentage would the United States be paying? We don't have to talk about specific amounts.

Do Senators know why we could not talk about specific amounts? The information is classified. It is top secret. That is so, even though it involves taxpayer money. It is a very sad thing. It is discouraging, too. In this examination of Mr. Bell, as a member of the committee, I could not talk in terms of specific amounts, because they are classified. So I had to resort to the indirection of talking in terms of percentages.

I say to the American people, "How long are you going to tolerate such a situation? How long are you going to take it? When are you going to crack down on the politicians? When are you going to whip them by leaving them at home unless they are willing to start protecting your interest? When are you going to serve notice on the politicians that the veil of secrecy must be lifted to a very large extent?"

I say to the American people, "You get exactly the kind of government you are willing to tolerate. If you are willing to tolerate a government of secrecy, you will get a government of secrecy. But if you are going to make it clear to the politicians that you want them to remove government by secrecy from the American scene, and that you want them to do something about stopping the waste of hundreds of millions of dollars encompassed in the foreign aid bill, or you will beat them, you will start getting foreign aid reform, and not before."

That, of course, applies to Democrats as well as Republicans, so far as the senior Senator from Oregon is concerned. We are talking about a nonpartisan issue in which there is no room for partisanship.

I do not know of any other way. Unless Congress is willing to live up to its responsibilities in protecting the American people, they will have to protect themselves in what I said last week is the citadel of American freedom, the voting booth. Their first opportunity will be in 1964.

When I asked Mr. Bell what percentage the other NATO countries would be paying and what percentage the United States would be paying, and stated that we did not have to talk about specific amounts, he answered as follows:

Mr. BELL. I have partial data in answer to that question now and I will answer the rest of it if I may in the record.

In the years 1960 through 1962, apart from military assistance, just looking at the economic side, about 70 percent of the foreign assistance disbursements to Greece came from the United States and 30 percent from West Germany.

Senator MORSE. From West Germany?

Mr. BELL. Yes, sir.

Senator MORSE. Is she the only country that participated?

Mr. BELL. In those years. However, the consortium that I spoke of, includes in addition to Germany, France, Italy, Belgium, Netherlands, Luxembourg, Canada and ourselves.

So that the current flow of assistance to Greece which is being influenced by this consortium will include contributions from at least some of these other countries.

And I will put the exact facts in the record, sir.

(The information referred to follows:)

"UNITED STATES-ALLIED EFFORTS IN GREECE AND TURKEY

"GREECE

"U.S. assistance to Greece in calendar year 1963 will represent 53 percent of total free world aid, compared to 70 percent for the 1960-62 period. It is estimated that Greek receipts of official assistance from European sources during calendar year 1963 will nearly equal U.S. aid during the same period. Receipts under European official credits in calendar year 1963 will be about 47 percent of total aid receipts.

"A large part of the European aid to Greece in calendar year 1963 consists of loans from European investment banks and drawdowns under German Government loans, as well as over \$13 million in grant aid by European NATO members for support of the Greek defense program.

That is very interesting. For years, we made grants. We rebuilt our NATO allies and made them prosperous, so that in 1963 they were very cooperative. At good interest rates, they made bank loans to Greece. That is a far cry from grants. Now that we have made them into economic surplus nations, now that they are prosperous, they are willing to make some money out of Greece.

Mr. President, do you know what I favor? I favor letting the entire amount be loaned. There are other places where we ought to put our money. Let the whole program be taken over on a loan basis, and let us put the money in Latin America, at our front door. Let us do something about our Pacific problems. I call upon the administration, I call upon our NATO allies, to relieve us of any further obligations in respect to Greece at all.

Mr. Bell supplied me with the following material on Turkey:

TURKEY

The U.S. portion of assistance to Turkey is expected to drop to 65 percent in calendar year 1963, as Turkey receives the assistance extended by the European countries and Canada under the consortium. In the past, the United States has been providing most of the economic assistance received by Turkey. In calendar year 1961, disbursements under U.S. loans and grants (excluding Public Law 480) represented about 75 percent of Turkish aid receipts. Germany provided the other 25 percent.

Do not forget that all the data I have been discussing in the last few minutes

are economic-aid data, not military-aid data. In military aid, we are being taken for even more of a ride. In that area we are doing most of the paying. Mr. Bell admits it, for under the heading "Military assistance" there is an interesting sentence in his report to the Committee on Foreign Relations. Under the heading "Military Assistance," it is stated:

The United States provided almost all the military equipment used by Greece and Turkey.

That was to the tune of hundreds of millions of dollars. Mr. Bell's own figures show that in connection with economic aid we still provide most of the funds. Now that West Germany and other countries have become prosperous because we built them up, they are obliging, they are willing to make money out of Greece; they are willing to make hard loans at good interest rates. All I am saying to the administration is "Draw out entirely; use our money in Latin America."

I want to know what the answer is to this almost hidden sentence in Mr. Bell's report to the Committee on Foreign Relations, under the heading "Military Assistance":

The United States provided almost all the military equipment used by Greece and Turkey.

We shall continue to do so if we do not stop. We will not get any assistance from our NATO allies. So long as Uncle Sam is willing to pay through the nose, he can continue to pay through the nose. That one sentence in Mr. Bell's report ought to be emblazoned on the walls of the Chamber during the course of this debate:

The United States provided almost all the military equipment used by Greece and Turkey.

How long are we going to keep it up? How long shall we accept the noncooperative attitude of our NATO allies? Are Greece and Turkey not important to them? We would hear much howling if the United States decided not to supply almost all the military aid. Of course Greece and Turkey are important to the defense of Europe. It is also important that our NATO allies, whom we have rehabilitated and made prosperous, give us a little assistance in keeping Greece and Turkey militarily strong.

The colloquy in committee continued:

Senator MORSE. Can you tell me if you think that that consortium will change that 70- to 30-percent ratio?

That is, with respect to economic aid—

Mr. BELL. Yes, sir, we do.

Senator MORSE. How much?

Mr. BELL. We have been working in most of the consortiums toward a rough 50-50 ratio, and I assume we will do the same here.

Greece is a case in which we expect economic assistance to be terminated within the next 2 or 3 years, and at that point we expect them to be able to obtain the external capital they need from the World Bank, the Export-Import Bank, from normal commercial and private sources.

Our allies get out of it by paying practically nothing. The American people must remain soaked and socked. That is not right. This is a matter of com-

mon fairness to the taxpayers. I do not know why the ratio should be 50-50. Mr. Bell says that the administration will work "toward a rough 50-50 ratio." If it is a "rough 50-50," it will not be on the low side, so far as the American interests are concerned. That is an interesting use of the word "rough." I will tell Senators what he means. He means, "It will not be 50; it will be somewhat more than 50; but we hope not too much more than 50." But what is "too much" with the State Department? If it were 70 percent, they would be heard to say, "We are working toward a rough 50 percent." If it were 60 percent, they would say, "We are working toward a rough 50 percent."

But I raise the question, why 50 percent? I do not know why the ratio should be 50 percent for the United States and 50 percent for the rest of the countries. I would like it much better if Mr. Bell had said we would be working toward an exact 20 percent, not a rough 50 percent. I say to Mr. Bell and the State Department: "Fifty percent is entirely too much, even if you reach that point; but you are not there."

The language about the creation of a consortium is another semantic device to divert us. Setting up a consortium does not mean a single thing until we consider what results will flow from it.

Senators will vote on the foreign aid bill without having any commitments from other countries, either through the consortium or through any other medium, whereby they will assume any other obligation, or in some instances any obligation at all, as regards Greece and Turkey.

Under the heading "Consortium for Military Assistance to Greece," we find in the committee hearings, on pages 638 and 639, the following:

CONSORTIUM FOR MILITARY ASSISTANCE TO GREECE

Military assistance then will be the only significant kind of assistance that goes into Greece.

This will present a problem which we have not yet worked out the arrangement of a new kind of consortium. This is a new problem for us, and has only arisen as the European countries in recent years have been able to meet their own defense requirement and to begin to be able to contribute to others.

I expect over the next 2 or 3 years we are going to have to work toward consortium-like systems in the military field just as we have developed them in recent years in the economic field.

Senator MORSE. Am I correct in my understanding a very large percentage of military aid to Greece and Turkey over the years has been paid by the United States? Would it be an understatement—if I correctly recall the figures—to say that we have been paying at least 70 percent of the costs of military aid to Greece?

Mr. BELL. More than that, sir. For Greece and Turkey.

Senator MORSE. And Turkey?

Mr. BELL. Yes, sir. I would say 90 percent of military aid has been paid by the United States.

Mr. President, we should not be fooled by the earlier testimony by Mr. Bell in regard to economic aid, when the figure he stated in regard to economic aid by the United States was in the neighborhood of 70 percent, for the amount of

economic aid is much less than the amount of military aid. When we consider the total program for Greece and Turkey—both military aid and economic aid—it is clear that I am quite correct when I say that the United States has paid so much that, when we consider the other NATO countries as a whole, their payments have been only token payments. When we consider West Germany's contributions aside from those from the rest of the European NATO countries, we find that West Germany has paid—but only for a small part of the time—in the neighborhood of 30 percent. However, let us not forget this testimony by Mr. Bell, which is to be found on page 639 of the hearings:

I would say 90 percent of military aid has been paid by the United States.

I read further from that hearing:

Senator MORSE. I think one of the trouble spots you are faced with on this bill, which, I think, faces a strenuous drive for reduction, is this European field. Among others that I can mention is this last country I am going to ask about because you have been very patient, the chairman has been very patient, and I will submit the rest of my questions in writing.

Then I proceeded to discuss Pakistan. I shall refer to that at a later time, when I take up an amendment dealing with Pakistan, because here, too, a very large cut in our aid needs to be made.

Mr. President, at this time I have concluded my speech on the NATO issue, and I have just had a whispered conversation with my very good friend, the Senator from Florida [Mr. HOLLAND]. During the remainder of the afternoon, I plan to discuss procedure, if that arrangement meets with the pleasure of the Senate; and in a moment I shall proceed to do so.

At this point I wish to add to the speech I have just concluded a further reference to the "secret" document I hold in my hand. I shall return it immediately to the staff of the Foreign Relations Committee. I requested it from Mr. Marcy. His memorandum reads as follows:

Attached is information supplied by the Department of Defense in response to inquiries which we initiated in your behalf in regard to NATO costs. Please note that this is classified "secret," and return to the Committee on Foreign Relations when you have finished with it.

I have told Senators that it is available to them in the Foreign Relations Committee. I deplore the fact that its contents are marked "secret." The American people are entitled to know the contents of this document; and if they did know them, I am satisfied there would be some major revisions in this foreign aid bill—as I have said before, because what this classified report shows is that we have no right to hope for any better treatment in the future from our NATO allies than the treatment we are receiving now.

I have referred to this item, section (b) of this classified document. I shall not read into the RECORD any of its contents; but this is the item which deals with M-day, and these are the data which deal with Mobilization Day; these are the

data which show the commitments of our alleged allies and what they are willing to do when the shooting is about to start. Mr. President, you will be shocked to read this document. Under the heading "Forces in Being, December 31, 1962," we find the country-by-country plans for M-day, the NATO program for M-day, the requirements up to the end of 1966. All I wish to say by way of generalization is that we find deficiency after deficiency on the part of ally after ally. We do not even have from them commitments that they will agree to live up to the requirements of M-day. So I do not understand why we should be asked in this foreign aid bill to aid them further.

If Mr. Holt, of the Foreign Relations Committee, will now come to my desk, I shall place this classified document in his possession. I now return it to him. I brought it to the floor of the Senate in the hope that I could elicit some interest on the part of Senators in informing themselves—before they vote, some days from now—on the question of further U.S. aid to NATO countries, for, in my judgment, this document is dramatic evidence that we should vote to cut it; and I shall offer amendments that will give the Senate an opportunity to vote to cut it.

I cannot tell the Senator from Minnesota [Mr. HUMPHREY] how pleased I am to have him on the floor while I make some suggestions or proposals in regard to the further handling of this bill. I wish the RECORD to show, first of all, that the Senator from Minnesota has made perfectly clear to me, over and over again, that he does not agree with me on many of the stands I take on the foreign aid bill.

Mr. President, our discussions at least show that the Senator from Minnesota does not consider the Senator from Oregon an ogre or obstructionist, or one who is suffering great internal and introspective pains on the floor of the Senate that causes an empathy reaction on the part of others. I am only presenting my case. I am perfectly willing to let the jury cast the verdict, but the jury will not be here. The jury will be the people of America.

I wish to get on with the bill. We are setting forth our general case against the bill. We must make our specific cases now, amendment by amendment.

Earlier this afternoon I had hoped that we could remove what we find to be a very difficult parliamentary barrier that the Mansfield amendments have thrown in our way. We are at work and are making some progress in finding ways of mollifying somewhat the parliamentary effects of the Mansfield amendments. I do not know whether we can succeed in accomplishing our objective, but we will continue to try. We need a little time for that. The Holland amendment to the Mansfield amendments is before the Senate. If we have to live with the bill as it is, the Holland amendment is a great contribution to its improvement. If we cannot do better than the Holland amendment, I intend to vote for the Holland amendment. But we are going to try parliamentarily to remove 1965 and 1966 authorizations from the bill and

have an authorization for no year but 1964. We need a little time tonight to put our parliamentary case in shape for a plea for such action tomorrow.

For that reason, in a whispered conversation with the Senator from Florida [Mr. HOLLAND], I told him that I would try to avoid a vote on his amendment tonight. I believe that in the regular course of events there could be an early vote on his amendment tomorrow, but it will not be held under any unanimous-consent agreement to vote, for, as I said earlier this afternoon, there will never be any such agreement while the bill is before the Senate. We do not need it. We shall see what the lay of the land is parliamentarily, and try to understand what obstacles the powerhouse amendments have thrown in our way. I pointed out again that they are parliamentary "powerhouse" amendments which are very effective. I commend the generalship of the proponents. After all, if they wish to be so shortsighted as to try to accomplish the objectives of their bill, their generalship is very good. But losing a battle does not lose the war, although it sometimes makes it tougher to win it.

So we will do what we can to reduce the amount in the Mansfield amendments and, if possible, eliminate the Holland amendment completely by eliminating any need for fixing the amounts for 1965 and 1966. But if we must fix an amount for 1965 and 1966, and cannot fix a lower amount than the amount proposed by the Senator from Florida, we will rally behind him and vote for it.

I address myself to the Senator from Minnesota because it is now a quarter after five. It has been a hard day. More progress has been made in the cloakrooms than the work on the floor of the Senate may show. The Senator from Montana [Mr. MANSFIELD] conferred, came back, and announced that he would not withdraw the amendments. I told him that that was his right, and that we would move on from there. I think it would be a mistake for me to call for further speakers tonight. It is late enough. Those of us on the opposition have work to do.

I should like to suggest, without my being required to call further speakers tonight—if any other Senator wishes to say anything, he can say it—that we not seek to obtain any agreements of any kind tonight, that the Senate recess, and proceed tomorrow. If we cannot obtain an agreement on the Holland amendments, I suggest that the Senate vote on the Holland amendments. Then we will offer our amendment, which will be a substitute for paragraph (b) of the Mansfield amendments. It is the amendment that I discussed earlier this afternoon, which we think would probably have the effect of eliminating authorizations for the years 1965 and 1966. If not, we will be told so by tomorrow, and we will try to reword it so that we can accomplish that end. It may be that we shall have to follow the recommendation of the Senator from Kentucky and offer a new section that would amend the Foreign Aid Act of 1961 that seeks to drop

the authorizations for 1965 and 1966. That is the position of the Senator from Oregon as of now. I shall await whatever course is followed by the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 205 Leg.]

Aiken	Hartke	Mundt
Allott	Hayden	Muskie
Anderson	Hickenlooper	Nelson
Bartlett	Hill	Neuberger
Bayh	Holland	Pearson
Bible	Hruska	Pell
Boggs	Humphrey	Prouty
Brewster	Inouye	Proxmire
Burdick	Johnston	Randolph
Byrd, Va.	Jordan, N.C.	Robertson
Byrd, W. Va.	Jordan, Idaho	Russell
Cannon	Kennedy	Saltonstall
Carlson	Kuchel	Scott
Case	Lausche	Simpson
Church	Long, La.	Smathers
Clark	Magnuson	Smith
Curtis	Mansfield	Sparkman
Dirksen	McCarthy	Stennis
Dodd	McClellan	Talmadge
Dominick	McGovern	Thurmond
Douglas	McIntyre	Tower
Ellender	Mechem	Walters
Ervin	Metcalf	Williams, N.J.
Fong	Miller	Williams, Del.
Fulbright	Monroney	Yarborough
Gore	Morse	Young, N. Dak.
Gruening	Morton	Young, Ohio
Hart	Moss	

The PRESIDING OFFICER. (Mr. McGovern in the chair). A quorum is present.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the Mansfield-Dirksen "powerhouse" amendments.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. MORSE. Mr. President, before the Senate votes, there should be some discussion.

Mr. HOLLAND. Mr. President, the pending question is on the amendment offered by the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. MORSE. Mr. President, I should like to ask the leadership what its desires are for the remainder of the evening.

Mr. HUMPHREY. Mr. President, in the light of earlier discussion, now that the yeas and nays have been ordered on the Mansfield-Dirksen amendments, and the fact that the Senator from Oregon indicated that he wanted to discuss his proposal of another amendment with some of his colleagues, there is no intention, as I see it now, to attempt to force a vote. There may be some Senators who have an item or two they wish to place in the Record; but, as I understand, the pending business is the Holland amendment. Is my understanding correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. There is no intention to force a vote on that amendment tonight.

Mr. FULBRIGHT. Is there any objection to voting on the Holland amendment tonight?

Mr. MORSE. Yes.

Mr. HUMPHREY. The Senator from Oregon indicated that not only was there

objection, but that he wanted to look into the parliamentary situation with reference to whether that amendment might be modified or amended. That seemed to be a reasonable request.

Mr. MORSE. If the Senator from Minnesota will permit me to do so, I shall be glad to make a progress report.

Mr. HUMPHREY. Very well.

Mr. MORSE. Mr. President, I send to the desk another amendment dealing with this subject. It splits the amendment I first offered and provides:

On page 1, lines 7 to 9, strike out "\$975,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years," and inserting in lieu thereof "and \$900,000,000 for the fiscal year 1964."

I ask that the amendment be printed.

The PRESIDING OFFICER. The amendment (No. 303) will be received and printed, and will lie on the table.

Mr. MORSE. A discussion has taken place since the discussion earlier this afternoon. We want to verify the proposal overnight and be ready to offer it tomorrow, after the vote on the Holland amendment; and we believe that it would do the job. In effect, it would amend the act, so that what is called the continuing authorization, so far as 1965 and 1966 are concerned, would be repealed. If we satisfy ourselves that that is in line with the interpretation of the Senator from Massachusetts, that will be the purport of our amendment.

Mr. President, I send to the desk, for printing, the second part of the amendment I offered earlier. That will be called up separately. It really has nothing to do with the Holland amendment.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MORSE. I have informed the majority whip that it is our plan to proceed without delay tomorrow with the Holland amendment and then to offer the first Morse amendment, which we think would improve the bill even beyond the Holland amendment. I shall vote for the Holland amendment because, in my judgment, it is a great improvement. We think the Morse amendment would improve the bill that much more. But there are other speakers, if it becomes necessary to speak longer tonight. However, we believe that that would be a waste of time in the long run.

Mr. HUMPHREY. As the Senator from Oregon looks ahead, is it his proposal that the Senate vote on the Holland amendment, or any substitute therefor, tomorrow?

Mr. MORSE. I assumed that that would be the order of business when the Senate convened tomorrow. If any Senator wished to talk about the Holland amendment, he would make his remarks; then the Senate would vote on the amendment.

Following the disposition of the Holland amendment, I propose to offer my amendment, or a modification of it, if a conference on the parliamentary situation causes us to believe that that is necessary to accomplish what we are seeking to do.

Mr. HUMPHREY. Then, the Senator would take only a reasonable time tomorrow?

Mr. MORSE. That is all I ever take.

Mr. HUMPHREY. That means that tomorrow there will be some votes. I feel that with the assurances we have had from the distinguished Senator from Oregon, tomorrow will be a very fruitful, productive day.

Mr. MORSE. Today has been a very fruitful day.

Mr. HUMPHREY. I am sure it was; but tomorrow will be even more fruitful. The fruit will be riper.

Mr. MORSE. That depends on one's interpretation.

Mr. HUMPHREY. So the plan will be to have the Senate convene tomorrow at 12 o'clock noon and proceed to the pending amendment, which is the Holland amendment, and also look forward to having a number of votes. All Senators should be on notice.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. Does that mean that there will be no votes tonight?

Mr. HUMPHREY. There will be no votes tonight.

ALLIANCE FOR PROGRESS

Mr. CHURCH. Mr. President, in our discussions of the foreign aid bill this week, many of the defects of this program are being pointed out. Although I have criticized parts of this program, I do believe that the Alliance for Progress warrants and needs our continued support. I ask unanimous consent to insert at this point in the Record two articles pertaining to the Alliance for Progress authorization which were published in the October 22 issue of the Journal of Commerce and the October 4 issue of the Catholic Standard.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Journal of Commerce, Oct. 22, 1963]

FORMER COLOMBIAN CHIEF HOPEFUL ON LATIN PACT

LONDON, October 21.—Ex-President of Colombia, Dr. Alberto Lleras Camargo, said today he was very optimistic about the future of the Alliance for Progress and hoped Britain and other European countries could use it as the framework for stepping up their aid to Latin America.

Mr. Lleras Camargo told a press conference he hoped that his trip to Britain at the invitation of the British Council would help increase British interest in Latin America.

He said that in the past 20 or 30 years British influence and interest in Latin America had declined, but that the trend could be reversed through such practical measures as increased technical assistance, and increased trade.

ALLIANCE FUTURE DISCUSSED

Mr. Lleras Camargo spoke at length about the Alliance for Progress and its future. He said he was very optimistic about its future and considered that in its first 2 years it had made tremendous steps forward.

He told the newsmen that the Alliance should not be seen as a purely U.S. venture but as a project of all Latin American States.

Answering questions he said he thought it would be possible for European nations to help more, and that it would be a good thing if this were done through the framework of the Alliance.

Mr. Lleras Camargo emphasized on several occasions that no one could expect the Alliance to work perfectly in 2 years. He said that the beginning was bound to be difficult, because in Latin America more was needed than money—the human resources had to be developed, and technicians formed.

FIVE-YEAR VISTA

He said he was certain that in 5 to 10 years it would accomplish what it was aiming to do.

On the issue of the role of military elements in Latin America, he said when military coups did occur they were a setback for the democratic process in Latin America and not for the Alliance for Progress. He said the Alliance as such was not designed to protect democratic regimes but to help them develop.

Mr. Lleras Camargo also spoke of Colombia's difficulties over coffee. He said the Latin American States had shared the tax-free U.S. market with African producers, and in this way were helping African states.

He said that at the same time as coffee prices had dropped the cost of imported machinery and manufactured goods had increased, so that Colombia was also supporting the high cost of living in the United States.

[From the Washington (D.C.) Catholic Standard, Oct. 4, 1963]

THE SENATE AND THE ALLIANCE

Among the many problems to come before the Senate is the question of foreign aid. The House has voted to slash \$998 million off President Kennedy's foreign aid request, a figure far beyond the recommendations of General Clay's special committee. This aid cut, if the Senate allows it to stand, will force a change in our aid policy. In particular, the proposed cut in aid for Latin America endangers the continued existence of the Alliance for Progress.

Latin American countries have not hidden their displeasure at the House's aid cut vote. Latin American papers, even those friendly to the United States, have noted that the U.S. aid to the entire Latin American area will be only slightly higher than the Soviet aid to Cuba alone.

The House's aid slash is opening up a distrust for the United States at a time when the Alliance for Progress needs strong backing. The work in Chile has shown that the combined effort and determination of government and private groups can bring a nation to the beginnings of true freedom and economic prosperity.

But the Alliance needs the help of U.S. dollars, too, especially now when it is in its infant stages. The cut in aid to Latin America demands careful thinking. At stake is the future of Latin America. It is up to the Senate to make this future possible by restoring that aid cut and thus continuing the work of the Alliance for Progress.

J.M.O'C.

SUBCOMMITTEE MEETING DURING SENATE SESSION ON WEDNESDAY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Subcommittee on Manpower and Labor of the Committee on Labor and Public Welfare may be permitted to meet during the session of the Senate on Wednesday, November 6.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATOR BARTLETT ADDRESSES LOCAL SERVICE AIRLINES

Mr. MONRONEY. Mr. President, I ask unanimous consent to have printed

in the RECORD a speech by Senator E. L. BARTLETT, an able and distinguished colleague of mine on the Aviation Subcommittee, delivered at the fall quarterly regional meeting of the Association of Local Transport Airlines in Honolulu, Hawaii, on November 1, 1963. His remarks concern the publicly announced plans of the Civil Aeronautics Board to reduce drastically the subsidy paid to local service airlines.

I concur wholeheartedly in his views. They deserve careful and thoughtful study by all the Members of the Senate.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE BIRD IS BORN TO FLY

(Address by Senator E. L. BARTLETT, of Alaska)

Since the last quarterly meeting of the Association of Local Transport Airlines, something has transpired. Something has happened that has caused comment, concern, and searching for cause and effect in and out of the aviation circles. I do not refer to the announced decision of Mr. Khrushchev not to race us to the moon. I make no allusion to what happened to the New York Yankees. I am not here to call to your attention my views on the 1964 Republican presidential nomination—although that doubtless would be of great interest to you—and I could add a dividend by revealing to you the name of the man who, in my judgment, will cop the Democratic nomination. No. It is none of these things. It is the paper written for the Civil Aeronautics Board, duly approved by the Board, published, filed, but not forgotten, relating to the local service airlines.

You will have heard of it. In an uncertain world, this is one thing of which I am certain. Indeed, I suspect every member of this element of the industry has parsed or sought to parse every sentence in the report and could, blindfolded, insert every comma and period in its proper place if such were to be erased—and I have reason to believe some might like to erase the entire report with no power of recall, absolute or partial, left to anyone anywhere.

As a member of the U.S. Senate Commerce Committee's Aviation Subcommittee, I have for the last couple of weeks, among other things, been in fairly regular attendance at the hearings called by my friend, Chairman Mike MONRONEY, on the proposed supersonic transport airplane. During this time I have learned much of which I was ignorant before. Among the things I have learned is that the minimum skin temperatures on this vehicle when it is way up yonder will be in the neighborhood of 450° F. It is my suggestion now that this temperature does not exceed, and in fact may be lower than, certain temperatures which came into being immediately after publication of the CAB report.

My appearance before you today is in plural capacity. Because the people of Alaska—thank goodness—have so ordered it, I am here as a U.S. Senator and, more specifically, as a member of the Aviation Subcommittee. Perhaps when the records are searched it will indeed be proved that I am a charter or early member of ALTA. Finally, for the purposes of this discussion, I am one who has had an interest in aviation originating long ago and who for a variety of reasons frequently uses the local transport airlines.

Although it is my intention to speak about the Civil Aeronautics Board report and the segment of the industry which is reported upon, it will not in my opinion serve any useful purpose to stand here and seek to attain a high popularity rating with you by denouncing the Civil Aeronautics Board and its works. During my years in

Washington I have found the members of the CAB to be in the main reasonable men, informed men, men desirous of encouraging this great transportation system which is even yet so relatively new. These years in Washington have passed for me with supersonic speed; almost one-fifth of a century has gone by since I first took the oath of office in the U.S. House of Representatives as Delegate from the then territory of Alaska. This was at a time when the DC-3 was still predominant in the domestic commercial skies. Many things have changed since then. During that time there have been many changes in the membership of the Civil Aeronautics Board. And, since for the moment we are talking of men rather than things, let me publicly record the fact, namely, that airlines in the category in which yours are found have never had a better friend, a more understanding and effective advocate than in the days when your executive director and general counsel, Gen. Joseph P. Adams, was a member of the CAB.

What would you have done had you been a member of the Civil Aeronautics Board and were confronted by this passage from the President's transportation message to the Congress, dated April 5, 1962:

"I am asking the Board to develop by June 30, 1963, a step-by-step program with specific annual targets to assure sharp reductions of operating subsidies . . . within periods to be established by the Board for each type of service or carrier?"

Would you have failed to heed that instruction? Of course not. You would have honored it, just as the CAB did. The report was made. It suggested subsidy reductions over a 5-year period. In sending the report to the President, Chairman Alan S. Boyd stated: "The Board intends to proceed with implementation of its program as soon as practicable and subject to such revisions as may be indicated after consideration of your views and the views of Congress."

Logically, realistically, and at the same time with appropriate consideration of the demands upon the public Treasury being made by the subsidy program, I desire to suggest here that "implementation" will not be "practicable" within the foreseeable future. I speak as an individual Senator. I speak as one who is not affronted or frightened when the word "subsidy" is uttered. Admittedly, this statement is not true insofar as many others in and out of Government are concerned. They look upon subsidy of whatever nature as an evil not to be tolerated. But history reveals that every nation at whatever time has had to employ this device, not only for the benefit of the immediate recipients, but for the benefit of the many, or all. Subsidy payments of one kind or another have been made since the early days of this Republic. They are being made now. They will be made in the future. They will be tolerable and justified and defensible so long as the public interest is served. I maintain and will hold the view against all comers that the subsidy program for the local service air industry is not only justified but is imperatively necessary. There is not one of you who would not prefer to be in the position of my friend Bob Reeve—that is, off subsidy, rather than on. You are working to that end. That is your goal. You will reach it. But you cannot do so within a 5-year period. If there were to be "implementation" of the CAB report, starting now, my prediction is that sheer chaos would result.

Before coming over here, I had a long talk with myself and told myself that my speech must not have undue concentration placed upon Alaska, tempting as the subject is. But Alaska, and Hawaii no less, offer a perfect example of what would happen with such an abrupt withdrawal of Uncle Sam's financially helpful hand. It is a truism that Alaska has only about 5,000 miles of roads even though it is two and a quarter times as

percent of cases processed in the middle 1950's to 50 percent in the past year.

With reference to steel products, the Treasury Department has passed upon five cases involving steel wire rods of which four were sent to the Tariff Commission with determinations of dumping price. Six cases are pending with regard to steel pipe, but no decision has been reached in any of these cases.

A year ago an interdepartmental study group was formed to consider in detail what improvements should be made in the administration of the Antidumping Act. Recommendations were formulated, largely designed to speed up the administration, which have now been placed in effect.

Recently a study was completed by an outside consultant on the troublesome question of low-price imports from Japan. Recommendations were made as to how this question should be further explored, and these recommendations are now being followed.

It is natural that when the Treasury rejects a complaint the domestic producer often alleges that his position, views on the law, and allegation of fact have been given inadequate or improper consideration. Similarly, when the Treasury finds sales at a dumping price, the foreign exporter, his government, and the American importer are likely to allege that the Antidumping Act is being enforced unfairly in favor of the interest of domestic manufacturers. Accordingly, over the years we have received numerous protests from both sides. Since we endeavor to administer the law with impartiality, this no doubt will continue to be the case. We do not, however, look on the situation with complacency and are about to conduct a review of the entire procedure in the Treasury Department and the customs regulations under the Antidumping Act to determine whether there are changes which should be made to improve the administration of the law.

Sincerely yours,

JAMES A. REED.

COOPERATIVE MOVEMENT IN LATIN AMERICA

Mr. HUMPHREY. Mr. President, before the Senate concludes its business tonight, I wish to comment on one particular aspect of the foreign aid bill which is before the Senate. In my presentation in support of the foreign aid program last week, I referred briefly to the role of the cooperative movement as applied in the development of Latin America.

Last week, in my speech on the Alliance for Progress, I referred briefly to the role which the cooperative movement is playing in the development of Latin America. I mentioned that I have offered an amendment to the existing aid bill to assist in the development in an inter-American cooperative finance system. The amendment was accepted by the Foreign Relations Committee and is incorporated into the bill before the Senate, and also in the committee's report on the bill. I would like to speak briefly today on this section of the bill.

A significant breakthrough in expanding the self-help, private enterprise feature of our assistance program in Latin America is made by new provisions included in H.R. 7885 which authorizes the President to "assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure to-

ward strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress." This was the amendment I introduced 2 years ago to encourage giving further attention to the cooperative movement in this hemisphere.

There are today nearly 6 million people in Latin America who are already members of more than 16,000 cooperatives. These cooperatives are urban and rural. They deal in credit and fishing. They are trying to provide housing and transportation. In short, they include people from every walk of life. The charter of Punta del Este and the inauguration of the Alliance for Progress are offering new hope and new expectations among these people and among the millions who are not yet a part of any institution or system which permits them to participate in their own economic development and the economic development of their countries. A strong integrated cooperative movement offers one of the finest means through which a significant segment of these masses can organize their own institutions to permit them to participate economically and which, incidentally, will teach them the value of a private enterprise system and the value of practicing democracy. It gives them a stake in the stability of their own government since they will, for the first time, own something which can be lost.

A strong cooperative movement provides:

First. Locally owned and locally controlled institutions in the hands of the people themselves through which their savings and efforts can be utilized for the improvement of their living standards;

Second. A growing private enterprise system;

Third. A strengthening of the buying or marketing power of the smallest purchasers or sellers;

Fourth. A means through which the untrained can afford to hire the highly trained to work in their interests on a self-sustaining basis; and

Fifth. An incentive to save and invest for the future.

Equally as important in a strong cooperative movement is the social effect of—

First. Developing leadership within the institutions and an understanding of the role of leadership in community development;

Second. Dramatizing in a practical way the benefits of working together;

Third. Dramatizing the meaning of democracy, majority rule, and the equal dignity and worth of the individual since each individual has one vote as a person; and

Fourth. A greater appreciation of the value of the free enterprise system in a democracy where people work together to promote their common ends rather than organizing to oppose or destroy.

Great strides have already been undertaken since the Charter of Punta del Este to lay the groundwork and the basis for the kind of developments which the new legislation in H.R. 7885 envisages. In

February of this year the cooperative movement of this hemisphere met in Montevideo, Uruguay, to formally establish the Organization of the Cooperatives of America (OCA). Latin American cooperatives are for the first time, now united through their common organization to maximize the principle of self-help. OCA undertook, with a limited staff made possible by AID, a major socioeconomic survey of the status of the cooperative movement in Latin America, the favorable and unfavorable conditions for its development, and guidelines for its future growth. One hundred and thirty-six volunteers from seventeen countries performed this study, the first of its kind ever undertaken in Latin America. Secondly, the leaders of OCA, recognizing the necessity to unite and develop their programs throughout the hemisphere, requested AID and AID had a major feasibility study made to show them how to organize an inter-American cooperative financing system.

The proposed cooperative financing system is intended to become a self-sufficient, privately owned credit system which could finance Latin American cooperatives, attracting private capital from the United States, Europe, and Latin America rather than becoming continually and increasingly dependent on the U.S. Government.

The Inter-American Cooperative Finance Institute—IACFI—would serve the cooperatives of Latin America in much the same way as the U.S. Banks for Cooperatives have served farm cooperatives in this country since 1934. The Central Bank for Cooperatives and its 12 associated regional banks in the United States were organized as a private credit system although the Federal Government contributed all of the initial capital and retained important controls over operations. Borrowing cooperatives have systematically increased their equity in the banks because they have been required to buy stock in proportion to their loans. The Cooperative Banks began to retire the Government capital in 1956; ultimately the U.S. Banks for Cooperatives will be wholly owned by their cooperative borrowers. This private financial system can and does borrow approximately \$500 million in Wall Street without the guarantee of the Government at interest rates only slightly higher than those paid by the Federal Government.

The proposed IACFI system for Latin American cooperatives would be similarly financed and organized. The lendable resources of the central bank, in Washington, initially would come from the sale of stock to Latin American cooperatives and from external financing from the U.S. Government in local currencies which H.R. 7885 would authorize and some hard currencies from an international lending agency such as AID. The cooperatives of Latin America have recognized that their control of such a system would only be achieved to the extent that their own investment in such a system warrants such control. The proposed system contemplates the borrowing described above over a period of 5 years. It is anticipated that with a his-

tory of successful operations, IACFI would be able to borrow in Wall Street and in Europe although probably at a higher interest rate than is paid by the U.S. Banks for Cooperatives.

The Inter-American Institute in Washington would generally discount loans to Latin American cooperatives made by other institutions or participate in loans too large for other cooperative finance institutions and only occasionally lend directly to cooperatives. All loans would be accompanied by appropriate technical assistance measures. National Cooperative Finance Institutes—Nacfi's—would be formed in many countries with domestic capital while IACFI would provide technical assistance and discount privileges. There are appropriate cooperative financial institutions in a few countries which could be made more effective by the establishment of IACFI.

The cooperative movement in Latin America through the Organization of the Cooperatives of America has endorsed the proposed plans for this system and have indicated a willingness to undertake the obligations of participating in such a system. The cooperatives in several countries are already taking steps looking toward the establishment of the Inter-American Cooperative Finance System. Action is already underway in Chile, Peru, and Ecuador while cooperative banks are already in being in Uruguay and Venezuela. Individual cooperatives have for some time been seeking adequate financing for projects which they cannot initiate for the lack of a financing system. These include food processing; livestock and fishery development; coffee, cacao, and banana marketing and export cooperatives; consumer co-op markets; fertilizer, feed, seed, and other farm supply cooperatives, and so forth.

New provisions in H.R. 7885 providing for the expansion and growth of cooperatives in Latin America attack one of the major ills afflicting Latin American growth; namely, rural poverty. The use of local currencies along the lines provided for in this legislation not only makes effective use of local currency resources available to the U.S. Government but stimulates economic activities which will tend to lessen the need for U.S. Government loans and grants of dollars to Latin America.

This cooperative financing system will serve well the purposes of another great institution which our Government is participating in. The social projects division of the American Institute for Free Labor Development is carrying out the great task of developing a free and democratic trade union movement. Those social projects rely almost exclusively upon the development of cooperatives sponsored by free trade unions. The AIFLD is supported by the U.S. business community and foundations, by the AFL-CIO, and by AID.

The Agency for International Development has made extensive progress in developing a program for the establishment of a wide variety of self-sustaining cooperative institutions. These include credit unions, rural electric co-ops, hous-

ing cooperatives, savings and loan associations, marketing cooperatives, farm supply cooperatives, transportation cooperatives, and so forth. It has become increasingly apparent that the ultimate success of these programs depends in large measure upon the development of a proper financing mechanism. This legislation offers a concrete step for the immediate development of such an institution.

The report of the Committee on Foreign Relations very clearly indicates the support which it gives to this proposal by singling it out for special emphasis in this bill. President Kennedy, David Bell, Administrator of the Agency for International Development, and Teodoro Moscoso, the U.S. Coordinator of the Alliance for Progress, have been emphasizing the importance of self-help measures and the role of private enterprise in developing nations. This legislation can be made effective almost immediately to carry out those great objectives. I am sure that I speak for all of us when I say that we shall look forward to this course of action.

AID IMPROVES PUBLIC ADMINISTRATION IN LATIN AMERICA

Mr. President, every discussion of the Alliance for Progress eventually turns on the subject of the quality of public administration in Latin America. Whatever area we discuss—agrarian reform, taxes, education, or other—the problems in getting moving hinge upon finding good managers, well-conceived institutions, and well-run programs. Such are the key to doing the public's business in a reasonably efficient manner. We cannot afford the luxury of administrative waste.

Recognizing this, AID has given increasing attention to this area and instituted a number of programs in fiscal year 1963 in Latin America. Success or failure in the long run will hinge upon continuing and expanding this. In this area we must promote rapid but realistic administrative reform. It is not easy to achieve quick and meaningful administrative change, but we cannot wait for any Latinized Hoover Commission to get going. We must train sufficient numbers of local leaders to develop both a nucleus of competence and a better climate for reform. Such are the indispensable ingredients for significant administrative improvement anywhere.

The opportunities are limitless, whether we look at the central management functions such as budgeting and accounting, the organization for planning, statistical services, personnel and procurement practices, or whether we look at functional fields such as public works, agriculture, and education. It is not only the public administrative section which needs attention. The private sector is also important. Indeed it will have to carry the greatest load in developing Latin America.

I wish to call the attention of my colleagues to a summary of the activities carried on in these vital areas in Latin America during the past fiscal year, 1963. This provides a summary on developments in Latin America in the field of public administration, similar to those

on land reform, tax reform, housing and private enterprise which I include as appendices to my Alliance for Progress speech delivered in the Senate earlier this week.

I ask unanimous consent to have this summary printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

DEVELOPMENT ADMINISTRATION IN LATIN AMERICA—SUMMARY OF ACTIVITIES, FISCAL YEAR 1963

I. INTRODUCTION

This report highlights AID's activities in the field of development administration during the period July 1, 1962-June 30, 1963. Some of the more significant new activities are summarized first to show changes and increases in the program during fiscal year 1963. This is followed by a review of activities initiated in earlier years which, though limited, provided the indispensable base for this year's developments.

The long-term AID staff in the field fell to less than 40 in 14 countries and on regional assignments during the year, consistent with the total program shift to accelerated use of selected contractors and other Federal agencies such as the Census Bureau and the Internal Revenue Service.

During the year, OAS somewhat strengthened its resources in the field of public finance and administration. The Development Administration Division maintained close day-to-day working relationships in the development and execution of programs to assure that AID's activities complemented those of OAS. Similar informal working relationships were maintained with UNTAA which has a limited public administration program in Latin America.

II. NEW ACTIVITIES IN FISCAL YEAR 1963

A. Fiscal administration

1. The program to enlist the cooperation of the Internal Revenue Service in tax modernization in Latin America was developed, an interagency agreement was signed, and the program is in operation. IRS has constituted a 3-man Washington foreign tax assistance staff and during fiscal year 1963 made available 24 men for service in 11 countries in Latin America.

2. The Latin America Tax Assistance Reserve (LATAR) was established under AID financing and is now operational. By September, 25 IRS men will be in training for service in Latin America. The program provides for 16 weeks of special training, including 8 weeks of Spanish, for men who will be assigned directly overseas or will be on call from their regular IRS positions to meet the needs for tax administration advisors in Latin America.

3. Comprehensive surveys were made by AID/W organized teams of fiscal administration in Peru and Ecuador and of tax administration in Guatemala and Honduras. Surveys of customs administration were made in Chile, Ecuador, Guatemala, and Peru.

4. Following the fiscal survey, the first loan for administrative and fiscal reform was developed and approved by AID for Ecuador. Work has been started on a contract between the GOE and the Internal Revenue Service, the first of its type, to be financed through a loan, for modernization of Ecuadorian tax administration. Some 50 Ecuadorian tax auditors were trained in Quito by a USAID accounting adviser and a substantial number were hired as new tax auditors by the GOE.

5. An IRS tax adviser, who had previously advised Colombia on plans for ADP, returned to Bogotá toward the end of the fiscal year to begin a 2-year tour, and work has been started to provide the team already requested by Colombia and USAID for the comprehensive survey of tax administration.

6. Panama requested the IRS tax adviser, who had developed an audit handbook and trained Panamanian auditors during a 2-month assignment, to return for a 1-2 year assignment. Plans have been completed for his return in September.

7. Plans were completed for a tax policy survey in Jamaica in July.

8. Costa Rica and Guatemala were given assistance in improving budgeting and a comprehensive survey was made of budgeting in Bolivia.

9. Public administration service started work under an AID contract for the modernization of the Contraloria in Chile.

B. Training

1. An eight-man team from the Harvard Business School is now engaged in the second phase of a program to strengthen business administration in Central America under an AID contract signed in June. The current program was undertaken following an earlier exploratory study by a three-man team from Harvard.

2. The special program of public service training at the University of Puerto Rico became operational. Late in the fiscal year a study was made of training in public administration in Puerto Rico which included both training at the university and in the Commonwealth Government.

3. Two hundred thirty-five participants were trained in the United States including Puerto Rico, through the international training division during fiscal year 1963. This represents an increase of 32 percent over fiscal year 1962. Much of the increase resulted from expanded use of facilities of the Commonwealth and the University of Puerto Rico where more than 150 participants received training.

4. AID/W sponsored and financed a series of special training programs designed to reach key groups in the development process in Latin America:

(a) A seminar on the role of personnel administration in economic and social development in conjunction with the annual conference of the Public Personnel Association at Miami Beach.

(b) A workshop on development planning in conjunction with the conference of the Inter-American Society of Planners in Santiago.

(c) A workshop in Costa Rica on the processing of economic censuses conducted by the Census Bureau with the assistance of the Inter-American Statistical Institute.

(d) Collaboration with UNESCO and OAS in supporting a program for training educational planners at the Latin American Institute for Economic and Social Planning in Santiago.

5. A comprehensive survey of the inservice training needs and interests of the governments of Central America was completed and is now under consideration by ROCAP.

6. The program to strengthen the teaching of economics at the University of Cuyo, Argentina, became operational with the arrival of faculty members from the University of Chicago and the Catholic University of Chile at Mendoza, and the arrival of Cuyo faculty members for study at Chicago. Late in June, negotiations were nearing completion with the University of Minnesota for a contract to strengthen economic training and research at the University of the Andes, Bogotá, Colombia.

7. Stanford University's first staff members began arriving in Lima to begin the establishment of a program in business administration under an AID contract. Plans were developed for new and expanded programs in public and business administration education as part of the overall contract with Pittsburgh to strengthen the Central University of Ecuador.

C. Public administration

1. A public administration program was initiated with the assignment of a senior advisor to the Dominican Republic. As a precondition the GODR established an administrative reform commission. Collett and Clapp is making a comprehensive survey of GODR administrative needs under a mission contract. The University of Michigan will begin soon to assist the GODR in setting up a program of socioeconomic surveys in support of this effort under an AID contract. A Census Bureau team helped organize the work and trained Dominican personnel to speed the processing of the last GODR Census.

2. The Institute of Public Administration of New York began its advisory program in Peru under an AID contract. Staff members are working to rebuild the training program of the Peruvian Institute of Public Administration as well as to influence administrative reform on the part of the new government.

3. In an effort to strengthen and coordinate public administration activities in Central America and Panama, a conference of public administration advisers and program officers was held in San Jose and, in the spring, a senior public administration adviser was assigned to ROCAP. Census-statistics programs were initiated in Nicaragua and Guatemala, and plans were developed for a regional census pool in ROCAP. Cadastral surveys for tax mapping purposes are in various stages of development in Central America.

4. To gear Chile to undertake public works projects more effectively bids have been solicited for a contractor to assist in reorganizing the administrative and engineering work of the Ministry of Public Works in Chile.

5. To strengthen future programs, conversations have been initiated: with OAS in the hope of finding ways to create a climate for administrative reform; with the customs services, in the hope of making their resources available for Latin America; and with the Census Bureau in a search for the development of a program for economic statistics that will capture the imagination and resources of the hemisphere in the same way as the 1950 Census of the Americas.

III. MAJOR CONTINUING ACTIVITIES

1. Argentina: The Columbia University-University of Buenos Aires program in business administration continued with two more successful seminars and increased acceptance at UBA as more Columbia-trained professors returned to teach at UBA.

2. Bolivia: Customs revenues continued to increase with the arrival of a team of United Kingdom customs experts financed by a mission contract. Tax revenues continued to increase through the use of IBM equipment made available by USAID. Some assistance was given to the new civil service, both by the USAID public administration adviser and contract personnel. A former participant helped reorganize the postal service, and active efforts were started toward the establishment of an inservice training center. Toward the end of the year USAID developed a comprehensive program for the improvement of public administration in fiscal year 1964.

3. Brazil: The mission public administration staff was reduced to three men as the GOB continued largely to ignore its administrative problems. The University of Southern California continued to assist public administration at EBAP and DASP in Rio, and the Universities of Bahia and Rio Grande do Sul. Michigan State continued its effective work with schools of business administration in Sao Paulo, Bahia, and Rio Grande do Sul. The decision to continue in business

administration was largely the outgrowth of a comprehensive review of the program in Brazil by the dean and two members of the MSU faculty.

4. Chile: The tax modernization project continues to progress. Legislation authorizing higher salaries for the tax service and reorganization was approved. About half the revenue agents, 375, were trained in the tax training school, and a nine-volume manual of operations neared completion. The project continues to expand and, in all, 3 AID and 10 IRS men have been used on the tax program.

The mission has continued the careful development of other major projects and, as a result, the reorganization of the Contraloria was initiated, a survey led to agreement on plans for modernization of customs, and a reorganization of the Ministry of Public Works was about to start.

The Chicago-Catholic University program in economics is phasing out, but has contributed, directly and indirectly, to making Chile one of the best, if not the best, centers for the training of economists in Latin America.

5. Colombia: The program of the School of Administration and Finance at Medellin continues to win strong support from the business community, with the assistance of the Syracuse School of Business Administration under an AID contract.

6. Costa Rica: Continued assistance has been given the GOCR through one public administration adviser, short-term contractors, and one regional property tax man stationed in Costa Rica. In June, Costa Rica marked the 10th anniversary of its civil service system which was set up with AID technical assistance.

7. Dominican Republic (see III C-1): Previous limited activities established base for present program.

8. Ecuador: The four-man public administration team continued to make headway while establishing a firmer foundation for the expanded program under the loan for administrative and fiscal reforms. A modified merit system was adopted for the Contraloria, and personnel technicians were trained by USAID staff. Courses in accounting were developed, and more than 50 tax auditors received special training.

9. El Salvador: Robert Nathan and associates continued to assist in economic planning. One public administration advisor continued to work across the board and, with the assistance of a PAS staff member, to make substantial gains in tax administration. A survey focused attention on problems of local government.

10. Guatemala: The largest direct hire and contract advisory staff in Latin America continues to make progress on a number of fronts. The in-service training center provides training to about 1,000 public employees annually and is becoming a focal point for administrative reform. Civil service legislation has been developed and awaits presidential approval. A consulting firm, under an AID contract, has audited 20,000 government jobs in developing a classification and pay plan for the GOG. Assistance has been given in improving budgeting. The national O. & M. office is making studies of GOG management problems. In the revenue field assistance has been given on taxation, an IRS team has made a comprehensive review of tax administration, and USAID has recently submitted plans to the GOG for modernizing customs.

11. Haiti: The public administration adviser was withdrawn as part of the curtailment of the AID program.

12. Honduras: Through one public administration adviser, short-term contractors, and an IRS tax survey team, studies have been

made to facilitate the transition to the new government and to establish the base for a comprehensive program after the elections. Two census advisers were completing their tours and were in process of reassignment.

13. Mexico: Mexico has been used for third-country training and USAID arranged for short-term contractual services to appraise public administration training resources.

14. Nicaragua: The public administration adviser worked with the planning board in preparing the ground for necessary administrative reforms, and a training adviser began an effective program of training in office practices. A census adviser began assistance to the GON in a census program in which AID is financing a substantial share of the local costs.

15. Panama: The public administration adviser continued to assist the Department of Planning and Administration (budget, planning, O. & M., and civil service) in the Office of the President, established earlier with the assistance of the University of Tennessee. Under an AID contract, University of Tennessee continued to assist the University of Panama in public administration and agriculture and added engineering.

16. Paraguay: One public administration adviser, a training man, and a customs adviser continued to work for administrative progress. A study of the administration of the Ministry of Education was undertaken, there was a major step-up in in-service training, with 1,635 Government employees taking courses at the center, and customs revenues continued to climb. A contract adviser is assisting the University of Asuncion in building up its School of Public Administration.

17. Peru (see II, C-2): The training work of the adviser on records management and his two Peruvian assistants is now a part of the Peruvian Institute of Public Administration and is being absorbed in the new program.

18. Uruguay: Some participant training is continuing while U.S. AID is making efforts to develop more direct cooperation to achieve better administration.

19. Venezuela: U.S. AID continues to assist Venezuela indirectly in the improvement of administration through a loan for strengthening local government, cooperation with the Ford Foundation on the development of a Public Administration Institute and enlisting the active participation of local organizations, such as Creole, in the program. Major emphasis has been placed on support of the Commission on Administration through training and some 75 Venezuelans have participated in special programs in Puerto Rico and 25 more are scheduled in the fall. A former AID participant has been named Executive Director of the Commission.

FOREIGN AID HELPS U.S. EXPORTS

Mr. HUMPHREY. Mr. President, I also wish to have printed in the RECORD a report which I find most heartening. I regret that we do not have a genuine debate on these matters, because the foreign aid bill should have not only its criticisms, but also its proper evaluation and, I believe, praise.

We know that trade is the lifeblood of an expanding economy. A little-known story in connection with our foreign aid is the degree to which it helps and is increasingly used to help expand the exports of American business, American workers, and American suppliers of raw materials.

Important facts on this were given in a recent address by Herbert J. Waters, Assistant Administrator of the Agency for International Development. I wish to insert this address in the RECORD at

this time, for the benefit of my colleagues.

Approximately 80 percent of the foreign aid funds committed for fiscal 1963, will be spent in the United States. This is the highest percentage in the history of the foreign aid program. It will increase, unless funds are cut far below the level being asked.

This increase did not just happen. It was planned for in tighter procurement policies, an effort to protect our balance of payments and stimulate our economy, while at the same time helping economic development in foreign countries.

In 1960 only 17 percent of our foreign aid moneys spent for fertilizer were spent in the United States. In 1963, 97 percent was spent with U.S. suppliers.

In 1960, we financed only 11 percent of our expenditures for iron and steel products at home. In 1963, and in only 9 months, our foreign aid program, has financed 87 percent of these products in the United States.

In nonferrous metals the same story holds. From 1960 to 1963, the percentage of financing in the United States increased from 11 percent to 92 percent.

Mr. Waters goes on:

The same story is true in almost every other category we could examine. We can truly claim that we are using excess plant capacity and surplus American labor to carry out our AID program—a real production for peace effort that benefits our own economy as it meets the needs of other countries.

An estimate of reduction in exports of the United States that the cuts of the House in foreign aid would produce is approximately \$250 million, plus a cut of \$23 million in funds going to U.S. flag carriers for shipping.

I ask unanimous consent to have Mr. Water's statement printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PRODUCTION FOR PEACE

(Opening remarks of Herbert J. Waters, Assistant Administrator, Agency for International Development, U.S. Department of State, as moderator for Western States Democratic Conference Trade Panel, Friday, September 20, 1963)

Trade is the lifeblood of an expanding economy.

While we intend to examine many aspects of trade expansion in this panel today, I want to briefly review one aspect not generally understood or fully appreciated—the relationship of our foreign aid to expand trade.

Too often people think of our foreign aid as merely helping others, without realizing how much it also helps American business, American suppliers of raw materials, and American workers in plants, factories, mines, and on railroads and ships.

Perhaps it can be put in better perspective if we point out that a total of \$1,346 million in foreign aid funds was spent in the United States by the Agency for International Development during fiscal 1963.

Preliminary estimates indicate that 80 percent of the \$2,424 million committed in fiscal 1963, most of which is not yet disbursed, will be spent in the United States.

This percentage of U.S. procurement is the highest in the history of the foreign aid program, and will be reflected in expenditures over the next several years. An even greater percentage is expected to be com-

mitted by AID for procurement in the United States during fiscal 1964—unless Congress cuts AID funds far below the level requested by the President.

The new record of channeling a greater proportion of AID funds into U.S. procurement is not just happenstance. It is the result of deliberately tightened procurement policies aimed at protecting the U.S. balance of payments and stimulating the U.S. economy while at the same time accomplishing our objective of helping economic development in the developing nations.

What we are really doing, in foreign aid, is sharing excess U.S. productive capacity—providing U.S. goods and services rather than just dollars.

Let me illustrate by some categories of commodities just what this change has meant since fiscal 1960—the last year of the Eisenhower administration—and the first 9 months of fiscal 1963—the latest period for which complete data is available.

For example, in 1960 we financed \$55 million worth of fertilizer for other countries—but only \$9.4 million worth, or 17 percent came from the United States. By comparison, in the first three quarters of 1963 alone, we financed \$34.8 million worth of fertilizer, out of which this time \$33.7 million—or 97 percent—came from U.S. suppliers.

The same thing is true for iron and steel products. In 1960, we financed \$129.6 million worth of such products, but only \$13.9 million, or 11 percent, came from U.S. steel mills. In 1963—and in only 9 months at that—we have financed \$123.4 million of iron and steel products of which \$107.8 million, or 87 percent, came from the United States. You may be surprised to know that at the present time more than half of all U.S. iron and steel exports are financed out of the foreign aid program.

Here in the West, you may be more interested in nonferrous metals and their products.

We financed \$10.8 million worth of such products in 1960, but only \$1.2 or 11 percent came from the United States. In fiscal 1963—again for only 9 months—we financed \$54.5 million of such products with \$50.2 million of that total coming from the United States—a good record of 92 percent U.S. procurement.

Within that total was an increase from only \$300,000 worth of copper in 1960—11 percent of the total—to \$35.1 million worth of copper in 9 months of fiscal 1963—99 percent of all the copper we provided for other countries with foreign aid funds.

For miscellaneous industrial machinery, engines and turbines, we have stepped up the U.S. procurement share from 23 to 81 percent—a jump in dollar volume of business from \$17.8 to \$96.1 million.

The same story is true in almost every other category we could examine. We can truly claim that we are using excess plant capacity and surplus American labor to carry out our AID program—a real production for peace effort that benefits our own economy as it meets the needs of other countries.

Regrettably, this side of the AID story is seldom told by its critics. Neither is the fact that some \$75 million of our AID funds goes to U.S.-flag carriers to transport these commodities—meaning more jobs at U.S. ports in which the West shares heavily.

As sizable as this AID financing of U.S. exports is today, it really is still only an investment in greater markets for the future.

The economic development we are stimulating in other lands will mean an increase in the number and kinds of paying customers for U.S. goods and services in future years—the development of markets for U.S. goods in areas of the world where heretofore there were none. This—in particular—is where AID makes its greatest contribution to U.S. foreign trade.

The evidence shows that commercial imports from the United States have flourished and the U.S. share of the local market has improved in countries assisted by our economic aid program, except when the recipient's normal foreign exchange earnings have dropped sharply.

For example, a recent study of 32 countries outside of Latin America receiving about 80 percent of all AID and Public Law 480 or food for peace assistance between 1957 and 1962 shows that total imports from the United States rose about four times as fast as total economic aid. In addition, imports from the United States as a percent of total imports by those countries rose from 13.5 to 14.5 percent during the period.

In Latin America, however, commercial imports from the United States decreased, and the U.S. share of the local market dropped. However, the decrease occurred because dollar earnings fell for reasons—such as the sharp drop in coffee prices—having nothing to do with the aid program. And the drop in earnings was greater than the increase in aid. The net dollar loss, after deducting offsets of U.S. economic assistance, was about as much as the drop in Latin American imports from the United States.

AID assistance is extended to help countries import more than their own earnings allow. It is intended to add to regular imports, rather than substitute for them. That is why economic aid has shifted from the developed to the less developed countries—it is the latter whose earnings are now far short of import needs for development and security. And that is why ordinary commerce with assisted countries tends to thrive, as the foregoing evidence shows.

As we consider expansion of exports today, I want to leave with you this carefully considered observation. If the foreign aid program is cut as drastically as has already been voted in the House of Representatives, it is our estimate that this will mean a reduction of some \$250 million worth of exports from the United States—and a cut of \$23 million in funds going to U.S.-flag carriers for shipping.

Mr. HUMPHREY. Mr. President, I think it is time for us to understand that when we vote funds for foreign aid, we actually are voting considerable help to our own economy; and I have placed the report in the RECORD because among all the arguments I have heard about the foreign aid program, I have not heard a concise and cogent argument as to the very great amount of good the foreign aid program is doing for the U.S. economy.

To those of us who represent agricultural States, the foreign-aid program has been a lifesaver for agricultural exports; and without them, the price structure for American agricultural products in the marketplace would be considerably lower.

So the foreign-aid program is of aid to more than foreigners; it also aids the people of the United States, American industry, American agriculture, and American workers. In fact, literally thousands of American jobs are tied up to this program.

Therefore, I think it would be well for each Senator, before he votes on the question of making substantial reductions in this program, to consider what would happen in his own State, in terms of jobs and in terms of purchases by the AID administration. When that is done, I think some Senators may want to think twice before they vote to add to

the unemployment rolls in their States. As I recall, over half a million jobs in American industry are involved in the foreign-aid program. If we tamper too much with the program and if we cut the heart out of the economic assistance aspect of the program and if we cut the heart out of the Alliance for Progress part of the program—for, Mr. President, as a result of this program, large quantities of American-produced goods are going to the countries of Latin America—not only shall we be trimming foreign aid, but we shall also be trimming the payrolls in State after State in the United States.

Foreign aid is good national security policy, good domestic economic policy, good politics internationally, and good morals, because it represents a commitment by the United States to help other peoples to help themselves.

So I make no apologies for my support of foreign aid. I am an advocate of foreign aid. I think we need it. I recognize that there have been some abuses and some mistakes; but for every mistake, I can find a success; and for every story of failure, there are a dozen stories of accomplishment. So I think it is about time that, instead of abusing the people in the foreign aid administration, we praise them.

I know of no finer Administrator in this Government than Mr. David Bell. I know of no one who works harder than Mr. Moscoso, the Coordinator for the Alliance for Progress. I know that my former assistant, Mr. Herbert Waters, who now is an Assistant Administrator of this program, gives unstintingly of himself, and is highly competent. I know that men such as Frank Coffin, a former Member of the House of Representatives, from the State of Maine, work day and night and are competent and able public servants.

I could go down the line and name the top echelon. They are good people. They do a good job. They love our country. They know the value of the dollar, and they like to protect that dollar. Many thousands of people who are affiliated with the program here and abroad, directly and indirectly, are trying to do a good job.

I recognize that sometimes we are disappointed. Frankly, I am disappointed with Congress. I would like to see it do a better job. I would like to see it move and accomplish results. When I hear Members of the Congress complaining about the slowness of the foreign aid administration, I wonder who we are to be talking—unless we are experts in lethargy or experts in slowdown processes. I hope that that is not the case. We have problems. So do our friends in foreign aid. They have problems. They are our fellow Americans who are operating the program. Their main problem is that today they are working in areas of the world that are poorly equipped in terms of human resources, management, public administration, planning, and, indeed, in capital resources. So we have an uphill battle.

We have a difficult time getting those programs underway, but we are making progress.

I conclude on the following note: I have placed on the desk, on behalf of the Senator from South Dakota [Mr. McGOVERN], and myself an amendment to the so-called Mansfield-Dirksen amendments. I did so after full consultation with my leader and with Senators who join on the Mansfield-Dirksen amendments. I believe that such consultation is not only necessary but also is fair and proper.

Mr. President, I submit an amendment which I shall call up, which would restore the funds for the Alliance for Progress to the amount in the committee bill, and would cut back to the committee bill level the amount of money for the President's contingency fund.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. HUMPHREY's amendment is as follows:

On page 38, strike out lines 3 through 12 and insert:

"(1) Strike out 'for use beginning in each of the fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year' and insert 'for use beginning in the fiscal year 1963 not to exceed \$600,000,000, for use beginning in the fiscal year 1964 not to exceed \$525,000,000, and for use beginning in each of the fiscal years 1965 and 1966 not to exceed \$600,000,000'."

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10, strike out "'\$300,000,000' and" and "'and \$175,000,000', respectively".

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. I congratulate the Senator from Minnesota for the move which he is making. Maybe many features of the foreign aid program are dubious. The success of the Alliance for Progress has not been perfect, but it is crucial and it should succeed.

As one of the 100 Members of the Senate, it will give me a great deal of pleasure to vote for the amendment. I again congratulate the Senator from Minnesota [Mr. HUMPHREY] and the Senator from South Dakota [Mr. McGOVERN] for the move which they have made.

Mr. HUMPHREY. I am very grateful to the Senator from Illinois.

I have been pleased to find that a number of Senators feel the way the Senator from Illinois has spoken. I wish the RECORD to show that we do not seek to increase the funds for the total foreign aid program. The cut of \$385 million provided in the Mansfield-Dirksen amendments will be maintained. The cut—\$300 million—would come in military assistance, and \$85 million in the Development Loan Fund. The difference is that our amendment relating to the Alliance for Progress would merely add the \$125 million that was to be canceled or taken out of the Alliance for Progress. It would restore that amount. It would take away from the contingency fund of the President the extra \$125 million that was to be placed there under the Mansfield-Dirksen amendments.

So what we are really doing in the amendment offered by the Senator from

November 4, 1963

South Dakota [Mr. McGOVERN] and myself is asking the Senate to support the considered action of the Senate Committee on Foreign Relations in these two instances—the Alliance for Progress and the President's contingency fund.

I wish to make it crystal clear that the President's contingency fund of \$175 million that is provided for in the bill is more than was required last year.

Second, there is an additional \$300 million of contingency funds—emergency funds—that are available under the Military Assistance Act for the President of the United States over and above the military assistance moneys that can be taken out of the Department of Defense budget or appropriations, and are reimbursable. So we would not in any way tie the hands of the President. I would never do that. We carefully considered in the Committee on Foreign Relations, after extensive hearings, the President's contingency fund. While it is true that the administration asked for more than it received, it was the unanimous judgment of the Committee on Foreign Relations that the \$175 million was adequate.

I am sure that Senators know that if the amount is not adequate, and there is a contingency or an emergency, the President only has to ask the Congress and he will get prompt action as he did in the instance of the Middle East Resolution some years ago.

So I hope that tomorrow Senators will find it possible to join the Senator from South Dakota and me in supporting the amendment. I cannot believe that we would want to do less next year than we did this year in relation to the Alliance for Progress. One of the reasons that we offer the amendment is that the House cut the program down to \$450 million. If we should cut it to the amount suggested in the Mansfield-Dirksen amendments, which is \$525 million, we would find ourselves in conference with a figure that would be somewhere around \$475 million or \$500 million. That would be \$25 million or \$50 million less than the appropriations for this year.

We all know that authorizations always suffer a cut when they reach the Appropriations Committee. So the Senator from Minnesota merely wishes to afford some bargaining power in the conference on the authorization bill and, once we come from conference, provide a figure for the Alliance for Progress that will permit the Appropriations Committee to make a reasonable appropriation for the splendid program that we now have fairly well underway.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, November 4, 1963, he presented to the President of the United

States the enrolled bill (S. 310) for the relief of Kaino Hely Auzis.

RECESS

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 17 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, November 5, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nomination received by the Senate November 4 (legislative day of October 22), 1963:

William Jack Howard, of California, to be Chairman of the Military Liaison Committee to the Atomic Energy Commission, vice Gerald Johnson, resigned.

CONFIRMATION

Executive nomination confirmed by the Senate November 4 (legislative day of October 22), 1963:

DEPARTMENT OF JUSTICE

Bernard T. Moynahan, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 6, 1963
For actions of Nov. 5, 1963
88th-1st; No. 178

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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sens. Proxmire and Hruska inserted articles urging that U.S. exact concessions for a sale of wheat to Russia. Sen. Anderson opposed concentrating water resources research funds in few institutions. Sen. Dodd submitted and discussed measure stating negotiations for wheat sale to Russia should be suspended during current Berlin crisis.

SENATE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 20020-31, 20033-48, 20051-9). By a vote of 80 to 0, agreed to an amendment by Sen. Holland to limit the authorization for the Development Loan Fund for fiscal years 1964, 1965 and 1966 to \$975 million (pp. 20020-2). By a vote of 40 to 43, rejected an amendment by Sen. Ellender to limit the authorization for the Development Loan Fund to \$900 million for fiscal year 1964 (pp. 20022-41). By a vote of 42 to 40, agreed to an amendment by Sen. Morse to the above Holland amendment to reduce the authorization for the Development Loan Fund to \$950 million for fiscal year 1964 and repeal the existing authorization for fiscal years 1965 and 1966 (pp. 20042-3). Pending at adjournment was an amendment by Sen. Humphrey to the proposed Mansfield-Dirksen amendment to restore the authorization funds recommended by the committee for the Alliance for Progress and the President's contingency fund (pp. 20043-8). Sens. Simpson, Morse, and Lausche submitted amendments intended to be proposed to this bill (p. 19986).

2. WHEAT; FOREIGN TRADE. Sens. Proxmire and Hruska expressed concern over a possible sale of wheat to Russia and inserted articles contending that if wheat is sold the U.S. should exact concessions from Russia as a condition for such sale. pp. 19991-2, 20009-11
3. FORESTRY; LUMBER. Sen. Morse commended the recent improvements in earnings of the lumber industry and inserted several tables on current conditions in the industry. pp. 20049-51
4. RESEARCH; WATER RESOURCES. Sen. Anderson inserted and disputed a statement by Dr. Paul M. Gross, chairman of the board of directors, American Association for the Advancement of Science, that funds for water resources research should be concentrated on a relatively few "centers of excellence," and Sen. Anderson reiterated his support for allocating such funds to the land-grant colleges and universities in all 50 States. pp. 19995-8
5. RECREATION; SOIL CONSERVATION. Sen. Hart inserted and commended a Mason-Lake (Mich.) Soil Conservation District newsletter describing increased opportunities for family farm vacations on farms in Mason Co., Mich. p. 20018
6. FOREIGN AFFAIRS. Sen. Fulbright inserted two articles discussing George Kennan's criticism of U.S. foreign policy toward Yugoslavia. pp. 19999-20002, 20059-60

ITEMS IN APPENDIX

7. INFLATION. Extension of remarks of Rep. Curtis inserting two articles stating that "the administration and the Federal Reserve think price stability is important, not just to maintain confidence in the dollar at home and abroad, but to bolster the competitive position of U.S. merchandise against foreign products." pp. A6885-6
8. TAXATION. Extension of remarks of Rep. Curtis inserting an article questioning "whether tax reduction can actually head off or postpone a recession" and stating that the "size of the proposed tax cuts coupled with some spending increases, have inflationary consequences." pp. A6888-9
Extension of remarks of Sen. Humphrey inserting testimony stating that "an unbalanced budget, in and of itself, is not inflationary so long as there is an overabundant labor supply and unused plant capacity" and also that "it is high time we realized that the budget of our Government has nothing in common with that of a housewife, it is much more realistic to compare it with that of a large corporation that is expanding its plant in relation to the population growth and increasing demand for its product." pp. A6891-2
Extension of remarks of Rep. Curtis inserting his remarks stating that "the tax bill serving as a camouflage for the discredited theory of prosperity through cheap money, if it were enacted without amendment requiring expenditure reform, would radically change the basic fiscal policy this country has followed since the disastrous experience with the Continental Congress and the Articles of Confederation." pp. A6892-4
9. YOUTH CONSERVATION. Extension of remarks of Sen. Bayh inserting an article entitled "Geared Along Military Lines: Hard Work Making Youth Conservation Camp a Success." pp. A6890-1

The present Court may or may not find this view controlling, but any conscientious legislator should be able to see that it is unreasonable punishment to deprive a citizen of his rights as an American for merely living abroad for a few years. It is said that this unreasonable provision stripped citizenship from 1,200 Americans in a recent 12-month period. Why the irrational haste to disclaim citizens who cherish their acquired allegiance to this country? Regardless of what the Court may decide, Congress ought to repeal this harsh and self-defeating relic from the isolationist years.

AUTOMATION AND THE DISINHERITED

Mr. BOGGS. Mr. President, the story of automation, its promises as well as its problems, is being covered in increasing detail by news media of our country. This emphasis is well placed. Automation, which has as companions people out of work and people in need of training, may well be the overriding economic problem to face the United States this century.

What occasions my comment today is the sobering article, "Automation and the Disinherited," which is carried in the November 5 edition of the Christian Science Monitor, a fine newspaper which consistently carries articles of worth.

It begins by quoting Richard L. Worsnop of Editorial Research Reports, who says:

There is general agreement that automation is a more serious threat to employment than was the Industrial Revolution.

It is because of the magnitude of the economic change which is accompanying automation that I have long advocated a White House conference on automation, a conference which would have local community education about automation as its most important product. Only after automation was studied at local levels would delegates meet in Washington to sift the best ideas for living with the changes of automation and for making the most of them for the good of the public as a whole. Passage of S. 185 would bring about the White House conference we need.

I mentioned that people in need of training are companions of automation, and so they are. For this reason we need greatly expanded programs of education for employment in this country.

Automation, unemployment, and training also have a vital tie-in with the need for jobs if minorities in this country are to improve their lot. In this connection I am proud to mention the position on hiring practices emphasized 2 days ago by Henry B. Du Pont, a director of the great Du Pont Co. in my State.

Mr. Du Pont said:

Our policy—and every branch of the company is aware of it—is not to discriminate against any employee or applicant for employment because of race, creed, color, national origin, or ancestry with respect to hiring, promotion, demotion, transfer, recruitment, termination, rates of pay, or other forms of compensation and selection for training.

Mr. Du Pont added:

Unfortunately our experience right here in Wilmington as well as elsewhere in the country is that only a very small percentage

of Negroes are adequately prepared for the kinds of jobs that American industry will need to fill in the years ahead.

Mr. President, in the interests of spreading information about automation, and with the sincere hope that it will be carefully read by my colleagues, I ask unanimous consent that the article referred to from the Christian Science Monitor be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, Nov. 5, 1963]

AUTOMATION AND THE DISINHERITED—TECHNOLOGY MAKES MORE JOBS, IT IS TRUE, BUT NOT ALWAYS, OR OFTEN, FOR THE PEOPLE WHO ARE DISPLACED

"There is general agreement that automation is a more serious threat to employment than was the industrial revolution." In this striking statement, Richard L. Worsnop, of Editorial Research Reports, speaks the views of some businessmen as well as of labor leaders and government authorities.

John I. Snyder, Jr., board chairman of U.S. Industries, Inc., a company that makes automatic machinery, admits, "We're using sophisticated machines to destroy jobs." His company is financing a foundation, cosponsored with the International Association of Machinists, to study problems of technological displacement.

John F. Henning, Under Secretary of Labor, estimates that 2.2 million jobs a year are eliminated in the United States by increased output per man-hour due largely to technological progress. This means that new jobs need to be found for 40,000 displaced workers a week besides new workers.

The classical contention has been that invention creates new jobs as it wipes out old ones. But as applied to automation, or "cybernetics," Mr. Snyder declares this is "a myth." And Mr. Worsnop sums up the evidence thus:

"Ideally, displaced workers should be the first to share in the benefits of automation. So far, just the opposite has been true. Workers who have managed to hold on to their jobs in automated factories find working conditions and fringe benefits improved. Many of those who have lost their jobs to machines are likely to remain unemployed, or employed only part time, for the remainder of their lives."

MINERS: FROM PAYROLLS TO DANGEROUS "DOG HOLES"

One of the regions where displacement of this sort has taken a most heavy toll is described by Homer Bigart in the New York Times. In the Cumberland Mountains of eastern Kentucky tens of thousands of idle miners, replaced by coal-cutting machines, face a winter of grinding poverty. "Three generations of living on handouts," he reports, has eroded their self-respect and "resulted in a whipped, dispirited community."

In one country even Government surplus foods are not available because the county has no funds to fetch and distribute them. Able-bodied men, barred from the relief rolls, leave their families so the women can qualify for aid to dependent children (ADC).

These, as described by A. H. Raskin in the Saturday Evening Post, are "the once-proud men whose high wages and industry-financed pensions made them the soot-smudged aristocrats of American labor only a dozen years ago." Today some of them "scratch out a perilous subsistence" in played-out pits or "dog holes" where the coal seam is too thin for effective mechanization.

All this takes place while Department of Commerce statistics show that the gross national product for the country at large has risen to an annual rate of more than \$588

billion and disposable personal income is at a new high of more than \$400 billion annually.

ARE AMERICANS LIVING IN TWO COMPARTMENTS?

Several months ago the traveling interviewer, Samuel Lubell, observed that while older workers in stable industries were doing well, many younger workers "have been virtually walled out . . . by seniority rights and high fringe benefits."

Does this mean that, unless steps are taken to prevent it, a situation described by Prof. Andrew Hacker, of Cornell University, is taking shape? To the American Political Science Association, September 6, Dr. Hacker said, "It may well be that two Americas are emerging, one a society protected by the corporate umbrella and the other a society whose members have failed to affiliate themselves with the dominant institutions."

If such a situation is to be avoided there will have to be some hard thinking, planning, and doing about it in the United States. There are remedies but they are not automatic. Congress and State legislatures have hardly caught up with the age of the typewriter, let alone the computer.

Some remedies are nonpolitical. For example, does all research have to be directed toward using mineral and other inorganic resources? Why not more research and development toward devising industries that can utilize relatively unskilled or semiskilled hands? Ingenuity has found use for once waste materials from bones and sawdust to cinders and bagasse; why not for surplus human resources? Industry already does vast amounts of training and retraining; but a company can afford this only where there is a prospect of use within its own organization.

Much of the need in an age of rising technology is for a spread of elementary education, then for more and better vocational education, and finally for retraining programs where an obsolete skill must be replaced by a current one.

HOPE IN EDUCATION AND REHABILITATION

This calls for more schools such as one in New Haven, Conn., described in the October Reader's Digest by Lester Velie—an elementary school that has made itself a 16-hour-a-day community center in a slum neighborhood and sparks an interest in learning among Negro families hitherto without hope.

It calls also for such initiative as has been displayed in Chicago, where the Cook County Welfare and Rehabilitation Service last year placed in jobs 12,000 persons formerly on the relief rolls. It did this by a basic literacy program and evening vocational or high school courses which welfare recipients were required to take. In addition, 5,000 relief clients were put on work projects for the city, county, or State.

The problem of idle human resources is complicated by the fact that in some States compensation is being paid to persons in fairly comfortable circumstances while in others the compensation payments have been exhausted by workers whose families are hungry and for whom the prospect of reemployment is remote if not nonexistent.

Among workers with displaced skills, such as notably the coal miners, one of two needs exists. Either new industry must be brought to them or they must be retrained and enabled to move where employment is assured. The latter course involves some kind of sustenance payments.

LABOR-INDUSTRY FUNDS ONLY PARTLY SUCCESSFUL

Automation, through its economies, does create new market demands and ultimately new jobs—but they are not generally for the same people, or even the sons and daughters of the same people, unless a great deal of human relations engineering is introduced into the process.

Efforts of unions and industries to cushion the effect of technological change by special funds for this purpose have been only partly successful. One of the first, in the packing-house industry, produced only 8 retrained persons out of 431 laid off. The Pacific Maritime Association, in agreement with the Longshoremen's Union, has set up a fund by which profits from greater efficiency stabilize weekly earnings and sweeten retirement pay.

Unquestionably, technological advancement can introduce new jobs as it obliterates old ones. Prof. Walter Buckingham, a labor mediator, says most of the jobs held by workers in the United States today "would not exist if it were not for technology."

Yet, to return to Mr. Snyder, this seller of automation believes that in time machines will do most of the work of humans. "People—living, breathing, feeling, and thinking people—" he says, "somehow will have to learn to do nothing in a constructive way." Many of them already have found enriching uses for the leisure.

Will machines further shorten the work week and leave even the employed with time on their hands? Will a few be busier than ever correlating the functions of the machines? And will some unhappy thousands, even millions, find themselves left out of such an economy altogether? To avoid this last possibility, the President's Committee on Labor Management Policy says, "Achievement of technological progress without sacrifice of human values requires a combination of private and Government action consonant with the principles of a free society."

The PRESIDING OFFICER. If there be no further morning business, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the Holland amendment to the so-called Mansfield-Dirksen amendments to the committee amendment. The Holland amendment to the Mansfield-Dirksen amendments will be stated.

The LEGISLATIVE CLERK. On page 1, line 8, of the Mansfield-Dirksen amendments, it is proposed to strike out "1,500,000,000" and insert in lieu thereof \$975,000,000.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, on the question of agreeing to the Holland amendment to the Mansfield-Dirksen amendments, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, I rise to support the Holland amendment to the Mansfield-Dirksen amendments, but I point out several things which

may not be understood by some of the opponents of this measure. I did not hear anything said on the Senate floor about these matters.

When the authorization for the Development Loan Fund was granted in the 1961 act, under section 202 it was provided that for the first year the appropriation would be \$1.2 billion, and for the 4 years following 1962 it would be at the rate of \$1.5 billion.

As I understand the Holland amendment to the Mansfield-Dirksen amendments, it seeks to make the authorization for 1965 and 1966, \$975 million a year. I invite the attention of Senators to the fact that if that action is taken, the \$975 million, under that limitation, will not be the only amount which can be appropriated for that purpose, because the authorization bill contains the following proviso:

Provided, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period, in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

I wish to call to the attention of the Senate the fact that in 1962, although there was an authorization of \$1.2 billion, the amount actually appropriated was only \$1,112,500,000—leaving for future appropriation \$87,500,000; and during the past fiscal year, 1963, although the Senate could have appropriated for this purpose \$1.5 billion, it actually appropriated only \$975 million—thereby leaving the sum of \$525 million which could be appropriated either this year or in fiscal year 1965 or in fiscal year 1966.

So the amounts left over from 1962 and 1963 aggregate \$612,500,000. Therefore, even though the Holland amendment to the Mansfield-Dirksen amendments were to be adopted, Congress could appropriate as much as \$612,500,000 over and above the \$975 million contained in the Holland amendment.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. There would not be any additional amount, because it is limited, by the Holland amendment, to \$975 million.

Mr. ELLENDER. No; because the Holland amendment does not eliminate the proviso. The Holland amendment merely changes the figure "\$1,500,000,000" to "\$975,000,000"; but the proviso in section 202 still remains, and I point out that even though the Holland amendment were to be adopted, for the fiscal year 1965, Congress would have a right to provide—if the Mansfield-Dirksen amendments as thus amended were adopted—in addition to the \$975 million provided for by the Holland amendment, \$612,500,000. I repeat that this results from the fact that under the 1962 appropriation we had unused authorization of \$87,500,000; and under the appropriation made for the fiscal year 1963, we had unused authorization in the amount of \$525 million.

I wish to make it perfectly plain that although I believe the Holland amend-

ment is a step in the right direction, nevertheless, even though that amendment to the Mansfield amendments were adopted, come next year Congress would have authority to increase the \$975 million by as much as an additional \$612,500,000.

I thought I would bring that point to the attention of the Senate, so Senators would know about it in advance of the vote on the Holland amendment to the Mansfield-Dirksen amendments.

THIRTY-SEVEN SENATORS HAVE SPONSORED OVER TWENTY-FIVE SUBSTANTIVE AMENDMENTS TO FOREIGN AID BILL

Mr. GRUENING. Mr. President, it is most surprising that the press, radio, and television, in reporting the very vital debate on foreign aid, which now has been going on in the Senate for the past 5 days, has not brought home to the American public the important fact that the debate is in great measure centered on how the program is administered and will be administered, rather than on how many dollars are to be authorized for the foreign aid program.

From reading the reports appearing in the daily press or from listening to them on the radio and television, it would seem as though the entire Senate has been engaged in a numbers game about whether the overall amount to be authorized should be \$4.5 billion, \$4.2 billion, \$3.8 billion, or \$3.5 billion.

Mr. President, with the concession made by the Mansfield amendments, thus lowering the figure to \$3.8 billion, the Senate is now engaged in these long hours of debate over \$300 million. However, much, much more is involved in this debate.

Those of us who are in favor of the foreign aid program are attempting to do on the floor of the Senate that which the administrators of the AID program should have done long before this—tighten up the administration and objectives of the AID program so that our foreign economic and military aid will hit the mark rather than be scattered to the four winds.

This is the story that should be told to the American people. As a matter of fact, Mr. President, it is misleading to give the people the impression that the sole issue is how much money would be authorized to be appropriated for the foreign aid program this fiscal year. Most of us are concerned also—indeed more—with program substance: how the program has been administered, what pitfalls from the past can be avoided in the future, what parts of the program should be emphasized or deemphasized, and what guidelines and principles can be laid down in the authorization bill to give congressional directive to the entire program.

We are concerned—and properly so—that whatever amount is appropriated ultimately, be it \$4.5 billion or \$3.5 billion, or less, it be properly, efficiently, and wisely spent. The American people should not be misled into believing that what is going on in the Senate debate is merely an argument about "how much" but that it is an argument about how effectively and wisely whatever is appropriated will be expended.

I have listened to radio and television and read the papers in vain to read or hear something which would give an impression opposite to the one that we are arguing—merely about money totals. As of the end of business on last Friday, some 50 amendments had been introduced. Well over half of these amendments do not—I repeat the word “not”—deal with how much money would be authorized. They deal with how the program should be administered.

Here are descriptions of some of these amendments:

Should the United States continue to give economic assistance to countries such as Egypt and Algeria, which are engaged in aggression against their neighbors, thereby diverting their own resources from the economic development of their countries to wage aggressive war? This issue will be solved by the adoption of amendment No. 231, sponsored by Mr. GRUENING, for himself, Mr. JAVITS, Mr. MORSE, Mr. CASE, Mr. WILLIAMS, JR., of New Jersey, Mr. RIBICOFF, Mr. YOUNG of Ohio, Mr. KEATING, Mr. MUSKIE, Mr. DOUGLAS, and Mr. DODD.

Should the United States continue to make development loans, charging interest at the rate of three-quarters of 1 percent per annum for 40 years with a 10-year grace period, thereby in effect—because the United States has to borrow money at higher interest rates to make these loans—giving a grant to the borrower nation of about 80 cents for each dollar loaned? This problem would be solved by acceptance of amendment No. 232 by Mr. GRUENING, for himself, Mr. MORSE, Mr. SIMPSON, Mr. ERVIN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS.

Should contracts with universities for the performance of services abroad contain the same terms and conditions as are applicable to contracts with the same universities for services within the United States so that competition for the limited numbers of qualified educators between programs at home and abroad may at least be put on an equal footing? This would be taken care of by adoption of amendment No. 234 by Mr. GRUENING for himself.

Should military assistance be continued for Latin American countries now that the Department of Defense has admitted that such arms are no longer necessary for hemispheric defense and the arms supplied by the United States have been repeatedly used to overthrow constitutionally elected governments? Amendment No. 235 by Mr. GRUENING, for himself, Mr. ERVIN, Mr. CANNON, Mr. MORSE, Mr. SMATHERS, Mr. NELSON, Mr. PROXMIRE, and Mr. MCGOVERN would take care of this wasteful and actually destructive expenditure.

Should foreign assistance be given Yugoslavia even though that nation makes no payment for property nationalized or should such foreign assistance be stopped until Yugoslavia makes acceptable payment? Amendment No. 236 by Mr. DIRKSEN seeks to resolve that question.

Should development grants for capital projects be made only if the recipient finances at least 25 percent of the cost? Amendment No. 241 by Mr. ELLENDER raises this issue.

Should military aid to African countries be limited to \$25 million a year and not be available to meet internal security requirements or should there be no special restriction on how much military aid can be given to the African nations so as to permit the support of special police forces? Amendment No. 244 by Mr. ELLENDER deals with this matter.

Should any agreement between the United States and Czechoslovakia relating to the settlement of claims by U.S. nationals against Czechoslovakia arising out of nationalization be submitted to the Senate for its advice and consent? Amendment No. 247 by Mr. KEATING would enable the Senate to debate and pass on this issue.

Should AID be discontinued from any nation which extends its jurisdiction for fishing purposes beyond the 3-mile limit or imposes penalties or sanctions against any U.S. fishing vessel on account of its fishing in such area? Amendment No. 248 by Mr. KUCHEL for himself and Mr. ENGLE, if adopted, would prevent the arrests and fining of American tuna fishermen in international waters.

Should AID be withdrawn from any nation which does not pay its assessments in the United Nations? Amendment No. 249 by Mr. MILLER would enable the Senate to show its disapproval of those who will not pay their share.

Should Public Law 480 products which are sold to other nations for soft—local—currencies include fisheries products? Amendment No. 250 by Mr. ELLENDER would enable the Senate to hear the arguments pro and con.

Should Aid be used, as it has been, to meet foreign nations' deficits or should payments be ruled out and AID used for specific projects? Amendment No. 254 by Mr. MORSE would, if adopted, stop the bailing out of governments that do not follow sound fiscal practices.

Should the AID program be revamped completely beginning June 30, 1965—a proposal the Senate Committee on Foreign Relations had under serious consideration—so that each country would be required, as a condition to receiving economic assistance, to prove that it had taken the necessary self-help measures such as land and tax reforms? Amendment No. 259 by Mr. MORSE raises a fundamental issue which should be thoroughly debated.

Should aid be withheld from countries where a military coup has overthrown a constitutionally elected government? Amendment No. 265 by Mr. MORSE would tend to stop the overthrow of legally constituted governments by military juntas.

Should aid assistance be withheld from Indonesia which is threatening aggressive war against its neighbors and when the economic situation is going from bad to worse? Amendment No. 266 by Mr. PROXMIRE, if adopted, would tend

to discourage aggression and subsidizing of unstable dictatorships.

But the fact remains, Mr. President, that 37 Senators have sponsored or cosponsored amendments to the foreign aid bill. This indicates the deep feeling of the Senate that the time for reforms in the administration of the foreign aid program is at hand. The time to act is now.

We hope that in the future the press will give a little more emphasis to those amendments, and not concentrate the discussion on whether we shall spend so many dollars more or so many dollars less in toto.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida [Mr. HOLLAND] to the Mansfield-Dirksen amendments to the committee substitute. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], the Senator from Tennessee [Mr. WALTERS], and the Senator from California [Mr. ENGLE] would each vote “yea.”

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

The Senator from New York [Mr. KEATING] is detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], the Senator from New York [Mr. KEATING], the Senator from Pennsylvania [Mr. SCOTT],

and the Senator from Texas [Mr. Tower] would each vote "yea."

The result was announced—yeas 80, nays 0, as follows:

[No. 206 Leg.]

YEAS—80

Alken	Gruening	Morton
Allott	Hart	Moss
Anderson	Hartke	Mundt
Bartlett	Hayden	Muskie
Bayh	Hickenlooper	Nelson
Beall	Hill	Neuberger
Bible	Holland	Pearson
Boggs	Hruska	Pell
Brewster	Humphrey	Prouty
Burdick	Inouye	Proxmire
Byrd, Va.	Jackson	Randolph
Byrd, W. Va.	Johnston	Ribicoff
Cannon	Jordan, N.C.	Robertson
Carlson	Kuchel	Russell
Case	Lausche	Saltonstall
Church	Long, La.	Simpson
Cooper	Magnuson	Smathers
Curtis	Mansfield	Smith
Dirksen	McCarthy	Sparkman
Dodd	McClellan	Talmadge
Dominick	McGovern	Thurmond
Douglas	McIntyre	Williams, N.J.
Ellender	Mcchem	Williams, Del.
Ervin	Metcalf	Yarborough
Fong	Miller	Young, N. Dak.
Fulbright	Monroney	Young, Ohio
Gore	Morse	

NAYS—0

NOT VOTING—20

Bennett	Javits	Pastore
Clark	Jordan, Idaho	Scott
Cotton	Keating	Stennis
Eastland	Kennedy	Symington
Edmondson	Long, Mo.	Tower
Engle	McGee	Walters
Goldwater	McNamara	

So Mr. HOLLAND's amendment to the Mansfield-Dirksen amendments to the committee amendment in the nature of a substitute was agreed to.

Mr. HOLLAND. Mr. President, I move to reconsider the vote by which the Senate adopted my amendment.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I call up my amendment No. 298, and ask for its consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana to the amendments proposed by Mr. MANSFIELD, for himself and other Senators, to the committee amendment in the nature of a substitute, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 1, line 7, of the amendments, to strike out "\$975,000,000" and insert in lieu thereof "\$900,000,000".

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

MILITARY ASSISTANCE

Mr. ELLENDER. Mr. President, before proceeding with a discussion of the pending amendment to the Mansfield-Dirksen amendments, I wish to address myself to military assistance.

My amendment—No. 242—submitted on October 28 and calling for a cut of \$300 million in military assistance, is included in the Mansfield-Dirksen amendments. If adopted, \$1 billion will be made available for military assistance in fiscal year 1964, which amount is in accord with the House figure.

No matter who delves into and an-

alyzes our military assistance program, be he a respected general, statistician, accountant, economist, or representative of the people in the Congress, the conclusion inevitably follows that the 1964 budget request for military assistance is about \$400 million more than is needed to carry out the program.

I point out that the amendment I had submitted called for a cut of only \$300 million, but I sincerely believe we could cut another \$100 million from the military aid program, without affecting our security.

This is based on an analysis of the Clay Committee report, and a statistical analysis of the reductions made in this program by Congress and the executive branch over the last 10 years.

Let us first look at the views of the Presidential investigating committee headed by Gen. Lucius D. Clay, and known as the Committee To Strengthen the Security of the Free World, or the Clay Committee. This Committee made a 3-month study of our Nation's military and economic assistance programs, and made its report to the President on March 20 of this year.

The Committee's report to the President contains a number of comments and recommendations concerning our military assistance program, all of which had, and I believe still have, the approval of General Clay. I would now like to refresh the recollection of Senators by citing some of these comments and recommendations.

On page 7 of the Clay Committee report, the following appears:

We are convinced that in several of these countries (and here the committee is referring to nations on the frontiers of the free world) indigenous forces are larger than required for their immediate mission of defense and not large enough to assume other missions. There, phased reductions of a very substantial order appear practical, after further careful examination, without unduly sacrificing immediate effectiveness. This would not only lessen the cost of military assistance but reduce related supporting economic assistance as well.

Continuing on page 8:

There are a few other border countries whose military forces presently are of value largely for internal security purposes. Even though they belong to alliances with which we are associated, we believe the present level of support to these forces, particularly with sophisticated weapons, cannot be considered as essential to the security of the free world. In these countries, which have substantial resources of their own, significant reductions of military and economic assistance are in order.

In addition, there are other countries in this border area, particularly in southeastern and western Asia, to which we provide economic assistance and, in some cases, military equipment, though they are neither allies nor members of alliances with which we are associated. We believe most of this military assistance is not essential to our own or free world security, and we cannot recommend continued supply of this equipment.

Commenting on aid to the NATO countries of Greece and Turkey, on page 9 the Committee points out that:

On the western end of the bloc periphery Greece and Turkey are moving toward in-

creased security and well-being. Both of these important nations, however, are still in need of military assistance and economic support, and Turkey will require both forms of assistance for some time to come. We believe that other NATO members should increase their contributions to these countries to the point where they bear a proportionate share of the burden and that the proportion of our own assistance should be reduced accordingly. Elsewhere in Europe, there is no apparent need for further military or economic assistance other than for the fulfillment of existing commitments.

For many years I have been making that very contention to my colleagues in the Senate. But somehow the military authorities have been listened to, and in practically all cases we have acceded to their wishes. Efforts to obtain assistance from our allies from the West have failed. I believe that at this date, with the heavy load we are carrying all over the world, it is shameful that the countries in Western Europe should be permitted to lag behind.

As I pointed out some time ago, in the pending bill there is an amount approximating \$230 million of military assistance for the countries of Western Europe, excluding Turkey and Greece. In addition, we are furnishing millions of dollars at both economic and military assistance to Turkey and Greece, but that assistance does not appear in the justifications for Europe, but in the justifications for Asia. Why they should be separated from Europe in that way, I do not know. However, the fact remains that as to those two countries, to which a very limited amount of assistance is being given by the countries of Western Europe, we are continuing to furnish large amounts. I repeat what I said the other day, that so long as we continue to pour out our wealth and furnish those countries with all they supposedly need, no effort will be made by the countries of Western Europe to assist us with the burden.

In connection with the last quotation from the Clay Committee report, Secretary McNamara, in testifying before the House Appropriations Committee this year, stated:

In fiscal year 1963, six NATO countries expressed their willingness to provide aid to Greece in one form or other, and under varying circumstances and conditions, to a total monetary value of approximately \$15 million.

Why, Mr. President, this is a mere pittance compared to the military and economic assistance we are furnishing to Greece and Turkey. To date we have furnished in excess of \$7 billion to these two countries. Is this the best we can do in getting our more prosperous European allies to render this very necessary assistance? I do not believe the administration has really tried hard enough, and if we in Congress continue to make an inflated amount of military assistance available, I do not believe a real effort will ever be made. After all, why should our allies make aid available to Greece and Turkey if the U.S. Congress is going to fill the gaps which may be left, over and above our rightful share?

Returning to the Clay report, it is pointed out on page 18:

The committee has examined the economic and military assistance the United States provides to certain countries in exchange for bases. In many instances, the practical cost seems excessive, particularly where the bases provide both considerable dollar income from expenditures by our personnel and substantial local employment.

The Clay Committee also looked askance at the aid we furnished to a number of countries, including those in Latin America and Africa. In this regard, on page 18 of the report, the Committee states:

In addition to our remarks above concerning various areas, the committee wishes to note its general view that only in extraordinary circumstances should the United States provide MAP aid, including military equipment of a small arms nature, where the principal quarrel of the recipient country is with a non-Communist neighbor with which the United States also maintains friendly relations.

In this same connection, the committee on page 10 of its report stated specifically with regard to aid to the African countries:

With regard generally to U.S. military assistance to African countries, we must bear in mind that the chief burden of helping these nations to enhance their internal security capabilities again falls logically on the former metropolises, with which most of these countries have retained police and military relationships. In some cases, small-scale and supplementary U.S. training programs and internal security assistance may be justified, and limited activity in a few countries where we maintain bases is in order. Small programs and missions should be terminated elsewhere.

I have been advocating such a program for the past 7 or 8 years, but little, if anything, has been done. On the contrary, they have been increased—not in number of men, but in number of missions abroad.

The Clay report continues:

We believe the problems created by military assistance programs in the African countries generally would be greater than those they would forestall or resolve.

I covered that point very thoroughly in my report to the Senate after I had visited Africa last year.

My own personal opinion about military aid to Africa is set out on page 9 of my recent report on Africa wherein I stated:

It will be devastating to the African nations if they have to expend even a small amount of their meager revenues to support armies. It is to be hoped that none of them will endeavor to build up their armed forces for use in expanding their territories, and everything possible should be done to promote lasting peace. I am convinced that any amount of military aid to the newly independent countries will serve only to bring on chaotic conditions. Here is a most important field where the United States could play a definite, beneficial role by staying out

of Africa. No military aid in any way, shape, or form should be tolerated.

Although we are now supposedly giving military aid only for internal security, one does not have to look too far to find programs which started out as internal security blossoming into full-fledged military support. The question is always where to draw the line? How is internal security to be defined? When do weapons furnished for internal security become weapons to be used for external aggression?

We are at present, or have been in the recent past, engaged in training paratroopers in Mali, at a cost of over \$600,000. Can this be called internal security? Are paratroopers needed to maintain order?

Now, Mr. President, with the help of my staff and the staff of the Senate Appropriations Committee I have thoroughly analyzed the report of General Clay's Committee and have applied his Committee's recommendations to the President's revised 1964 budget request for military assistance. This has resulted in a determination that reductions in military assistance totaling \$432,244,000 would be in consonance with the recommendations made in the Clay report. These reductions are applied to the programs in the various areas of the world, and I am confident, if made, would result in no threat to our security or the security of the nations of the free world.

The amount of military assistance requested for Europe in the President's budget is \$229,356,000. Allowing the amount which we are committed to contribute to Europe, and recommended in the Clay report, a total of \$78,500,000 should be authorized for this area, thus permitting a reduction of \$150,856,000 in this segment of the military assistance program.

In Africa, where \$24,511,000 is included in the budget estimate, the amount concurring with the recommendations by the Clay Committee would total \$5,132,000, thus permitting reductions of \$19,379,000.

In the Near East and south Asia, \$444,726,000 has been requested in the budget. The amount covered in the recommendations of the Clay Committee total \$393,287,000, thus permitting reductions of \$95,439,000 in the program for this area of the world.

In addition to the reductions in these three areas, applying the Clay Committee recommendations, further reductions amounting to \$166,570,000 could be made in the Far East and in the Latin American areas of the world.

Mr. President, I hold in my hand a detailed tabulation of the application of reductions recommended by the Clay Committee. Notwithstanding its lessened value because of the necessity of deletions on account of security reasons, I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Military aid

[In thousands of dollars]

Region	Revised 1964 budget request, amount ¹	Clay Committee recommendations, amount	Reductions
Europe.....	229,356	² 78,500	150,856
Africa.....	24,511	³ 5,132	19,379
Near East and south Asia.....	444,726	⁴ 393,287	95,439
Far East.....	671,853	⁵ 584,045	87,808
Latin America.....	77,262	⁶ 0	77,262
Administrative expenses.....	25,000	⁷ 23,500	1,500
Nonregional.....	57,283	57,283	-----
Total.....	1,529,991	1,097,747	432,244
Recoupments, prior years.....	125,000	125,000	-----
Total new obligation amounts.....	1,404,991	972,747	-----

¹ Includes \$125,000,000 recouped from cancellations of prior year programs.

² Deleted for security reasons.

³ Includes aid for only those countries where base rights are held by United States.

⁴ Deleted for security reasons.

⁵ Civic action projects should be financed from economic aid program.

⁶ 6-percent cut on account of reduced program.

⁷ Application of recommendations not possible without thorough scrutiny of various areas involved, thus no reductions are recommended here.

Mr. ELLENDER. Mr. President, having documented why military assistance can be cut, based on the recommendations of the Clay Committee, I would now like to show why reductions in military assistance are also justified even if approached from a statistical or accounting viewpoint. In this connection, I have had my staff prepare an analysis of the military assistance estimates and appropriations for the 10-year period, fiscal year 1954 through fiscal year 1963. During this period of time, budget estimates were submitted to Congress for military assistance totaling \$21,258 million. The amount actually appropriated by Congress during this same period was \$16,342,400,000; thus Congress reduced the budget estimates during this decade by a total of \$4,915,600,000. Surely, this record shows that Congress has made drastic reductions in this program; yet, on top of the reductions made by Congress the executive branch made even further reductions, totaling \$537 million. Congress, notwithstanding its large reductions, had appropriated too much money during this period. If the reductions made by Congress and the further reductions made by the executive branch are added together, we find that the total reductions of budget estimates during this decade amounted to \$5,452,600,000. That is a reduction in the budget estimates of 24.46 percent.

Thus, the reductions made in military assistance during the past decade have amounted to almost one quarter of the original budget estimates. If this same yardstick should be applied to the current budget estimate for military assist-

ance for fiscal year 1964, a reduction of \$400 million in the budget estimate would be in order, which is an amount approximating the recommendations of the Clay Committee.

Mr. President, it is no coincidence that the reductions recommended by the Clay Committee and the amount determined by averaging congressional cuts over the past decade are identical.

I submit that \$400 million of the mili-

tary assistance budget request is simple fat and that it was placed in the budget as fat, with no justification for its existence.

Mr. President, I ask unanimous consent to have the analysis that was prepared by my staff printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Analysis of military assistance estimates and appropriations for 10-year period, fiscal year 1954 through fiscal year 1963

[In millions of dollars]

Fiscal year	Budget estimate	Appropriation	Reductions				Amount available for obligation
			By Congress	By Executive ¹	Total	Percent	
1954.....	4,274.5	3,230.0	1,044.5	318.7	1,363.2	31.89	2,911.3
1955.....	1,778.3	1,192.7	585.6	175.5	761.1	42.79	1,017.2
1956.....	1,595.2	1,022.2	573.0	14.0	587.0	36.79	1,008.2
1957.....	2,925.0	2,017.5	907.5	14.2	921.7	31.51	2,003.3
1958.....	1,900.0	1,340.0	560.0	6.3	566.3	29.81	1,333.7
1959.....	1,800.0	1,515.0	285.0		285.0	15.83	1,515.0
1960.....	1,600.0	1,300.0	300.0		300.0	18.75	1,300.0
1961.....	2,000.0	1,800.0	200.0	8.3	208.3	10.42	1,791.7
1962.....	1,885.0	1,600.0	285.0	(2)	285.0	15.12	1,600.0
1963.....	1,500.0	1,325.0	175.0		175.0	11.67	1,325.0
Total.....	21,258.0	16,342.4	4,915.6	537.0	5,452.6	24.46	

¹ Unobligated balances returned to Treasury.

² Less than \$50,000.

Mr. ELLENDER. Mr. President, if only from the standpoint of good economics or good programming, the amount authorized for military assistance should not exceed \$1 billion for fiscal year 1964. Each year the witnesses from the Pentagon, from the Secretary of Defense on down to the Administrator, endeavor to justify this program as being firm and concrete, while, in fact, it is based on guesswork. In the recent testimony before the House Appropriations Committee, when questioned by the chairman of the subcommittee which handles foreign aid about the concreteness of the military assistance program, Secretary McNamara replied, "Oh, yes indeed, no question about it," and then he proceeded to state that it was necessary to make some minor changes in the program on account of the aid that was furnished India and South Vietnam.

If these were the only changes, one would be justified in calling the military assistance program concrete and firm. But this is not the case. In fiscal year 1963, hundreds of changes were made in the military assistance program, affecting almost every country which receives military aid from us.

Unfortunately, I am not able to read into the RECORD today the many changes that were made in the military assistance program for fiscal year 1963, because they are classified, labeled "Secret." However, to give the Senate and the people of our country an indication of just how uncertain this program is, I found in an analysis presented with the justifications given to the Appropriations Committees that reprogramming deletions were made in almost all the countries, aggregating \$520,747,000, or almost one-third of the total program.

Furthermore, reprogramming additions totaling \$357,768,000 were also made in almost every country included in the military assistance program. Thus, when the combination of the reprogramming deletions and the reprogramming additions are added together, one finds that almost 75 percent of the program that was justified to Congress in fiscal year 1963 was changed after funds had been made available. In fact, there is no question that since this appropriation has been so overfunded for years, there has resulted much waste of funds, much laxity in programming, and much inefficiency in financial management in general, and that the program is anything but concrete and firm.

In this regard, a recent report, entitled "FAD 445," which was prepared by the Fiscal Analysis Division of the Department of Defense Comptroller's Office, shows that obligations for military assistance for the month of June 1963 alone were in excess of \$442 million. Needless to say, this figure represents almost one-third of the total program for 1963, and it was all obligated in the last month of the fiscal year.

This report also shows that for fiscal year 1963 almost one-half of the total obligated during the entire year for military assistance was actually obligated during the last 3 months of the fiscal year.

Mr. President, I submit that this was done to reduce the amount of unobligated balances at the end of the fiscal year which would normally revert to the Treasury unless reappropriated by Congress. It also indicates laxity in programming and, further, that there is excess funding of the military assistance program.

I ask unanimous consent that the text of the aforementioned FAD report 445 be printed at this point in the RECORD, so that the pictorial record of obligations in the military assistance program for fiscal year 1963 will be available for everyone's perusal.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Obligations—Military assistance, fiscal year 1963

[In thousands of dollars]

	Available for obligation	Obligations													Unobligated balance June 30, 1963
		July 1962	August 1962	September 1962	October 1962	November 1962	December 1962	January 1963	February 1963	March 1963	April 1963	May 1963	June 1963	Cumulative through June 30, 1963	
DEPARTMENT OF DEFENSE															
Military personnel.....	5,630		465		35	76			577	64	88	130	299	1,734	3,896
Operation and maintenance.....	925,696	28,616	31,324	32,341	33,025	43,041	47,874	46,698	71,653	64,270	39,644	41,001	188,846	668,333	257,363
Procurement.....	2,097,537	8,351	25,294	19,011	-10,114	31,788	56,163	93,425	102,203	110,617	77,331	164,440	230,293	908,832	1,188,705
Aircraft.....	552,716	5,473	4,986	7,685	-15,781	6,393	8,334	63,483	18,041	29,162	16,920	37,729	64,312	246,737	305,979
Missiles.....	423,395	2,895	1,576	4,304	1,509	2,964	11,511	5,637	20,151	30,967	20,950	42,738	34,250	179,452	243,942
Ships.....	217,292	195	11,708	316	1,748	5,297	4,481	708	8,402	5,751	3,367	15,891	4,628	62,522	154,771
Ordnance, vehicles and related equipment.....	505,607	-308	5,106	5,188	741	13,079	21,342	4,074	25,063	34,339	24,868	52,108	80,018	265,618	239,989
Electronics and communications.....	246,511	927	277	1,379	1,604	5,611	8,815	5,247	5,972	12,260	7,322	7,267	31,711	88,382	158,129
Other procurement.....	152,016	-832	1,612	139	66	-1,556	1,676	14,278	24,575	-1,862	3,903	8,718	15,374	66,121	85,895
Research, development, test, and evaluation.....	558	54	147	71	113	87	-46	91	21	-422	-252	117	161	142	416
Military construction.....	131,219	2,366	360	15,401	12,648	4,224	10,073	11,088	2,735	12,427	5,927	10,010	22,652	109,911	21,309
Undistributed.....	13,526		-8	27	-15	-4	-639	-6	-38	277	-241	14	-23	-656	14,182
Total, Department of Defense.....	3,174,167	39,387	57,581	66,883	35,690	79,213	113,424	151,296	177,154	187,230	122,497	215,714	442,227	1,688,296	1,485,871

NOTE.—Amounts will not necessarily add to totals due to rounding.

Mr. ELLENDER. Mr. President, there is no question that a close scrutiny and analysis of the military assistance program, whether it be made by a general, statistician, accountant, or economist, will reveal that the military assistance revised budget estimate for fiscal year 1964 can be reduced by \$400 million, as I previously stated.

I point out that both the Clay Committee and Secretary McNamara agree that a \$1 billion military assistance program is adequate, and the only difference in their opinions is the precise point in time when this figure may be reached. Secretary McNamara feels that it cannot be attained before fiscal year 1968, and the Clay Committee feels that it is possible within the next couple of years. Regardless of what opinion may be the correct one, even if we are pessimistic and accept Secretary McNamara's view, if this goal is to be attained, it is absolutely essential that the authorization of new obligational authority for military assistance for fiscal year 1964 not exceed \$1 billion. This is necessary because of the abnormal pipeline condition that presently exists in the military assistance program, and because of the considerable recoupments that will be made over the years because of the cancellations and changes in the program. I point out that we now have in the pipeline, unobligated, \$1,500 million, as can be gleaned from the FAD Report No. 445 which I previously included in the RECORD.

Mr. President, in the interest of having a sounder military assistance program, in the interest of getting greater efficiency in the financial and other management of this program, in the interest of fiscal sanity, and in the interest of the American taxpayers, I urge Senators to vote to cut the military aid program in the way proposed by me and as called for by the so-called Mansfield-Dirksen amendments.

DEVELOPMENT LOAN FUND

Mr. President, as I stated a moment ago, I submitted an amendment to cut the Development Loan Fund from \$975 million, as provided in the so-called Mansfield-Dirksen amendments, as amended, to an authorization of \$900 million for development loans for the fiscal year 1964—the same amount as authorized in the bill passed by the House.

Legislation which already exists provides an authorization of \$1.5 billion for each of the 5 fiscal years, 1963 through 1966, for development loans. I point out that these amounts have been modified by the Holland amendment which recently was adopted by the Senate, thus reducing the authorizations for 1965 and 1966 to an amount not to exceed \$975 million.

Nevertheless, the administration, even in its wildest dreams, could not take advantage of the past generosity of Congress; and it originally requested, for the fiscal year 1964, \$1,248 million. The ink on this request was hardly dry when it was revised and reduced to \$1,060 million by the executive branch.

The House amended existing legislation by reducing the authorization ceiling for development loans to \$900 million.

The Senate Foreign Relations Committee elected to leave the authorization for development lending as it is in existing legislation—namely, \$1,500 million—notwithstanding the fact that the administration has only sought \$1,060 million.

Last year, when the development loan program was presented to Congress, the budget estimate totaled \$1,250 million. This money was programed in the various regions of the world as follows:

Africa, \$200 to \$270 million; Far East, \$200 to \$280 million; Near East and south Asia, \$850 to \$950 million; for a total of \$1,250 to \$1,500 million.

Thus, the amount programed on the low side was \$1,250 million, and on the high side \$1,500 million, or an overprogramming of \$250 million. Of course, it is normal practice for the agency to engage in overprogramming, both on the regional and country levels, and when funds are made available the program can be adjusted to fit within the available appropriations. Overprogramming by about 10 percent of country loan planning figures is employed to provide guidance in terms of program priorities, while retaining flexibility regarding the screening and final approval of individual projects.

Since there is on hand a huge backlog of loan applications and since the loan approval cycle involves a lengthy process of project analysis and screening of applications, it would seem that when Congress made a considerable reduction in the budget estimate of the fiscal year 1963, every dollar Congress appropriated would have been obligated against the many loan applications allegedly on hand.

Actually, Congress appropriated \$975 million for the Development Loan Fund in the fiscal year 1963, which was a reduction of \$275 million in the budget estimate. But notwithstanding this cut by Congress, as of June 30, 1963, \$71,400,000 of the moneys appropriated for the Development Loan Fund remained unobligated at June 30, 1963. Thus, even though the agency overprogramed for its requirements, and even though Congress made a drastic cut in the appropriation, the agency was still unable to obligate all of the funds appropriated.

I submit, Mr. President, that by making available more money than can be efficiently obligated by AID, Congress is aiding and abetting in the promotion of waste and extravagance.

I also point out that under the pending amendments offered by the Senator from Montana [Mr. MANSFIELD], for himself, the Senator from Illinois [Mr. DIRKSEN], and other Senators, a further obligation is imposed on the AID administrators; namely, to submit these programs, when they are in excess of \$500,000, to the Corps of Engineers for approval. If the Corps of Engineers does a good job, it will take a much longer time in order to properly place this money for projects all over the world.

Mr. President, as I pointed out a few days ago, there is no earthly reason why we should begin—as suggested by the administrators of this program—a large aid program in Africa. Africa is a great continent. It is filled with numerous

natural resources that are awaiting development. Those resources are not controlled by us. They are not in our hands. They are not in the hands of the natives in Africa. Those resources are owned and controlled by European countries—Britain, France, Portugal, Spain, and other countries of Western Europe.

As I have pointed out many times, if Africa is to blossom out and expand economically, it will be necessary that the resources in that country be utilized in order to assist the people there.

In order for the population of Africa to develop economically and make a good showing, it will be necessary that the resources of Africa be developed first for the benefit of the people there. How would that be done? By the construction of roads, schools, colleges, and the like.

The money we are now placing in Africa is money put down a rathole. It is used to maintain a few groups that are trying to remain in power. There is no question that many newly created countries there will never be successful unless they find a Santa Claus. I do not wish Uncle Sam to be that Santa Claus, for the simple reason that Africa is not within our sphere of influence.

If our dollars are to be spent in order to assist America, let us spend them where they will do us some good; namely, to the south of us. I am strongly in favor of developing South and Central America. I am glad that the AID administrators have virtually accepted the recommendations made in my report of 1958 when I returned from South and Central America.

In countries to the south of us there is a golden opportunity not only to develop resources for the benefit of the people there, in the form of roads, schools, colleges, and other facilities, but also to provide the necessary raw materials to feed our hungry mills here. As everyone knows, our iron resources are extremely limited. I understand that the Mesabi Range in Minnesota will be almost depleted in about 15 years. The remaining ore in our country grades from 25 to 30 percent iron, whereas the mines now being exploited in South and Central America produce ore in which the iron content is 68 percent. I am sure that the day will come when steel mills in the United States will not be able to compete with a concern in another country where the iron ore content is 68 percent. That is why in the past I have been in favor of developing South and Central America. They are good neighbors.

If the decision were left to me, I would try to find some way by which our own economy could be meshed with the economies of South and Central America. In the long run, it would pay us to do so.

Let us leave Africa to the Europeans, because all sorts of natural resources there—copper, gold, diamonds, uranium, and timber—are owned and controlled lock, stock, and barrel, by the Europeans. It is up to the Europeans to utilize those great resources, to develop the country and to assist the people who inhabit that great continent.

By making more money available than can be efficiently obligated by AID, Con-

gress is aiding and abetting in the promotion of waste and extravagance, as I indicated a while ago in the case of the military aid program.

Why was the agency unable to obligate the reduced amount of money made available by Congress in fiscal year 1963? The reasons are enumerated in the justifications that have been presented to the Congress. I would like to give the Senate these reasons on a country-by-country basis, but in so many instances I am precluded from doing so because the data are classified "secret."

They are labeled secret and, of course, we cannot give that information to the American people.

However, I feel I can make the point clear by reading some of the reasons into the RECORD and deleting the name of the particular country and/or project.

1. ———: Loan applications were not received for any of the above projects, and thus the amount programed for ——— was completely eliminated from the development loan program.

In other words, we expected them to run in and put in applications as they were supposed to under the act of 1961. They did not do so. However, we had program money for them.

2. ———: Expectations for loan applications in ——— for fiscal year 1963 have not been met. In addition, AID criteria for completed loan applications have not been met for any of the applications which have not been received. Therefore, the fiscal year 1963 lending program has been substantially reduced.

3. ———: There has been a delay in receipt of the Government of ———'s financial feasibility study for the ——— airport. The anticipated loan application for the ——— road has not been received. The planned school construction loan will not be ready for final decision until fiscal year 1964 due to the absence of data from the ——— Government.

4. ———: Reductions in this country's program are due to the fact that certain elements of the program originally planned will not be ready for financing until fiscal year 1964. And yet we have provided for these countries.

5. ———: Reductions have been made for the following reasons in this country:

1. Slower than anticipated drawdown of the fiscal year 1962 loans.

2. Deferral of a completed loan to ——— pending an overall supports survey by the World Bank.

3. Increased interest of private investors in some of the industries for which development loans were contemplated.

4. Delayed completion of feasibility studies on which loan applications would be used.

I could go on, Mr. President, with reason after reason submitted in the agency's own justifications to Congress, accounting for why the Development Loan Fund could not obligate the reduced funds made available by Congress, but I feel the above illustrations make the point very clearly, and further emphasis would only burden the RECORD.

As I stated a while ago, there is a new provision in the so-called Mansfield-Dirksen amendments which would further delay these applications, since the approval of the Corps of Engineers would be required on those of large amounts.

This language is found on page 2 of the amendments, beginning on line 16:

(b) Section 611(a), which relates to completion of plans and cost estimates, is amended by inserting before the semicolon at the end of subparagraph (1) a comma and the following: "and, in any case in which such estimate of cost exceeds \$500,000, until such estimate of cost and the feasibility of the project have been approved by the Corps of Engineers, United States Army, or by a reputable United States private firm of engineers".

That is a fine provision. Some of us have tried—I, particularly, tried—to put such a provision in the bill in the past, but to no avail.

There were many instances in which roads were merely surveyed from an airplane traveling over woods, or marsh, or jungle. Then it would be said, "This road in Vietnam or in some other country might cost so many millions of dollars." That was the way the situation was handled, not only in Asia, but also in South America. In the past, we have embraced many programs which were not well considered.

I remember the Rama Road. We started with the assumption that the cost of the Rama Road would be about \$5 million. We have now spent in excess of \$15 million and the road is not yet complete.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to my colleague.

Mr. LONG of Louisiana. Is it not true that any engineering firm or construction firm offered the opportunity to bid on construction of a highway such as that, would insist that it have the opportunity to go onto the land itself and take test borings to see what kind of foundation was beneath the land and whether adequate materials could be found nearby, in order to reduce the cost of hauling the fill and the material, to arrive at a firm estimate of the cost of building a road of that character?

Mr. ELLENDER. There is no doubt about that. I cannot see that they could do other than what we do in our own country. The authorizing process for our projects is very long and tedious.

It cannot be done overnight. I know of some projects in our own country, including the construction of dams and even the construction of roads, which required from 5 to 10 years of study before a conclusion could be reached as to how much the project would cost and before it could be authorized by Congress. Since the money is loaned to these countries, they should be interested in seeing to it that the money is well spent. We should be adequately protected by a thorough examination of the project to see that it is feasible, and to see that it can be constructed within the estimate made. All of that should follow, in my judgment, for the program to be effective.

I cannot for the life of me see why the procedure should be any different from what we do in our own country. The fact that added conditions are to be imposed is a good thing. It will make the applicants for the loans more careful.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LONG of Louisiana. Is it not true that in practice, not only in this country but also in practically all other enlightened countries, no one would undertake to build a project unless he had a firm estimate of cost?

Mr. ELLENDER. If he were responsible for the money spent, the Senator is correct.

Mr. LONG of Louisiana. The only conceivable reason why a person would not obtain a firm cost estimate before undertaking a project would be that somebody else was paying for it, and therefore it would make no difference what the cost might be.

Mr. ELLENDER. The Senator is correct. That has been the difficulty in the past. That is why so much of the money has been wasted, in my judgment.

Mr. LONG of Louisiana. Of course, if U.S. money is to be used to pay for it, assuming that the applicant does not accept the responsibility of obtaining a firm cost estimate, I am sure the Senator would agree with me that we should assume the responsibility of seeing to it that there is a firm cost estimate.

Mr. ELLENDER. That is why in the past several years we have insisted that studies be made. The pending amendment contains the provision that I have read, which is that if a project involves in excess of \$500,000, the Corps of Engineers must examine it and make a finding as to its feasibility. That is a good thing. This will inure not only to the benefit of the taxpayer, but also to the benefit of countries which will borrow the money for various projects.

Mr. President, unless the brakes are put on the development loan program and the amount authorized for 1964 is cut back to the amount authorized by the House, I fear that loans will be made to many countries that really do not qualify under the criteria that have been established for development loans, and that funds will be obligated solely for the purpose of reducing the unobligated balances without regard for the objectives to be obtained.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. The remarks of the Senator from Louisiana are directed at the amendment now before the Senate. Is that correct?

Mr. ELLENDER. Yes.

Mr. LAUSCHE. Am I correct in stating that the purpose of the amendment is to reduce the suggested authorization of \$975 million to \$900 million, conforming to the figure adopted by the House?

Mr. ELLENDER. The Senator is correct. That is the purpose.

I ask: Should we be making three-fourths of 1 percent loans, with a 10-year grace period and 40 years to repay, to a country whose GNP has risen 10 percent per annum over the past several years—from \$734 per capita in 1959 to \$853 per capita in 1962?

Should we be making these loans to a country whose gold and foreign exchange holdings have risen at a fantastic rate

since 1957, from \$87 million in 1957 to \$498 million in 1962, an increase of almost 500 percent? Should we be making low-interest development loans to a country which has a very favorable balance of payments, while our own balance of payments continues to run a considerable deficit?

Mr. President, I believe not. But this we have done, and this we contemplate doing in fiscal year 1964 in the case of the country of Israel, solely because Congress authorizes and appropriates more money than this program needs to function soundly.

Mr. President, I submit that there is not one iota of justification to make one dollar of development "soft loan" money available to Israel. Yes, Israel is the

country that has achieved a very rapid rate of economic growth. Its GNP has risen 10 percent per annum over the past several years, and it is anticipated that this growth will be maintained. Its per capita output already exceeds the levels attained by some European countries, and it is comparable to many of the industrial countries of the world.

As I just pointed out, its per capita GNP has risen from \$734 in 1959 to \$853 in 1962. Israel's present level of annual investment approximates 25 percent of its gross national product, which rate, I believe, is exceeded only by Japan. I might add that our own country's rate is running at about 15 percent.

Mr. President, I am not opposed to lending money to Israel, but the eco-

nomie facts of life make it clear that our loans to Israel should be made only on a businesslike basis, and not through the soft money route which has been set up for aiding the truly underdeveloped countries of the world.

At this point, Mr. President, I would like the record to show how generous we have been with Israel since the country came into existence and, therefore, I request that the schedule I hold in my hand covering the status of loans we have made to Israel through December 31, 1962, be inserted in the RECORD at this point.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

Israel—Status of loan from the United States, as of Dec. 31, 1962

[Value in dollars or dollar equivalents]

Program and borrower	Purpose	Date authorized	Amount authorized	Status of loan			Interest and commissions collected	Interest rate (percent)
				Disbursed	Repaid	Outstanding		
Grand total, Israel.....			504,380,425	423,839,286	102,466,901	310,004,163	69,788,489	
AID.....			141,660,387	104,432,345	3,338,675	101,093,670	9,273,996	
Government of Israel.....	Project assistance.....	Feb. 9, 1955	15,000,000	15,000,000	122,420	14,877,580	2,694,382	4
Do.....	do.....	May 25, 1955	5,000,000	5,000,000	40,807	4,959,193	898,127	4
Do.....	do.....	June 29, 1956	10,000,000	10,000,000	15,160	9,984,840	799,800	A
Do.....	Commodity assistance.....	Apr. 29, 1957	9,993,720	9,993,720	232,463	9,761,257	794,894	A
Do.....	Economic development.....	June 25, 1958	15,000,000	15,000,000	2,177,825	12,822,175	2,829,713	5 1/4
Industrial Development Bank of Israel.....	Development bank.....	May 12, 1959	10,000,000	7,763,074	400,000	7,363,074	452,450	5
Government of Israel.....	Irrigation and agricultural.....	June 30, 1960	15,000,000	15,000,000	300,000	14,700,000	676,618	3 1/2
Do.....	Telephone development.....	Feb. 20, 1961	6,000,000	5,511,082	50,000	5,461,082	99,146	3 1/2
Do.....	Airport construction.....	May 26, 1961	666,667					3 1/2
Industrial Development Bank.....	Development bank.....	Sept. 7, 1961	10,000,000	1,000,072		1,000,072		5
Government of Israel.....	Development program.....	Mar. 21, 1962	10,000,000	10,000,000		10,000,000	28,866	3 1/4
Do.....	2d development program.....	Aug. 3, 1962	35,000,000	10,164,397		10,164,397		3 1/4
Food for peace.....			153,795,038	130,882,228	1,810,529	117,703,484	13,758,196	
Title I, sec. 104 (g) and (d):								
Government of Israel.....	Project assistance.....	July 19, 1960	12,832,778	12,832,778		8,400,000	295,722	4
Do.....	do.....	Oct. 12, 1960	4,293,838	3,095,947		2,342,109	41,819	4
Do.....	do.....	July 14, 1961	6,422,717	5,087,942		4,104,225	42,717	4
Do.....	Industrial development bank.....	Apr. 30, 1962	5,333,333	3,333,333		3,333,333		4
Do.....	Project assistance.....	Jun. 29, 1962	13,750,000					4
Do.....	do.....	Aug. 5, 1955	7,096,520	7,096,520	146,282	6,950,238	1,284,259	A
Do.....	do.....	Apr. 6, 1956	11,740,000	11,740,000	95,244	11,644,756	1,406,285	A
Weisman Institute.....	Building program.....	Mar. 12, 1962	2,500,000	2,500,000		2,500,000	30,614	4
Government of Israel.....	Economic research.....	Dec. 17, 1962	500,000					3 1/4
Do.....	Project assistance.....	July 31, 1956	2,498,461	2,498,461	6,348	2,492,113	249,720	A
Do.....	do.....	Aug. 23, 1956	9,342,031	9,342,031	31,002	9,311,029	746,953	A
Do.....	do.....	July 16, 1957	7,838,427	7,838,427	25,702	7,812,725	626,734	A
Do.....	do.....	Jan. 9, 1958	21,000,000	21,000,000	10,079	20,989,921	4,014,504	B
Do.....	do.....	Aug. 25, 1958	3,600,000	1,875,608		1,875,608	193,123	B
Do.....	do.....	Oct. 7, 1958	11,111,111	11,111,111	5,333	11,105,778	2,222,222	B
Do.....	do.....	Dec. 17, 1958	18,872,000	16,697,817		16,697,817	1,256,268	3 1/2
Do.....	do.....	Aug. 3, 1959	283,000	283,000		283,000	24,762	3 1/2
Title I, sec. 104(e), "Cooley":								
Israel Bank of Agriculture, Ltd.....	Grain storage facilities.....	Dec. 15, 1958	1,944,983	1,962,751	196,934	1,064,166	209,817	5 1/2
Alliance Tire & Rubber Co., Ltd.....	Tire and tube plant facilities.....	Feb. 18, 1959	405,205	408,907	72,390	193,700	79,375	7 1/2
Samson Tire & Rubber Co., Ltd.....	do.....	Feb. 27, 1959	193,453	195,220	34,534	92,500	36,523	7 1/2
Dagon Batey-Manguroth Le Israel, Ltd.....	Grain storage facilities.....	Mar. 10, 1959	810,409	817,813	144,667	387,500	99,404	5 1/2
The United Saran Plastic Corp., Ltd.....	Plastic products facilities.....	Mar. 17, 1959	26,142	26,381	4,676	12,492	4,968	7 1/2
Silos & Warehouse Co., Ltd.....	Grain storage facilities.....	Mar. 26, 1959	188,224	189,943	8,960	112,000	28,339	5 1/2
Moller Textile Corp.....	Textile plant facilities.....	Apr. 5, 1959	784,267	791,432	140,000	375,000	86,201	5 1/2
Paradise Mattress & Couch Co., Ltd.....	Mattress and furniture facilities.....	May 3, 1959	26,142	26,381	4,667	12,500	3,859	5 1/2
Sonol Israel, Ltd.....	Petroleum distributing facilities.....	May 6, 1959	575,129	580,383	102,667	275,000	78,448	5 1/2
Mechanico, Ltd.....	Rebuild auto parts facilities.....	June 9, 1959	99,341	100,248	17,733	47,500	11,864	5 1/2
Sullatan, Ltd.....	Soles and heels products facilities.....	Aug. 11, 1959	31,371	31,657	5,600	15,000	5,093	7 1/2
Serafon Resinous Chemicals Corp., Ltd.....	Plastics and chemicals facilities.....	do.....	65,356	65,953	11,723	31,200	11,305	7 1/2
Palestine Milling & Trading Co., Ltd.....	Grain storage facilities.....	Sept. 7, 1959	104,569	105,524	18,667	50,000	13,013	5 1/2
Safen, Ltd.....	Soft and hard board products facilities.....	Oct. 26, 1959	376,448	379,887	50,400	195,000	42,029	5 1/2
American Israeli Paper Mills, Ltd.....	Paper mill facilities.....	Dec. 24, 1959	1,045,690	1,055,242	140,000	541,666	128,330	5 1/2
The Ashdod Co., Ltd.....	Industrial projects and constructions.....	Jan. 6, 1960	647,282	653,195	73,920	346,666	32,214	5 1/2
"Dawe-Abic," Ltd.....	Animal feeds and medical facilities.....	Jan. 8, 1960	96,726	97,610	13,011	50,050	10,307	5 1/2
Silos & Warehouses Co., Ltd.....	Grain storage facilities.....	Feb. 4, 1960	156,853	158,286	7,467	93,333	17,718	5 1/2
Israel Fine Cotton Spinning, Ltd.....	Cotton spin mill facilities.....	Feb. 7, 1960	261,422	263,811	46,667	125,000	23,219	5 1/2
Rastrom, Ltd.....	Precast concrete products facilities.....	Feb. 17, 1960	104,569	105,524	14,000	54,167	8,512	5 1/2
Kadimah Chemical Corp.....	Chemical plant facilities.....	Feb. 23, 1960	405,205	408,906	72,602	193,600	35,191	5 1/2
Amcor, Ltd.....	Compressors production facilities.....	Mar. 2, 1960	616,957	622,593	55,067	344,166	60,814	5 1/2

Israel—Status of loans from the United States, as of Dec. 31, 1962—Continued

[Value in dollars or dollar equivalents]

Program and borrower	Purpose	Date authorized	Amount authorized	Status of loan			Interest and commissions collected	Interest rate (percent)
				Disbursed	Repaid	Outstanding		
Food for peace—Continued								
Title 1, sec. 104(e). "Cooley"—Con.								
Haifa Silos, Ltd.	Grain storage facilities.....	Mar. 30, 1960	423,504	427,373	37,333	236,667	30,138	5½
The United Saran Plastic Corp., Ltd.	Zinc oxide manufacturing plant.....	May 12, 1960	62,741	63,315	5,600	35,000	6,844	5½
Palestine Milling & Trading Co.	Grain storage facilities.....	July 19, 1960	52,284	52,762	4,667	29,167	4,967	5½
Samson Tire & Rubber Co., Ltd.	Tire and rubber plant facilities.....	Aug. 2, 1960	522,845	527,671	46,667	291,667	43,200	5½
"Rassco" Rural & Suburban Settlement Co., Ltd.	Light industry centers and cosmetic facilities.	Oct. 16, 1960	522,845	527,671	46,667	291,667	35,968	5½
Near East International Financial & Trust Co., Ltd.	Small industry facilities.....	Oct. 21, 1960	235,280	237,430	10,560	140,625	14,946	5½
Assamin (1954), Ltd.	Plant manufacturing macaroni.....	Dec. 30, 1960	159,468	79,143		50,000	2,139	5½
Silos & Warehouse, Ltd.	Grain storage facilities.....	Dec. 13, 1960	177,767	179,391	7,933	106,250	14,024	5½
"Binet" Jerusalem Chemical Industries, Ltd.	Plastic manufacturing plant facilities.	Jan. 4, 1961	33,985	34,295	1,587	20,250	2,494	5½
San Kol Chay Central Feed Mill Corp., Ltd.	Grain storage facilities.....	Apr. 27, 1961	784,267	791,432		500,000	34,224	5½
"Shemen" Israel Oil Industries, Ltd.	Soybean meal storage facilities.....	May 14, 1961	282,336					5½
Avia Hotels, Ltd.	Hotel facilities.....	May 16, 1961	235,280	237,430		150,000	15,488	5½
Szekely-Hoffman & Co., Ltd.	Electrical control manufacturing facilities.	July 10, 1961	74,244	74,922		47,333	3,707	5½
Dan Hotel Corp.	Hotel construction.....	July 25, 1961	1,307,112	1,319,053	93,333	750,000	53,736	5½
"Dagon" Batey-Mamguroth Le-Israel.	Grain storage facilities.....	Dec. 11, 1961	941,121	949,718		600,000	34,076	5½
Export-Import Bank.....			208,925,000	188,524,713	97,317,697	91,207,009	46,756,297	
State of Israel.....	Agricultural production.....	Jan. 19, 1949	70,000,000	70,000,000	47,354,725	22,645,274	21,242,037	3½
Do.....	Transportation.....	Mar. 9, 1949	9,535,243	9,534,698	6,578,702	2,955,995	3,021,594	3½
Do.....	Housing materials.....	Mar. 16, 1949	25,000,000	25,000,000	16,836,578	8,163,421	7,721,995	3½
Do.....	Telecommunications equipment.....	Mar. 23, 1949	5,000,000	4,998,743	3,588,610	1,410,133	1,494,813	3½
Do.....	Port development.....	Sept. 7, 1949	5,464,757	5,464,757	3,670,489	1,794,267	1,536,064	3½
Do.....	Industrial development.....	Oct. 26, 1949	20,000,000	20,000,000	13,172,938	6,827,061	5,722,441	3½
Do.....	Water supply distribution facilities, agricultural development.	Feb. 20, 1958	24,200,000	24,200,000	3,025,007	21,174,993	4,339,125	5½
American Israeli Paper Mills.	Paper and pulp plant equipment.....	Oct. 8, 1958	3,000,000	3,000,000	642,857	2,357,142	483,470	5½
Mifalei Tovale, Ltd.	Diesel trucks and trailers.....	Mar. 17, 1960	500,000	496,592	200,000	296,592	48,258	5½
Et Al Israel Airlines, Ltd.	Jet aircraft—Boeing Airplane Co.	Sept. 2, 1960	8,925,000	8,925,000	1,912,500	7,012,500	717,415	5½
State of Israel.....	Equipment, etc., for airport.....	Nov. 3, 1960	1,500,000	1,066,082	75,000	991,082	15,068	5½
Government of Israel.....	Port expansion program.....	Mar. 16, 1961	2,000,000	1,321,847		1,321,847	43,432	5½
State of Israel—Bank of Agriculture.	Agricultural program.....	Apr. 13, 1961	13,000,000	7,023,738		7,023,738	158,480	5½
State of Israel.....	Expansion—Palestine electric.....	Apr. 20, 1961	3,750,000	3,048,456		3,048,456	69,956	5½
Do.....	Diesel electric locomotives—railways.	May 4, 1961	800,000	800,000		800,000	11,002	5½
Do.....	Equipment for Negev. Phosphates, Ltd.	May 31, 1962	2,000,000					5½
Government of Israel.....	Equipment, etc.—highway maintenance.	Sept. 13, 1962	3,450,000					5½
Et Al Israel Airlines, Ltd.	Aircraft—Boeing.....	Aug. 24, 1961	3,650,000	3,644,800	260,291	3,384,508	131,147	5½
Israel Petrochem Enterprises.....	Establishment of chemical plant.....	Apr. 26, 1962	7,150,000					5½

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. The Senator from Louisiana is aware of the fact that the Lausche-Mundt amendment has changed the law with respect to the interest rates that are to be charged.

Mr. ELLENDER. Yes; I am aware of that fact, but—

Mr. LAUSCHE. I believe the amendment is moving in the proper direction. Whether it has gone far enough, I am not certain; but the amendment of which I speak provides that three-fourths of 1 percent interest shall be chargeable only for the first 5 years, and thereafter the rate of interest shall be not less than 2 percent.

Mr. ELLENDER. Yes; I am familiar with that amendment. As the Senator has said, it is in the right direction. It is written in the act that the AID administration should, under no conditions, lend money, except on a businesslike basis, to countries that are able to pay or that are not underdeveloped. The purpose of development loans is to assist underdeveloped countries. That is the main purpose of the fund. We have made loans in the past to Israel and other countries, in large quantities, on

a businesslike basis. For the administrator to take the soft money route by making loans to Israel on the basis of three-fourths of 1 percent interest, with a 10-year grace period is shameful, to say the least.

Mr. LAUSCHE. I concur in what the Senator from Louisiana has said. The rule which has thus far been in existence is neither reasonable nor just—namely, to make loans at an interest rate of three-fourths of 1 percent, to be repaid in 40 years, with a grace period of 10 years in which no amortization takes place. Interest was paid in the first 10 years.

I concur completely in what the Senator has said. I repeat, the amendment moves in the right direction. Whether it goes far enough, I cannot say.

Mr. ELLENDER. I agree with what the Senator from Ohio has said. In my opinion it does not go far enough, particularly with regard to loans to the countries that are capable of repaying.

As I pointed out the other day, in studying our programs abroad, I learned that efforts are being made to amend Public Law 480 in the pending bill, which I think is wrong. I believe that consideration of proposed amendments of the act should be left to the Committee on

Agriculture and Forestry. In connection with Public Law 480 loans, the three-quarters of 1 percent interest requirement and the 10-year grace period has been used, in reloading proceeds from sales. In many instances we have sold surplus commodities at world prices and lost considerable sums. In some countries we have even sold at unrealistic exchange prices, so that another 25 or 30 percent were added to our losses. To assist those people to a greater extent, we are now permitting them to borrow the proceeds from the sales at three-quarters of 1 percent, payable in 40 years, with 10 years' grace.

I am hopeful that the Senate will vote for the amendment, in which I ask that all references to Public Law 480 in the act be deleted. It is the hope of the Committee on Agriculture and Forestry to revamp Public Law 480. We expect to hold hearings on that subject next year. The time has come to amend the act. We can then take care of the situations that are sought after in the pending bill.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Ohio.

Mr. LAUSCHE. I point out that in discussions in the Foreign Relations Committee some suggestion was made that there be a mandatory rate of 2 percent, but, following a discussion, it was determined that a floor of 2 percent should be fixed—meaning that the administrator should charge a rate of interest commensurate with the ability of the borrowing country to meet its obligation, with an interest rate of 2 percent or over.

Mr. ELLENDER. That is the way I would interpret the amendment.

I point out that in addition to loans amounting to \$527 million, we have also made available to Israel economic grants totaling \$352 million.

In connection with the schedule of loans I have just included in the RECORD, I would like to direct the attention of Senators to two development loans we made to Israel in March and July of 1962. They aggregate \$45 million and were made on terms of 40 years repayment, with a 10-year grace period, and bearing interest at the rate of three-fourths of 1 percent. And I might reiterate that more

development loans are contemplated for Israel in fiscal year 1964.

I cannot emphasize too strongly, Mr. President, that too much money was appropriated for the Development Loan Fund in fiscal year 1963, and unless Congress reduces the amount authorized in the current bill to the amount allowed by the House—or even lower, if the Senate could be persuaded to do it—the same thing is going to happen in fiscal year 1964.

As Senators know, the Agency for International Development is presently operating under a continuing resolution which permits them to obligate funds at the lowest of the following pro rata rates: First, the amount appropriated in fiscal year 1963; second, the amount contained in the budget estimate for fiscal year 1964; third, the amount allowed in the House appropriation bill; or, fourth, the amount allowed in the Senate appropriation bill.

Since we have neither a House nor Senate appropriation bill, and since the budget estimate for fiscal year 1964 is

higher than the amount appropriated in 1963, the agency is currently operating at the same pro rata rate it had for fiscal year 1963. Thus, in the first quarter of fiscal year 1964, ending September 30, 1963, a flash report from the Agency for International Development covering the status of fiscal year 1964 allotments and obligations indicates that a total of \$754,121,160 is available for all types of economic assistance.

Of this total amount, the Development Loan Fund has available for the first quarter of 1964 a total of \$278,527,370.

And what has the agency been able to obligate out of the Development Loan Fund in this first quarter of fiscal year 1964? The answer, Mr. President, is a total of \$10,600,000 actually obligated by the Development Loan Fund for the first quarter of fiscal year 1964. These data are set out in the flash fiscal report I hold in my hand, and I request that it be placed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

EXHIBIT A.—AGENCY FOR INTERNATIONAL DEVELOPMENT

Flash report—Status of fiscal year 1964 allotments and obligations—Global summary by appropriation as of Sept. 30, 1963

	Appropriation		Available funds	Implementa- tion approval documents	Amount allotted	Obligations and loans authorized current month	Cumulative obligations and loan authori- zation	Available balance of allotment
	Symbol	Code						
ECONOMIC ASSISTANCE								
Annual appropriation:								
Development grants.....	1004	454	\$75,000,000	\$55,137,252	\$54,429,352	\$11,837,207	\$30,260,414	\$24,168,938
International organizations and programs.....	1005	455	10,000,000					
Supporting assistance.....	1006	456	125,000,000	63,158,403	63,158,403	1,741,952	27,282,801	35,875,602
Contingency fund.....	1078	421	19,515,000	490,500	490,500	20,266	21,566	468,934
Surveys of investment opportunities.....	1008	458	300,000	221,722	221,722	102,208	174,841	46,881
Administrative expenses (sec. 637(a)).....	1000	423	19,500,000	18,203,000	18,203,000	4,126,801	12,965,026	5,237,974
Alliance for Progress, development grants.....	1010	495	33,000,000	17,211,000	17,211,000	3,155,606	9,966,809	7,244,191
Total, annual appropriations.....			282,315,000	154,421,877	153,713,977	20,984,040	80,671,457	73,042,520
No-year appropriation: Inter-American social and economic program.....	X0070	187	1,260,911	1,207,095	1,207,095	6,266	9,924	1,197,171
Subtotal.....			283,575,911	155,628,972	154,921,072	20,990,306	80,681,381	74,239,691
Revolving funds:								
Alliance for Progress, development loans.....	X4111	389	192,17,879	41,050,000	41,050,000		41,050,000	
Development loans.....	X4103	253	278,527,370	12,600,000	12,600,000	1,000,000	10,600,000	2,000,000
Total, revolving funds.....			470,545,249	53,650,000	53,650,000	1,000,000	51,650,000	2,000,000
Grand total.....			754,121,160	209,278,972	208,571,072	21,990,306	132,331,381	76,239,691

Mr. ELLENDER. Mr. President, what facts must be presented to the Senate to show that it will err if it makes available \$160 million more than the amount allowed by the House to the Development Loan Fund?

There is a preponderance of evidence buttressing the House allowance. In fact, the evidence justifies cuts below the amount allowed by the House. If the flash report on the status of 1964 allotments and obligations were the only evidence, it alone would be sufficient. But there is the other evidence which I have already presented to the Senate.

We must discourage the programing of development loan funds when firm applications are not on hand. We must have a loan program that is not based on expectations for loan applications. We must not appropriate funds when feasibility studies for projects are not

yet available. We must not plan construction projects when the recipient government has not furnished us any data. I believe we can reach these goals if we limit the amount authorized for development loan funds to \$900 million, which will be accomplished if my amendment is adopted.

I urge Senators to vote for it.

Mr. LAUSCHE. Mr. President, I commend the Senator from Louisiana for his excellent presentation of this subject. He is worthy of praise, and I extend to him that praise on the basis of his general approach to the subject.

Mr. ELLENDER. I thank the Senator.

Mr. MORSE. Mr. President, I join the Senator from Ohio in commending the Senator from Louisiana for his very able speech, in which he has brought out what I consider to be some of the shocking facts in connection with the military aid program.

I believe the RECORD ought to be clear that in due course of time the Senator from Louisiana will be offering amendments dealing with the military aid program, in which he will seek to reduce the authorization for that part of the program. The RECORD ought to be very clear that the amendments will be offered, some by the Senator from Louisiana and some by other Senators.

Mr. LAUSCHE. Mr. President, I should like to state that I will support the amendment now pending before the Senate, offered by the Senator from Louisiana [Mr. ELLENDER].

AMENDMENT NO. 307

Mr. LAUSCHE. Mr. President, I send to the desk an amendment which, if adopted, would strike from the bill lines 8 through 17, both inclusive, on page 39, as follows:

(d) After section 253, which relates to fiscal provisions, insert the following new section:

"SEC. 254. RESTRICTIONS ON ASSISTANCE.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest."

I ask that the language be stricken in conformity with my amendment, because I believe that power now resides in the executive branch of the Government. The language now in the bill would in a way press the President not to grant aid to countries like the Dominican Republic and Honduras, or any other country in the Western Hemisphere in which a constitutionally chosen government has been overthrown by the people.

We have the grave responsibility of making a decision on whether or not to recognize a revolutionary government in South Vietnam, on the one hand, while we refuse to recognize a revolutionary government in the Dominican Republic on the other hand. Both those governments were constitutionally chosen. President Bosch, of the Dominican Republic was turned out of office because of his soft-handed treatment of communism. In South Vietnam, Diem was vigorous in his opposition to the Communists. It can be said that he was firm, but I believe that his firmness was partly the consequence of the circumstances which prevailed in South Vietnam.

We thus have before us a paradox: Shall we recognize a revolutionary government in South Vietnam which overthrew a government that was definitely hostile to communism? Shall we refuse to recognize the Dominican Republic revolutionary government, which overthrew a regime that was soft on communism?

The world will be looking to see what our policy is. It will want to know why we refuse to recognize the government in the Dominican Republic, when we know that it is the product of the will of the people, beginning with the man working on the farm, in the factory, in the mine, in the business house, in the professional office, and in the church. From beginning to end the purpose was to remove Bosch from the government because of his soft-handed treatment of communism.

That revolutionary government has not been recognized. I fear that chaos will come into existence in the Dominican Republic. If it does, we know that the Communists move into areas where chaos exists.

By our refusal to recognize the incumbent government of the Dominican Republic, we are, in effect, telling the people of that nation that we do not approve of the new government. When we tell them that, I am afraid that we are giving aid and comfort to the Communists.

In any event, my amendment, if it is adopted, will leave the law as it is and allow the administration either to recognize or reject a revolutionary government. It will not place pressure on the

administration not to recognize, in the Western Hemisphere, a revolutionary government, even though it has overthrown a positive Communist regime.

What will we do if Jagan is overthrown in British Guiana? He is a Communist. He is oriented to Moscow. He has been selected under a constitutional basis of government. But we know that he is an enemy of the United States. If the people of British Guiana overthrew Jagan and installed a government that was friendly to us and hostile to Russia, would we still refuse to recognize the new government?

Mr. DOMINICK. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. DOMINICK. It seems to me that the distinguished Senator from Ohio has raised an extremely important point; namely, the conflict in policy within the Foreign Aid Act as it is presented to us by the committee. On the one hand, we say that we will give most-favored-nation treatment to countries which are at least communistic in their form of government, even though the State Department calls them independent countries—for example, Poland and Yugoslavia. We propose to give them special treatment, most-favored-nation treatment, under both the Foreign Aid Act and the Foreign Trade Act. On the other hand, there is no doubt in my mind that section 254, referred to by the distinguished Senator from Ohio, definitely refers to governments which have moved into control in Central and South America in order to prevent a Communist takeover or a giveaway of the country by an existing government.

So it seems that there is a real conflict. We say we are trying to avoid communism by providing foreign aid; yet we give most-favored-nation treatment, on the one hand, and penalize countries which are trying to prevent communism, on the other hand. I do not know how anyone can determine which way we will go if we continue under this section. Unless the Senator's amendment were adopted, many problems could be posed.

Suppose there were a change in the government of any of the underdeveloped countries which we are now assisting. Suppose Ghana, which has certainly been oriented toward the East until recently, and perhaps still is, were to change its form of government. What would we do then? Would we say we would not provide aid to the new government, even though it might be pro-Western in its attitude?

There are any number of such examples. The situation concerning Cheddi Jagan, to which the Senator from Ohio has referred, is pertinent on this particular point. The inconsistency of providing aid to the military junta which has taken over South Vietnam, but not providing aid to the Dominican Republic, is a classic example of the problem which confronts us.

Does the Senator from Ohio believe that this decision should be left wholly to the discretion of the State Department or of the AID Administration? Or should Congress establish a policy in the foreign aid program which is designed

to try to prevent further Communist takeovers of portions of the free world? Should not our foreign aid program be handled on that basis?

Mr. LAUSCHE. My position is that the granting of aid to a Communist government is never in the interest of the United States. Communist governments are hostile to our life. They want our country and system of government to perish. Therefore, it cannot be said that the granting of aid to a Communist government, whether the communism is international in scope or merely national, is ever in our interest.

However, my amendment would not enter into that field. It would merely strike section 254 from the bill and leave the language as it now is. If section 254 remains in the bill, I am afraid it will mean that there is a presumption that aid should not be granted to a revolutionary government that took control in one of the nation's which was a member of the Alliance for Progress.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. SPARKMAN. The Senator may recall that there was much discussion in committee regarding this proposal. We were more or less torn between two ideas. One was to discourage military coups; the second was, at the same time, not to limit ourselves unduly in the granting of aid to countries in which new governments had been established as a result of military coups.

The Senator may recall that before the committee would agree to this provision, it was modified considerably. First, it does not apply to any country outside the Western Hemisphere; in fact, it does not apply to any country outside the Alliance for Progress. Therefore, it does not apply to British Guiana, for example, and does not apply to South Vietnam.

Mr. LAUSCHE. I am speaking of British Guiana, in the Caribbean.

Mr. SPARKMAN. So am I.

It does not apply to British Guiana, because that country is not a member of the Alliance for Progress. This provision relates only to this title. I say that in order to clear the RECORD. It could apply to any country in the Alliance for Progress. However, the committee insisted that the language be included before the committee would agree to the section.

There is a saving clause:

Unless the President determines that withholding such assistance would be contrary to the national interest.

The RECORD should show that the President is not prohibited from acting. If he determines that the national interest will be served by so doing, he may extend aid to a government established as a result of a military coup.

Mr. LAUSCHE. I thank the Senator from Alabama.

Mr. President, I call the attention of the Senate to an article entitled, "It Depends on Who Is Getting Couped," published in the Washington Daily News of today, November 5, 1963. The meaning of the title of the article is: What is the nature of the country whose government has been overthrown? The

government of the Dominican Republic incumbent several weeks ago was overthrown. A new government came into control there, but our Government refused to recognize it. In Saigon, the existing government was overthrown, and the indications are that the Government of the United States will recognize the revolutionary government there. Why the difference? Why did our Government give preferential treatment to one and prejudicially discriminatory treatment to the other? That is the important question.

I now read the article:

IT DEPENDS ON WHO IS GETTING COUPED—DOMINICANS RAISE THEIR EYEBROWS OVER SAIGON

(By Hal Hendrix)

MIAMI, November 5.—From the Dominican Republic point of view, last week's bloody military coup d'etat in South Vietnam has an inconsistent twist.

"It all depends on who is getting couped and where," commented a Dominican traveler upon arrival here.

The traveler, a source close to the ruling provisional government in Santo Domingo, said it was interesting to Dominican associates that, according to news agency reports, Washington could hardly wait to extend recognition to a provisional regime in Saigon. "But almost 6 weeks have passed since the military staged a coup in Santo Domingo and we are no nearer getting U.S. recognition than we were 6 weeks ago," the source said.

STRANGE

It seems strange to Dominicans—and it must to other Latin Americans—that the United States deplored the military action in Santo Domingo but openly called for a change in Vietnam's government and thereby encouraged the Saigon coup, he said.

The visitor pointed out that Washington officials happily reported that the Vietnam military leaders who overthrew the constitutional government of President Ngo Dinh Diem—and then killed him and his brother, Ngo Dinh Nhu—were friendly toward the United States and stanchly anti-Communist.

By the same token, the Dominican noted, Dominican military leaders never have been unfriendly toward the United States and are, in fact, strongly pro-United States and anti-Communist.

Furthermore, he added, the Dominican military coup against President Juan Bosch last September 25—in which softness toward communism was an announced factor—was bloodless and government reins were turned over to a civilian triumvirate within 36 hours after the coup.

NONE KILLED

President Bosch was accompanied into exile by an army general (Antonio Imbert) at his own request and none of his government officials was killed or injured in the coup, the traveler reminded.

In Santo Domingo, the visitor said, Dominicans noted with interest news agency reports from Saigon about celebrations following the overthrow of the Diem regime.

It recently was reported in the New York press, he mentioned, that American Peace Corps representatives in the Dominican interior referred to celebrations in small villages when it was learned Sr. Bosch had been toppled.

Also, the Dominican visitor said, it should be evident now there has been no national clamor in the republic for a return of Sr. Bosch or any of his cohorts, except by remnants of his revolutionary party, the Marxist-Leninist June 14 movement and other leftist elements.

PRIDE HURT

"Obviously," the Dominicans concluded, "the Kennedy administration and its democratic advisers in Puerto Rico had their pride wounded when their man Sr. Bosch was overthrown."

"It is equally obvious that the United States is not engaged in a shooting war against the Communists in our country like it is in Vietnam."

"But, according to the Kennedy administration, the Alliance for Progress is supposed to be a weapon against communism in the Americas. Now they have cut off Alliance-for-Progress programs in the Dominican Republic."

"So you have to ask, if you are a Dominican, is the Alliance for Progress really for the Latin people or the favored Latin governments?"

Mr. President, to repeat, from the beginning to the end the people of the Dominican Republic were apprehensive that Bosch, the poet, the romanticist, the sentimentalist, was soft on communism, and they begged him to become firm. Our State Department said to him, "You will run yourself into trouble." But he would not listen, and the people overthrew him. But our Government refused to recognize the revolutionary government there, although the indications are that probably our Government will recognize the revolutionary government in South Vietnam.

Mr. President, in my opinion, there is no difference between the two; but even if there is a difference, it is in favor of the Dominican Republic Government. If our Government recognizes one, then justice, fairness, decency, and security for our country require that our Government give recognition and grant aid to both.

DISMISSAL OF OTTO OTEPKA

Mr. DODD. Mr. President, today the State Department announced the dismissal of Otto Otepka, a senior, experienced, and extremely competent security officer, because he gave to members of the Senate Judiciary Committee information concerning irregularities and probable illegalities affecting the security of the United States.

I consider the dismissal of Mr. Otepka by the Department of State a serious challenge to responsible government and to the system of checks and balances on which it is based. It is not only a direct affront to the Senate Subcommittee on Internal Security; it is also an affront to the Senate as a whole, and is a denial of its powers as established by legislation.

The charges on which Mr. Otepka's dismissal is based boil down to the simple fact that he has testified honestly before the Senate Subcommittee on Internal Security on matters relating to security in the Department of State.

The right of Government employees to furnish information to them is established by statute. The United States Code, title 5, paragraph 652(d), reads:

(d) The right of persons employed in the civil service of the United States, either individually or collectively, to petition Congress, or any Member thereof, or to furnish information to either House of Congress or to any committee or member thereof, shall not

be denied or interfered with. (As amended June 10, 1948, c. 447, 62 Stat. 345; 1949 Reorganization Plan No. 5, effective Aug. 19, 1949, 14 F.R. 5227, 63 Stat. 1067.)

The State Department, by its action in the Otepka case, has, in effect, nullified this statute and issued a warning to all Government employees that cooperation with the established committees of the Senate, if this cooperation involves testimony considered unpalatable at higher echelon, is a crime punishable by dismissal.

Mr. President, the high significance of the Otepka case cannot be overstated.

Mr. Otepka was the last old-line security officer holding a top position in the Office of Security.

He has been an employee of the U.S. Government for 27 years. He has served as Deputy Director of the Office of Security and officer in charge of evaluations. His efficiency ratings have always been "excellent." In 1958 he received the Meritorious Service Award from Secretary of State John Foster Dulles. But suddenly, for some strange reason, certain people in the Department decided that Mr. Otepka had to go.

So they began, first, to restrict his functions.

Then they installed a tap on his telephone. Although a State Department official has denied under oath that this was done, the Subcommittee on Internal Security has proof that the tap was installed.

Then they began to monitor Mr. Otepka's wastebasket.

Then they locked him out of his office and denied him access to his files, although no charge had yet been brought against him.

No one suspected of espionage or disloyalty has to my knowledge been subjected to such surveillance and humiliation.

But Mr. Otepka was not suspected of disloyalty or espionage.

He was suspected very simply of cooperating with the Senate Subcommittee on Internal Security and of providing it with information that some of his superiors found embarrassing or objectionable.

In the topsy-turvy attitude it has displayed in the Otepka case, the State Department has been chasing the policeman instead of the culprit; and the words "security violation" have come to mean not the act of turning over information to an alien power, but the act of giving information to a committee of the Senate of the United States.

I have asked for an emergency meeting of the full Senate Judiciary Committee to consider the implications of Mr. Otepka's dismissal.

I have also asked that the 10-page memorandum on the Otepka case which I personally delivered to Secretary Rusk in New York, and which was signed by all the members of the Judiciary Committee, be circulated to all the Members of the Senate.

If the dismissal of Mr. Otepka is permitted to stand, it will become impossible or exceedingly difficult to elicit any

information from employees of the executive branch that bears on disloyalty, malfeasance, conflict of interest, or other wrongdoing by their superiors.

I hope the Secretary of State will see fit to reverse the decision of the Department when this matter comes to his attention.

Mr. THURMOND. Mr. President, will the Senator from Connecticut yield?

The PRESIDING OFFICER (Mr. BAYH in the chair). Does the Senator from Connecticut yield to the Senator from South Carolina?

Mr. DODD. I am happy to yield to the Senator from South Carolina.

Mr. THURMOND. I wish to commend the distinguished Senator from Connecticut for bringing this information to the attention of the Senate.

Does the Senator from Connecticut feel that if this decision of the State Department stands, that it would not only nullify the law on the subject—I refer to the law which requires an employee to state truthfully to a congressional committee the facts within his knowledge about the matter concerning which he is questioned—but that it also would nullify our constitutional system of government, by tending to destroy the constitutional system of checks and balances?

Mr. DODD. Yes. The Senator was not present in the Chamber when at the opening of my remarks I said that I considered it a most serious challenge to the system of checks and balances under which our Government operates. There is nothing more precious than this system. If we are to preserve free government, it must be founded on checks and balances.

If the legislative branch cannot inquire about irregularities or illegalities in Government departments, who will inquire?

Who will question wrongdoing if the legislative branch of the Government cannot do so?

If any Government employee is barred from giving vital information to a congressional committee, Senate or House, how will we ever learn of malfeasance or wrongdoing in the Government.

If the reward for coming forward and honestly telling Members of the Senate and the House of Representatives of wrongdoing is dismissal, something terrible has happened in our country, and we had better move before it is too late.

Mr. THURMOND. I believe it was Thomas Jefferson who made a statement to the effect that no man can be trusted with power, but must be bound by the chains of the Constitution. Does the Senator construe that statement to indicate that the purpose in the relevant provisions of the Constitution was to prevent any one man or agency in the Government from becoming too powerful, and to provide that each branch of the Government should be a check on the other branches? In the instance now in question, was not the legislative branch performing its constitutional function of checking on the executive branch by calling before it a witness who was in possession of valuable information which the Congress desired?

Mr. DODD. Yes. That is exactly what happened. That is all the man did. He gave honest information.

Incidentally, I have no doubt of the truth of the testimony; and I do not believe that any member of the committee doubts the truth of it. I do not think there is any question about that.

Mr. Otepka has not been charged with giving false information. He is charged with giving the truth to a committee of the Senate. Since someone in the Department has been embarrassed, Mr. Otepka has been dismissed for doing so. I cannot think of anything worse.

I try to be temperate about these things.

The difficulty concerning this individual has been going on for some time. There is much more to the story than I have been able to reveal, but in due time I am confident that it will all be made public. I am reluctant to raise the point on the floor of the Senate. I would prefer to see the investigations and hearings go along quietly. They have all been conducted in executive sessions to protect the reputations of people and to be sure of our facts before it is all made public—if it ever is or should be.

Now we are faced with a challenge to the Senate and the House of Representatives. Next the challenge will be presented to, say, the Committee on Commerce, and then, say, to the Committee on Labor and Public Welfare.

No committee of the Senate will be safe from interference, if an employee of the Government cannot come before a committee and tell the truth about any situation prevailing in the Government. In my judgment, no more grievous threat to our system of Government has been postured before us in my recollection.

It is not merely a problem for the Committee on the Judiciary or for the subcommittee. It is a problem for the Congress and the American people. That is why I have presented the facts, as I have done this afternoon.

Mr. THURMOND. If Mr. Otepka had not told the truth to the Subcommittee on Internal Security of the Committee on the Judiciary, would he not then have been guilty of perjury?

Mr. DODD. Of course. Our witnesses have been under oath. I pointed out earlier—and again I am quite sure that the Senator from South Carolina was not present at the time—that we know the Department of State tapped Mr. Otepka's telephone, but an employee of the Department of State came to our subcommittee and, under oath, said that the telephone had not been tapped—which was an untruth. That is the man who ought to be subject to charges. When employees of the Government come before a congressional committee and either make willful misstatements or tell untruths under oath I believe that dismissal charges should be preferred against them. But up to the present hour the man who has been dismissed is the man who told the truth, and so far as I know, the man who told the untruth has not been moved against.

Mr. THURMOND. Does the commit-

tee have any plans to cite for perjury the man to whom the Senator referred?

Mr. DODD. I have not asked any questions about that. As I said, I asked for an emergency meeting of the Judiciary Committee so that all the implications of the situation might be fully explored and the committee might make a decision with respect to what it should do, how it should advise the Senate, and what it should report to the Senate.

Mr. THURMOND. If this becomes accepted practice, in the future will not a witness called before a committee face one of two courses? If he tells a falsehood, he is subject to being prosecuted for perjury; if he tells the truth, as Mr. Otepka did, he will subject himself to the wrath of his employers, and be in danger of dismissal?

Does that not put an employee of the Government who may be a witness in the difficult position as far as knowing which course he must take—to tell the truth and be subject to dismissal or tell a lie and be subject to being cited for perjury?

Mr. DODD. Of course it does. It is very obvious that it does.

Mr. THURMOND. Should the employees of our Government ever be placed in such a position? Should not the State Department have commended Mr. Otepka for telling the truth, and promoted him because he had the courage to tell the truth and bring those matters to our attention? Instead, the State Department is taking the position that he should be fired because he came before a duly constituted congressional subcommittee and told the truth.

Mr. DODD. Yes. I speak for myself only. I have never considered our function on the subcommittee as an adversary position.

I do not believe that we of the legislative branch should be in an adversary position with respect to the executive or the judicial branch. We are in a co-operative posture. We should be. We should be working together. I tried to conduct myself on the subcommittee in that way. I believe the other members have, too. I know they have. So we are not in a contest. We do not want to be in a contest. We want to work together. If something wrong is brought to our attention through a Government employee, we want to tell the Secretary of State, the head of whatever department is involved, or the proper officials. Then something could be done about it.

I have never believed that the subcommittee should seek large headlines in an effort to make a case against the executive department. I do not believe that is our task. There has been too much of it in the past. We are a part of the Government, too. We should be working with the other two branches. How can we do so if another branch dismisses an employee who comes before us and tells the truth about a situation in a specific department?

Mr. THURMOND. It is the duty of the subcommittee to make inquiry. That is what I understood the subcommittee did in the present instance. It made a legitimate inquiry during which

the witness was cross-examined. The witness spoke the truth; and because he spoke the truth he has been fired.

Mr. DODD. That is what happened.

Mr. THURMOND. Mr. President, I deeply regret what has occurred. The Secretary of State should consider the question most carefully and reconsider the action which has been taken. He should restore this faithful employee, who has been recognized as a man of character, a man of ability, and a man of dedication, he having been the recipient of an award from the Department of State only a few years ago. There has not been the least criticism concerning his ability, his patriotism, or the manner in which he has performed his duties. Merely because he gave information in response to an inquiry of a congressional subcommittee that someone in the State Department did not like, they have acted to get rid of him.

Mr. DODD. What, if the Senator from Arkansas [Mr. McCLELLAN] were faced with this situation. The Senator has been carrying on investigations with great dignity and care for some time. In view of this fact, assuming that some situation developed in one of the executive departments as to which the Senator from Arkansas wanted to question an employee of that department, if that employee came before the Senator's committee to testify, would he be fired? The implications are grave.

Mr. THURMOND. How would the Congress ever get the needed information? How can the Government Operations Committee perform its function of making inquiries concerning the operation of the Government if employees in the Government who have facts and knowledge essential to such inquiry and investigation are not allowed to speak the truth and present it to a committee of Congress?

Mr. DODD. I know of no way.

Mr. THURMOND. There is a fundamental principle, involving more than one employee. Is there not a principle involved that could lead to great trouble in the future?

Mr. DODD. That is correct.

Mr. THURMOND. Furthermore, not only could this discourage employees from volunteering information to Congress, but also it could discourage them from testifying if it was known that they were wanted to testify or that their presence would be desired. Is it not the same as virtually saying to Government employees, "Stay away from Congress. You are working for the executive branch, and you have no right to give committees of Congress information, although they ask questions and you are supposed to respond truthfully. And if you do respond truthfully, you are in danger of being dismissed"? As I understand it, that is what happened to Mr. Otepka.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DODD. I am glad to yield.

Mr. LAUSCHE. There is another horn waiting to impale Mr. Otepka. If, when he was called, he refused to testify, he would be subject to contempt proceedings.

Mr. DODD. Yes; under certain circumstances.

Mr. LAUSCHE. If he testified under oath, and told a falsehood, he would be subject to criminal prosecution. If he testified under oath and told the truth, under this policy which has been followed, he stood to lose his job.

Thus, three horns were awaiting him, and it made no difference in which direction he moved. He was hooked.

Mr. DODD. I believe that is the situation. In fairness to the Secretary of State, who is heavily burdened with great problems, I do not feel that he has had an opportunity to obtain an intimate knowledge of the situation. I strongly feel that if the Secretary had a full opportunity to know all the facts and all the implications, we would not be faced with this situation today. I have the highest regard for the Secretary of State. He is a fair, honest, capable, and decent man in every respect.

I believe the situation has gotten out of his hands, which is understandable to me. In such a large department of Government, with all the Secretary of State has to do, these things "boil up" on him. He does not know about them, perhaps, until the last minute. It does not make the situation any less serious, but in all fairness to the Secretary I would not want it to be understood by Senators, or beyond the walls of the Chamber, that I charge in any respect that the Secretary of State is responsible for this situation. I do not believe he is. I believe it is the people under him who have misled him, or misled his Department, into this situation.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

AID TO YUGOSLAVIA

Mr. DODD. Mr. President, I support the amendment of the able senior Senator from Wisconsin which calls for the elimination of aid of any kind to Communist Yugoslavia.

This resolution is particularly timely because of the effort that is now being made to reinstate favored-nation treatment for Yugoslavia and to create an image of Marshal Tito and of his regime that is completely controverted by the facts.

I have spoken many times in the past in opposition to our program of assistance to Communist nations in terms of its harmful effect on our national and international position.

I am opposed to any form of aid to the Tito regime because of its long, unbroken record of tyranny over its own people, including the mass executions at the close of World War II, the judicial murder of General Mihailovich, the imprisonment of Cardinal Stepinac, and the recent reimprisonment of Milovan Djilas.

I am opposed to it because Tito has consistently lined up with the Soviet Union on foreign policy issues, including Hungary and Cuba.

I am opposed to the extension of any form of aid to Tito because in his posture as a so-called independent Communist he has in effect served as the prime organizer of anti-Western neutralism. Among other things, he was the organizer and ideological leader of the viciously anti-Western conference of neutralist nations in Belgrade in August 1960.

These are the historic reasons for my opposition to the continued folly of aid to Tito.

There are some who will say that this is in the past, and that we must concern ourselves with the present rather than with the facts of history. My answer to those who hold this view is that there has been no break in continuity between the Tito regime of the past and the Tito regime of today. In my remarks today, I propose not to deal with the past, but with five current situations that are relevant to the question of whether we should or should not extend favored-nation treatment to Yugoslavia and assist it in other ways.

There has been far too much self-deception on the subject of Tito and Titoism. I do not say that Tito's vaunted independence of Moscow is a complete fraud; he does enjoy a degree of independence.

But when the chips are down, what is the ultimate significance of this so-called independence?

I believe this question was correctly answered by Paul Underwood in an article entitled "Tito's Neutral Road—Toward Moscow" printed in the New York Times magazine in November 1961, who said:

Tito's basic aim in his association with the nonaligned nations seems to be to form a group of Socialist-minded, essentially anti-Western supporters in preparation for Moscow's expected triumph. Such a backing might enable him to maintain a certain independence and give him continued influence even in a Soviet-dominated world.

This is my first reason for supporting the amendment offered by the distinguished Senator from Wisconsin.

My second reason for opposing aid to the Tito regime is that it is a total dictatorship which not only tyrannizes its own people, but which, at the time of Marshal Tito's visit to this country practiced blackmail against American citizens of Yugoslav origin by threatening reprisals against their relatives in Yugoslavia if they engaged in any anti-Tito demonstration.

I have in my possession a number of letters, with translations, written to people in this country by family members in Yugoslavia. The language of these letters is remarkably similar: They all warn the recipients that their relatives in Yugoslavia will suffer if they take part in "counterrevolutionary" or anti-Tito demonstrations of any kind. Let me quote one of these blackmail letters, written by a Yugoslav mother to her son in America, so that my colleagues may have a better understanding of the nature of this reputedly more benign Communist state:

I must turn to you for very great request, and I ask you this as a mother that you do

not do anything foolish during the visit of Tito to Washington and New York. You know very well that you have your old parents here who do not have much longer to live. And you know very well how unpleasant it is for us to be called to the police headquarters every hour of the day where they threaten us and warn us of the consequences which can befall us.

You look after yourself because you are young and you know as do the others that your past is clear so don't let anyone talk you into taking the wrong path. I beg you as your mother if you love us at all or think something of us who have remained to live here that you do nothing foolish.

Be good as you were before and think a little of us, you know our nerves are weak and we have no strength for anything let alone this unpleasantness. We are already fighting to live; you know that your father and I live from a pension which is \$15 a month and life is short and therefore do not cause any unpleasantness. Think also of your sister and her children. I hope that you will heed me as you did the last time and that everything will be alright.

Love,

It is interesting to note that this letter was sent to an address where the recipient had not lived for 7 months, although the mother was aware of her son's present address and had in fact sent her last several letters to this address.

The son believes that in this way his mother was signaling to him that the letter was written under duress from the secret police or else that his mother did not intend for him to receive the letter at all.

I shall be happy to provide my colleagues with translations of the other letters if they are interested.

From the scale of the letter writing and from the similarity of the letters, it is clear that what is involved here is a concerted effort by Tito's secret police to exercise pressure on Americans of Yugoslav origin or descent by compelling their relatives in Yugoslavia to write, or sign, form letters to them.

To me there could be nothing more despicable than this blatant effort to coerce and silence American citizens by threatening reprisals against innocent women and children who could in no way be responsible for the activities of their relatives in this country.

A third fact which motivates my opposition to the restoration of favored-nation treatment to Yugoslavia is the continuing effort of the Serbian Orthodox Church authorities in Yugoslavia, obviously acting with the approval and most probably at the instigation of their government, to extend their direct control over the churches of the several hundred thousand Americans of the Serbian Orthodox faith.

This is part of a larger pattern which has involved in recent years an increasing number of visits by Orthodox clergymen who have come to this country from the Soviet Union, Bulgaria, Rumania, as well as Yugoslavia.

The Serbian Orthodox clergy from Yugoslavia, on their visits to this country, have made the rounds of the several score Serbian Orthodox parishes; the visiting Rumanian Orthodox clergy have made the rounds of the Rumanian Orthodox parishes; and so on.

Last July, I asked the Senate Subcommittee on Internal Security to look into this situation because I felt that there were definite security implications in this obviously concerted effort to subject American Orthodox church organizations to the control of clerical authorities who are, in turn, under the control or influence of their Communist governments.

Among other things, there is preliminary evidence which indicates that this control, to the extent that it exists, has been used to discourage criticism of the Yugoslav-Communist regime and other Communist regimes, to encourage American citizens to believe that the regimes in these countries are essentially decent and deserving of support, and to foster an artificial and unwarranted feeling of loyalty to their ancient homelands, despite the fact that they are now Communist dominated.

At the time, I pointed out that these efforts have encountered very bitter resistance from our citizens of Russian, Serbian, Bulgarian, and Rumanian origin and had already resulted or were threatening to result in open schisms.

The great majority of Americans of the Serbian Orthodox faith were aroused by these actions and, at the 10th National Church Assembly which convened this last August 6 in Libertyville, Ill., they voted to request of the Belgrade Synod that "The future relationship of this Serbian Orthodox diocese for the United States and Canada toward the Serbian Orthodox mother church in Yugoslavia shall be broadly autonomous, in which it shall be united spiritually and liturgically but not subject to any canonical-hierarchical relationship." They further voted that until the relationship between the diocese and the mother church is regulated, no decisions or orders of the Belgrade Synod would be accepted by the Serbian Orthodox churches represented at the conferences.

In taking this stand, they pointed out that the Belgrade Synod is not free since it must make its decisions in collaboration with and with the approval of the so-called Federal Commission for Religious Questions of the Federal Socialist Republic of Yugoslavia; they claimed that the continued existence of their diocese required a determined struggle against all efforts at Communist infiltration; and they declared that their attitude would be in harmony with the welfare of the United States and Canada.

I ask unanimous consent, Mr. President, to have printed at the conclusion of my remarks the complete text of the declaration of the 10th National Church Assembly of the Serbian Orthodox diocese of the United States and Canada.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DODD. Mr. President, the decision to reject the authority of the mother church in Yugoslavia was, I know, a most difficult one for Americans of Serbian origin. The orthodox church has played a heroic role in Serbian history and the Serbian people are bound

to it not only by strong ties of faith, but by ties of blood and comradeship in battle extending back through the centuries.

How difficult the decision was is attested to by the fact that they continued to accept the authority of the Belgrade Synod until it openly moved to assert direct hierarchal and physical control over them.

As for those American Serbs who have not broken with the authority of the Belgrade Synod and have accepted the bishops appointed by it, I think it should be stated emphatically that, with the possible exception of a handful, there are no Communists among them. They have been motivated not by any sympathy for the Belgrade government but by the profound attachment that all Serbs feel to their mother church.

My fourth reason for opposing the extension of any form of aid to the Communist dictatorship in Yugoslavia is the insidious anti-Western policy pushed by Marshal Tito during his recent tour of Latin America. Tito's prime argument in the several Latin American countries he visited was that blocs and alliances have now become antiquated and that the best possible course for the Latin American countries would be to pursue a policy of neutralism akin to his own. In advocating neutralism in the capitals of Latin America, Tito was indirectly assailing and undermining both the OAS and the Alliance for Progress; he was doing Khrushchev's work far more effectively than Khrushchev could do it himself.

I think it noteworthy that Tito, in his visits to the satellite countries and to the Soviet Union, has not ventured to suggest to his Communist colleagues, as he did to our friends in Latin America, that blocs and alliances serve no useful functions.

I also consider it noteworthy that in Mexico City Tito received a reception which, according to all accounts, dwarfed the receptions accorded to other foreign leaders including President Kennedy.

In building up Tito's reputation by inviting him to our own country, we directly abetted his political effort in Latin America. I am certain that it will not be long before we will rue the consequences of Tito's recent visit to the Western Hemisphere.

The fifth reason for opposing foreign aid or favored-nation treatment for Communist Yugoslavia is the damage that this policy has done to important sectors of American industry.

Last year Congress acted to deprive Yugoslavia and Poland of favored-nation treatment. To date, no action has been taken to comply with this congressional decision.

In our single-minded determination to give aid to Communist Yugoslavia, we have sometimes completely ignored the welfare of American industries and of American workers and American communities who are dependent on these industries.

I call the attention of my colleagues, in particular, to the tragic deterioration of the zinc sheet industry of this country over the past 10-year period, a de-

terioration that is due primarily to the favored-nation treatment accorded to Yugoslavia zinc sheet.

In 1952, the domestic American industry produced 99 percent of the zinc sheet used in this country; imports accounted for only 1 percent of consumption. By 1962, imports of zinc sheet had increased to the point where they accounted for fully one-third of the domestic market. The larger part of the increase in the import of zinc sheet is attributable to the phenomenal rise in Yugoslav imports, from near zero in 1952 to 776 tons in 1962. Imports from Yugoslavia, in fact, now account for almost 60 percent of total imports.

This has done very grave damage to an important American industry that is not in a position to compete with the state-directed labor of Communist societies. According to the figures of the Rolled Zinc Manufacturers Association, the industry has run at a loss for 4 consecutive years, and the losses have increased with each year of operation, virtually in direct proportion to the increase of Yugoslav imports.

It is not merely the zinc sheet industry that has been affected. The production and consumption of zinc strip is several times that of zinc sheet, and this industry, too, is feeling the pinch of foreign competition, primarily Yugoslav competition, in the domestic market.

Platt Bros. & Co., of Waterbury, Conn., is one of the companies in the zinc strip and wire business. In his letter to me, Mr. Orton P. Camp of Platt Bros. & Co. said:

We have every reason to believe that the domestic zinc strip business will be ruined,

as has the sheet business, if the most-favored-nation treatment to Yugoslavia is continued.

Mr. President, I am particularly concerned about this situation because business and labor in my own State of Connecticut are suffering from it. This is just one example of the harm we are doing to our own people in our misguided effort to assist Communist regimes. I know that business and labor in other parts of the country have also been adversely affected.

I earnestly hope that the Senate will take into consideration the plight of the American zinc sheet industry and of other industries that have suffered from the favored-nation treatment accorded to Yugoslavia.

I ask unanimous consent to have printed in the RECORD an exchange of correspondence with Mr. Orton P. Camp of the Platt Bros. & Co. zinc plant in Waterbury, Conn., and of several statistical tables prepared by the Rolled Zinc Manufacturers Association; and I also ask unanimous consent to have printed in the RECORD an excerpt from a study of "United States Aid to Yugoslavia and Poland," by Milorad M. Drachkovitch, published by the American Enterprise Institute.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

JULY 18, 1963.

Hon. THOMAS J. DODD,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR DODD: Thank you for your letter of July 10. I am glad to give you some statistics in connection with the Yugoslavian zinc import problem. Am enclosing the following schedules:

A. Zinc sheet produced in the United States, 1952-62.

B. Zinc sheets—imports by volume and value, 1952-62.

C. Zinc sheet imports by country of origin, 1956-62.

D. Zinc strip produced in the United States, 1959-62.

You will see from schedule C that there were no imports of zinc sheet from Yugoslavia prior to 1956 but that in 1962, the imports of sheet zinc from Yugoslavia were more than 50 percent of total imports, and total imports were 48 percent of domestic production. This means that total imports were about one-third of domestic consumption. This is a terrifically high figure. The domestic zinc sheet business has already been ruined (see the last column on schedule A).

The production and consumption of zinc strip is several times that of zinc sheets but we do not have imports statistics on zinc strip. The Bureau of Census does not maintain this information although on several occasions, our association has requested the Bureau to do so and has offered to stand the expense. We have every reason to believe that the domestic zinc strip business will be ruined as has the sheet business if the most-favored-nation treatment to Yugoslavia is continued.

It seems to me that the above figures tell the story. I hope that you will do all you can, both in your committee and in the Senate, to see that this most-favored-nation treatment to Yugoslavia is not allowed to continue. As I said in my letter of June 21, it seems to me that from a point of view of ethics and fairness and good relations with friendly nations, it is improper to continue to give most-favored-nation treatment to countries which are either communistic or communistically inclined.

Thank you again for your interest and help.

Very truly yours,

THE PLATT BROS. & Co.,
ORTON P. CAMP.

Zinc sheet produced in the United States

	Production in tons	Sales		Exports in tons	Average number of employees	Man-hours expended	Average hourly pay to employees	Approximate fringe cost per paid hour	Average total hourly labor cost	Labor cost as percent of cost of finished product	Dollars of profit (loss) on these items
		(A) Tonnage	(B) Dollars								
1952.....	6,930	6,864	\$4,281,164	299	349	635,493	\$1.71	\$0.18	\$1.89	21.98	\$52,571
1953.....	6,881	6,700	4,098,844	449	334	655,710	1.81	.24	2.05	28.85	205,229
1954.....	6,129	6,101	3,671,196	292	320	587,668	1.85	.30	2.15	30.55	160,057
1955.....	6,583	6,442	4,118,618	339	320	642,008	1.90	.30	2.20	28.53	126,104
1956.....	5,888	6,013	4,063,219	367	315	612,658	2.03	.33	2.36	29.72	6,350
1957.....	4,640	4,596	3,367,451	335	276	511,653	2.11	.37	2.48	32.90	63,408
1958.....	4,214	4,175	3,024,755	294	259	428,353	2.21	.40	2.61	34.62	37,774
1959.....	3,825	3,756	2,849,939	221	245	430,992	2.26	.46	2.72	36.68	(130,826)
1960.....	3,356	3,276	2,575,121	224	223	380,767	2.30	.48	2.78	33.65	(251,348)
1961.....	2,647	2,933	2,194,504	164	188	279,641	2.36	.54	2.90	32.66	(421,886)
1962.....	2,699	2,752	2,026,750	172	157	279,478	2.43	.62	3.05	33.70	(357,641)

Source: Rolled Zinc Manufacturers Association.

Zinc sheets—Imports by volume and value, average value of imports in terms of cents per pound and imports as percentage of domestic production

Year	Imports (tons)	Imports (dollars)	Average foreign value of imports (cents per pound)	Imports by volume as percent of domestic production	Year	Imports (tons)	Imports (dollars)	Average foreign value of imports (cents per pound)	Imports by volume as percent of domestic production
1952.....	47	23,557	25.0	1	1958.....	823	262,324	15.9	19
1953.....	196	76,751	19.5	3	1959.....	950	310,855	16.3	25
1954.....	259	88,010	17.0	4	1960.....	904	301,667	16.6	27
1955.....	431	148,389	17.2	7	1961.....	1,177	350,200	14.9	44
1956.....	450	170,416	18.9	8	1962.....	1,298	363,916	14.0	48
1957.....	732	244,722	16.7	16					

Source: Imports by tons and dollar value are as reported by the Bureau of the Census, U.S. Department of Commerce Commodity Classification 6599000 except that for the years 1962 through 1958 they have been revised in accordance with the findings of the U.S. Tariff Commission in Report on Zinc Sheet—Escape Clause Investigation

No. 81, dated January 1960, table 12. Other data as computed by Rolled Zinc Manufacturers Association.

Excludes quantities erroneously reported as having been entered from Canada.

Zinc sheet imports by country of origin

[In tons]

	Yugoslavia	West Germany	Belgium	Netherlands	United Kingdom		Yugoslavia	West Germany	Belgium	Netherlands	United Kingdom
1956.....		323	43	75		1960.....	411	251	92	58	5
1957.....	236	314	78	103		1961.....	769	244	67	92	5
1958.....	267	301	112	141	17	1962.....	776	271	118	111	21
1959.....	222	450	113	155	6						

Source: U.S. Bureau of the Census.

Zinc strip produced in the United States

	Production in tons	Sales		Exports in tons	Average number of employees	Man-hours expended	Average hourly pay to employees	Approximate fringe cost per paid hour	Average total hourly labor cost	Labor cost as percent of cost of finished product	Dollars of profit (loss) on these items
		(A) Tonnage	(B) Dollars								
1959.....	32,364	32,221	10,773,634	1,052	242	459,716	\$2.37	\$0.48	\$2.85	14.55	505,347
1960.....	30,843	30,433	10,823,882	637	228	392,573	2.44	.49	2.93	14.63	(73,197)
1961.....	31,902	31,890	11,028,920	761	236	407,691	2.47	.51	2.98	13.70	(98,273)
1962.....	33,924	34,056	11,635,416	1,016	220	405,171	2.56	.54	3.10	13.67	116,920

Source: Rolled Zinc Manufacturers Association.

TITO'S INDEPENDENT WAY OF SPREADING COMMUNISM ABROAD

During the 1962 congressional debates on foreign aid, the leading critics of administration policy toward Yugoslavia particularly stressed the role played by Tito's regime among the nonaligned nations of Asia, Africa, and Latin America. Several Senators expressed concern over the harm allegedly done to Western interests by Tito's tireless efforts to influence the domestic policies and foreign political orientation of countries geographically remote from Yugoslavia.

Tito identifies his type of neutralism with the victory of communism over freedom. This is what he is working to achieve, not only in Yugoslavia, but also in Asia and Africa and, it is obvious, in view of his statements, if he can do so, in South America.

Despite the heretic label affixed upon Tito by the Communist bloc, Titoism promotes Soviet interest in the third or neutral world, if not directly, then indirectly by inspiring and supporting attitudes in those countries which are detrimental to the basic interest of the West.¹

In the international arena, by and large and on balance, Tito is working against the interests of the United States and the free world, against the interest of NATO, and in support of Soviet policies on Berlin and on other points of conflict.²

The granting of aid to Tito, admittedly a Communist, who has repeatedly declared that the world must be communized, is an inducement to the nations in Africa, in the Middle East and in the Far East, to follow Tito. By giving aid to Communist countries, we are encouraging all of the emerging nations to look favorably upon the Tito form of government.³

While we have been giving billions of dollars to Yugoslavia, Yugoslavia has been spending hundreds of millions of dollars on a foreign aid program of its own, geared to the expansion of neutralist influence in the non-Communist world. India, Indonesia, Burma, Egypt, the Sudan, Ghana, Ethiopia, and other Afro-Asian nations with neutralist leanings, have been recipients of this aid. In short, through our aid to Yugoslavia, we have, in effect, been underwriting the extension of anti-Western neutralism in the countries of Asia and Africa.⁴

The seriousness of these charges was confirmed, in a milder form to be sure, by Ambassador Kennan himself, during his aforementioned NBC-TV interview of July 1962, when he declared that "what the Yugoslavs have said to the other neutrals is often something that I haven't liked, and I don't find to be in the interest of this country."⁵

What then are the motives behind Tito's attempts to shape the views and the policies of the nonaligned nations? For the answer one must first of all consult the sacred book of Titoism, the LCY's 1958 program. Two principles, according to that program, determine the world outlook of Yugoslav Communists. One is that "inexorably and in a variety of ways, humanity is moving deep into the era of socialism."⁶ From this postulate stems the imperative for the LCY to educate the Yugoslav working people in the spirit of proletarian internationalism:

"In all contacts with other Communists, Socialist, progressive and anti-imperialist movements, and in all its international relations in general, the League of the Communists of Yugoslavia has upheld and will continue to uphold the great idea of proletarian socialist internationalism as its guiding principle."⁷

In the practical application of these principles, the program of the LCY actually reformulates two guidelines which go directly back to Lenin's own theses on national and colonial questions offered to the Second Congress of the Communist International (July-August 1920). Thus Lenin's thesis that "Communist parties must aid nationalist-revolutionary liberation movements in backward countries" finds the following expression in the LCY's program:

"In certain countries in Asia, Africa, and Latin America, at a certain stage of the movement of society toward socialism, a positive role can be played by certain na-

tional movements of progressive orientation, movements growing out of the struggle against imperialism and capitalist monopolies."⁸

Likewise, Lenin's explanation that the capitalist phase of development in a given backward country could be skipped and immediately replaced by the Soviet system, was echoed in the LCY program:

"In the underdeveloped countries just liberated from colonial oppression, tendencies and possibilities exist for bypassing certain phases of capitalist development and immediately passing on to the construction of the economic foundations of the development of socialism."⁹

It is in the same Marxist-Leninist spirit that Edvard Kardelj, chief ideologist of Titoism, explained the meaning of "peaceful co-existence," the central tenet of Yugoslav foreign policy:

"For Yugoslav Communists the justification of the policy of coexistence is based *** on the conviction that in the circumstances of today it will be ever more difficult for the forces of imperialism and war to break the existing coexistence, which will bring the internal contradictions and oppositions of the capitalist world to a new stage of development, that is, it will speed up the processes of disintegration of imperialism and capitalism as a system and increasingly strengthen the part played by Socialist factors, material, and political."¹⁰

The same dialectical approach used to explain the concept of active peaceful coexistence underlies also the Yugoslav analysis of the bloc division of the world. Although in current propaganda the Yugoslav Communists criticize the existence of antagonistic military blocs as detrimental to world peace, they explain also that they do not put the Western and Soviet blocs back to back, as equally responsible for world divisions and tensions. In his report to the Seventh Congress of the LCY, Tito put the responsibility for world partition squarely on the West:

"One of the reasons for the establishment of the Atlantic Pact was the rigid and unnecessarily threatening Stalinist foreign policy, and besides that also the fact that the Western Powers had reached the conviction that through diplomatic ways they would not be able to achieve their imperialistic goals. This pact should have served as means

¹ Senator PROXMIER, CONGRESSIONAL RECORD, June 6, 1962, p. 9134.

² Senator KEATING, *ibid.*, p. 9138.

³ Senator LAUSCHE, *ibid.*, June 7, pp. 9186-9187.

⁴ Senator DODD, *ibid.*, July 9, p. 12038.

⁵ In his letter to the New York Times (July 6, 1962), Mr. Kennan was even more explicit: "At no time during my incumbency here have I considered Yugoslavia's influence over the other neutrals to be satisfactory from the standpoint of the concepts and purposes of our country in world affairs."

⁶ Yugoslavia's Way, p. 17. "As Marxists we cannot doubt that social progress in contemporary conditions is a manifestation of the general march toward socialism." Edvard Kardelj, in an interview with the official Yugoslav News Agency, Tanjug, before his departure for Indonesia, December 1962. Review of International Affairs, Dec. 20, 1962, p. 20.

⁷ Yugoslavia's Way, p. 67.

⁸ *Ibid.*, p. 60.

⁹ *Ibid.*, p. 21.

¹⁰ Socialism and War (London: Methuen & Co., 1961), p. 66.

toward the realization of world domination and this from the position of strength. The establishment of the Atlantic Pact and the drawing of Western Germany into it have necessarily led to the establishment of the defensive Warsaw Pact of Eastern countries, as counterweight to the Atlantic Pact."¹¹

Likewise, more subtly but no less significantly, Edvard Kardelj declared in his interview before leaving for Indonesia on December 6, 1962, that the bloc division of the world reflects the existence of contradictory Socialist and capitalist systems. But the social systems which change, necessarily, "by the freeing of the internal social forces in every country," should not be identified with the blocs, which are "a historically conditioned political phenomenon."¹² This distinction, at first sight rather obscure, actually contains two very important implications. One is the confirmation of the Titoist thesis that while the blocs are ad hoc, static, and strictly temporary manifestations, the present bloc division will be overcome gradually, not through a world war but through internal process leading inexorably toward socialism. The second implication suggests that Yugoslavia, although not a member of the Warsaw Pact, and indeed because of this very fact, may serve to accelerate the worldwide movement toward socialism. This was also intimated by Tito in his speech of December 29, 1962. In his address he informed his Yugoslav listeners that he had explained in Moscow how important it was that Yugoslavia enjoy a world status and reputation, particularly among the nonengaged states of Africa and Asia. That would be, in his words, "useful not only to us and to those countries but also to the progressive movement and to the whole peace-loving world."¹³ This formulation, veiled in form but not in substance, points to another conclusion reached by Paul Underwood a year before Tito's speech:

"Tito's basic aim in his association with the nonaligned nations seems to be to form a group of Socialist-minded, essentially anti-Western supporters in preparation for Moscow's expected triumph. Such a backing might enable him to maintain a certain independence and give him continued influence even in a Soviet-dominated world."¹⁴

Another element to be mentioned in this connection—which has certainly been viewed with some displeasure in Moscow, and with open hostility in Peiping—is the tendency of Titosim to export its version of Marxism-Leninism and its socioeconomic experiment as particularly suitable to the underdeveloped countries. "Skip capitalism through Titoism" is indeed the unstated but underlying slogan of LCY propaganda in the "third" part of the world. Before assessing its deeper

meaning, we should turn to a brief description of this Titoist Afro-Asian (and to a lesser extent, Latin American) operation.

Titoist concern for the underdeveloped countries began to pick up momentum after Stalin's death, and has steadily increased along with the emergence of new states in Asia and Africa. Since his first and carefully prepared trip to Asia, in December 1954,¹⁵ through several subsequent trips on both continents, and finally through the pivotal role he played at the September 1961 Belgrade Conference,¹⁶ Tito tried to influence these new states on three planes: ideological, world political, and socioeconomic.

The LCY program has served as the main vehicle of Tito's ideological proselytism. Its dissemination has reached worldwide proportions with 26 editions, including a Spanish edition in Chile, an Indonesian in Djakarta, a Burmese in Rangoon, and an Indian in new Delhi. Yugoslavia's very smallness, Tito's reformist, revisionist, and nonaligned reputation, and the more dignified and scientific outlook of the LCY's program—as compared with the cruder Soviet program, and with aggressive Chinese propaganda—have made the Yugoslav interpretation of Marxism-Leninism much more respectable among the local elites of underdeveloped countries, than the direct influence of the great Communist powers. Thus, in the words of a competent observer:

"The fitting of the Marxist formula onto the natural anticolonial reaction is the greatest service the Yugoslav regime has made to the Communist cause."¹⁷

Titoist influence on the world political outlook of the underdeveloped countries may be correctly assessed from two of Tito's recent addresses. One was his violent hate-the-colonialists-and-neocolonialists speech before the parliament of Ghana, on March 2, 1961, in which the West was pictured as the exclusive villain in the piece;¹⁸ Another was his pro-Soviet and anti-Western, and particularly anti-United States, speech of September 3, at the Belgrade conference. On the one hand, he declared his unqualified support for all national revolutionary movements—from southeast Asia, through the Congo, Algeria, and Angola, to Cuba—and he appealed for the liquidation of colonialism everywhere and the right to self-determination for all former or present colonial peoples. All this was expressed in countless communiques following the meetings of Yugoslav leaders with their counterparts from other nonaligned countries. But, on the other hand, Tito maintained total silence on the nature of Soviet-satellite relations and deliberately failed to mention the right of self-determination for the peoples of East-central Europe. The fact of Tito's quarrels with the Chinese, and ups-and-downs in his relations with Khrushchev, make this discrepancy between his anti-Western positions and his tacit ap-

proval of the present state of affairs in Eastern Europe less conspicuous in the eyes of his nonaligned friends.¹⁹

The impact of Titoism on the socioeconomic life of the underdeveloped countries may be observed on two levels. One relates to the advice given by some Yugoslav writers, particularly to African leaders, to shun closer relations with Western imperialist powers which are attempting to replace political with economic domination in their second conquest of Africa.²⁰ Likewise, prominent Yugoslav economic experts counsel the Africans to "restrict private capitalist tendencies,"²¹ while the Yugoslav delegates at the United Nations have for many years drawn attention to the fact that economic development of the underdeveloped countries cannot simply be left to foreign private capital.²²

These strictures against Western economic neocolonialism go well beyond the level of mere anti-Western attacks. They imply, at the same time, an invitation to the underdeveloped countries to transplant the Yugoslav economic model on their own soil. Thus, for example, Edvard Kardelj's visit to Cairo in December 1960 has been credited as contributing to the emerging "Arab socialism."²³ More recently, the president of the new Republic of Tanganyika, Julius Nyerere, declared in an interview with a Yugoslav correspondent that his visit to Yugoslavia and his acquaintance there with the process of industrialization and the socialization of economic activities convinced him that "one day we will introduce in practice many things you are doing now."²⁴

Another aspect of the same phenomenon is the establishment of many-sided relations between Yugoslavia and the new states of Asia Africa, and to some extent Latin America, ranging from trade to scientific and technical cooperation and to treaties on economic aid extended by Yugoslavia. This aspect of Yugoslav assistance to the economically underdeveloped countries on a bilateral basis merits particular attention, and its operation is described as follows by Yugoslav official circles:

"As the insufficiently developed countries are not in a position to pay for their imports from Yugoslavia in convertible foreign exchange, Yugoslavia has instituted an ever broader crediting policy toward these countries of late. Special arrangements have recently been concluded to this effect with Ceylon, Ethiopia, the Sudan, Indonesia, Ar-

¹⁹ A telling example of the effects of Titoist propaganda in Latin America is the following letter from a Chilean reader to the editors of the Belgrade Review of International Affairs: "We have been accustomed to hearing that the idea of human rights is suppressed in socialist countries, but thanks to the articles in the 'Revue of International Affairs' I have realized that the opposite is true. * * * " May 5, 1962, p. 6.

²⁰ V. Milenkovic, "The Second Conquest of Africa," *Ekonomika Politika*, Feb. 25, 1961.

²¹ Janez Stanovnik, "The Struggle of Two Opposite Tendencies in the Economy of Underdeveloped Countries," *Nasa Stvarnost*, March 1961.

²² Yugoslav View on Assistance to Economically Underdeveloped Countries, Yugoslav Survey, July-September 1960, p. 267.

²³ "Officials of the Nasser Government are reported to feel that the Yugoslav Communists' experience in building up industry, modernizing agriculture and organizing the nation on their own pattern could be useful." *The New York Times*, Nov. 27, 1960.

²⁴ Borba, Dec. 9, 1962.

¹¹ VII Kongres Saveza Komunista Jugoslavije, pp. 25-26.

¹² Vice President Kardelj's Interview With Editor of Tanjug, Review of International Affairs, Dec. 20, 1962, pp. 19-20. It is interesting to note that in his speech at the Sixth Congress of the Socialist Unity Party of Germany on Jan. 16, 1963, in East Berlin, Khrushchev used the same formula as Kardelj when he declared that "the military blocs cannot be identified with the system," the first being the result of international treaties and agreements, and the latter, "an objective law of social development." For the full text of Khrushchev's speech see Soviet Booklet No. 106 (London), January 1963, p. 19.

¹³ Politika, Dec. 30, 1962.

¹⁴ "Tito's Neutral Road—Toward Moscow," *The New York Times Magazine*, Nov. 26, 1961, p. 129.

¹⁵ Cf. Slobodan M. Draskovich, *Tito, Moscow's Trojan Horse* (Chicago: Regnery, 1957), pp. 213-217.

¹⁶ Between 1954 and 1961 Tito made four official Afro-Asian trips: 1954-55, India and Burma; 1955-56, Ethiopia and Egypt; 1958-59, India, Indonesia, Burma, Ceylon, Ethiopia, Sudan, United Arab Republic; 1961, Ghana, Togo, Liberia, Guinea, Mali, Morocco, Tunisia, United Arab Republic.

¹⁷ George Bailey, "They Call Themselves Neutrals," *The Reporter*, Sept. 28, 1961.

¹⁸ The entire text of this speech, in English, may be found in an official Yugoslav publication entitled "President Tito's Visit to Friendly African Countries" (Belgrade, 1961), pp. 5-23.

gentina, Brazil and with many emergent African countries. These arrangements enable imports of capital goods from Yugoslavia to be paid for only when the respective investments begin yielding returns in the importing country."²⁵

The scope and exact amount of aid given

by Yugoslavia to various underdeveloped countries is difficult to establish, but even the following and certainly incomplete table speaks eloquently about the efforts of overindebted Yugoslavia to become the creditor of countries thousands of miles from the Balkans:

Date of agreement	Assisted country	Amount and nature of Yugoslav assistance
Feb. 12, 1959	Ethiopia	Financial and technical assistance; offers of a nonspecified amount of Yugoslavian credits.
Jan. 21, 1960	India	\$40,000,000 credits for purchasing Yugoslav capital goods.
February 1960	Morocco	\$5,000,000 investment credits for the import of Yugoslav capital goods.
January 1961	Sudan	Nonspecified amount of long-term credits granted under the agreement of July 18, 1959.
Do	United Arab Republic	\$20,000,000 credits for the purchase of industrial equipment and machines.
Do	Pakistan	\$10,000,000 credit arrangements.
June 2, 1961	Guinea	Agreement on the elaboration of a town plan for Conakry, to be financed 50 percent by Yugoslavia. (An operational credit of \$600,000 had already been granted in October of 1960, when an agreement on technical assistance was signed.)
June 1961	Mali	\$10,000,000 credits earmarked for the execution of certain projects of the Malian 5-year plan.
July 1961	Indonesia	\$15,000,000 credit.
Sept. 27, 1961	Morocco	\$5,000,000 loan.
October 1961	Ghana	An earlier credit of \$1,800,000 was increased to \$3,600,000.
Oct. 28, 1961	Guinea	\$5,000,000 loan.
Feb. 2, 1962	Tunisia	\$6,000,000 credits for investment equipment.
Feb. 19, 1962	Ghana	\$5,000,000 credits on deliveries of Yugoslav goods.
March 1962	Ethiopia	Yugoslav economic experts to help prepare the 2d 5-year plan of Ethiopia.
Apr. 18, 1962	Indonesia	\$15,000,000 credits for investment equipment.
April 1962	Ghana	Nonspecified amount of credits for imports of capital equipment.
Apr. 26, 1962	do	Agreement on granting of credit facilities for the construction of a 2d naval base in Ghana.
December 1962	Indonesia	Nonspecified increase of a credit previously granted for imports of raw materials, subsidiary materials, and spare parts.
Dec. 24, 1962	Tanganyika	Purchase of some industrial plants in Yugoslavia on a nonspecified credit basis.
April 1963	Algeria	Supply, together with Czechoslovakia and Bulgaria, of the major portion of outside aid to launch Algeria's first home-grown industry for production of textiles, clothing, and leather.

Source: Yugoslav Survey, April 1960–September 1962 (10 issues); Review of International Affairs (1960–63); Thomas Philipovich, "La Yougoslavie entre l'ouest et l'est" (Paris: Les Cahiers Africains, No. 11, 1962), pp. 69–74; the New York Times (western edition), Apr. 9, 1963.

There is a last, but certainly not least important feature of these Titoist operational methods in connection with the underdeveloped countries. Hundreds of experts, engineers, teachers, and other technical and diplomatic personnel are being sent abroad, while large numbers—particularly of young Africans—are invited to study at various Yugoslav schools and universities under highly favorable financial conditions.²⁶ In addition, a series of Yugoslav social organizations systematically exchange delegations with African, Asian, and Latin American countries. Two of the largest such organizations, the Socialist Alliance of Working People of Yugoslavia (former Popular Front) and the Confederation of Trade Unions of Yugoslavia, have been particularly active in establishing tangible forms of cooperation with underdeveloped countries, ranging from study tours and exchanges of opinion to assistance in the training of personnel, etc. Here, for example, is an excerpt from a glowing report on rich and extensive international activities and relations of the Socialist Alliance.

"Foremost among the activities of the Socialist Alliance of Working People of Yugoslavia last year (1961) was its intensive and wide support of the liberation movements of the dependent African countries, so that 1961 may rightly be called Africa Year for the Alliance, too.

"In the course of last year alone Yugoslavia was visited by 26 delegations from various liberation movements of Africa, and by individual representatives of 18 countries.

²⁵ Yugoslav View on Assistance to Economically Underdeveloped Countries," Yugoslav Survey, July–September 1960, p. 273.

²⁶ According to Frankfurter Allgemeine Zeitung, Jan. 12, 1963, the African students in Yugoslavia receive scholarships of 60,000 dinars a month (\$80), while the scholarships for Yugoslav students amount to only 15,000 dinars (\$20).

Most of these movements and parties are greatly interested in the work and development of Yugoslav organizations and socio-political and state development."²⁷

Practically the same may be said for the international activities of the Yugoslav Confederation of Trade Unions.²⁸ Its president, Svetozar Vukmanovic—who is also a member of the Secretariat of the executive committee (Politbureau) of the LCY and thus the fifth highest ranking official in the party hierarchy—is particularly active in establishing close personal contacts with the trade unionists of northwestern and central Africa. Thus, after a trip to Ghana and Morocco, in October 1960, he declared in an interview that Yugoslav trade unions are highly interested in combating anti-Communist tendencies within the International Confederation of Free Trade Unions. Since the Moroccan Trade Union Federation belongs to the ICFTU, Vukmanovic emphasized, with satisfaction, his influence on Moroccan rejection of the ICFTU's anti-Communist policy.²⁹

²⁷ "The 1961 International Activities of the Socialist Alliance of Working People of Yugoslavia," Review of International Affairs, Mar. 20, 1962, p. 19. The same report is interesting also because it stresses the improvement of relations and intensification of contacts with the corresponding socio-political organizations of all East European countries (with the exception of Albania) and certain Communist parties and organizations outside the Soviet bloc.

²⁸ "International Activities of the Yugoslav Trade Unions in 1959," Yugoslav Survey, April 1960, pp. 121–28. Also, "The Yugoslav Trade Unions' Links with Foreign Countries," ibid, January–March 1961, pp. 578–83. Also, "Yugoslav Trade Unions and the International Trade Union Movement," ibid, April–June 1962, pp. 1355–62.

²⁹ Borba, Oct. 30, 1960.

EXHIBIT 1

(DECLARATION OF THE 10TH NATIONAL CHURCH ASSEMBLY OF THE SERBIAN ORTHODOX DIOCESE OF THE UNITED STATES AND CANADA)

The 10th National Church Assembly of the Serbian Orthodox diocese of the United States of America convoked in regular session on August 6, 7, 8, 1963, at St. Sava Monastery, Libertyville, Ill., by His Grace, the Right Reverend Bishop Dionisije, and the diocesan council, sends warm greetings to all our Serbian brothers of St. Sava in this diocese and the free world, but especially in our ancient enslaved fatherland.

Because past occasions have shown that the eyes of the enslaved faithful look to this diocese as the champion of the free Serbian Orthodox Church with its glorious national traditions and determined resistance to godless communism, this assembly must, in its sacred duty, bring the following facts to their attention:

The holy synod of the Serbian Orthodox patriarchate in Belgrade forwarded to this national church assembly the decisions of the holy assembly of bishops as Nos. 21 and 21/Min. 77, No. 1725/Min. 237, and No. 1726/Min. 238, dated May 17, 1963, as well as its separate undated epistle to the faithful of this diocese in which it informed our assembly that the holy assembly of bishops had decided to abolish the Serbian Orthodox diocese for the United States of America and Canada by dividing it into three new dioceses—the middle eastern American-Canadian diocese, with its seat at Detroit, Mich.; the middle western American diocese, with its seat at Libertyville, Ill.; and the western American diocese, with its seat at Los Angeles, Calif., granting these newly created dioceses the same legal status enjoyed by the Serbian Orthodox dioceses in the Federal Socialist Republic of Yugoslavia.

The holy assembly of bishops at the same time appointed the Very Reverend Stevan Castavica, bishop of the new Middle-Eastern American-Canadian diocese; and His Grace, the Right Reverend Bishop Dionisije, bishop of the newly created Middle-Western American diocese. Simultaneously with its appointment of Bishop Dionisije, the holy assembly suspended his conduct of affairs of the new diocese; placed him under interdiction of sacerdotal duties; and announced his investigation by the ecclesiastical court because of numerous alleged accusations against him; and, finally, the assembly appointed the Very Reverend Archmandrite Dr. Firmilijan Ocokoljich, administrator of the diocese, and newly created Middle-Western American the Very Reverend Archmandrite Gregory Udicki administrator of the new Western-American diocese.

For its part, the diocesan council for this see advised the National Church Assembly that after numerous faithful had called its attention to the aforementioned decisions, of the holy assembly of bishops and the holy synod in Belgrade, it convened in plenary session on June 6, 1963, and decreed as follows:

1. The Diocesan Council of the Serbian Orthodox diocese for the United States and Canada declares that it is not authorized to accept or reject the three-way division of the diocese for the United States of America and Canada into new dioceses; and for this reason the matter is referred to the National Church Assembly. For emergency reasons, this assembly is convoked for the days of August 6, 7, 8, and 9, 1963, at the Monastery of Saint Sava at Libertyville, Ill., in accordance with the rules and decisions of the last national church assembly held in September 1960. This decision is unanimously adopted.

2. Upon motion of the Reverend Aleksandar Dimitrijevic, seconded by Mr. Milos Konjevic, it has been decided to send a letter to the holy synod requesting that a synodal commission be sent as soon as possible, at

the plaintiff's expense, to investigate and adjudicate the accusations against His Grace, the Bishop Dionisije—since according to the previous decision of the diocesan council, no legal changes can be made until the decision of the 10th National Church Assembly already convened. This decision is adopted by all present except for two who vote against.

The diocesan council advised the holy synod of its decisions pursuant to which the investigation commission of the patriarchate, consisting of His Grace, Bishop Chrisostom, His Grace, Bishop Visarion, and the Very Reverends Mladen Mladenovich and Boza Tripkovich arrived in New York, N.Y., on June 28, 1963, where they were greeted by the consul of the Yugoslav Communist Government.

The said commission arrived at Libertyville, Ill., the See of the Bishops for the United States and Canada, His Grace Dionisije, on July 5, 1963, and tried to compel his deposition concerning the alleged offenses while at the same time refusing to divulge the identity of the plaintiffs or to provide him, for his direct response, with the copies of the complaints; alleging canonical misconduct, on which he stood accused, as is provided for by church criminal procedure. In acting thus, the Belgrade Investigation Commission not only deprived Bishop Dionisije of his fundamental rights as an individual and an American citizen to a fair trial based upon the Constitution but also made it impossible for him to prepare his defense by gathering witnesses and using other kinds of evidence.

In private conversations with the individual members of the diocesan council and with individual lay workers in the church affairs of the Serbian people in the United States and Canada, the right reverend members of the investigation commission admitted first, that they had never presented a copy of the complaints for response by His Grace, Bishop Dionisije; and secondly, that they were obliged to act this way in order to protect the plaintiffs from civil or criminal suit by Bishop Dionisije in American courts.

As a matter of fact, the investigation commission was in a hurry to perform the real and principal task for which it had come—namely, the consecration of the Very Reverend Lastavica as bishop of the newly created Middle-Eastern American-Canadian diocese. This it did on July 13, 1963, in the church of St. Elijah at Aliquippa, Pa.

On the other hand the investigation commission, together with the Association of Clergymen and the above-named administrators of the two newly created dioceses, Archimandrite Dr. Firmilijan and Gregory, took a series of measures to reinforce their positions:

1. They sought to misdirect all clergymen, churches, and school communities, by means of incomplete information or half-truths with a view to persuading these groups to sever their relations with the Serbian Orthodox Diocese for the United States and Canada and to remit their contributions, instead, to the new administrators of the nonexistent dioceses.

2. They sought to take over from the diocese and to enter into possession of the diocesan real property including the Monastery of St. Sava at Libertyville, Ill., the charity home at Shadeland, Pa., and the St. Sava Mission at Jackson, Calif., and they also sought to seize liquid assets of the diocese in various bank accounts.

3. They sought to organize a boycott of the 10th National Church Assembly and to prevent, by whatever means, the election and participation of the delegates of the individual church and school communities to it.

All of these illegal endeavors remain unsuccessful to date. Our diocese continues to perform its activities and carry on its divine mission, although with great difficulties and

material and moral losses. Our clergy, our church, and school communities, as well as our national organizations, and all our faithful, although stunned at first by the violent frontal attack not only on His Grace Bishop Dionisije but also on the very foundations, autonomy and existence of this diocese, gathered strength and rallied the ranks of defenders of St. Sava's heritage on this continent.

The facts strongly suggest that one did not count on such resistance. The facts establish that the holy synod did not consider the views of the free faithful in the diocese of the United States of America and Canada, in accordance with the ancient aphorism: "The voice of the people is the voice of the Son of God." Instead, the holy synod, by its decision of July 1963, heedlessly put the administration of the newly created and on the paper existing dioceses into the hands of His Holiness, the Serbian and Macedonian Patriarch.

Thereafter, His Grace, Bishop Visarion, went back to Yugoslavia in order to suggest the convocation of an extraordinary session of the holy assembly of bishops. The assembly was held on July 26, 1963, and then made decision which reads as follows: "The administrators—the Archimandrites Dr. Firmilijan and Gregory—are appointed bishops for the dioceses which previously were given to them for administration."

The oral instruction was added to this decision—according to the statement of the investigation commission itself—that their consecration was to be performed as expeditiously as possible, and before this 10th Church National Assembly convened. Pursuant to this instruction, the Archimandrite Dr. Firmilijan was consecrated in the Church of St. Sava in Milwaukee, Wis., on August 1, 1963, while the consecration of the Archimandrite Gregory took place in the Church of St. Steven at Alhambra, Calif., on August 4, 1963. The objections of the faithful and their picket lines went unheeded, although these protests obviously were the cries "unaxios," which canonically make invalid the elevation of the unworthy to the high rank of bishops.

The aforementioned decisions of the holy assembly of bishops and the holy synod of the Serbian Orthodox Church in Communist Yugoslavia, as well as the above-cited events and the actions of their investigation commission and of the newly consecrated bishops, clearly demonstrated that the alleged canonical offenses of His Grace Bishop Dionisije are not the real points at issue. The real point at issue is the long and carefully planned and prepared conspiracy of the present Communist regime in Yugoslavia to take over the diocese of the United States of America and Canada as a base for the further Communist infiltration in the United States of America and Canada. The fact of this bold attempt is further proven by Tito's ambassador to Ottawa who said in Windsor, Ontario, that it is indispensable for Communist infiltration to capture at least one church and school community in this country and in Canada as well.

This National Church Assembly particularly emphasizes the fact that the Serbian Orthodox Church in Yugoslavia lives and acts under the same slavery which has enchained the entire Serbian people of Yugoslavia from the time of the takeover of the Communist Party of Yugoslavia. The Communist regime confiscated almost all of the church's liquid assets and real property. At its inception, the Communist government completely forbade religious education; and while it subsequently permitted such education in theory, in practice it imposed so many attenuating conditions that such education became virtually impossible. Celebration of the greatest Christian holy days was forbidden, and students and workers were mercilessly punished for their absences on such days. The Communists have im-

posed severe economic sanctions and jeopardized the livelihood of all those who wed in church, who baptize their children or keep the custom of celebrating the feast day of the family patron saint—the greatest and most sacred national religious symbol of each Serbian family from the time of the conversion of the Serbs to Christianity down through the ages.

The Serbian Orthodox patriarchate, its holy assembly of bishops, and the holy synod, are not free since they make their decisions either upon the request of the Federal Commission for Religious Questions of the Federal Socialist Republic of Yugoslavia (its divisions are such commissions in each of the federal units) or in collaboration with the commission and with its prior assent. This Yugoslav commission closely corresponds to the Soviet Commission for Religions.

The Association of the Orthodox Clergy of the Federal Socialist Republic of Yugoslavia has as one of its aims " * * * to safeguard and strengthen all the achievements of the heroic partisan liberation struggle of our peoples, especially freedom, brotherhood, and equality"; i.e., to safeguard the power and dominion of the Communist Party elite of Yugoslavia. This association actually plays the part of a political commissar in all the institutions of the patriarchate.

The long resistance of the Patriarchs Gavriilo and Vikentije, whose memory will always be blessed, against the schismatic endeavors of the Communist regime to split the Serbian Orthodox patriarchate by establishing the so-called Macedonian Orthodox Church, was finally abandoned by Patriarch German. He gave up the ancient title of the Serbian patriarchs which was, "Patriarch of Serbia, Archbishop of Ipek and Metropolitan of Belgrade and Karlovci." He replaced it with the twofold title—"Serbian and Macedonian Patriarch." However, this dual role of the head of the Orthodox church in Yugoslavia is only temporary according to a recent statement of the Macedonian Metropolitan, H. E. Dositej, recently published in this country, the Metropolitan expects that the Macedonian Orthodox church will secede, definitively, from the patriarchate of Belgrade and become independent, and perhaps even autocephalic, after the election of two or three new bishops this coming autumn. The present Communist Yugoslav regime can then use this Macedonian church as a political tool to imperil the Greek part of Aegean Macedonia and the Bulgarian part of Pirine Macedonia. The Communists are promoting this essentially political schism even though an autonomous Macedonian Orthodox Church—much less an autocephalic one—has never before existed, either before or after the establishment of the Serbian Orthodox Patriarchate in 1346.

Thus, the enslaved position of the Serbian Orthodox Church in Yugoslavia demonstrates unambiguously that these decisions attributed to the Holy Assembly of Bishops and the holy synod and communicated to this 10th National Church Assembly belong to the growing category of decisions actually written in the Federal Commission for Religious Questions of the Federal Socialist Republic of Yugoslavia and signed, as a formality, by the highest authorities of the hierarchy. With respect to these decisions, the National Church Assembly wishes to state emphatically that not one of the previous National Church Assemblies, nor the bishop of the Serbian Orthodox diocese for the United States and Canada ever requested the three-way division of the diocese at least into three new ones. On the contrary, the National Church Assemblies of 1956 and 1960 requested that the Latin American part of the diaspora of our Holy Church, be placed under the jurisdiction of the bishop of this diocese in order to keep the faithful

in this portion of the world within the pale of the Mother Church.

During this present session, this National Church Assembly considered the legal status of the Serbian Orthodox diocese for the United States of America and Canada with a view to establishing two points: First, whether this assembly was lawfully convoked and therefore legal; second, whether the aforementioned decisions of the holy assembly of bishops and the holy synod are constitutional and legal in the light of the legal status of our diocese and the provisions of its constitution, respectively.

With regard to these matters, this National Church Assembly affirms the following unchallengeable facts: (a) The status of the Serbian Orthodox diocese for the United States and Canada rests on autonomy, embodied in its constitution of 1927 and the amendments to this constitution, the last of which was approved by the holy synod in 1939, in accordance with the constitution of the Serbian Orthodox patriarchate of 1931. Our diocese's specific legal status and relationship toward the patriarchate is completely different from the status and relationship of other dioceses in Yugoslav territory. This conclusion is clearly demonstrable from the fact that the provisions of article 13 of the said constitution deal expressly with this diocese while article 12 deals with the status of others.

(b) Imbued with the Serbian spirit and the traditions of St. Sava, the Serbian pioneers on this continent established their places of worship in this country with the twofold desire to preserve the unity of the mother church while simultaneously safeguarding their rights to govern themselves and to enact indigenous rules and regulations, essential for the normal life and development of their religious institutions. To this end, their representatives met in the National Church Assembly of 1927, sovereignty and with all the rights of a constitutional assembly, to adopt the constitution of our diocese, which they thereafter submitted to the Holy Assembly of Bishops and the Holy Synod of the Serbian Orthodox patriarchate in Belgrade for sanction. In this way, a two-sided legal act came into being, according to article 15 of which the National Church Assembly not only became the highest legislative and regulatory body, but also the only one authorized to enact and adopt changes and amendments to the constitution of the diocese regarding its territorial jurisdiction and internal organization. Therefore, with respect to the legal process through which the constitution of our diocese came into being, any attempt to change the territorial jurisdiction or legal status which has not been adopted by the National Church Assembly as the legislative and governing body of the diocese represents not only a violation of its autonomy and indivisibility but also constitutes an indirect revocation of the entire constitution.

(c) The Serbian Orthodox diocese for the United States and Canada conformed its above-described legal status and relationship to the patriarchate in accordance with the provisions of the law on the Serbian Orthodox Church of 1930, and the constitution of the Serbian Orthodox patriarchate of 1931, respectively. Consequently, the only such constitutional provisions in church legislation enacted by the Kingdom of Yugoslavia which are obligatory to our church are those enacted before April 6, 1941, under the condition that they do not contradict the constitutional and statutory provisions of the United States of America and Canada, respectively. Furthermore, any provisions enacted by the present regime in Yugoslavia cannot be binding regardless of the fact that they may be obligatory for the Serbian Orthodox Church in the old country. For one cannot overlook the fact, as the holy assembly of bishops and the synod usually

do, that the overwhelming majority of the faithful of this diocese consist of free citizens of the United States of America and Canada for whom the provisions of their own constitutions and statutes are obligatory, in the first place.

(d) By the provision of article 20 of the constitution of the diocese, it has been provided that the diocesan bishop convoke the national church assemblies " * * * into session each third year in the month of September, on the day which the bishop determines."

Thus, with respect to this 10th National Church Assembly, there is the incontestable fact that His Grace, Bishop Dionisije, in accordance with the decision of the diocesan council of February 7, and the diocesan administrative board of February 17, 1963, by his decree No. 178, dated April 17, 1963, convoking this national church assembly to be held on the days of October 15, 16, and 17, 1963. What this signifies is that this assembly was convoked before the decisions of the holy assembly of bishops and the holy synod were issued. Therefore, even if their decisions were constitutional and lawful the validity of the convocation of the national church assembly cannot be questioned.

However, because of the emergency situation created by the said decisions of the holy assembly of bishops and the holy synod and in order to avoid the grave consequences to the interests and welfare of the diocese inherent in these decisions—our diocesan council, by its decision of June 6, 1963, acted to advance the date on which the assembly was to be held. It is clear, therefore, that this decision of the plenary session of our diocesan council did not serve to convoke a new national church assembly, but simply changed the time of the previously lawfully convoked National Church Assembly.

For these reasons, this 10th national church assembly has unanimously established that it has been lawfully convoked and that it is completely legal according to the constitution of this diocese.

Regarding the above-cited decisions of the holy assembly of bishops and the holy synod, this National Church Assembly has established that, through these decisions, the constitution of this diocese was abrogated in its entirety; that they annul all the rights of the faithful of this diocese; and that they have caused the faithful of this diocese to experience the greatest offense and disgrace that can be inflicted on free men. Particularly, each Serb in the free world knows that His Grace, Bishop Dionisije has indebted the Serbian people to him by laboring indefatigably for 23 years to advance and strengthen the Serbian Orthodox Church in the free world, by working ceaselessly for Serbian unity, and by his uncompromising struggle against communism and the bloodthirsty Ustaskis. These are the particularly compelling reasons why the holy assembly of bishops and the holy synod must assure His Grace, Bishop Dionisije the right to an unrestricted defense against the alleged accusations, according to the spirit and the letter of the provisions of the Constitution and Church Criminal Procedure.

Taking all the above said into consideration—the 10th Diocesan National Church Assembly of the Serbian Orthodox Diocese for the United States and Canada, attended by 193 fully pledged delegates, 25 of whom are the presidents of their church and school communities and 26 of whom are clergymen, jointly representing the entire membership of 44 church and school communities from this diocese; in the presence of representatives of a great number of national, political, cultural, and charitable organizations, as well as the minority membership representatives of three additional church and school communities and representatives of the total membership of church and school communities in Europe, Africa, and South America, who attended as guests;

Desirous of preserving the unity and strength of the only Serbian Orthodox Diocese in the free world;

Convinced that the autonomous foundations of this diocese, its church and school communities and other religious institutions, which have been built up by the endeavors of delegates participating in previous national church assemblies, are indispensable to the future work and normal development of this diocese;

Fully aware of the fact that, upon the participants of this assembly, rests the difficult task of preserving the freedom, democratic institutions and rights of our fellow church members, as well as their national traditions and customs so that those beliefs and values that godless communism has sought to destroy may be brought back to the family hearth;

Considering that, in the best interests of the continued existence and undisturbed development of our diocese as a whole, and of our church and school communities as its parts, a determined struggle must be waged as a *sine qua non* condition, to make the Communist infiltration of our diocese impossible; and considering that this would also be in harmony with the welfare of the United States and Canada, the following resolution is unanimously adopted:

1. The assembly considers as unlawful, unconstitutional, null and void, and refuses to recognize the decisions of the holy assembly of bishops and the holy synod of the Serbian Orthodox Church, communicated to this 10th National Church Assembly, regarding the three-way division of the Serbian Orthodox diocese for the United States and Canada; the suspension and interdiction from sacerdotal duties of His Grace, the Right Reverend Bishop Dionisije as the diocesan bishop for the United States and Canada; the nomination of three new bishops—the Very Reverend Stevan Lastavica, the Reverend Archimandrite Dr. Firmilijan Ocokoljich, and the Reverend Archimandrite Gregory Udicki;

2. The assembly emphatically demands that the holy assembly of bishops and the holy synod revoke all the above-mentioned decisions concerning our diocese, the Right Reverend Bishop Dionisije, and the appointment of the above-mentioned clergy to the newly designed bishoprics, and it further demands that the same three Bishops be withdrawn from the territory of this diocese.

3. The assembly adopts the rule that the future relationship of this Serbian Orthodox diocese for the United States of America and Canada toward the Serbian Orthodox mother church in Yugoslavia shall be broadly autonomous, in which it shall be united spiritually and liturgically but not subject to any canonical-hierarchical relationship. Such unity should connect this diocese to the mother church until full freedom of conduct and decision is restored to the Serbian Orthodox Church in Yugoslavia, which state of affairs can be expected only after liberation from the Communist yoke.

4. The assembly requests that His Holiness, Patriarch German, the assembly of bishops and the holy synod do not take and disciplinary measures against the clergymen attending this National Church Assembly who, in accordance with this assembly, do not recognize the aforementioned decisions of the holy assembly of bishops and the holy synod, since such disciplinary measures will cause further tensions and division among the faithful of this continent.

5. The assembly resolves that for the present, until the relationship between this diocese and the mother church will not be regulated, no decrees, decisions, or orders of the holy assembly of bishops and the holy synod will be accepted, since these shall not be recognized as binding for this diocese and its organs.

6. The assembly repeats the request, made in the resolutions of the National Church Assemblies of 1956 and 1960 in accordance with the ancient customs of the Serbian Orthodox Church, that, in case of the death or incapacity of the diocesan bishop, or in case of need, it shall be authorized to elect three candidates, one of whom the holy assembly will acknowledge as diocesan bishop or auxiliary to the diocesan bishop.

7. The assembly decided to wait 60 days from the time that a copy of this resolution shall be posted by registered mail, return receipt requested, in an envelope addressed to His Holiness, for His Holiness, the Holy Assembly of Bishops, and the holy synod to accept requests 1, 2, 3, and 4 of this resolution.

If His Holiness, the Patriarch, the holy assembly of bishops, and the holy synod do not accept these requests within the said period of time, then this National Church Assembly shall look to other solutions for all questions which concern the future conduct of affairs of this Serbian Orthodox diocese for the United States and Canada.

For this purpose, today's session of the National Church Assembly is adjourned and shall continue its work on November 12, 13, and 14, 1963, at the St. Sava Monastery at Libertyville, Ill., with the same delegates and presidency. However, in case of emergency, the presidency of this National Church Assembly shall be obligated to advance the date of continuation of this National Church Assembly. In any event, the diocesan bishop, the Right Reverend Dionisije, in all the rights of his See, shall continue the unrestricted conduct of the affairs of his diocese in association with all other diocesan authorities and organs.

8. The assembly shall take due cognizance of the repeated statements of His Grace, Bishop Dionisije, that he is prepared to defend himself against any accusation which has been submitted or shall be submitted against him dealing with alleged violations in the conduct of his duties as diocesan bishop.

9. The assembly declares that it will not recognize as legal any other National Church Assembly or any diocesan authority, which shall be held or shall act on the territory of this diocese, if it has been established by the three new bishops forcibly imposed on the faithful of certain parts of this diocese.

10. The assembly pledges itself to God, to St. Sava, and to mother church and the Serbian people, that it shall do everything in its best conscience and knowledge to defend the freedom, interests, and welfare of its Serbian Orthodox diocese for the United States and Canada and through it, the welfare of the mother church, the Serbian Orthodox Church in our native country.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] to the amendments offered by the Senator from Montana [Mr. MANSFIELD], for himself and other Senators, to the committee amendment in the nature of a substitute.

Mr. ELLENDER. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. ELLENDER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the

amendment of the Senator from Louisiana to the Mansfield-Dirksen amendments to the committee amendment in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. RIBICOFF (after having voted in the affirmative). Mr. President, on this vote I have a live pair with the Senator from Rhode Island [Mr. PASTORE]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I therefore withdraw my vote.

Mr. MAGNUSON (after having voted in the affirmative). Mr. President, I have a live pair with the Senator from Michigan [Mr. McNAMARA]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I therefore withdraw my vote.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

On this vote, the Senator from Oklahoma [Mr. EDMONDSON] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Wyoming would vote "nay."

I further announce that, if present and voting, the Senator from Mississippi [Mr. EASTLAND], the Senator from Mississippi [Mr. STENNIS] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. PROUTY] is absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 40, nays 43, as follows:

[No. 207 Leg.]

YEAS—40

Allott	Hill	Proxmire
Bible	Hruska	Randolph
Brewster	Jackson	Robertson
Burdick	Johnston	Russell
Byrd, Va.	Jordan, N.C.	Simpson
Byrd, W. Va.	Lausche	Symington
Cannon	Long, Mo.	Talmadge
Church	Long, La.	Thurmond
Curtis	McClellan	Williams, Del.
Dominick	Mechem	Yarborough
Ellender	Miller	Young, N. Dak.
Ervin	Morse	Young, Ohio
Fong	Mundt	
Gruening	Pearson	

NAYS—43

Aiken	Hart	Monroney
Anderson	Hartke	Morton
Bartlett	Hayden	Moss
Bayh	Hickenlooper	Muskie
Beall	Holland	Nelson
Boggs	Humphrey	Neuberger
Carlson	Inouye	Pell
Case	Keating	Saltonstall
Clark	Kennedy	Scott
Cooper	Kuchel	Smathers
Dirksen	Mansfield	Smith
Dodd	McCarthy	Sparkman
Douglas	McGovern	Williams, N.J.
Fulbright	McIntyre	
Gore	Metcalf	

NOT VOTING—17

Bennett	Javits	Prouty
Cotton	Jordan, Idaho	Ribicoff
Eastland	Magnuson	Stennis
Edmondson	McGee	Tower
Engle	McNamara	Walters
Goldwater	Pastore	

So Mr. ELLENDER's amendment to the Mansfield-Dirksen amendments to the committee amendment in the nature of a substitute was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

Mr. ELLENDER. On the motion to table I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Will the Presiding Officer state the motion that is now before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the motion to table the motion to reconsider the vote by which the amendment of the Senator from Louisiana [Mr. ELLENDER] was rejected.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. RIBICOFF. On this vote I have a live pair with the Senator from Rhode Island [Mr. PASTORE]. If he were present and voting, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. BREWSTER. On this vote I have a live pair with the Senator from Michigan [Mr. McNAMARA]. If he were here, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. LONG of Missouri. On this vote I have a live pair with the Senator from Wyoming [Mr. McGEE]. If he were present, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Mississippi [Mr.

EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], and the Senator from Mississippi [Mr. STENNIS], would each vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] would each vote "nay."

On this vote, the Senator from Vermont [Mr. AIKEN] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Vermont would vote "yea," and the Senator from Arizona would vote "nay."

The result was announced—yeas 42, nays 39, as follows:

[No. 208 Leg.]

YEAS—42

Anderson	Hart	Metcalf
Bartlett	Hartke	Monroney
Bayh	Hayden	Morton
Beall	Hickenlooper	Moss
Boggs	Holland	Muskie
Carlson	Humphrey	Nelson
Case	Inouye	Neuberger
Clark	Keating	Pell
Cooper	Kennedy	Saltonstall
Dirksen	Kuchel	Scott
Dodd	Mansfield	Smathers
Douglas	McCarthy	Smith
Fulbright	McGovern	Sparkman
Gore	McIntyre	Williams, N.J.

NAYS—39

Allott	Hill	Pearson
Bible	Hruska	Proxmire
Burdick	Jackson	Randolph
Byrd, Va.	Johnston	Robertson
Byrd, W. Va.	Jordan, N.C.	Russell
Cannon	Lausche	Simpson
Church	Long, La.	Symington
Curtis	Magnuson	Talmadge
Dominick	McClellan	Thurmond
Ellender	Mechem	Williams, Del.
Ervin	Miller	Yarborough
Fong	Morse	Young, N. Dak.
Gruening	Mundt	Young, Ohio

NOT VOTING—19

Alken	Goldwater	Prouty
Bennett	Javits	Ribicoff
Brewster	Jordan, Idaho	Stennis
Cotton	Long, Mo.	Tower
Eastland	McGee	Walters
Edmondson	McNamara	
Engle	Pastore	

So Mr. DIRKSEN's motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, to the Mansfield amendment, as amended, I call up my amendment No. 303. Before I ask that it be read, I wish to make two modifications in it: In line 2—in view of the adoption of the Holland amendment—the figure "\$1,500,000,000" should read "\$975,000,000"; in addition, on line 4, the figure "\$900,000,000" should read "\$950,000,000".

I ask that the amendment be modified accordingly.

The PRESIDING OFFICER. The amendment will be modified accordingly as requested.

Mr. MORSE. Mr. President, I now ask that my amendment, as thus modified, be read.

The PRESIDING OFFICER. The modified amendment will be stated.

The LEGISLATIVE CLERK. On page 1, in lines 7 to 9 of the Mansfield-Dirksen amendments, as amended, it is proposed to strike out "\$975,000,000 for the fiscal year 1964, and \$975,000,000 for each of the next two succeeding fiscal years," and insert in lieu thereof "and \$950,000,000 for the fiscal year 1964."

The PRESIDING OFFICER. The question is on agreeing to this amendment to the Mansfield-Dirksen amendments, as amended, to the committee amendment.

Mr. MORSE. On this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a brief statement in support of my amendment and a statement prepared by the Legislative Counsel as to the effect of the amendment, and other amendments, upon the Development Loan Fund.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

MORSE AMENDMENT TO THE MANSFIELD AMENDMENTS—DEVELOPMENT LOAN FUND

My amendment has the effect of reducing this year's authorization to \$950 million, and repealing the existing authorization for the next 2 fiscal years.

Senators will recall that the report of the Senate Foreign Relations Committee was severely critical of the foreign aid program. It noted that it had rejected an amendment terminating all existing foreign aid programs at the close of fiscal year 1965 because it expected the administration to submit an entirely new program for fiscal year 1965.

Yet we know that there was already authorized \$1.5 billion for both fiscal year 1965 and 1966. How likely is it that with an authorization of \$1.5 billion already on the books, any administration would make a serious effort to revise and reduce the aid program for 1965 and 1966?

Nor would it make much difference if there were an authorization of \$975 million on the books. The Senate has just made it \$975 million by adopting the Holland amendment.

Leaving any authorization for 1965 and 1966 will further minimize the fainthearted appeal of the Foreign Relations Committee for submission of a foreign aid bill next year that will be as the committee put it, "revamped in major respects."

STATEMENT PREPARED BY THE LEGISLATIVE COUNSEL

EXISTING LAW OF 1961

"SEC. 202. Authorization: (a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year."

PENDING BILL (H.R. 7885)

The pending bill proposes no change in section 202.

MANSFIELD AMENDMENT

Inserts in the bill the following amendment to section 202:

"(b) Section 202 of the Foreign Assistance Act of 1961, as amended, is amended by striking out 'for each of the next four succeeding fiscal years,' and inserting 'for the fiscal year 1963, \$975,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years.'"

The effect of this amendment would be to reduce from \$1,500,000,000 to \$975,000,000 the authorization for 1964, and to leave unchanged the authorization (\$1,500,000,000) for 1965 and 1966.

HOLLAND AMENDMENT TO MANSFIELD AMENDMENT

On line 8 of Mansfield amendment strike out "\$1,500,000,000" and insert "\$975,000,000".

The effect of this amendment is to reduce the authorizations for 1965 and 1966 from \$1,500,000,000 to \$975,000,000.

MORSE AMENDMENT TO MANSFIELD AMENDMENT

On page 1, lines 7 to 9, strike out "\$975,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years," and insert in lieu thereof "and \$950,000,000 for the fiscal year 1964."

The effect of this amendment would be to make the 1964 authorization \$950,000,000 (instead of \$975,000,000 as proposed by the Mansfield amendment), and eliminate entirely the authorizations for 1965 and 1966.

Mr. MORSE. Mr. President, I can very quickly summarize my amendment to the Mansfield amendments: In my opinion the previous vote—which finally was decided after numerous changes, plus the perfectly proper work of the leadership in turning defeat into victory by getting pairs and vote changes—tells quite a story; it makes perfectly clear that the foreign aid program, in the form in which it is before the Senate, is not a popular program and that many people know and recognize the fact that it should be drastically modified; and in my opinion the people will see to it that it is modified.

The effect of my pending amendment to the Mansfield amendments is to cut \$25 million from the \$975 million and to make perfectly clear that the administration will have to come before the congressional committees in 1965 and 1966 tabula rasa. There will not be any continuation of the \$975 million; Congress will deal with the problem as a new authorization in 1965 and 1966. My amendment repeals all authorization for development loans beyond fiscal 1964. I believe Congress should do so, for that would be psychologically beneficial and would say to the American people that we are willing to vote, for 1965 and 1966, whatever sound foreign aid program the administration at that time can prove is needed, but we are not going to give the administration any advantage by starting with a presumption in favor of an authorization of \$975 million. Instead, we shall start with the blackboard erased clean, and will say to the administration, "Write on the blackboard the figures for foreign aid that you can justify. Come in with the new and revamped program for fiscal 1965 which the Foreign Relations Committee has asked for, and with the sum you believe should be expended under it."

Mr. President, by means of this amendment to the Mansfield amendments, as amended, the Senate has an opportunity to save the taxpayers \$25 million—by reducing the present figure of \$975 million to \$950 million—and also to guarantee that there will not be a continuation of the authorization for 1965 and 1966. Hence, foreign aid will be considered tabula rasa when the administration submits its proposed program for 1965 and 1966.

Mr. FULBRIGHT. Mr. President, the pending amendment of the Senator from Oregon to the Mansfield-Dirksen amendments, as amended, would reduce the authorization which has been made by means of the Holland amendment to the Mansfield amendments. The pending Morse amendment would not necessarily result in any saving this year, because the pending bill is only an authorization bill, and the appropriation has never, to my knowledge, been in the same amount as the authorization.

In view of the Senate's vote on the Ellender amendment—which called for \$50 million more than the pending Morse amendment does for this fiscal year—I think the pending amendment is an example of cheese paring. Furthermore, if we must vote on every one of the various amendments which call for changes in the amount of \$25 million or \$50 million or less, we shall be here all winter.

In addition, the Holland amendment to the Mansfield-Dirksen amendments was agreed to unanimously only a couple of hours ago, and I thought it was perfectly acceptable to the Senate. The pending Morse amendment would strike out the Holland amendment; it would pare down the currently applicable figure in the Mansfield amendment by \$25 million.

Therefore, Mr. President, I hope the Senate will reject this amendment.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The question is on agreeing to the Morse amendment No. 303, as modified, to the Mansfield-Dirksen amendments, as amended, to the committee amendment.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMINICK (when his name was called). On this vote I have a pair with the senior Senator from Vermont [Mr. AIKEN]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Arizona [Mr. HAYDEN] would vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Oklahoma [Mr. EDMONDSON] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PRUTY] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

The pair of the Senator from Vermont [Mr. AIKEN] has been previously announced.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 42, nays 40, as follows:

[No. 209 Leg.]

YEAS—42

Allott	Gruening	Proxmire
Anderson	Hruska	Randolph
Beall	Jackson	Ribicoff
Bible	Johnston	Robertson
Brewster	Jordan, N.C.	Russell
Burdick	Lausche	Scott
Byrd, Va.	Long, Mo.	Simpson
Byrd, W. Va.	Magnuson	Symington
Cannon	McClellan	Talmadge
Church	Mechem	Thurmond
Curtis	Miller	Williams, Del.
Ellender	Morse	Yarborough
Ervin	Mundt	Young, N. Dak.
Fong	Pearson	Young, Ohio

NAYS—40

Bartlett	Hickenlooper	Monroney
Bayh	Hill	Morton
Boggs	Holland	Moss
Carlson	Humphrey	Muskie
Case	Inouye	Nelson
Clark	Keating	Neuberger
Cooper	Kennedy	Pell
Dirksen	Kuchel	Saltonstall
Dodd	Long, La.	Smathers
Douglas	Mansfield	Smith
Fulbright	McCarthy	Sparkman
Gore	McGovern	Williams, N.J.
Hart	McIntyre	
Hartke	Metcalf	

NOT VOTING—18

Aiken	Engle	McNamara
Bennett	Goldwater	Pastore
Cotton	Hayden	Prouty
Dominick	Javits	Stennis
Eastland	Jordan, Idaho	Tower
Edmondson	McGee	Walters

So Mr. MORSE's amendment (No. 303), as modified, to the Mansfield-Dirksen amendments, was agreed to.

Mr. MORSE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Mansfield-Dirksen amendments to the committee amendment is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment No. 301, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. On page 2, in the Mansfield-Dirksen amendments, it is proposed to strike out lines 2 through 11, as follows:

(1) Strike out "for use beginning in each of the fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert "for use beginning in the fiscal year 1963 not to exceed \$600,000,000, for use beginning in the fiscal year 1964 not to exceed \$525,000,000, and for use beginning in each of the fiscal years 1965 and 1966 not to exceed \$600,000,000".

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10, strike out "'\$300,000,000' and" and "and '\$175,000,000', respectively".

Mr. HUMPHREY. Mr. President, I wish to take a few moments on the amendment. This particular amendment would modify the Mansfield-Dirksen amendments cosponsored by other Senators in this manner: it would restore to the Alliance for Progress the amount recommended by the committee, which amount was reduced in the "powerhouse" amendment by \$125 million. That fund would be restored to the Alliance for Progress.

The President's contingency fund, which was increased by \$125 million, would be reduced by this amendment \$125 million. Basically, in view of the recent action of the Senate in adopting the Morse amendment, the amendment would leave the reductions in the Development Loan Fund and the Military Assistance Fund as recommended by the Mansfield-Dirksen amendments as modified by the Morse amendment, which would be approximately \$410 million, I believe, and it would restore the \$125 million to the Alliance for Progress.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. Would it be fair to characterize this amendment as the "little powerhouse" amendment?

Mr. HUMPHREY. It would be fair to characterize it as a fair amendment.

Mr. KEATING. I wondered.

Mr. HUMPHREY. It is a reasonable amendment, that would keep our commitment under the Alliance for Progress. I repeat, it would leave intact all of the reductions which have been voted. It would in no way modify the total ag-

gregate sum of the reductions. It would merely take the sum of \$125 million from the contingency fund, as recommended in the Mansfield-Dirksen amendments, and add that sum to the Alliance for Progress, so that the contingency fund amount and the Alliance for Progress amount would be as recommended by the Senate Committee on Foreign Relations.

Let me say to those who are strong advocates of the reduction in amounts in this program that the total amount of reduction would remain as presently voted and as pending in the Mansfield-Dirksen amendments as modified by the Morse amendment.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am glad to yield.

Mr. CHURCH. Is it not true that if the cut of \$125 million for the Alliance for Progress is sustained by the Senate, that will have a crippling effect upon the Alliance for Progress for the coming year. The evidence indicates that this is the only program which we can rely upon in the hope of bringing Latin America away from its long tradition of feudalism and dictatorship?

Mr. HUMPHREY. I feel that that is correct. I believe the testimony before the committee would bear that out.

Mr. CHURCH. Would not the Senator also agree that in dealing with the problems which face us in the Western Hemisphere, there is probably no more hopeful new development in the entire field of foreign aid than the Alliance for Progress, addressed to the real problems, the real seedbeds of communism in this hemisphere? If there is one part of the program that ought not to be cut, it is the Alliance for Progress.

Mr. HUMPHREY. The Senator from Idaho is eminently correct. To the advocates of reductions in this overall foreign aid program, I only add that the House made serious cuts in the Alliance for Progress—down to \$450 million—which I believe really jeopardized the effort that we have already made in Latin America. Unless we restore these funds in the authorization bill, when we come from conference we will find ourselves in such a position that the investments already made in the Alliance for Progress will be jeopardized as to effectiveness.

Needless to say, we still have to go through the appropriation process, which will result in a reduced amount. I am very hopeful we will not alter the effort that was made in committee to assist the Alliance for Progress at a reasonable level. So far as the President's contingency fund is concerned, \$175 million was the amount recommended by the committee, after careful examination. That is more than was used last year out of the President's contingency fund. There is an additional \$300 million available to the President under the so-called military assistance, \$300 million of emergency funds that can be taken from the Department of Defense appropriation. That is reimbursable under law. So this would not cripple the President. It would leave him a \$475 million contingency fund. He would also have what

we call flexibility with respect to a certain percentage of the total authorized and appropriated funds in each category.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Louisiana.

Mr. ELLENDER. I am in accord with the views expressed by the Senator from Minnesota in regard to the Alliance for Progress funds. In my judgment, the amount should be left intact. My only disagreement with the Senator is that the amount of the contingency fund should be decreased to \$100 million. I expect to call up my amendment No. 299, Mr. President—

Mr. HUMPHREY. Does not the Senator understand that the amendment I have offered would also reduce the contingency fund to \$175 million?

Mr. ELLENDER. I understand that, but I wish to make it \$100 million. I wish the Senate to listen. I wish the Senate to know that the President now has almost a billion dollars which he can transfer from one appropriation item to another, in order to take care of situations like Lebanon and other places in the world, and that of the contingency fund provided for the President last year, \$100 million some odd, only \$34 million was used. I have a lot of data to prove that this fund will not suffer at all if reduced to the \$100 million.

Mr. HUMPHREY. Would the Senator from Louisiana withhold his amendment for just one moment? I gather, under the parliamentary situation, it would be an amendment to the amendment I have offered on behalf of myself, the Senator from South Dakota [Mr. McGOVERN], and the Senator from Massachusetts [Mr. KENNEDY].

To repeat quickly what I am attempting to do in this amendment, this would restore the Senate Foreign Relations Committee's original recommendation of \$650 million for the Alliance for Progress, and \$175 million for the contingency fund. It would not alter the total reduction recommended by the so-called Mansfield-Dirksen amendments, as now modified by the amendment of the Senator from Oregon [Mr. MORSE]. This reduction would remain the same, at about \$410 million.

The Alliance for Progress program has been repeatedly given top priority by President Kennedy who has, time after time, described this area as the most critical area in the world for U.S. foreign policy.

The restoration of the committee figured would mean a final figure for the Alliance for Progress, this year, after a conference with the House and after consideration of appropriations, about the same as the final figure for last year, which was \$525 million, even if we are quite optimistic in the estimate. It might even be less. The committee carefully considered the contingency fund and reduced it because \$117 million of the \$260 million for last year went unspent. The committee figure of \$175 million is substantially higher than the total amount of \$143 million spent last year.

The committee's action supports the idea that the AID agency must use this

money for the program agreed to by Congress in the Alliance for Progress. I am hopeful that Senators will realize that we should support this proposal.

I shall let the Senator from Louisiana argue the merits of his case. I indicated that the amount spent last year was less than recommended for this year.

Mr. MORSE. Mr. President, I should announce that many of us were not aware that the Senator's amendment was going to be considered next. It is a very important amendment.

As the Senator knows, I am entirely in sympathy with the overall objectives; but the amendment raises the question of the entire Alliance for Progress program; and the Alliance for Progress program, in its totality, needs to be discussed first, before we start voting on any amendment, because a series of amendments will be offered to the amendment if we cannot reach an agreement in the cloak-rooms with regard to rewording the amendment.

One of the items we shall want to consider has just been mentioned, namely, military aid to Latin America; whether or not we should reduce further military aid, and add the savings to the Alliance for Progress economic aid.

Then there is the question of the contingency fund. I say most respectfully to the Senator from Minnesota that this amendment will call for such detailed discussion of so many items of the Alliance for Progress program that, if we are willing to start it now, we could not finish it tonight in time for a vote. But we will discuss it tonight, and finish discussing it tomorrow; and if we have not arrived at an adjustment of the differences with the Senator from Minnesota, we shall offer some amendments.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Georgia.

Mr. RUSSELL. Is there anything in the act which would prevent the President from transferring funds from the contingency fund to the Alliance for Progress?

Mr. HUMPHREY. No.

Mr. RUSSELL. The Senator has been emphasizing the importance of the Alliance for Progress. If he thinks it is so important, why is it necessary to upset the amendment which has been drafted so carefully, and have the leadership abandon it?

Mr. DIRKSEN. Oh, Mr. President, if I may interrupt, the leadership has not abandoned it. The reason why Tom Scott, from the staff, sat in the conference was that we were selecting figures. Transferability is provided for. We thought this arrangement should not be disturbed.

I do not think the amendment of the Senator from Minnesota should be adopted.

Mr. HUMPHREY. Mr. President, the reason I offered the amendment is that it is my understanding, with respect to funds available from the contingency fund that those funds are not permitted to be used for items which had been cut from the authorization, but for unforeseen situations. If funds are cut back

for the Alliance for Progress, we are in a sorry condition so far as contingency fund use is concerned.

I will give another reason. Many forces may be at work on the contingency fund. There may be military situations, for example, which require drawing on those funds. I have reason to believe that those who battled for the Alliance for Progress are not aware of this situation. There will be heavy demands for contingency funds if a contingency arises. If a contingency or emergency does not arise, those funds ought not to be used. I think the Senator from Georgia is aware that authorizations or programs cannot be cut back and be paid for from contingency funds.

Mr. RUSSELL. I am not aware of any law to that effect. The Appropriations Committee, when it has reduced appropriations—and it has been the subject of controversy—has been highly critical of transfers with respect to appropriations that have been reduced. But this is an authorization. This is not an appropriation bill. In the case of appropriations, the Appropriations Committee is very jealous, when it has recommended reductions, and Congress has acted accordingly, and, despite the fact that Congress has fixed the appropriations at a certain level, funds have been transferred for that purpose. It has considered it an abuse of executive power.

But that is not true in the case of authorizations. Where we authorize \$300 million, if Congress appropriates \$300 million, it knows the President has certain discretion. It seems to me it would be a lack of faith in the President, if the Senator says he is so concerned about the Alliance for Progress, to say he would not use funds from the contingency fund if necessary.

Mr. HUMPHREY. It seems to me the people who have an interest in the program might think differently. A very interesting thing, in connection with the Alliance for Progress and our foreign policy relating to the Western Hemisphere, is that this is a relatively new program. It is in its third year. The first year was an organizational year. The second year we got some start. We are now in the third year of the Alliance for Progress program. It is in this period that we are talking about whether we are going to have, to some degree, freedom in the Western Hemisphere.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. COOPER. Will the Senator inform me if I am correct in stating that the administration made a final request which totaled \$650 million for fiscal 1964, and that \$650 million would have been made available for the Alliance for Progress under the bill reported by the committee? And will the Senator tell me if this latter amount compares with an amount of \$450 million which was included for the Alliance for Progress in the bill passed by the House?

Mr. HUMPHREY. Yes. The amount of \$650 million was recommended by the committee. The amount acted on and

recommended by the House was \$450 million. The request of the administration was \$650 million. The Senate committee, after considerable discussion and debate, recommended that amount to the Senate.

Mr. COOPER. The amendment of the Senator from Minnesota would add \$125 million to the amount authorized in the amendment offered by the Senator from Montana and the Senator from Illinois?

Mr. HUMPHREY. It would add \$125 million above the so-called Dirksen-Mansfield amendments.

Mr. COOPER. This amendment would not add anything above the amount requested to be appropriated and recommended by the administration?

Mr. HUMPHREY. No; my amendment would bring the amount to what the administration recommended and the Senate Committee on Foreign Relations recommended.

I know of no newspaper or journal in this country, regardless of its political persuasion, that has not deplored the action taken in the other body. They felt the \$450 million figure was too low. We all know that when we go to conference there is give and take. The Senator from Minnesota is attempting to recommend the amount the committee recommended, and that the administration recommended, and what I consider to be the most respectable segment of the press recommends. I do not see how it could be too far wrong.

Mr. COOPER. Would the Senator's amendment add anything to the total amount of the bill?

Mr. HUMPHREY. No.

Mr. COOPER. It represents a transfer?

Mr. HUMPHREY. It represents a transfer.

Mr. COOPER. I have not been here the last 2 days. Unfortunately, I have not been able to follow the progress of the debate, particularly on the Alliance for Progress. I voted for the reductions offered by the senior Senator from Florida. I intend to support the recommendations made by the Senator from Montana and the Senator from Illinois. I have a strong feeling about supporting, to the fullest extent we can, the Alliance for Progress. We have been talking for 2 years about Cuba. The Soviet Union has established a military presence in Cuba. It is a threat to Latin America. I do think this area could provide the greatest source of danger to this country, or the greatest source of strength to the future of this country. I am going to support the amendment of the Senator from Minnesota.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. So that the authentic figures may be in the RECORD—and we received these figures from the Appropriations Committee—for fiscal 1963 the Alliance for Progress had \$525 million.

Mr. HUMPHREY. In appropriations.

Mr. DIRKSEN. Yes. The budget asked for \$650 million for 1964. The

House cut the amount by \$200 million and reduced it to \$450 million. The Senate committee put it all back and raised it to \$650 million.

Mr. HUMPHREY. That is the administration's request.

Mr. DIRKSEN. Yes. To balance out this account we went back to the expenditure for fiscal 1963. The so-called "powerhouse" amendments contain \$525 million, exactly what was appropriated for fiscal 1963. We considered that that was enough. On balance it ought to be approved. Those are the figures.

Mr. HUMPHREY. If we could be assured that we would get \$525 million in appropriations for fiscal 1964, I would withdraw the amendment. The truth is that \$450 million is provided in the House bill. If we have only \$525 million in the Senate version, as valiant as my colleagues in the Senate will be in terms of their conference committee capability, I doubt that the House will fold up and agree to the \$525 million authorization. If we have only a \$525 million authorization, I am sure the Appropriations Committee will not automatically appropriate that amount of money.

I offered my amendment in the hope that the conferees on the part of the Senate would be able to come out of conference with a figure close to \$525 or \$550 million in authorizations. I hope more than that will come to us in the appropriations bill, in the third year of the Alliance for Progress program, when programs are now getting underway.

I have received an excellent report on this program. I hope that at least we will come out of the Appropriations Committee with the same amount that we had in fiscal 1963.

Unless we adopt an amendment that will restore it to \$650 million, or an amendment similar to it, we will have no chance whatever of coming out with the full amount of money.

Mr. DIRKSEN. Mr. President, we did not touch the so-called social trust fund.

Mr. HUMPHREY. That is correct.

Mr. DIRKSEN. That is the \$200 million, for example, for the benefit of Latin America.

Mr. FULBRIGHT. \$175 million.

Mr. DIRKSEN. Yes; but originally the request was for \$200 million.

Mr. FULBRIGHT. The House provided for \$200 million.

Mr. DIRKSEN. Yes.

Mr. HUMPHREY. I am not arguing about the other figures. As the Senator from Georgia has indicated, possibly the President would use some of the contingency fund for the Alliance for Progress. That is a part of the argument for increasing the contingency fund. All I am saying is that in light of the drastic action taken by the other body in cutting the authorization for the Alliance for Progress programs, the Senate ought at least to sustain the figure in the committee report, or close to it, so that when we go to conference on the Alliance for Progress we shall be able to come out with a little more than is offered in the Mansfield-Dirksen amendments.

I am sure the Senator from Illinois knows that I really do not like to be in this position. I do not exactly support what the distinguished majority leader and the distinguished minority leader have attempted to do. In other respects, I believe they had to do what was done. I hope I can persuade my colleagues in the Senate to agree that the allocation to the Alliance for Progress would be a wise step to take. Apparently some shift was made, and I am not quite sure why. It seems to me that if we could agree on a better figure for this year we would be serving the cause that we all wish to support.

Mr. DIRKSEN. The situation amounts to, "You pay your money and you take your choice." In other words, shall we put the money into the contingency fund of the President, giving that added flexibility, or do we take it out of that fund and put it into the Alliance for Progress authorization?

Mr. HUMPHREY. That is correct. I also feel that inasmuch as the committee made a long and careful study of the Alliance for Progress, it would be a good idea to go along with the progress that has been made. I respect the committee's judgment with respect to the Alliance for Progress funds.

Mr. KEATING. Am I correct in saying that the Senator's amendment would add to the Alliance for Progress fund the exact amount which would be taken from the contingency fund?

Mr. HUMPHREY. That is correct.

Mr. KEATING. I should like, with the Senator's permission, to address a parliamentary inquiry to the Chair. Is the amendment divisible? It strikes out two sections.

The PRESIDING OFFICER. A motion to strike out is divisible.

Mr. KEATING. So it may be divided into two parts?

The PRESIDING OFFICER. The Senator is correct.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. I believe that the Senator from Illinois made a good point, but it seems to me that there is an underlying question of policy involved, and that is that the so-called powerhouse amendments seek to make it clear to the Alliance for Progress members that we are concerned about some of the countries that have not been performing as we feel they should, and, therefore, we are not going to approve the amount that was originally recommended by the Foreign Relations Committee, but that, instead, we will leave it up to the President to exercise his discretion as to whether they are going to go ahead with a program.

Mr. HUMPHREY. Mr. President, I believe that is a valid argument. I do not deny it.

Mr. MILLER. The Senator from Minnesota has said that he has received progress reports. The Senator from Minnesota probably has much better information on this point than I. However, I too have seen some reports which indicate that of all the Latin American countries, only about 12 have come forth with the kind of programs that we have long been expecting them to propose.

Mr. HUMPHREY. Will the Senator permit me to make an observation?

Mr. MILLER. I would appreciate it very much if the Senator from Minnesota would tell us a little more about the state of these programs, because we have received reports which indicate that all is not well with respect to some of the countries.

Mr. HUMPHREY. I do not claim to be any expert on this subject, but basically there is considerable truth in what the Senator from Iowa has said with respect to the fact that a number of countries have not come forth with what we call necessary reforms.

Mr. MILLER. Not only with respect to reforms, but with respect to programs as well.

Mr. HUMPHREY. Yes; programs also. That is why the Alliance for Progress has been slow in starting. We have not only demanded feasibility studies, project by project, and economic studies, project by project, but also countrywide plans, country by country. This has compelled some of the countries to examine their human resources, their natural resources, their capital resources, and their public administration structure. We have insisted on rather high criteria. Now they are beginning to show some progress in that respect. In some countries the programs have not come along as fast as we would like to have had them come along because we have insisted upon better performance.

If we had insisted in certain other parts of the world on the same kind of performance that we are insisting upon with respect to Latin American countries, there would have been less criticism of the foreign aid program than we have had thus far. I believe we have learned a great deal as a result of our demand for better performance. Our funds in Latin America are showing much better performance on these projects.

I have had brought to my attention a report from Colombia. It is in the form of a letter, with pictures, and it deals with the city of Cucuta, Colombia.

The letter is address to the President of the United States, and it states:

With the present we are enclosing some photographs, which show how the Alliance for Progress program is producing results in our city.

We have been granted a loan by the Inter-American Development Bank, that is helping to finance a 10-year expansion program, designed to provide water and sewerage house connections for more than 95 percent of our 115,000 inhabitants of the city.

Their plan was designed to take care of some of the sewerage, water, and sanitation needs. I show Senators the pictures, which obviously cannot be printed in the RECORD. One picture shows the problem, and another picture shows the solution. In other words, the pictures say, "This is what we had, and this is what we are getting."

This was done after American engineers had been brought in and after economic and feasibility studies.

This is the kind of program we ought to support.

Mr. ELLENDER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield to the

Senator from Louisiana, who must leave the Chamber and who desires to offer his amendment now.

Mr. ELLENDER. As I stated a while ago, I am in full agreement with the position taken by the distinguished Senator from Minnesota. I do not believe, as has been stated by some Senators, that money could be transferred from the contingency fund, as such, to the Alliance for Progress. The purpose of the contingency fund is to provide for unforeseen happenings, such as at Quemo and in Lebanon.

Mr. President, I call up my amendment No. 299 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2 of the Mansfield-Dirksen amendments, it is proposed to strike out lines 10 and 11 and insert in lieu thereof the following:

On page 40, line 10, strike out "\$175,000,000" and insert in lieu thereof "\$100,000,000".

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state it.

Mr. ELLENDER. As I understand, this amendment will be voted upon before the so-called Humphrey amendment.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). A motion to amend language proposed to be stricken out takes precedence over a motion to strike out.

Mr. HUMPHREY. It is not an amendment in the third degree?

The PRESIDING OFFICER. It is a preferential amendment.

Mr. ELLENDER. As the Senator from Minnesota has just stated, I have a previous engagement. Tomorrow I shall give my reasons why I believe my amendment should be adopted.

Mr. MILLER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. My only comment in response to the Senator's statement is that I recognize that the scrutiny which is being given to some of the Alliance programs is tight. That is as it should be. It does not mean that when these programs are not measuring up to our standards, especially those set forth in the Clay Committee report, we should automatically appropriate the same amount of money we did last year. I take it from the action of the House that the House has been restive because we have not been moving fast enough with the moneys appropriated originally, and that the understanding and hope that there would be a quicker movement have not been justified. That is why some of the excess funds have been built up.

Mr. HUMPHREY. One of the reasons why we have not moved so rapidly as the Senator from Iowa would have liked or the Senator from Minnesota would have liked is that there was a tooling-up job that had to be done in working with the governments. In many instances, they simply were dragging their feet for a while, in terms of some of the criteria or qualifications that had to be

met according to our commitments under the Act of Punta del Este. Many countries did not have the services that were necessary, such as planning officers and economists, to undertake their part of their work. That is now being done. Some progress is beginning to be made. When General Clay came before the committee, he said, speaking on the total authorization in the foreign aid bill, in response to a question from the chairman:

Yes, sir. We believe that the authorization should be in the neighborhood of \$4.2 billion or \$4.3 billion.

The reason we have recommended that this figure be higher than we think the appropriation need be is that we feel the full amount promised to Latin America should be authorized even though we don't really believe that there is any chance that their performance will justify it all being expended. We think that a failure to authorize the full amount for Latin America would be widely interpreted as a failure of the United States to support the Alliance for Progress.

That was General Clay's statement. In the Clay report, as I recall, special emphasis was placed upon our commitment to the Alliance for Progress and the authorization that has been requested.

Mr. MILLER. I thank the Senator from Minnesota. I have great respect for General Clay. However, with reference to the last statement the Senator read, I should say, in light of what we have been doing and in light of the clear commitments that are required under the Alliance for Progress, that if the Mansfield-Dirksen amendment stands, and the amendment of the Senator from Minnesota fails, and if Latin American nations get the idea that we are not proceeding in their support, it will be due to our own failure of information. I see no reason why this information cannot be disseminated properly, so that they will know that we are still committed to their support, and that the only reason why we are not authorizing so much money is that, frankly, we are disappointed with their poor performance in some cases—and it has been poor in some cases. In other instances, we could give quite adequate and quite proper praise.

However, I cannot accept General Clay's statement which is, in effect, that we would be doing a very poor job of public relations in getting that information across to the people of Latin America.

Mr. SALTONSTALL. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. SALTONSTALL. Most respectfully, I say to the Senator from Minnesota that I think he is mistaken in the statement he made some time ago that the contingency fund could not be used in any place where the authorization had been reduced or the appropriation for a specific purpose had been reduced. I have checked with one of the clerks of the Committee on Appropriations, Mr. Scott, and have confirmed my memory of a good many years that the contingency fund can be used where the purposes are vaguely stated. In the Al-

liance for Progress, no specific item is picked out that has been eliminated by the authorization or the appropriation. The Senator's amendment restores to the full budget request the amount for the Alliance for Progress, and reduces the contingency fund by \$125 million.

Mr. HUMPHREY. It is merely a shift of funds.

Mr. SALTONSTALL. Yes. Based upon my experience in the Committee on Appropriations, we have already tried to stand by the contingency fund. The administration, whether it be the administration of Truman, Eisenhower, or Kennedy, has always asked to have the contingency fund at a reasonable level to allow for any emergency that might arise.

The Senator's amendment would restore the amount to the specific project, the Alliance for Progress, where it might not be used, because projects might not come up, and therefore might be cut from the contingency fund.

Therefore, I personally am opposed to the Senator's amendment for the reason, based on experience, that the contingency fund is one of the most responsible, valuable adjuncts that the administration has, even though the fund might not be entirely used.

I am sorry to have to disagree with what the Senator from Minnesota has said, but I did wish to call his attention particularly to the fact that I do not believe his statement is entirely backed up by experience, namely, that when an amount is cut back, the contingency fund cannot be used when the objective is not clearly stated.

Mr. HUMPHREY. I hope the Senator from Massachusetts is correct. Frankly, I have no desire to limit the President's contingency fund. Had I had my way about this matter, the President's contingency fund would be cut at his request, because I thoroughly agree with the Senator that the President's contingency fund in many cases serves a valuable purpose.

Let us discuss for a moment the Committee on Appropriations. Excluding the member of that committee who is speaking, let us talk about the competency of the other members. It was the considered judgment of that committee that the contingency fund should be kept at \$175 million. I thought that that amount was too small. It was also the considered judgment—if not the unanimous judgment, then surely the judgment of an overwhelming majority of the members of the committee—that this fund should be \$150 million. I have no desire to cut the President's contingency fund; nevertheless, I sense the temperament of the Senate to be that it is going to make some cuts. I felt that way when the bill was reported to the Senate. If that be true, I do not want my amendment to be interpreted as one that would add money to the bill. My amendment merely provides for a different allocation of the funds as proposed in the Mansfield-Dirksen-Fulbright-Sparkman-Aiken - Hickenlooper amendment. There is an honest disagreement among Senators as to how these funds should be allocated. I agree

that there should be a cut in military assistance. I agree that there should be a cut in the Development Loan Fund. That amount was further reduced by the Morse amendment.

I am now asking only that the Senate be given some room for bargaining with the House Committee on Foreign Affairs when we go to conference on the Alliance for Progress.

I really believe that this is a meritorious position. I am not arguing with the judgment of other Senators as to the amounts that ought to be provided for the Alliance for Progress. If we can get \$525 million, the Senator from Minnesota will be exceedingly happy. That was the total amount provided last year. Last year we had an authorization for \$600 million.

Mr. SALTONSTALL. Mr. President, will the Senator from Minnesota yield for a further question?

Mr. HUMPHREY. I yield.

Mr. SALTONSTALL. The Senator from Minnesota is talking to a friend of the Alliance for Progress program when he talks to me.

Mr. HUMPHREY. I fully realize that; and I realize also that the same is true when I speak to the distinguished minority leader [Mr. DIRKSEN]. I said that, essentially, we are not arguing about the programs; instead, we are merely discussing ways and means to fulfill or implement them.

Mr. SALTONSTALL. Yes. My point is that if we are to make cuts in line with the recent votes in the Senate—and, as the Senator from Minnesota has said, it seems to be the temper of the Senate to make some cuts in the bill as recommended by the committee—we shall be providing for a better overall situation by leaving the contingency fund larger and thus providing desirable fluidity for the administration.

I have agreed with the Senator on some of the positions he takes, but I cannot agree with him on this amendment.

Mr. DIRKSEN. Mr. President, will the Senator from Minnesota yield for a brief question?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. In view of the procedure in the Senate thus far today, is it intended to have the Senate vote today on this amendment?

Mr. HUMPHREY. I believe not. Before the vote is taken, the Senator from Oregon will speak on the Alliance for Progress program; and in view of his knowledge of the Latin American area, his remarks will be most important. So I have no intention of pressing for a vote today on this amendment.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I am glad to cooperate in this connection. I did not know the Senator's amendment was to be brought up today. He knows that I wish to work with him in connection with this subject matter.

Mr. HUMPHREY. Yes, indeed.

Mr. MORSE. And other Senators also wish to work with him and collaborate with him in this connection. However,

some of our amendments are not even drafted as yet.

Furthermore, I think that at this point in the debate on the foreign aid bill we need to have whatever discussion and debate we are going to have on all aspects of the Alliance for Progress program. We cannot deal with this particular amendment without affecting the entire program, inasmuch as the Alliance goes to the very heart of the program. Therefore, in our discussions and debate tomorrow in regard to the Alliance for Progress program, we wish to outline the various proposals in regard to amendments of or modification in the Alliance for Progress program. That is why I propose that there be no vote tonight on this amendment. Furthermore, I understand—although I may be mistaken about this—that the amendment of the Senator from Louisiana [Mr. ELLENDER] has precedence over this amendment; and he has already left the Chamber, with the understanding that no further votes will be taken tonight.

Mr. HUMPHREY. The Senator from Oregon is correct; and I am very anxious to take up this matter with the Senator from Oregon and his associates, because I am sure that a package which will greatly strengthen the Alliance for Progress can be arranged. After this debate, I shall meet promptly with the Senator from Oregon to discuss this subject.

Mr. McGOVERN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. McGOVERN. Would the Senator from Minnesota say the Senate was acting in accordance with a long established foreign policy if it were to demonstrate in a concrete way its special consideration of the Western Hemisphere?

Mr. HUMPHREY. I certainly would. If there is any nation which demonstrates special consideration of the Western Hemisphere, certainly it is the United States, through the U.S. Congress. I think I can say with complete accuracy and confidence that so far as the American people are concerned today about foreign aid, the one area of the program to which they seem to make an enthusiastic response is the Alliance for Progress. They want to do something constructive for this hemisphere. There are 101 reasons for that. Some say it is because of fear of Castro; but I think the more important reason is the realization that we have denied to some of our neighbors in this hemisphere the attention they justly have deserved over all these years.

Mr. McGOVERN. Furthermore, even Castro is a representative of a country in our hemisphere.

Mr. HUMPHREY. Yes.

Mr. McGOVERN. Does the Senator from Minnesota have information which he can give us in regard to the cost of our involvement in South Vietnam, as compared with the entire cost of everything we are doing in the 21 countries of Latin America?

Mr. HUMPHREY. I think last year we expended \$500 million or \$600 million in South Vietnam; and in this case we are talking about an authorization—not

an appropriation—of \$650 million or \$525 million for the Alliance for Progress, although, to be sure, there is also the Social Progress Trust Fund, for which I believe the Senate recommended \$175 million. But when we consider the total amount we are contemplating authorizing—it has not yet been voted—for all the republics of the Western Hemisphere, in terms of any real aid program, we find that it is only approximately \$150 million more than the amount we have put into South Vietnam in 1 year.

Mr. McGOVERN. There has been some understandable impatience regarding the rate of the progress we are making in the countries to the south of us. Can the Senator from Minnesota state how long we have been involved in South Vietnam, as compared to the length of time the Alliance for Progress has been operating?

Mr. HUMPHREY. As I recall, our involvement in South Vietnam began about 1954; I refer to our direct involvement after the French were defeated.

Mr. McGOVERN. Since then we have expended well over \$3 billion in that one country, whereas the Alliance for Progress has been operating for approximately 2 years in some 20 different countries. I believe the Senator from Minnesota would agree that we have not been entirely satisfied with the progress we have made in South Vietnam, although we have been involved there over a much longer period of time.

Mr. HUMPHREY. Absolutely so. Furthermore, in a few days Mr. Harriman, our Under Secretary of State, will go to a very important conference in South America—the Conference of the Inter-American Economic and Social Council, at which he, one of the highest representatives of our Government, will discuss, once again, the plans for the economic advancement of the countries of this hemisphere, region by region, country by country, area by area, and category by category. I believe it would be wise to arm Mr. Harriman with the kind of commitment for resources that will strengthen his position in that Conference, in terms of exacting from our sister republics the conditions which we believe to be necessary in order to have an effective aid program.

I repeat that because of the position taken by Congress, and, in particular, because of the position taken by the subcommittee headed by the Senator from Oregon himself, as was indicated here in the early stages of the debate on the aid bill, certain conditions and criteria for the Alliance for Progress program were established, and I believe those conditions and criteria will make that program much more viable and much more effective than any other program we have had in any other part of the world, save the Marshall plan. This is one of the reasons for the delay or for what some call the slowness of our progress. However, I point out that although we may be proceeding a little slower than we would like to, we are proceeding well. The programs which are underway can be thoroughly justified economically, socially, and politically. We have not

constructed, in connection with this program, any four-lane roads that go nowhere, or luxury homes and luxury buildings that are not needed, in areas of poverty. We have been printing books, building schools, developing rural credits, engaging in land reform, helping in home building, cleaning up slums, installing water systems, and protecting the public health. I think the people of the United States find these programs most desirable and worthy of support.

Mr. McGOVERN. And those programs are not covered by any contingency fund; am I correct in that statement?

Mr. HUMPHREY. The Senator is correct. They are not.

Mr. McGOVERN. As the Senator from Louisiana [Mr. ELLENDER] said before he left, the purpose of the contingency fund, is to meet emergency conditions, usually of a military nature or something of that sort.

Mr. HUMPHREY. Exactly. I know that certain Senators feel that there are changes that need to be made in the Alliance for Progress program. With some I agree. For example, the military assistance program. I think we should get into that. The Senator from Oregon will do so. I wish him to know that I feel that the military assistance program in Latin America ought to be cut. As I told him the other day, it is my intention to support him. The Senator from Oregon feels that if cuts are to be made in some of these items, possibly we can make them at that point and in a package. I am amenable to that suggestion. I wish to talk to the Senator about it.

The amendment is now before the Senate. The amendment will give us an opportunity to talk on that aspect of the foreign aid bill.

I wish to conclude my presentation today on the question by saying that of all the items in the bill that deserve the most thoughtful consideration, it is the Alliance for Progress. It will be fully discussed by a number of Senators. That will be time well spent. Of all the items in the bill that deserve the support of Congress, it is the Alliance for Progress. I hope that we will do nothing either overtly or indirectly that will weaken our position in relation to the Alliance for Progress.

Mr. McGOVERN. The Senator from Minnesota has expressed my views exactly, including the comment he made about the desirability of reducing some of the military aid funds. When the motion to recommit the bill was made the other day by the Senator from Oregon [Mr. MORSE], I joined—and I believe others joined—in supporting the motion to recommit, not because we wanted to make drastic cuts in the foreign aid bill across the board, but because we saw in that motion an opportunity to make some selective cuts in the military field particularly, which would give us a stronger over-all program.

I am happy to be a cosponsor of the amendment offered by the Senator from Minnesota. I thank him for yielding to me.

on only 75 lumber manufacturers, Dun & Bradstreet concludes that production and sales were up, along with profits, that business failures had declined, and that the overall financial condition of the industry is sound.

"We wish these figures applied to the entire industry," Mr. Doyle commented, "and we hope they will in the near future. Actually, of course, it is impossible to gage the economic condition of an industry consisting of some 33,000 companies on the basis of a mere 75. In all likelihood, it should be emphasized, the 75 companies Dun & Bradstreet surveyed are among the industry's biggest, highly integrated companies; the eight listed in the report certainly are.

"In reply to our query," said Mr. Doyle, "Dun & Bradstreet stated that its analysis of the 75 companies 'was not restricted to their lumber manufacturing operations.'"

To illustrate the unreliability of industry figures based on 75 companies, Mr. Doyle referred to the number of reported business failures. According to the Dun & Bradstreet study, failures in the lumber industry declined from 194 in 1961 to 163 in 1962. Actually, according to the Statistical Abstract of the United States for 1963, an official U.S. Government publication of established repute, failures in the lumber and wood products industries totaled 497 in 1961 and 386 in 1962.

NOTE.—Figures substantiating all statements made above are attached.

Employment—Production workers

[In thousands of workers]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949.....	11,790	968	443	680
1955.....	13,288	1,116	496	672
1957.....	13,189	1,118	493	588
1958.....	11,997	928	458	549
1959.....	12,596	953	494	594
1960.....	12,562	992	483	570
1961.....	12,046	914	455	535
1962.....	12,417	938	460	544

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (monthly).

Estimated lumber production, domestic consumption, and housing units started¹

Year	Softwood production (million board feet)	Softwood consumption (million board feet) ²	Single-family housing starts (thousands of units)
1949.....	27,197	28,125	794
1955.....	30,293	32,830	1,194
1957.....	27,100	29,618	873
1958.....	27,379	30,293	975
1959.....	30,509	33,630	1,251
1960.....	26,672	28,974	1,009
1961.....	25,883	29,063	989
1962.....	26,615	30,507	994

¹ Subject to revision.

² Exports deducted.

Source: Statistics compiled by National Lumber Manufacturers Association.

Number of failures of selected industrial corporations

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1951.....	1,533	40	31	220
1955.....	2,202	120	49	336
1958.....	2,680	177	62	503
1959.....	2,465	136	48	530
1960.....	2,612	167	44	520
1961.....	2,825	183	64	497
1962.....	2,575	175	59	386

Source: Statistical Abstract of the U.S., 1963.

Net profits (after taxes)

[In millions of dollars]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949.....	8,711	799	311	163
1955.....	15,099	2,016	631	280
1957.....	15,438	1,864	619	121
1958.....	12,670	1,251	514	153
1959.....	16,328	1,581	685	268
1960.....	15,198	1,438	573	105
1961.....	15,311	1,290	543	114
1962.....	17,727	1,252	581	163
1963 ¹	9,237	763	244	95

¹ 1st half.

Source: Federal Trade Commission, Securities and Exchange Commission (Quarterly Financial Report for Manufacturing Corporations), 1949-63.

Gross sales for selected manufacturing industries

[In millions of dollars]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949.....	178,898	13,882	3,875	3,733
1955.....	278,394	26,645	7,350	5,146
1957.....	320,039	28,394	8,238	5,251
1958.....	305,281	24,238	7,599	5,462
1959.....	337,817	28,514	8,653	6,454
1960.....	345,690	27,771	8,669	6,081
1961.....	356,424	26,672	9,310	5,886
1962.....	389,404	28,256	10,422	6,639
1963 ¹	201,714	15,208	5,196	3,487

¹ 1st half.

Source: Federal Trade Commission, Securities and Exchange Commission (Quarterly Financial Report for Manufacturing Corporations), 1949-63.

Corporate net profits after taxes as a percentage of sales after Federal income taxes

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949.....	4.9	5.8	8.0	4.4
1955.....	5.4	7.6	8.6	5.4
1957.....	4.8	6.6	7.5	2.3
1958.....	4.2	5.2	6.8	2.8
1959.....	4.8	5.5	7.9	4.2
1960.....	4.4	5.2	6.6	1.7
1961.....	4.3	4.8	5.8	1.9
1962.....	4.6	4.4	5.6	2.5
1963 ¹	4.6	5.0	4.7	2.7

¹ 1st half.

Source: Prepared by National Lumber Manufacturers Association from Quarterly Financial Report for Manufacturing Corporations, Federal Trade Commission, and Securities and Exchange Commission.

Average weekly earnings for employees for selected industries

[Actual dollars]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949.....	53.88	60.94	54.31	48.02
1955.....	75.70	92.51	77.00	63.99
1957.....	81.59	99.00	82.82	66.64
1958.....	82.71	101.11	84.80	69.09
1959.....	88.26	112.19	91.46	74.24
1960.....	89.72	109.59	92.97	73.71
1961.....	92.34	114.95	95.24	77.03
1962.....	96.56	119.50	98.57	78.61

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (monthly).

Wholesale price indexes by selected commodities

[1957-59=100]

	1950	1955	1957	1958	1959	1960	1961	1962	3 months 1963
All commodities.....	86.8	93.2	99.0	100.4	100.6	100.7	100.3	100.6	99.9
All construction materials.....	83.0	95.1	99.0	98.9	102.1	100.5	98.6	98.3	97.7
Metals and metal products.....	72.7	80.0	99.7	99.1	101.2	101.3	100.7	100.0	99.4
Nonmetallic mineral products.....	78.6	91.3	98.8	99.9	101.2	101.4	101.8	101.8	103.0
Flat glass.....	79.3	94.5	100.2	100.0	99.9	97.9	96.8	97.0	102.2
Concrete products.....	82.4	92.7	98.7	100.0	101.3	102.4	102.5	102.6	105.0
Structural clay products.....	71.7	89.3	98.2	99.8	102.1	103.1	103.2	103.5	94.1
Lumber and wood products.....	94.1	102.3	98.5	97.4	104.1	100.4	95.9	96.5	96.4
Softwood lumber.....	93.7	104.0	98.5	96.6	105.0	98.6	93.5	95.9	96.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I ask unanimous consent that certain material on the Alliance for Progress program be printed at this point in the RECORD so that Senators will have it available in printed form tomorrow when we discuss the Alliance for Progress program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE I.—Funds made available to Latin America under the auspices of the Alliance for Progress

[Period of operation: July 1, 1961, to Feb. 28, 1963]

	Millions
(a) By AID.....	\$747.8
(b) By Food for Peace.....	317.7
(c) By the Export-Import Bank.....	295.5
(d) By the IDB (Social Progress Trust Fund).....	336.9
(e) By other sources (contingency fund, etc.).....	130.7

Total..... 1,818.6

Sources: AID, Department of State.

TABLE II.—Funds made available to Latin America under the auspices of the Alliance for Progress

[Period of operation: July 1, 1961, to Feb. 28, 1963]

	Millions
Argentina.....	\$165.0
Bolivia.....	65.2
Brazil.....	289.0
Chile.....	299.8
Colombia.....	163.8
Costa Rica.....	11.8
Dominican Republic.....	61.5
Ecuador.....	59.9
El Salvador.....	29.2
Guatemala.....	20.3
Haiti.....	13.9
Honduras.....	9.4
Mexico.....	164.9
Nicaragua.....	16.0
Panama.....	33.5
Paraguay.....	15.9
Peru.....	85.1
Uruguay.....	27.5
Venezuela.....	112.6

Source: AID, Department of State.

TABLE III.—Foreign aid disbursements to Latin America

ARGENTINA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Livestock improvement.....	585	1,000
Industrial management and productivity.....	62	65
Development of university curriculum.....	2	
Civil aviation.....	203	300
Agricultural schools.....	25	20
Science—Graduate physics.....	47	300
Science—Metallurgy.....	50	
University of Cordoba: Engineering.....	10	300
Public safety.....	1	15
Techno-economic studies: Sources of capital investment funds for industrial and resource development.....	25	
Statistics.....	10	65
Techno-economic studies: Adviser to CAFADE group.....	92	
Techno-economic studies: Taxes.....	49	
University of Cuyo: Economics.....	450	
Colombia University: Business administration.....	151	
Resources development research.....	84	
Technical support.....	179	160
Aerial photomapping.....		30
Industrial districts.....		65
Industrial vocational schools.....		120
Mar del Plata: Land grant college contract.....		200
Labor Management Institute.....		30
Agriculture Economic Institute.....		345
Housing.....		50
Fruit production: Rio Negro Valley.....		30
Techno-economic studies.....		5

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Nonproject.....	20,000	
Central housing bank.....		12,500
Route 12.....		6,700
IBRD roads.....		30,500
Feasibility studies.....		3,000
Grain storage.....		21,700
Self-help housing.....		2,000
Social progress trust fund loans (as of May 31, 1963):		
Republic of Argentina: Equipment for advanced technical education for the national universities of Argentina of an estimated cost of \$10,000,000.....	5,000	
Banco Hipotecario Nacional: Financing the construction of housing of low-income families of an estimated cost of \$60,000,000.....		30,000

LOAN AUTHORIZATIONS—Continued

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Export-Import Bank loans (as of Apr. 30, 1963):		
Purina de Argentina S.R.L.: Machinery, equipment, and services for construction of livestock and poultry feed mill.....		300
Interamerican Dehydration Co., S.A. (Banco Ind. de la Rep. Argentina: Machinery, equipment, and services for alfalfa dehydrating plant.....		200
Siderurgia Campana S.A. (SIDERCA) (Banco Ind. del Rep. del Argentina): Machinery, equipment, and services for steam electric generating plant.....		4,332
Servicio Electrica del Gran Buenos: Electric power IGE.....	579	
John Deere SAIC: Tractor-producing facilities.....	1,280	
Government of Argentina: Commodities-cancellation pending.....	50,000	

OTHER

Supporting assistance: Nonproject loan ¹	20,000
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¹ Contingency fund.

BOLIVIA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural service, Inter-American.....	237	
Agricultural extension.....	51	
Research and technical services.....	207	
Agricultural demonstration centers.....	211	85
Agricultural engineering.....	20	
Supervised agricultural credit.....	19	
Agricultural economics.....	28	
Cooperative product marketing.....	3	100
Marketing and cooperative staff.....	2	
Agricultural administration.....	105	
YPFB procurement.....	7	
Minerals survey.....	131	180
Aftosa laboratory.....	50	
Industrial development.....	110	110
Civil aviation.....	42	250
Engineering and transportation advisory services.....	179	225
Geodetic mapping service.....	804	400
Labor.....	145	145
Health and sanitation services.....	40	140
Environmental sanitation.....	3	
Administrative support, health service.....	116	100
Industrial education project.....	5	
Rural school construction.....	250	200
Rural education project.....	202	165
Urban school construction.....	600	200
Administrative support.....	59	60
Commercial education.....	13	
Textbook publication.....	200	180
Public safety program.....	339	420
Government management assistance.....	164	450
Financial advisory services.....	4	
Data sampling.....	25	
Communications media.....	46	40
Engineering and feasibility studies and services.....	200	
Special studies.....	254	260
Excess surplus property.....	40	
Project engineering.....	200	
Technical support.....	169	320
Agricultural development.....		550
(Following former projects included: agricultural extension, research and technical services, marketing and cooperative staff and agricultural administration, and credit advisory staff.)		
Industrial education.....		9
Occupational health program.....		174
Support for national planning.....		50
Cooperative wool marketing.....		90
Vaccine production and disease control.....		50
Engineering construction units.....		681
Territorial labor construction.....		20
Self-help community water.....		289
Excess surplus property.....		50
Banco Minero.....		400

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
El Alto Airport.....	1,200	
Highway maintenance.....	400	
Feasibility studies.....	6,000	
COMIBOL mine rehabilitation.....		5,000
Social progress trust fund loans (as of May 31, 1963):		
Corporación Boliviana de Fomento (Banco Central de Bolivia): Financing the settlement of 8,000 farm families of an estimated cost of \$15,321,428.....		6,500
Corporación Boliviana de Fomento (Banco Central de Bolivia): Financing the construction of housing for low-income families of an estimated cost of \$5,429,000.....		4,000

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Engineering construction units.....	250	
Railway rehabilitation.....	700	
Public works.....	3,000	
Support for Public Law 480, title III distribution program.....	250	
Public Law 480:		
Title I: Bread grains, cotton, dairy products, rice, vegetable oil, and wheat flour.....	3,900	16,900
Title II: Bread grains, coarse grains, fats and oils, dry beans, and milk products.....	116	15
Title III: Beans, butter, cheese, milk, bulgur, flour, and vegetable oil.....	780	3,590
Title IV: Bread grains, rice, vegetable oil, and dairy products.....		2,500
Peace Corps (as of Apr. 30, 1963): Rural development, rural community action, public health, and university education.....	900	600

BRAZIL

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Estimated, fiscal year 1963
Agricultural institutions.....	377	
Agricultural economics and cooperatives.....	97	
Agricultural research and development.....	338	
Agricultural advisory service.....	100	
Agricultural service.....	350	
Mineral and water resources identification.....	308	
Electrical energy management training.....	12	20
Industrial productivity.....	58	120
Railroad shop and maintenance training.....	4	
Air navigation aid traffic control.....	270	120
Meteorological training center.....	51	75
Labor leader training.....	25	250
Employment service and manpower survey.....	7	35
Malaria eradication.....	1,895	3,600
Community water supply development.....	292	655
Public health advisory service.....	52	
Promotion of health in the Brazilian northeast.....	170	(¹)
Public health methods.....	46	
Occupational health.....	57	
Secondary industrial education.....	229	
Secondary industrial education service.....	85	25
Elementary education.....	273	510
Elementary education service.....	70	
Pernambuco alliance for progress elementary and basic education.....	1,000	200
Secondary education.....	11	
University education.....	1,390	250
Marine engineering and naval architecture.....	47	

Footnotes at end of table.

BRAZIL

(Obligations in thousands of dollars)

Development grants	Fiscal year 1962	Estimated, fiscal year 1963
Educational advisory service	76	---
Public safety	596	1,295
Improvement of Government administrative practices	336	260
Housing	9	5
Peaceful uses of atomic energy	4	---
Regional economic development survey	71	---
Northeast regional development	23	---
National planning	450	---
Program support—audiovisual	93	140
Technical support	1,216	1,300
Dependent schools for construction	16	---
Technical support (northeast)	---	1,000
Rural electrification (northeast)	---	40
Economic education	---	195
Community water supply (northeast)	2,555	640
Community health centers (northeast)	1,000	385
Industrial vocational education (northeast)	---	10
Agricultural education (northeast)	---	900
Industrial vocational education	---	620
Geology education	---	150
Agricultural education	---	2,620
Livestock planning production and marketing, and food distribution	---	4,435
Colonization and resettlement (northeast)	---	25
Water resources (northeast)	---	110
Agricultural production and marketing (northeast)	---	165
Fisheries (northeast)	---	85
Agricultural resources and extension (northeast)	---	140
Resources inventory (northeast)	---	520
Industrial development (northeast)	---	370
Minerals resources survey	---	610
Roads (northeast)	---	1,100
Community development (northeast)	---	25
Technical and scientific publications	---	415
Food for peace (northeast)	---	10
Economic and social research planning	---	260
Orientation in social sciences	---	5
Public and business administration	---	245
Urban community development	---	65
Housing (northeast)	---	40

¹ Separate projects.

LOAN AUTHORIZATIONS

(In thousands of dollars)

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Nonproject (commodities imported include industrial and agricultural machinery, industrial raw materials, fuels, food, feed, and fertilizer)	74,500	---
COPEERB rubber production	---	3,400
COPEG Development Bank	---	4,000
Carbon black plant	---	2,000
Santa Cruz thermal power	---	15,500
Social Progress Trust Fund (as of May 31, 1963):		
Superintendencia de Aguas e Esgotos do Reconcavo (State of Bahia): Financing of water system for city of Salvador of an estimated cost of \$8,127,000	4,120	---
Banco do Estado da Guanabara, S.A. (State of Guanabara): Financing of water supply system of the State of Guanabara of an estimated cost of \$27,883,852	12,500	---
Banco do Estado da Guanabara, S.A. (State of Guanabara): Financing of sewerage system of the State of Guanabara of an estimated cost of \$22,473,000	11,000	---
Banco do Nordeste do Brasil, S.A. (United States of Brazil): To finance the expansion and improvement of potable water and sewerage systems in 6 cities of an estimated cost of \$18,534,700	12,990	---
Caixa Economica do Estado de Minas Gerais (State of Minas Gerais): To expand the agricultural credit program for low-income farmers of an estimated cost of \$13,000,000	6,400	---

LOAN AUTHORIZATIONS—Continued

(In thousands of dollars)

	Fiscal year 1962	Fiscal year 1963
Social Progress, etc.—Continued:		
Banco do Nordeste do Brasil, S.A. (United States of Brazil): Financing of low-cost housing programs in the State of Pernambuco, Brazil, of an estimated cost of \$7,058,600	---	3,850
Banco de Credito Agricola do Expirito Santo, S.A. (State of Expirito Santo): Financing a program of agricultural credit of an estimated cost of \$3,420,800	---	2,000

OTHER

Supporting assistance: Nonproject loan (emergency stopgap) ¹	---	25,500
Public Law 480:		
Title I: Bread grains, wheat, flour, feed grains	52,400	114,500
Title II: Bread grains, coarse grains, fat and oils, milk, dry beans	27,400	13,460
Title III: Beans, butter, cheese, milk, vinegar, cornmeal, flour, vegetable oil	6,788	18,700
Peace Corps (as of Apr. 30, 1963): Agricultural extension, Sao Francisco River Valley development, urban community development and public health education	900	700

¹ Contingency fund.

CHILE

(Obligations in thousands of dollars)

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Rural extension	348	310
Agricultural economics	26	---
Fisheries development	26	25
Administrative DTICA	120	---
Geology	227	135
Management association assistance program	22	---
Manufacturers association cooperation program	27	---
Roads development	122	---
Civil aviation	104	40
Labor relations	121	125
Teachers training	48	65
Education system diagnosis	1	---
Police School	12	---
Public administration—Tax modernization	104	310
C.A. forest protection	200	275
Rural improvement program	627	310
Housing	182	90
Development bank—Small industry	1	---
Communications media	51	---
Technical support	879	400
Modernization of accounting	---	230
Improvement of public works administration	---	180
Savings and loan system	---	20
Primary school construction	---	55
Customs administration	---	65
Marketing	---	80
Industrial training	---	180
Office of Engineering Services	---	105
Medical care	---	195
Education systems surveys	---	60
Scholarship program	---	25
Influenza immunization	---	20
Pediatrics equipment	---	40

LOAN AUTHORIZATIONS

(In thousands of dollars)

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Earthquake reconstruction (authorized by Public Law 86-735 under the Inter-American program for social progress)	100,000	---

LOAN AUTHORIZATIONS—Continued

(In thousands of dollars)

Development loans, etc.—Continued Projects:	Fiscal year 1962	Fiscal year 1963
CORFO reconstruction loans	(16,600)	---
Urban paving	(1,700)	---
Hospital reconstruction	(4,400)	---
CORVI reconstruction loans	(12,500)	---
School reconstruction—S.C.	---	(3,300)
E.E.	---	(11,900)
Longitudinal highway	---	(3,800)
State railways	---	(5,300)
Sanitary works	---	(3,000)
Port works	---	(1,200)
River bank protection—Valdivia	---	(1,200)
Reconstruction of grain storage facilities	---	(700)
Public services building	---	(2,600)
School construction—M.O.P.	---	(16,900)
Transverse roads	---	(10,500)
CORVI direct construction of housing	---	(2,900)
Fundacion de Viviendas	---	(1,500)
Reconstruction of Ministry of Agriculture facilities	---	---
CORFO, the local currency proceeds for relending for development in public and private sectors	40,000	35,000
Program assistance	---	---
Social progress trust fund loans (as of May 31, 1963):		
Republic of Chile: Financing of potable water systems for the cities of Concepcion and Talcahuano of an estimated cost of \$4,248,120	2,470	---
Corporacion de Fomento de la Produccion de Chile and Corporacion de la Reforma Agraria (CORA): Financing construction of houses for low-income farmers of an estimated cost of \$2,489,942	1,268	---
Corporacion de Fomento de la Produccion de Chile and Corporacion de la Reforma Agraria (CORA): Agricultural credits to small farmers and agricultural cooperatives of an estimated cost of \$21,770,000	10,000	---
Caja Central de Ahorros y Prestamos (Government of Chile): Financing construction of houses for low-income families of an estimated cost of \$7,696,800	5,000	---
Promotora de Viviendas Economicas Limitada y Compania, C.P.A. (Corporacion de Fomento de la Produccion or Corporacion de la Vivienda): Financing construction of houses for low-income families of an estimated cost of \$7,642,857	---	2,000
La Universidad de Chile (Corporacion de la Produccion de Chile): Financing a program for 5 regional colleges of an estimated cost of \$6,847,000	---	2,300
Cooperativa de Consumidores Unidos, "UNICOOP," Santiago Ltda. (Corporacion de Fomento de la Produccion de Chile and Cooperative Sodimac Ltda.): Financing the establishment of cooperative supermarkets of an estimated cost of \$1,175,000	---	600
Export-Import Bank Loans (as of Apr. 30, 1963):		
Manufactura Metales: Expansion of facilities	820	---
Cia Minera Andina: Copper mines	45,625	---
Republic of Chile: Refinancing of U.S. dollar purchases	---	15,000

OTHER

(In thousands of dollars)

Supporting assistance: Emergency public safety ¹	---	6
Public Law 480:		
Title III: Cheese, flour, milk, bulgur, cornmeal	6,637	6,775
Title IV: Bread grains, feed grains, cotton, vegetable oil, tobacco, dairy products	---	21,000
Peace Corps (as of Apr. 30, 1963): Urban community action, social welfare development, rural community action, rural community development, urban development, and agricultural education	1,000	200

¹ Contingency fund.

COLOMBIA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Agricultural cooperative services.....	150	-----
National agricultural extension.....	139	-----
Land settlement.....	127	225
Basic resources.....	1,420	275
Special crops development.....	17	60
Livestock development.....	67	120
Agricultural credit and co-ops.....	57	165
National forest resource development.....	33	-----
Agricultural management and planning.....	125	-----
Agricultural engineering and farm machinery assistance.....	98	40
Industrial management planning.....	227	-----
Pan American highway construction.....	26	30
Civil aviation technical assistance.....	137	110
Labor management relations.....	110	90
Health and sanitation cooperative service.....	75	40
Malaria eradication.....	150	-----
Hospital administration.....	25	-----
National Institute of Hygiene.....	46	-----
Administration of nursing services.....	133	55
Health education campaign.....	7	5
Management water supply system.....	20	-----
Director, Samper-Martinez Institute.....	28	-----
Community health.....	50	-----
Administration health and sanitation.....	120	-----
Health management and planning.....	-----	10
Education, cooperative service.....	149	1
Trade and industrial education.....	87	55
Vocational agriculture education.....	74	55
Primary education.....	3,689	355
Economics.....	261	-----
Administration, education service.....	71	-----
Public administration training.....	99	30
Business administration.....	9	30
Housing.....	42	60
Free enterprise.....	100	205
Miscellaneous training.....	37	90
Technical support.....	151	445

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Development program assistance:		
Purchase essential commodities; pesos generated to be used for:		
Private investment fund, \$30,000,000; labor housing, \$10,000,000; investment items in development budget, \$20,000,000.		60,000
Self-help housing.....		7,500
Feasibility studies.....		4,000
Agricultural credit.....		10,000
Social progress trust fund loans (as of May 31, 1963):		
Establecimiento Publico Empresas Municipales de Cali (Republic of Colombia): Financing the expansion and improvement of potable water systems of an estimated cost of \$4,780,000.	2,454	-----
Instituto de Credito Territorial (Republic of Colombia): Financing housing for persons of low income of an estimated cost of \$29,340,000.	15,200	-----
Empresas Municipales de Cucuta (Republic of Colombia): Financing the expansion and improvement of water and sewerage system of the city of Cucuta of an estimated cost of \$9,161,000.	5,183	-----
Instituto Nacional de Fomento Municipal (Republic of Colombia): Expansion of potable water and sewerage systems of an estimated cost of \$19,312,000.	-----	8,500
Export-Import Bank loans (as of April 30, 1963): Cementos del Caribe S.A.: Machinery, equipment, and services for expansion of cement capacity and installation of electric powerplant at cement plant.	-----	3,360

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Supporting assistance: Emergency public safety ¹	-----	175
Public Law 480:		
Title II: Wheat, flour, milk, and grains.....	-----	360
Title III: Vegetable oil, beans, milk, bulgur, cornmeal, and flour.....	9,125	14,305
Title IV: Bread, grains, cotton, and tobacco.....	-----	6,700
Peace Corps (as of Apr. 30 1963):		
Community development, university physical education, university English teaching, cooperatives, rural community development, health, agriculture, educational television, and nurses.....	1,300	2,800

¹ Contingency fund.

COSTA RICA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Inter-American technical service for agricultural cooperation.....	91	-----
Agricultural development.....	368	690
Industrial development.....	130	165
Civil aviation assistance.....	27	30
Ministry of Labor assistance.....	9	-----
Public Health cooperative service.....	37	-----
Control of specific diseases.....	14	-----
Environmental sanitation.....	104	-----
Hospital improvement and development.....	77	-----
University of Costa Rica Medical School.....	125	125
Training public health.....	29	-----
General health administrative project.....	53	-----
Vocational education.....	245	230
Ministry of Educational Development.....	223	310
University of Costa Rica development.....	206	130
Government-wide organization and management.....	108	125
Planning office.....	-----	20
Housing and city planning.....	30	-----
Technical support.....	96	125
Public safety.....	-----	200
Health facilities (consolidation of hospital improvement general health administration, control of specific diseases, and public health training).....	-----	300
Sanitary engineering (incorporates part of environmental sanitation).....	-----	105

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Agricultural credit.....	-----	5,000
INVU slum clearance.....	-----	2,000
ICE, electric power.....	-----	1,500
Social progress trust fund loans (May 31, 1963): Instituto Nacional de Vivienda y Urbanismo de Costa Rica, financing construction of houses for low-income families of an estimated cost of \$16,000,000.	3,500	-----
Export-Import Bank loans (as of Apr. 30, 1963): National Water S. & S. Authority, equipment etc., for water supply.....	4,500	-----
OTHER		
Peace Corps (as of Apr. 30, 1963): Rural community action and education.....	400	100

DOMINICAN REPUBLIC

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Agricultural institutional development training.....	3	-----
Agricultural crops and livestock.....	3	-----
Manpower development and labor administration.....	4	87
Elementary school textbooks.....	627	-----
Teacher training.....	185	414
Public administration training.....	26	-----
Community development training.....	24	-----
Technical support costs.....	94	269
Agricultural development and diversification.....	-----	235
Agrarian reform.....	-----	126
Cooperatives development.....	-----	135
Livestock development.....	-----	46
Forest conservation and management.....	-----	160
Forest protection (civic action).....	-----	100
Industrial development.....	-----	40
Public safety.....	-----	295
Dependent education.....	-----	51
Skilled manpower development center.....	-----	181
Credit union cooperatives.....	-----	99
Education planning and administration.....	-----	48
English textbooks.....	-----	16
Adult education.....	-----	60
Vocational education.....	-----	184
School construction (civic action).....	-----	168
Government planning and administrative reform.....	-----	404
Road repair and construction (civic action).....	-----	83

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): National Housing Bank.....	-----	2,100
Social Progress Trust Fund loans (as of May 31, 1963):		
Banco Agricola (Dominican Republic): Financing a program of rural credit for low-income farmers of an estimated cost of \$5,790,000.	-----	3,000
Government of the Dominican Republic: Financing the construction of housing for low-income families of an estimated cost of \$6,375,000.	-----	3,500
Export-Import Bank loans (as of Apr. 30, 1962):		
Government of the Dominican Republic: Miscellaneous industrial purchases.....	6,600	-----
Corporacion Dominicana Electrica: Thermal power project.....	3,018	-----

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Nonproject loan (commodities imported include: foodstuffs, industrial raw materials, industrial and agricultural machinery and vehicles ¹)	25,000	22,750
For development purposes ¹	-----	1,000
Special Economic Readjustment Fund ¹	-----	175
Emergency public safety ¹	-----	3,100
Public Law 480:		
Title II: Milk.....	-----	826
Title III: Corn, cornmeal, flour, vegetable oil, beans, butter, cheese, milk, bulgur.....	826	7,450
Title IV: Rice.....	-----	5,000
Peace Corps (as of Apr. 30, 1963):		
Rural community development, secondary and normal school teachers, cooperatives, community action, rural community action, fishermen and vocational agriculture teachers, nurses, and teachers and teacher-trainers.....	200	1,100

¹ Contingency fund.

ECUADOR

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural extension	96	
Tropical agricultural research	53	
Agronomy and soil conservation	12	
Livestock development	57	
Agricultural development	377	470
Agricultural cooperative service	160	
Agricultural administration	97	
Farm mechanization	32	
Industry development	96	300
Industry administration	50	
Civil aviation	30	15
Inter-American geodetic survey	8	
Labor advisory service	293	300
Malaria eradication	420	450
Environmental sanitation	39	85
Health facilities and control campaigns	50	15
Health education	41	
Cooperative service health and sanitation	100	
Health administration	50	
School construction	144	170
Assistance to universities	1,100	1,130
Vocational and technical education	1,129	160
Education administration	53	
Public safety	233	1,055
Contraband control	141	
Tax administration improvement	65	
School of Administration Central	418	
University	139	180
Public Administration Advisor		
Economic and social development planning	495	150
Aided self-help housing	91	170
Communications media	94	70
Civic action	560	
Technical support	300	400
Excess property		100
Credit union development		300

LOAN AUTHORIZATIONS
[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Industrial Credit Corporation	5,000	
Roads		2,700
Feasibility studies		2,000
Administrative and fiscal reforms		1,600
Social progress trust fund loans (as of May 31, 1963):		
Banco Ecuatoriano de la Vivienda (Republic of Ecuador): Financing construction of houses for low-income families of an estimated cost of \$16,415,000	10,600	
Municipalidad de Quito (Republic of Ecuador): Expansion and improvement of sewerage systems of an estimated cost of \$5,015,000	3,000	
Instituto Nacional de Colonización (Republic of Ecuador): Financing a program of integration of the farmer into the national economy of an estimated cost of \$5,516,000		1,880
Instituto Nacional de Colonización (Republic of Ecuador): Financing a project of settlement at Santo Domingo de los Colorados of an estimated cost of \$3,935,000		2,535
Republic of Ecuador: Financing the construction and improvement of water supply and sewerage systems in 18 cities of an estimated cost of \$6,224,000		5,500
Export-Import Bank loans (as of Apr. 30, 1963):		
Ministry of Development (Government of Ecuador): U.S. dairy and meat cattle breeding stock		500
Republic of Ecuador: Navigation and communicating equipment for Quito and Guayaquil Airport		793

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Budget support loan ¹	8,000	7,000
Emergency public safety ¹	33	
Public Law 480:		
Title II: Bread grains, milk products, coarse grains, fats and oils	257	1,375
Title III: Beans, cornmeal, butter, cheese, milk, bulgur, vegetable oil, and flour	1,858	3,175
Title IV: Bread grains, cotton, vegetable oil, and tobacco		3,800
Peace Corps (as of Apr. 30, 1963):		
Community development, regional development, agricultural extension, physical education, school construction, credit union and cooperatives, and university education	800	600

¹ Contingency fund.

EL SALVADOR

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Increased agricultural production	363	395
Industrial advisory services	95	145
Technical labor services	182	145
Public health centers	160	
Public health service	87	50
SCISP administration	33	
Malaria eradication		200
Remote area health		100
School construction	1,505	25
Teacher training	13	980
University education	58	50
Public safety	105	360
Public administration and economic advisory service	55	75
Economic Planning Commission	459	185
Cadastral survey	18	
Social services	39	25
Urban facilities planning	30	30
Technical support	129	185

LOAN AUTHORIZATIONS
[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Airport		800
Agricultural credit		8,900
Primary school construction		2,400
Social progress trust fund loans (as of May 31, 1963):		
Banco Central de Reserva de El Salvador (Republic of El Salvador): For relending to small farmers for development of agriculture and animal husbandry of an estimated cost of \$2,800,000	2,000	
Banco Central de Reserva de El Salvador (Republic of El Salvador): Financing the expansion and improvement of sewerage systems of 5 cities of an estimated cost of \$1,400,000	840	
Banco Central de Reserva de El Salvador (Republic of El Salvador): Financing the expansion and improvement of potable water and sewerage systems in 34 towns of an estimated cost of \$3,830,000	2,700	
Instituto de Vivienda Urbana (Republic of El Salvador): Construction of housing for families of low income of an estimated cost of \$11,300,000	6,100	
Export-Import Bank loans (as of Apr. 30, 1963): Banco Central de Reserva, capital goods	6,000	

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Public Law 480:		
Title II: Bread grains, milk, fats and oils, wheat flour		2,575
Title III: Beans, butter, milk, corn, cornmeal, flour, vegetable oil	276	3,400
Title IV: Wheat, flour, dairy products	2,000	400
Peace Corps (as of Apr. 30, 1963):		
Agricultural extension and vocational agriculture, and rural community action	200	100

GUATEMALA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural research	80	
Agricultural mechanization	14	
Agricultural extension	310	
Agricultural diversification	1,090	390
Rubber and complementary crops development	26	
Industrial development	238	170
Health cooperative service	217	
Administration	40	
Malaria eradication	517	585
Environmental sanitation	57	
Health advisory service	24	
Education cooperative service	279	
Vocational training	56	220
Mass education	242	570
Vocational education	86	
Education administration	43	
Rural education	84	
Urban education	92	
Public safety division	77	215
Public administration	677	250
Housing program	66	7
Rural development	50	
Technical support	185	255

LOAN AUTHORIZATIONS

Development loans (as of June 21, 1963): American School		700
Social Progress Trust Fund loans (as of May 31, 1963):		
Banco de Guatemala: Financing of approximately 82 water supply and sewerage systems of an estimated cost of \$5,150,000	3,500	
Banco de Guatemala: Financing of housing for low-income families of an estimated cost of \$10,740,000		5,300
Republic of Guatemala: Financing a rural credit program for low-income farmers of an estimated cost of \$3,500,000		2,500

OTHER

	Fiscal year 1962	Fiscal year 1963, estimated
Public Law 480:		
Title II: Wheat, flour, milk, vegetable oil, cornmeal, bulgur		180
Title III: Beans, milk, bulgur, cornmeal flour, vegetable oil	651	1,380
Peace Corps (as of Apr. 30, 1963):		
Rural extension, rural community action and urban community action (school feeding)	900	500

HAITI

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Technical support, Pote Cole	25	

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Technical advisory assistance to Department of Public Works.....	465	35
Cooperative service in public works.....	42	
Rural credit.....	220	10
Technical advisory assistance in agriculture.....	2,788	315
Cooperative service in agriculture.....	159	
Malaria eradication.....	943	1,340
Technical assistance: Public Health.....	149	100
Cooperative service: Health and Welfare.....	112	
Adult literacy.....	98	
Rural education.....	1,528	95
Cooperative service: Education.....	120	
Technical assistance to the Min- ister of Finance.....	89	35
HADO Central Office: Admin- istration budget.....	70	
Communications media services.....	46	
Technical support.....	242	300
Jet airport construction loan.....		2,800
Public Law 480, title III: Cornmeal, flour, vegetable oil, beans, butter, cheese, milk, bulgur.....	742	1,265

HONDURAS

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 (esti- mated)
Agricultural cooperative service.....	200	200
Human and institutional development in agriculture.....	176	205
Production development agriculture.....	141	100
Rural development.....		70
Industry management and develop- ment.....	158	220
Equipment and management opera- tion.....	72	
Consultant in civil aviation.....	120	
Training at IAGS School.....	3	
Labor and trade union leadership.....	46	50
Health cooperative service.....	33	30
Malaria eradication.....	418	410
assistance to water authority.....	40	30
Health facilities.....	45	100
Health training and education.....	37	45
Health administration.....	38	40
Education cooperative service.....	150	150
Vocational education.....	106	265
General education.....	184	300
Aid to self-help school construction.....	22	630
School construction equipment and supply.....	500	
Public safety.....	61	135
Public administration.....	261	110
Technical support.....	85	100
Dependent schools for construction.....	33	
Engineering construction unit.....		75

LOAN AUTHORIZATIONS

[In thousands of dollars]

Development loans (as of June 21, 1963):		
Self-help school construction (IAPSP funds) (approved in fiscal year 1962 but carried as part of fiscal year 1963 program).....		600
Water systems (IAPSP funds).....		1,050
Social progress trust fund loans (as of May 31, 1963):		
Banco Nacional de Fomento (Banco Central de Honduras): Financing a program of rural credit of an estimated cost of \$3,575,000.....		2,500
Instituto de la Vivienda (Repub- lic of Honduras): Financing con- struction of housing for low- income families of an estimated cost of \$1,469,000.....		1,000
Servicio Autonómico Nacional de Acueductos y Alcantarillados (Republic of Honduras): Fi- nancing the improvement of the water supply system in the city of Tegucigalpa of an estimated cost of \$2,700,000.....		2,150

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Emergency disaster relief ¹	25	
Tela Union housing loan.....		400
Public Law 480, Title III: Beans, milk, flour, vegetable oil, bulgur, and cornmeal.....	224	370
Peace Corps (as of Apr. 30, 1963): Health and social service and rural community action.....		100

¹ Contingency fund.

JAMAICA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 esti- mated
Agricultural and rural development.....	284	150
Industry service.....	59	70
Jamaica malaria eradication program.....	15	45
Establishment of pilot water supply system at Annotto Bay.....	95	
First phase AIWA community water supply construction program.....	93	100
Health planning service.....	54	35
Trade and industrial education.....	90	100
Teacher training facilities.....	120	
Low-cost housing.....	141	100
Technical support.....	99	80
Independence scholarships.....		75
Labor training center.....		180

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Water supply system (IAPSP funds) (approved in fiscal year 1962 but carried as part of fiscal year 1963 program).....		2,200
Low-cost housing (IAPSP funds).....		1,700
Export-Import Bank loans (as of Apr. 30, 1963): Development Finance Corporation: Subloans to private enterprise.....		5,000

OTHER

Public Law 480: Title III: Cornmeal, flour, vegetable oil, beans, butter, cheese, milk, bulgur.....	832	2,090
Peace Corps (as of Apr. 30, 1963).....	200	100

MEXICO

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, esti- mated
Bureau of Mines.....	42	
Geological Survey.....	63	
Industrial development.....	333	120
Industrial diagnostic survey.....	65	
Labor union training teams.....	37	2
Vocational rehabilitation.....	53	30
Institute of Public Administration.....	50	70
Technical support.....	62	170

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Supervised agricultural credit.....	20,000	

LOAN AUTHORIZATIONS—Continued

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Social Progress Trust Fund loans (as of May 31, 1963):		
Nacional Financiera, S.A. (Gov- ernment of Mexico): Water sup- ply service for 12 cities in the State of Yucatan of an estimated cost of \$15,280,000.....	9,200	
Nacional Financiera, S.A. (United States of Mexico): Improved use of farmlands of an estimated cost of \$2,448,000.....	1,000	
Instituto Mexicano de Investiga- ciones Tecnológicas, A.C. (Na- cional Financiera S.A.): To acquire technological equipment for experimentation and labora- tory equipment of an estimated cost of \$400,000.....	400	
Nacional Financiera, S.A. (United States of Mexico): Financing the improved use of land in the Lerma-Chapala-Santiago Valley of an estimated cost of \$6,000,000.....		3,000
Export-Import Bank loans (as of Apr. 30, 1963):		
Cia Fundidora de Monterrey: U.S. steel mill equipment.....	3,000	
Nacional Financiera, S.A.: Refi- nance U.S. purchases.....	90,000	
Altos Hornos de Mexico: Expans- ion, steel mill.....	1,850	
Nacional Financiera, S.A.: Na- tional Railways program.....	10,458	
Compania General de Acepta- ciones, S.A.: Machinery, equip- ment, and services for various enterprises.....		2,000
Nacional Financiera, S.A. (United Mexican States): Machinery, equipment, and services for con- struction of dairy pasteurization plants.....		2,900

OTHER

Public Law 480:		
Title III: Beans, butter, milk, bulgur, corn, flour, cornmeal, vegetable oil.....	5,143	17,235
Title II: Wheat, flour, milk, corn, vegetable oil.....		1,270

NICARAGUA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, esti- mated
Agriculture research and extension.....	4	
Agricultural sector planning.....	128	180
Agriculture, forestry.....	19	
Agriculture, co-ops (rural cooperative development).....		65
Industrial development and manage- ment.....	101	140
Cartographic and physical planning.....	61	
Transportation, highways.....	19	
Civil aviation.....	49	10
Manpower development.....	28	20
Malaria eradication.....	316	430
Environmental sanitation.....	53	25
Rio Coco emergency health project.....	77	20
Development of health services.....	206	140
Establishment of administration structure and practices in Ministry of Public Health.....	1	
Vocational and industrial arts.....	23	
Elementary education.....	1,223	425
Ministry of Education Planning.....	26	
American-Nicaraguan School.....		200
Public administration reform.....	60	110
National census.....	7	515
National planning office.....	53	85
Comprehensive physical planning.....	7	
Aided self-help housing.....	2	10
Cooperative service, Nicaraguan- American Technical Cooperation Organization.....	75	45
Administration, ONACT.....	35	45
Technical support.....	77	140

LOAN AUTHORIZATIONS
 [In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Elementary education (IAPSP funds).....	540	
Highway construction.....	900	
Social progress trust fund loans (as of May 31, 1963):		
Instituto Nicaragüense de la Vivienda: Construction of housing for families of low income of an estimated cost of \$7,789,000.....	5,200	
Banco Nacional de Nicaragua: Rural credit for farmers of low income of an estimated cost of \$4,033,000.....	2,500	

OTHER

Public Law 480: Title III: Beans, butter, cheese, milk, corn, cornmeal, flour, and vegetable oil.....	673	1,800
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PANAMA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural research, education, and extension.....	153	
Crop and livestock development.....	72	
Agricultural economics and planning.....	41	
Agricultural development and production.....		370
Cooperative service:		
Agriculture.....	155	
Administration.....	41	
Natural resources.....	27	
Water resources and electric power.....	86	110
Assistance to Industrial Development Center.....	101	130
Assistance to industry development.....	61	
Operation and maintenance of roads.....	145	285
Tambo-Salud (Cocle) road survey and design.....	40	
Civil aviation development.....	47	
General engineering services.....	27	
Nursing education.....	50	
Development of intergrade health services and sanitation in rural areas.....		115
Aguadulce regional and Los Santos psychiatric hospitals design.....	35	
Cooperative service:		
Health.....	105	
Administration.....	30	
Vocational education.....	275	160
Teacher training.....	365	200
University of Panama: Teaching and research.....	300	
National school construction.....	49	280
Cooperative service: Education administration.....	53	
Public safety improvement.....	27	130
Government management and administration.....	53	70
National economic planning.....	20	110
Community development.....	39	
Housing development program.....	30	50
All other training.....	23	65
Technical support.....	149	335

LOAN AUTHORIZATIONS
 [In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Water sewage systems.....		6,000
Social progress trust fund loans (as of May 31, 1963):		
Instituto de Vivienda y Urbanismo (Republic of Panama): Financing housing for persons of low income of an estimated cost of \$10,444,917.....	7,600	
Instituto de Acueductos y Alcantarillados Nacionales (Republic of Panama): Financing of water supply systems for 7 cities of an estimated cost of \$3,835,000.....	2,762	
Export-Import Bank loans (as of Apr. 30, 1963):		
Republic of Panama:		
Refuse collection equipment.....	420	
Highway equipment.....	1,580	

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Aerial photography and mapping ¹	1,000	
Agricultural development and production ¹	500	
Minerals resources survey ¹	161	
Technical studies for hydroelectric development of the Bayano River ¹	325	
Water resources and electric power ¹	284	
Assistance to industrial development center ¹	16	
Operation and maintenance of roads ¹	500	
Cocle road survey and design ¹	200	
Colon sewer system development ¹	114	
Development of intergrade health services and sanitation in rural areas ¹	950	
Aguadulce regional and Los Santos psychiatric hospitals design ¹	200	
National school construction ¹	5,000	
National economic planning ¹	150	
Housing development program ¹	500	
Public Law 480: Title III—Milk, cornmeal, flour, vegetable oil.....	394	900
Peace Corps (as of Apr. 30, 1963):		
Health, agricultural, and cooperative development.....		300

¹ Contingency fund.**PARAGUAY**

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Cooperative service for agriculture.....	163	165
Agricultural development and productivity.....	135	200
Agricultural education.....	39	25
Credit cooperatives and marketing.....	10	65
Forestry.....	26	20
Administration: Agriculture.....	52	50
Industrial development.....	5	315
Road construction and maintenance training.....	212	315
Roadbuilding equipment.....		450
Cooperative public health service.....	85	
Health services development.....	99	220
Medical and nurses education.....	109	275
Administration: Health.....	51	
Cooperative service: Education.....	17	
Vocational education.....	18	
Elementary teacher education.....	65	
Rural education development.....	341	675
Administration: Education.....	45	
Government management and organization.....	88	95
Economy policy, planning, and fiscal reform.....	41	95
Public administration school: Now National University.....	22	300
Communications media.....	73	60
Technical support.....	208	205

LOAN AUTHORIZATIONS
 [In thousands of dollars]

Social progress trust fund loans (as of May 31, 1963): Banco Nacional de Fomento (Republic of Paraguay): Financing agricultural credit for low-income farmers, improved land use and development of agricultural marketing facilities of an estimated cost of \$4,338,000.....		2,900
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OTHER

Public Law 480:		
Title I: Wheat, flour, bread grains.....	5,500	5,000
Title III: Beans, milk, bulgur, cornmeal, flour, vegetable oil.....	988	1,490

PERU

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Basic agricultural institutional development.....	1,341	400

PERU—Continued

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 (estimated)
Agricultural research.....	10	
Agricultural research and development.....	22	
Land development.....	29	
Livestock development.....	56	
Agrarian reform.....	640	20
Agricultural economics.....	15	
Agricultural credit and cooperatives.....	17	
Forestry development.....	36	
Agricultural extension.....	103	
Administration and General Accounting.....	2	
Do.....	2	
U.S. Bureau of Mines.....	24	
Industrial management.....	589	65
Private enterprise development.....	319	100
Civil aviation advisory services.....	52	
Transportation development.....	24	120
Labor development.....	135	260
National employment service.....	15	
Cooperative employment service.....	35	
Labor training.....	72	
Special advisory service.....	256	
Improvement and expansion of health services.....	57	155
Health unit operation.....	24	
Cooperative health and sanitation service.....	81	
General administration.....	47	
Industrial training (Peruvian Army).....	100	160
Rural elementary education.....	70	
Improvement and expansion of higher education.....	9	
Basic educational reform and development program.....	1,205	25
Cooperative service in education.....	41	
General administration service.....	36	
Normal school education.....	129	
Public safety.....	154	535
Do.....	72	
Training and advisory service in public administration.....	924	55
Government organization and management.....	38	
National economic planning.....	529	150
Housing and urban development.....	326	105
Housing commission.....	59	
Southern Peru regional development.....	1,005	120
Miscellaneous training.....	12	
Administration project.....	28	
Irrigation engineer.....	63	
Economic planning.....	1	
Rural development.....	3	
Technical support.....	338	725

LOAN AUTHORIZATIONS
 [In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Lima, water and sewage.....	8,600	
Feasibility studies.....	3,000	
Social progress trust fund loans (as of May 31, 1963):		
Republic of Peru, financing housing for persons of low income of an estimated cost of \$48,700,000.....	22,800	
Cooperativa de Credito Central del Peru (Government of Peru), small loans to finance housing, improved land use, and potable water and sanitation of an estimated cost of \$2,000,000.....	1,000	
Asociacion Mutual de Credito para la Vivienda "El Pueblo" (Government of Peru), construction of housing for families of low income of an estimated cost of \$2,069,200.....	1,000	
Universidad Nacional Mayor de San Marcos (Republic of Peru), financing the installation of a department for basic sciences of an estimated cost of \$3,002,000.....		1,500
Export-Import Bank loans (as of Apr. 30, 1963):		
The Peruvian Corp., diesel and locomotive spare parts.....	1,500	
Ind. Quimas Basicas, equipment to produce fertilizer, etc.....	508	
Fabrica Aluminio Metales, equipment for aluminum fabricating.....	611	
Republic of Peru, water and sewer facilities.....	6,500	
Marcona Mining Co., expansion of iron ore facilities.....	6,000	
Metalurgica Pervara, metallurgical plant.....	1,950	

LOAN AUTHORIZATIONS—continued

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Export-Import Bank, etc.—Con. Marcona Mining Co., expansion of iron ore beneficiation program. Peruvian Corp., Ltd., diesel electric locomotive and relating parts.....		1,250 4,750
OTHER		
Supporting assistance: Puno emer- gency relief loan ¹	6,000	—4,000
Public Law 480: Title II: Bread grains, coarse grains, fats and oils, milk.....	2,335	3,570
Title III: Beans, butter, milk, bulgur, cornmeal, flour, vege- table oil.....	2,173	14,890
Title IV: Bread grain, feed grain, vegetable oil.....	2,000	4,000
Peace Corps (as of Apr. 30, 1963): Indi- an integration, community develop- ment, health and sanitation, credit unions, urban community action, savings and loan program. Educa- tion: Art foundation; education, university education, and social de- velopment.....	700	1,600

¹ Contingency fund.TRINIDAD AND TOBAGO, WEST INDIES
AND EASTERN CARIBBEAN
[Obligations in thousands of dollars]

	Fiscal year 1962	Fiscal year 1963, esti- mated
Development grants		
Agriculture, general.....	134	120
Handicraft development.....	17	
Industrial management.....	9	
Meteorological training.....	22	
Road development, demonstration and training.....	48	
Labor training.....	24	10
Health education.....	23	
Education: General.....	142	180
Participants.....	92	15
Economic development and planning.....	51	30
Public service training forum.....	36	25
Housing and planning.....	46	20
Windward Islands, administrative services.....	21	
Engineering and technical services.....		55
Technical support.....	212	200

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Export-Import Bank loans (as of April 30, 1963): Government of Trinidad and Tobago: Sewerage system.....	9,000	

OTHER

Supporting assistance: Rural development: St. Lucia.....	114	
Cocoa processing facilities: St. Lucia.....	35	
Water and vegetable products: Antigua.....	3	
Telecommunications adviser.....	17	45
Electrification survey and trans- mission line construction: Anti- gua.....	71	
Chaguaramas Road.....	175	2,000
Road equipment: Antigua.....	147	
Millet Road resurfacing: St. Lucia.....	90	
Road construction equipment.....	95	
Airport Pepi fence.....	121	
Hospital sewage disposal: Antigua.....	30	
Vocational education.....	27	
Industrial education: Barbados.....	22	

OTHER—continued

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Supporting assistance—Con. Teacher training facilities: St. Lucia.....	38	
Liberal arts college: Trinidad.....	400	5,000
Teteron Bay facilities.....	580	
Engineering services.....	61	75
Fiscal year 1963: May 26 agreement executed between the Governments of Trinidad and Tobago and the United States for a grant of \$10,000,- 000. ¹ The local currency generated to be used for Chaguaramas Road and liberal arts college as indicated above. The balance to be used for mutually acceptable activities, such as road development, port engineer- ing, and low-cost housing.....		3,000
Public Law 480: Title II: Coarse grains.....	8	45
Title III: Milk.....	361	545
Peace Corps (as of Apr. 30, 1963): Education, recreation, and agricul- ture: St. Lucia.....	100	(²)

¹ Contingency fund.² Less than \$50,000.

URUGUAY

[Obligations in thousands of dollars]

	Fiscal year 1962	Fiscal year 1963, esti- mated
Development grants		
Agricultural education and research.....	201	
Agricultural natural resources.....	2	
Assistance in developing agriculture services.....		1,610
Improving skills and productivity.....	4	240
Meteorology.....	4	
Monterrey Institute of Technology.....	4	
Public safety.....	3	
Assistance in development planning.....		190
Contract studies and training for Uruguay planning agency.....	3	
Assistance in public administration.....		1
Technical support.....	57	80

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Home construction.....		6,000
Social progress trust fund loans (as of May 31, 1963): Gobierno del Departamento de Montevideo: Financing of sani- tation works of an estimated cost of \$12,000,000.....	2,500	
Republic of Uruguay: Construc- tion of housing for low-income families of an estimated cost of \$15,301,125.....		8,000
Export-Import Bank loans (Apr. 30, 1963): Republic of Uruguay: Water supply.....	1,900	
St. Hermanos Uruguay: Coffee manufacturing plant.....	200	
Banco de la Republica Oriental del Uruguay: Various.....		5,000

OTHER

Public Law 480: Title I: Tobacco.....	1,900	
Title II: Grains, milk products, fats, and oils.....		180
Title III: Beans, milk, flour, cornmeal.....	285	695
Peace Corps (as of Apr. 30, 1963): Agriculture extension: Home eco- nomics.....		(¹)

¹ Less than \$50,000.

VENEZUELA

[Obligations in thousands of dollars]

	Fiscal year 1962	Fiscal year 1963, esti- mated
Development grants		
Rural improvement.....	9	350
Industrial development.....	163	
Industrial resources survey.....	104	
Labor program.....	52	
National manpower training and development.....		680
Hospital maintenance advisory ser- vices.....	9	
Hospital construction and equipment.....	20	
Rural health and environmental sani- tation.....	10	
Vocational education.....	171	
Rural education.....	83	
Public safety.....	27	180
Government management assistance.....	153	370
Economic planning.....	45	
Housing.....	9	95
Technical support.....	206	345

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Supervised agricultural credit.....	10,000	
Slum clearance and low-cost hous- ing.....		30,000
Social Progress Trust Fund (as of May 31, 1963): Banco Obrero de Venezuela (Gov- ernment of Venezuela): Financ- ing of rural housing for persons of low income through self-help system of an estimated cost of \$45,950,000.....	12,000	
Republic of Venezuela: Financing of potable water systems for 330 towns of an estimated cost of \$20,000,000.....	10,000	
Instituto Nacional de Obras Sani- tarias (Government of Vene- zuela): Financing of potable water system for 55 towns of an estimated cost of \$21,000,000.....	10,000	
Banco Obrero de Venezuela (Gov- ernment of Venezuela): Construc- tion of housing for families of low income of an estimated cost of \$14,025,000.....	10,000	
Instituto Agrario Nacional (Gov- ernment of Venezuela): Financ- ing a program of consolidation of rural settlements of an esti- mated cost of \$80,078,580.....		10,000
Universidad de Oriente, de Vene- zuela (Corporación Venezolana de Fomento): Financing the de- velopment of basic science and technology of an estimated cost of \$2,400,000.....		1,000
Export-Import loans (as of Apr. 30, 1963): C.A. Venezolana de Pulpa y Papel: (Construction of pulp bleach- ing plant, power transformed sub- station and steam reduction sub- station).....		450

OTHER

Supporting assistance: Emergency Public Safety ¹		70
Public Law 480: Title II: Wheat, cornmeal, flour, milk, and vegetable oil.....		440
Title III: Cornmeal, flour, beans, milk, bulgur, and vegetable oil.....	546	1,940
Title IV: Feed grains, cotton, dairy products, rice, and vege- table oil.....	11,400	11,500
Peace Corps (as of Apr. 30, 1963): YMCA, university education, agri- cultural extension, secondary school English teaching, and physical edu- cation and recreation.....	600	600

¹ Contingency fund.

ROCAP

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Physical planning infrastructure		200
Manpower inventory and training		155
Census		365
Cadastral survey		620
Overall regional planning		105
Public administration		130
Higher education		580
Textbook production		510
Industrial productivity and management		240
Agricultural sector planning		3
Mobile rural health		1,550
Civil aviation		400
Technical support		240

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Central American Bank, for economic integration feasibility studies		2,500
Social progress trust fund loans (as of May 31, 1963): Universities of Costa Rica, Guatemala, El Salvador, Honduras, and Nicaragua (Governments of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua): Financing a program of development of basic sciences of an estimated cost of \$10,833,000		2,925

REGIONAL

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agriculture leadership training (farmer's union)	162	165
Aviation (Panama)	168	
Labor society development	250	
Malaria eradication (Peru)	23	
Water supply (Peru)	13	
Regional health consultant (Jamaica)	29	
Higher education (Costa Rica)	2	
Police Academy (Panama)	266	600
Public administration adviser on tax (Panama)	18	
Regional public consultant (Peru)	15	
Public administration (Peru)	23	
Regional housing (Nicaragua)	37	
Credit union training	160	
Regional Andean center (Peru)	105	40
Support of statistical work of permanent secretariat (Guatemala)	45	
Technical aids center (Mexico)	400	825
U.S. book exchange	90	80
Cooperative training (Puerto Rico)	606	
Marketing seminar (Brazil)	10	
Regional workshop (Costa Rica)	46	
Seminars and workshops	62	25
Technical consultants and audiovisual support	161	
3d country training (Mexico)	94	
Teacher training		350
Science books		250
Inter-American Institute of Agricultural Sciences		355
American Institute of Free Labor Development		1,110
Civil engineering training		200
Aided self-help housing evaluation		30
Public administration		20
Peace Corps: Community development		150
League of Women Voters: Women's leadership training		300
Housing construction statistics		160
Development of commercial standards		200
National Science Foundation: Summer Teacher Institute in Science and mathematics		400
Puerto Rico, labor statistics training		80
Water Supply: Management training		65
National Rural Electric: Co-ops		150
National Academy of Science		285
Committee for Higher Education in Latin America Academic Journals		40

REGIONAL—Continued

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Inter-American Center, Loyola: Leadership for social development		20
Puerto Rico University:		
Labor relations training		80
Medical training		200
Public administration training		50
Rutgers University: Urban problems		20
Tax advisory service		30
Health statistics		50
Mexican book		40
Regional credit union development		200
IAGS: Natural resources survey		50
Urban development		160
Cooperative advisory service for organization of co-ops of Americas		345
Cooperative advisory service for individual co-ops		90
Land-grant college coordination		25
Johns Hopkins: Economics of health planning		30
Census		55
Labor administration seminar		25
Scholarship survey		20
Co-op League: To set up organization of co-ops		30
Pilot food processing survey		15
Housing advisory service		120
Advisory services: Andean Indian development		25
Child feeding		900
HOPE		1,040
OAS:		
European fellowships		610
Technical cooperation program		2,500
Information program		1,600
PAHO:		
Civil aviation		2,300
Commerce advisory committee for the Alliance for Progress		200
SEMLA (center for economic and monetary studies for Latin America)		75
		130

BRITISH GUIANA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Shrimp and fisheries	17	10
Agriculture project	117	115
Industrial development advisory service	2	
Road development	31	55
Engineering analysis survey, Berbice River Bar	864	230
Civil aviation	5	5
Trade union seminar	21	2
Filaria control	47	40
Health service training, operation and advisory services	52	200
Vocational education	61	60
Public safety (civil police training)	3	
Public administration, local government	9	20
Town planning and community development	5	20
Government information service	4	
Technical assistance development organization	29	
Technical support	171	150
Hydropower survey		350

BRITISH HONDURAS

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural development	69	10
Industrial training	17	
Education—General		25
Vocational training	77	5
Housing development	27	20
Technical support	34	40

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Peace Corps (as of Apr. 30, 1963): Primary, secondary, and vocational education	100	200

SURINAM

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural and natural resources	136	120
Industry and mining	13	12
Industrial training (vocational)	21	1
Public health	122	40
Visual aids	12	
Administrative services	17	
Area development	14	
Aided self-help housing	45	
Housing		40
Cooperative service:		
Grant	75	75
Administration		15
Technical support	15	15

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Public Law 480: Title III—Cornmeal, flour, vegetable oil	61	95

YUGOSLAVIA

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed at this point in my remarks a very excellent editorial entitled "Ambivalence on Yugoslavia" published in today's issue of the New York Times.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AMBIVALENCE ON YUGOSLAVIA

George F. Kennan's statement on his unhappy experiences as American Ambassador in Belgrade reminds us once again of the schizophrenia in this country's policy toward Yugoslavia. Since 1950, under both Democratic and Republican Presidents, the official attitude of the White House toward Yugoslavia has been one of friendship, an attitude reflected tangibly by hundreds of millions of dollars of economic and military aid as well as, most recently, by the reception of President Tito by President Kennedy in Washington.

In contrast, Congress has seemed to be tending toward a policy almost of vendetta against Yugoslavia. Last year it asked for an end to Yugoslavia's most-favored-nation status. If the President had acted on this proposal—he has successfully resisted it thus far—the result would have been a doubling or tripling of American tariffs against more than three-quarters of the commodities we buy from the Yugoslavs. Trade in both directions would have been disrupted. This year the House has already rejected President Kennedy's request for a reversal of last year's directive; unless the Senate backs him up, he will doubtless have to accede to this unwise policy in the coming months.

The Congressmen pushing for maximum enmity against Yugoslavia are engaged in a primitive anticommunism which refuses to make distinctions or to understand subtle-

ties, in a spirit reminiscent of the old frontiersmen's motto, "The only good Indian is a dead Indian." Presidents Truman, Eisenhower, and Kennedy have all understood that Yugoslav communism is a very different thing from Soviet or Chinese communism, and that Belgrade—since it broke with Moscow in 1948—has been no threat to the United States. If the Communist bloc is today in disarray, it is in no small measure related to the Yugoslav stand against Stalinist dictation.

Friendship with Yugoslavia serves American interests today as it has for over a decade. We fail to see why Congress cannot understand a policy line that has been fruitful for many years—the repudiation of which would surely drive Belgrade closer than ever to Moscow.

RECESS

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 19 minutes p.m.) the Senate took a recess until tomorrow, Wednesday,

day, November 6, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 5 (legislative day of October 22), 1963:

IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grades indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be major generals

Brig. Gen. Robert Howard York, O21341, Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry William Osborn Kinnard, O21990, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Charles Edward Johnson, 3d, O19534, U.S. Army.

Brig. Gen. George Paul Sampson, O42926, U.S. Army.

Brig. Gen. William Carl Garrison, O30144, U.S. Army.

Brig. Gen. John Graham Zierdt, O20632, Army of the United States (colonel, U.S. Army).

To be brigadier generals

Col. Harry George Woodbury, Jr., O21432, U.S. Army.

Col. Paul Alfred Feyereisen, O39089, Army of the United States (lieutenant colonel, U.S. Army).

Col. Byron Ludwig Steger, O19661, Medical Corps, U.S. Army.

Col. Robert Mabry Williams, O21801, Army of the United States (lieutenant colonel, Judge Advocate General's Corps, U.S. Army).

Col. George Bibbs Pickett, Jr., O23932, Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard George Ciccolella, O34117, Army of the United States (lieutenant colonel, U.S. Army).

Col. Charles Allen Corcoran, O31721, Army of the United States (lieutenant colonel, U.S. Army).

Col. Livingston Nelson Taylor, Jr., O21853, Army of the United States (lieutenant colonel, U.S. Army).

Col. John Keith Boies, Jr., O22025, Army of the United States (lieutenant colonel, U.S. Army).

Col. Joseph Schuyler Hardin, O23126, Army of the United States (lieutenant colonel, U.S. Army).

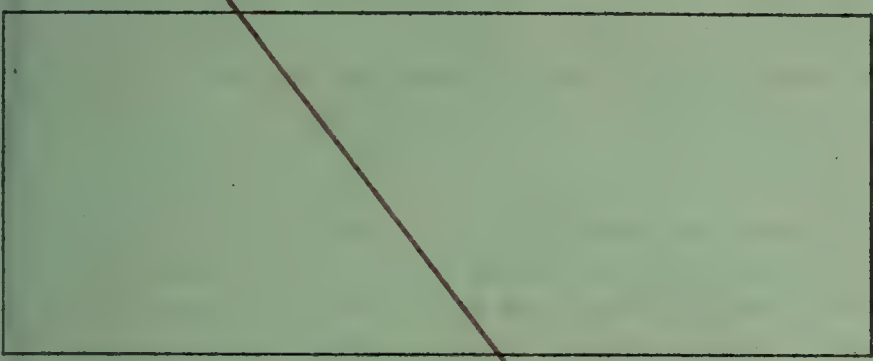
Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 7, 1963
For actions of Nov. 6, 1963
88th-1st; No. 178



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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Pearson expressed opposition to proposed revision of beef grading standards. Sen. Keating urged use of U.S. ships for transportation of any wheat sold to Russia. Sen. Ellender announced delay in consideration of Mexican farm labor bill until foreign aid bill passed. Several Representatives voiced opposition to a wheat sale to Russia. Rules Committee cleared public debt increase bill. Rep. Aspinall introduced and discussed administration's bill to provide uniform recreation and fish and wildlife benefits on Federal water resource projects.

SENATE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 20133-5, 20145-84). By a vote of 86 to 3, agreed to an amendment by Sen. Humphrey, to the Mansfield-Dirksen amendment, to authorize \$600 million (instead of \$525 million) for the Alliance for Progress and authorize \$175 million (instead of \$300 million) for the President's contingency fund (pp. 20167-73). By a vote of 89 to 0, agreed to the Mansfield-Dirksen amendment, as amended, to reduce the following categories of authorizations: development loans, \$60 million; Alliance for Progress, \$50 million; and military assistance, \$300 million (pp. 20173-4). Pending at recess was a proposed amendment by Sen. Kuchel to deny assistance under the Act to any country which extends its jurisdiction for fishing purposes beyond three miles from its coastline or imposes penalties or sanctions against U.S. fishing vessels for fishing in waters outside any country's own three-mile limit (pp. 20174-84).

Sen. Morse submitted amendments intended to be proposed to this bill (pp. 20128-9).

2. D. C. APPROPRIATIONS BILL, 1964. The Appropriations Committee reported with amendments this bill, H. R. 7431 (S. Rept. 632). p. 20127
3. MEAT GRADING. Sen. Pearson spoke in opposition to the proposed revision in standards for meat grading by this Department as "nothing more than an additional form of restrictive Government control which is totally unnecessary at this time," stated that he has found no support in the livestock industry for the proposed changes, and inserted several letters expressing opposition to any change. pp. 20131-3
4. WHEAT; FOREIGN TRADE. Sen. Keating spoke in support of the maximum use of the U.S. ships in transporting any wheat sold to Russia and inserted a maritime union statement expressing "concern over indications that profiteering interests may succeed in excluding American-flag ships from carrying wheat sold to Soviet Union." pp. 20184-5
5. FARM LABOR. Sen. Ellender announced that the Mexican farm labor extension bill will not be called up for consideration until the Senate has completed consideration of the foreign aid authorization bill. p. 20129
6. MINERALS; LANDS. The Subcommittee on Minerals, Materials, and Fuels of the Interior and Insular Affairs Committee voted to report to the full committee S. 167, to provide for the conveyance of the phosphate rights in certain lands in Fla. p. D874
7. PERSONNEL; PAY. Sen. Talmadge expressed his opposition to "the proposed legislation to increase the salaries of the Members of Congress, the Cabinet, the Supreme Court Justices, and other high-ranking officials." p. 20142

HOUSE

8. WHEAT. Several Representatives voiced opposition to a wheat sale to Russia (pp. 20109-21). Rep. Hoeven stated that he believed that the President "made the decision in the wrong manner by flouting the declared policy of Congress and...his decision was wrong on its merits" (pp. 20109-14). Rep. Laird criticized the Export-Import Bank for its "full guarantee for a proposed wheat sale to Russia" (p. 20121).
9. RECREATION; WATER RESOURCES. Both Houses received from the Budget Bureau a proposed bill "to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior authority for recreation development of projects under his control"; to the House and Senate Interior and Insular Affairs Committees (pp. 20125, 20127). Rep. Aspinall inserted the letter and proposed bill submitted by the Budget Bureau (pp. 20092-5).
10. PUBLIC DEBT. The Rules Committee reported a resolution for consideration of H.R. 8969, to provide for a temporary increase in the public debt limit to \$315 billion for the period Dec. 1, 1963 to June 30, 1964. pp. 20092, 20125
11. FOREIGN TRADE. Rep. Rogers (Fla.) urged passage of his bill to prohibit use of

sample actually cut out in the yield grade indicated by the USDA formula.

Very truly yours,

SAM H. MARCUS.

EXCERPT FROM WEEKLY NEWS LETTER OF THE NATIONAL ASSOCIATION OF HOTEL AND RESTAURANT MEAT PURVEYORS IN OPPOSITION TO DUAL GRADING

OCTOBER 11, 1963.

To the Members:

Along with many other trade associations representing segments of the livestock and meat industry, the National Association of Hotel and Restaurant Meat Purveyors is strongly opposed to the inclusion of "cutability" in grading. The meat industry made it quite clear to the Department of Agriculture that it was opposed to dual grading as unnecessary, burdensome, and of doubtful value. In apparent acceptance of the desires of the meat industry, the Secretary of Agriculture announced that the proposed dual grading would be abandoned, but instead of abandoning the concept he now proposes to include the very same concept into the present grading standards. Thus, anybody who would want to grade meat in accordance with the present regulations would at the same time be obligated to have the meat graded with respect to cutability. This is his attempt to do indirectly what the Department was unable to do directly. All of the reasons that have been advanced against dual grading are likewise applicable to the proposal to include the concept of cutability in our present grading standards.

Mr. SIMPSON. Mr. President, will the Senator from Kansas yield?

Mr. PEARSON. I yield to the distinguished Senator from Wyoming.

Mr. SIMPSON. I wish to associate myself with the remarks of the Senator from Kansas. The Wyoming Livestock Association has also gone on record in this connection.

It seems to me that it is incumbent upon the Senate to do something to protect this industry, which never has been given a Government subsidy, and which probably has been the greatest exponent of private enterprise in the United States.

Unless this industry is protected from imports as well as from the "cutability" proposed new grades, as referred to by the Senator from Kansas, we shall be in grave difficulties.

Mr. MORSE. Mr. President, will the Senator from Kansas yield to me?

Mr. PEARSON. I am glad to yield to the distinguished Senator from Oregon.

Mr. MORSE. Mr. President, I also wish to be associated with the remarks of the Senator from Kansas.

EDITORIAL COMMENT ON FOREIGN AID DEBATE

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "For Whom the Bell Tolls," published in this morning's issue of the Washington Post.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FOR WHOM THE BELL TOLLS

"Never send to know for whom the bell tolls," John Donne advised, "it tolls for thee." Sponsors of the civil rights bill, the tax bill, and many other pieces of legislation in the mountainous backlog on Capitol Hill may well recall these words as they listen to the protracted debate on the foreign-aid bill

droning on and on in the Senate. The bell may be tolling specifically for foreign aid, but it is also tolling for civil rights, tax relief, and the entire Kennedy program.

Yesterday's voting involving relatively small sums and a good deal of intricate maneuvering on both sides did not change the situation much. Majority Leader MANSFIELD, who is putting up a strong fight to save the administration's aid bill, foresees a long, hard struggle ahead.

Senator MORSE, who is leading the fight against the foreign-aid bill, bitterly resents the suggestion that he is playing the game of the southern Senators who plan later on to filibuster the civil-rights bill. His reputation as a fighter for civil rights is well established, and his sincerity in attacking the aid program is not open to question. The fact remains, however, that every hour of debate on the aid bill and every delaying maneuver dims the chances for enactment of other major legislation.

The basic fault, of course, is not with any Senator or any particular bill but with the Senate system. A large and complicated legislative program, such as that which President Kennedy laid before the present Congress, is manageable only through systematic scheduling of bills so that each may be considered in orderly fashion within the time limits available. But systematic scheduling is impossible so long as every committee chairman is a law unto himself, and any Senator or group of Senators may indulge in unlimited debate.

Under the present rules, a group of Senators who conscientiously oppose a bill may reasonably feel that they have not done their duty unless they use dilatory tactics to kill it. Slowdowns, time-wasting maneuvers, and filibusters are thus the norm in the Senate whenever they serve the purpose of a committee chairman or a powerful minority group. The dismal truth is that the Senate has no centralized leadership or organization capable of overcoming these handicaps.

The outlook would be less discouraging if the Congress were moving to put its house, or more specifically, its two Houses, in order. In the absence of modernizing reforms it would be naive to suppose that the legislative skies will suddenly clear once the civil-rights and tax bills have been disposed of. Rather, the congestion is likely to get worse with the accumulation of difficult domestic and international problems.

Let the sponsors of all progressive legislation listen well to the extended debate on foreign aid. The symbolic bell is tolling for them.

Mr. MORSE. The Washington Post continues the misrepresentation which has filled so many columns of the press in the past few days on the theme that those of us who are insisting upon a full debate of the foreign aid bill in the Senate are holding up proposed civil rights legislation. I shall again answer that charge in a moment. I have already answered it several times. I shall continue to answer it as long as the misrepresentation flows from the pens of American editors and correspondents.

The editorial states:

Under the present rules a group of Senators who conscientiously oppose a bill may reasonably feel that they have not done their duty unless they use dilatory tactics to kill it. Slow-downs, time-wasting maneuvers and filibusters are thus the norm in the Senate whenever they serve the purpose of a committee chairman or a powerful minority group. The dismal truth is that the Senate has no centralized leadership or organization capable of overcoming these handicaps.

Delivering himself of those generalities, the editor is counting upon the

reader to make the false assumption that that is what is happening in connection with the foreign aid bill in the Senate.

Let us place the facts before America. What that editor, as well as other editors, obviously do not like is that there is full debate in the Senate on the foreign aid bill. Steamroller tactics will not be permitted. What the editor ought to do is to refresh his knowledge, if he ever had any knowledge, about the history of the Senate, particularly in relation to what the Senate was established to do. The Senate was designed to debate controversial issues and bring out their merits and demerits. The Senate was not intended by our Constitutional Fathers to be merely a meeting place to vote. In my years in the Senate I have seen this procedure develop, so that the Senate is more and more becoming a meeting place of Senators to congregate and vote rather than a meeting place to debate and present the facts on two sides of a controversial issue. The senior Senator from Oregon has said that he has had enough of such procedure. His attitude will not be limited to the foreign aid bill, but will be applied to all major pieces of proposed legislation, because the so-called technique that the editor of the Washington Post thinks is in the public interest is a unanimous consent agreement to limit debate.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. The editor of the Washington Post would doubtless favor a unanimous consent agreement to limit debate on an issue or an amendment to, say, 15 minutes—and sometimes the time has been as short as 5 minutes to a side on an amendment—and then "bingo," a vote.

What happens? While the debate continues for that short period of time, the Senate Chamber is practically empty. In the present debate we have succeeded in having pretty good attendance, by and large, on most of the foreign aid amendments that have been offered. I think we shall find that that kind of attendance will continue.

Those to whom I have referred wish to establish a procedure by which debate on the bill would be limited to half an hour on a side or an hour or two. When the Senate operates under such a limitation, few Senators come to the Chamber because they know that the vote will be certain to take place at a particular time. Senators stay away. They congregate in the Chamber to vote at the appointed hour.

Mr. President, in my judgment that practice has contributed to a lowering of the prestige of the Senate. It has changed the purpose of the Senate. I believe it is time to get back to its historic purpose.

The senior Senator from Oregon will continue, no matter how many editors stick their pens into his blood—I am used to it—and write any critical editorials

they desire. The Senator from Oregon will see to it that the foreign aid bill is debated amendment by amendment until every Senator has said all he desires to say on the question. Then there will be a vote.

In the long run time will be saved. I am certain that the public interest will be protected by that procedure.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Let us consider the crux of the criticism: It is the false

charge that we are holding up civil rights legislation in the Senate.

For the benefit of the editor of the Washington Post, I ask unanimous consent that there be printed at this point in the RECORD the pending calendar of the Senate.

There being no objection, the calendar was ordered to be printed in the RECORD, as follows:

General orders under rule VIII

Order No.	Number and author of bill	Title	Reported by
305	H.R. 4214.....	An act for the relief of the Stella Reorganized Schools R-I, Missouri. (\$1,500.)	June 27, 1963.—Mr. Eastland, Committee on the Judiciary, without amendment. (Rept. 331.)
319	S. 5, Mr. Yarborough and others.	A bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period.	July 2, 1963.—Mr. Yarborough, Committee on Labor and Public Welfare, with amendments. (Rept. 345.) (Minority views.)
449	S. 1540, Mr. Magnuson.....	A bill to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes.	Aug. 28, 1963.—Mr. Monroney, Committee on Commerce, without amendment. (Rept. 473.)
451	S. 1033, Mr. Magnuson.....	A bill to establish a uniform system of time standards and measurements for the United States and require the observance of such time standards for all purposes.	Aug. 30, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 475.)
462	H.R. 82.....	An act to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses.	Sept. 11, 1963.—Mr. Bartlett, Committee on Commerce, without amendment. (Rept. 486.) (Minority views filed.)
483	S. Con. Res. 1, Mr. Clark and others.	Concurrent resolution to create a joint committee to study the organization and operation of the Congress and recommend improvements therein.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with an amendment. (Rept. 504.) (Individual and supplemental views filed.)
485	S. Res. 111, Mr. Church and others.	Resolution amending rule XXV of the standing rules relative to meetings of committees while the Senate is in session.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration without amendment. (Rept. 506.) (Individual views filed.)
486	S. Res. 89, Mr. Pastore and others.	Resolution providing for germaneness of debate under certain circumstances.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with amendments. (Rept. 507.) (Individual views filed.)
502	S. 927, Mr. Magnuson.....	A bill to amend title 12 of the Merchant Marine Act, 1936, in order to remove certain limitations with respect to war risk insurance issued under the provisions of such title.	Sept. 24, 1963.—Mr. Bartlett, Committee on Commerce, with an amendment. (Rept. 523.) (Individual views filed.)
546	S. 2100, Messrs. Magnuson and Jackson.	A bill to continue certain authority of the Secretary of Commerce to suspend the provisions of sec. 27 of the Merchant Marine Act, 1920, with respect to the transportation of lumber.	Oct. 17, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 568.) (Minority views filed.)
566	H.R. 7885.....	An act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.	Oct. 22, 1963.—Mr. Fulbright, Committee on Foreign Relations with an amendment. (Rept. 588.)
570	S. 2265, Mr. Morse.....	A bill to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.	Oct. 29, 1963.—Mr. Morse, Committee on Labor and Public Welfare, without amendment. (Rept. 592.) (Minority views filed.)
572	S. 1396, Mr. Fong.....	A bill to consent to the institution of an original action in the Supreme Court for the adjudication of the claim of the State of Hawaii to certain land and property situated within that State.	Oct. 29, 1963.—Mr. Fong, Committee on the Judiciary, without amendment. (Rept. 594.)
602	S. 689, Messrs. Long of Missouri and Symington.	A bill for the relief of Lila Everts Weber.....	Nov. 1, 1963.—Mr. Long of Missouri, Committee on the Judiciary, without amendment. (Rept. 624.) Calendar called, Nov. 5, 1963.

Mr. MORSE. Mr. President, there are 14 bills on the calendar. No Senator will state that the overwhelming majority of them are not considered minor bills. There is no civil rights bill on that list. If the Senate voted in the next hour on the foreign aid bill, there is not a civil rights bill on the calendar of the Senate so that it could proceed to that question. The Senate could not even proceed to discuss a civil rights bill. It has not yet come to us.

Senators will take judicial notice that there is not a man or a woman in this body who will deny the statement I now make: There is no expectation of a civil rights bill from the House of Representatives—and my statement is an understatement—in less than 2 weeks. Most Representatives will tell us that none can be expected in less than 3 weeks. But, I am sure, the Senate will be through with the foreign aid authorization bill within a week.

The Senate will still have ample time to consider other questions, because even then no civil rights bill will be before the Senate.

I do not know the objective of the press. I do not know whether it seeks to deceive the American people or to misrepresent the issue to the American people.

A day or two ago I was shocked by a news story in the New York Times that tried to perpetuate the misrepresentation that there is some collusive conspiracy between the senior Senator from Oregon and the southerners in the Senate to hold up proposed civil rights legislation.

That is a lot of "hogwash." It has no basis in fact. We must see to it that the foreign aid bill, which is so vital to the security of our country and to the economic welfare of the people, is debated fully. On both sides of the issue there are dedicated and sincere Senators who believe in their respective points of view. I happen to believe that the bill must be debated fully. I will engage in no dilatory tactics, nor have I engaged in them. The majority leader has my word that I will not. I will not permit a unanimous-consent agreement to vote until the debate is concluded.

Mr. President, there is nothing dilatory about that position. With his usual kindness and generosity, the majority leader has said that I am not only within my rights, but that he has had my complete cooperation within my rights.

Of course, the majority leader would like to have a unanimous-consent agreement. I shall state one other reason why I will not consent to one. In my judg-

ment, a unanimous-consent agreement to limit debate on any part of foreign aid would result in a good many Senators voting on amendments without being fully informed. Senators have said to those of us who have been debating the question, "We did not have any idea that those facts were involved in the bill until you spoke."

They have come to us and said, "It is because of the representations and the arguments that you have made that we have started to change our minds about a good many parts of the foreign aid bill."

That is why the constitutional fathers established the Senate. That is why they established this parliamentary body, which Senators have boasted is the greatest parliamentary body in the world.

I close with the statement that one of our greatest strengths is the fact that straitjackets cannot be put upon us. Muzzles cannot be put upon us. We cannot be tied down by repressions that deny us the right to represent our contingency fully or to say what we think needs to be said before a vote is cast. That is my answer to the Washington Post. I hope that it will take a look at the calendar and find that the pending calendar of the Senate cannot be squared with the

innuendos and insinuations of the editorial.

I yield the floor.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. MORSE. I have yielded the floor. The Senator can obtain the floor in his own right.

Mr. SIMPSON. Mr. President—

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. I wish to associate myself with the remarks of the senior Senator from Oregon in respect to the statement he has made. I trust that no pen stuck in his blood or any other atrocity will deter the Senator from continuing his battle on behalf of the American people. I assure the Senator from Oregon that full debate on the subject is as important as debate on any other bill that could come before the Senate.

I propose to support the Senator from Oregon in most of his amendments and in his fight on this particular bill. I am sure he has already had evidence of majority support in the amendments he will undertake.

Mr. MORSE. I thank the Senator.

MR. REUTHER SEES NEED FOR ECONOMIC CONVERSION PLANNING

Mr. McGOVERN. Mr. President, in a report to the Industrial Union Department of the AFL-CIO to be released today, Mr. Walter P. Reuther has pointed up the need to plan for possible shifts in our Defense Establishment. In his report to the delegates of the Fifth Constitutional Convention of the IUD-AFL-CIO scheduled in Washington, D.C., for November 7 and 8, Mr. Reuther says:

If and when arms reduction takes place, the probability is that it will proceed over a period of years. This offers opportunity for planned and orderly conversion to nonmilitary utilization of facilities, resources, and manpower if we begin to plan well in advance. The changing nature of weaponry, of itself, dictates the need to find civilian alternatives to arms.

To meet this problem Mr. Reuther suggests:

A national peace planning board with authority to develop national and regional plans and programs is required. Labor, industry, the universities, and Government should be adequately represented. The board should be empowered to utilize Federal agencies and their resources in the development of programs.

Mr. President, last Thursday I introduced a measure, with the cosponsorship of other Senators, to provide for a National Economic Conversion Commission. The legislation which I have proposed could help provide the machinery that is needed to implement Mr. Reuther's proposal.

I believe Senators will find it profitable to read that portion of Mr. Reuther's report which relates to the conversion of our defense industries as conditions permit. I ask unanimous consent to have this section of the report printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

NEW PROBLEMS AND NEW OPPORTUNITY

Great shifts have marked our world since our industrial unions last assembled in convention in this city.

When we last met here, reverberations of Soviet megaton nuclear testing still echoed across a fevered world. The fear of war, the destructive power of the bomb, and ever-rising levels of radioactive fallout haunted the dreams of every man.

The cold war reached near boiling temperatures in the Cuban crisis—possibly the most fearful yet to confront mankind. Thanks to the firm position of the administration and intelligent diplomacy, peace with honor was preserved.

Mankind has since withdrawn from the brink. For the first time since the end of World War II, it has become possible to think seriously of arms control and disarmament. This is not to say that peace and mutual good will blanket our earth, or that America can afford to relax her vigilance. But the internal problems of the Soviet, the widening gaps in the Soviet-Sino alliance, and strains within the Soviet bloc are realities that offer new possibilities for fruitful diplomacy and reduction of the armaments burden.

The nuclear test ban does not limit the arms race or end the manufacture of armaments. Nonetheless the treaty can turn out to be a small but significant step toward arms control. Both the AFL-CIO and the IUD testified on behalf of ratification, stressing labor's interest in a more peaceful world.

While America cannot drop her guard, neither can she ignore the challenge of a peace race with the Soviet Union. Industrial labor would gladly welcome such a race. It is our firm belief that the free world can show by example that it can meet and surmount the problems of abundance inherent in a world imbedded by massive armaments.

Arms reduction offers to U.S. labor hope and opportunity for higher living standards, elimination of domestic poverty, and greater leisure. Needed are alternatives to arms. While work has been undertaken in this area, there has been no comprehensive national planning.

A disarmed world lies far in the future, but arms reduction with inspection now has become a possibility. It would be foolhardy to wait until the problems are upon us before preparing for conversion from arms manufacture to civilian production. America has proved her ability to plan decisively for defense without serious impairment of her basic institutions. Industrial labor has full faith that she can plan equally well for a disarmed world.

If and when arms reduction takes place, the probability is that it will proceed over a period of years. This offers opportunity for planned and orderly conversion to nonmilitary utilization of facilities, resources, and manpower if we begin to plan well in advance.

The changing nature of weaponry, of itself, dictates the need to find civilian alternatives to arms. America's tremendous stockpile of weapons on hand would indicate a coming slowdown in military procurement. Greater sophistication in weaponry would also indicate smaller employment in the Defense Establishment even with present levels of expenditure.

Defense industry has created jobs, but it is a weak reed for any nation to lean upon for sustained prosperity. Defense facilities and procurement cannot be permitted to become a means for creating industrial activity at the expense of a growing civilian economy. While there can be no unilateral disarmament, this Nation is certainly strong and confident enough to welcome the opportunities that arms reduction can create.

Defense industry has introduced serious distortion and neglect into the Nation's

economy. Side by side with the massive Defense Establishment, there have grown areas of massive public neglect. As pointed out by Defense Secretary Robert McNamara, "The award of new defense contracts in a particular area can make the difference between prosperity and depression."

LITTLE PRIVATE CONCERN

Recent surveys show little private concern with or preparation for conversion from defense to civilian production. The Morgan Guaranty Trust Co. of New York reported in its August letter that little attention is being given by business to the "possibility that spending for defense may one of these years begin to decline significantly." Responses of defense contractors to a Senate subcommittee questionnaire showed that only one in six had even made any kind of survey on the impact of defense cutbacks.

A lengthy New York Times survey in mid-August noted that defense contractors are doing "very little" to cope with the impact of arms control or disarmament. The paper's conclusion was based upon a survey of the 25 largest prime defense contractors, accounting for 50.8 percent of all defense work.

Economists generally agree that the U.S. economy can adjust to disarmament in the long run. But people must live in the short run. The Times reported that "when it comes to the short run, confident assertions about the resiliency of the U.S. economy often give way to cries of sheer panic."

Industrial labor too has been lax in this area. It must devote more thought and planning to the problems that will lie ahead if arms reduction can be negotiated. Obviously, we stand to benefit with the entire nation if the results of arms reduction are higher living standards. But we will lose most if the net result is still greater unemployment.

The problem of conversion is national in scope and requires national planning with the participation of all sectors of the economy. Needed first are fiscal and monetary policies to facilitate conversion and growth. It is imperative to obtain the broadest possible agreement in these areas now and to plan to make such policies operative at the right time.

Government policy regarding broad expansion of public works and services must be formulated well in advance of actual arms reduction to permit public works to be phased in as defense work is phased out. There is a need to plan broad programs of worker relocation and retraining before massive joblessness strikes.

Government programs alone are insufficient. Regional plans that would include alternative uses of defense facilities must be developed. Such plans need not and could not be made mandatory upon any private industry but could serve as guidelines. Incentives to convert in accordance with the best available judgment can be developed for contractors.

A national peace planning board with authority to develop national and regional plans and programs is required. Labor, industry, the universities, and government should be adequately represented. The board should be empowered to utilize Federal agencies and their resources in the development of programs.

A national peace planning board could stimulate national interest and debate regarding alternatives to arms, and part of its function should be educational. While the board would have the authority to propose programs, their adoption and implementation would obviously be left to the Congress and the Executive.

SOFTENING THE SHOCK OF DEFENSE SPENDING CUTS

Mr. McGOVERN. Mr. President, Business Week magazine of November 2,

1963, carries a significant article on the growing concern about the impact of possible military spending cuts on our economy.

I commend the article to the attention of Senators and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOFTENING THE SHOCK OF DEFENSE SPENDING CUTS

The impact on industry and the economy of "a little disarmament every day" is causing some quiet worry in Congress and the administration.

Although there have been no official pronouncements, the cold war thaw, prospects of a decline in defense spending, and the shift away from big missiles to sophisticated electronic gadgetry foreshadow significant changes. Washington already is looking ahead to the possibility that it may have to take some steps to soften the hardships that might be felt in some industries and communities.

This week, a Senate subcommittee on manpower and employment headed by Senator JOSEPH CLARK, Democrat, of Pennsylvania, began looking into defense spending, what it means now, and what it will mean 2 or 5 years hence.

In the Defense Department, top officials are trying to work out an "early warning system" to alert defense industries and localities to the upheavals ahead from changing patterns of military spending.

Nobody foresees real disarmament, however rosy United States-Soviet relations become. Defense spending will continue hefty, but the buildup that lifted military outlays from \$40 billion annually to \$50 billion in a few years is over.

PUZZLEMENT

Senator CLARK will find few easy answers. The Pentagon does not even know where all defense money ends up by the time orders are subcontracted out. The Institute for Defense Analysis is just beginning a study to find ways to collect data on the impact of defense spending.

The Defense Department wants to help business, but is handicapped by what it can say. Long-range strategic plans are secret, and efforts to warn one company or an industry could cause panic. Furthermore, today's warnings could be misleading anyhow, since strategic concepts may be scrapped because of tomorrow's technological developments.

Defense Secretary Robert S. McNamara has named Special Assistant Adam Yarmolinsky to head a committee that will try to work out an early warning system for industry. The group is just starting to feel its way, but it will probably rely mostly on consultations.

LOOKING AHEAD

Such a system may do little in forecasting where defense changes will fall in 2 or 3 years. But it could alert industry to the economic impact for at least the next fiscal year, once Congress has acted on spending requests.

The Pentagon's Office of Economic Adjustment has started work on a community alert program in Roswell, N. Mex., to avoid what happened in Wichita, Kans., a few years ago when aircraft production employing 25 percent of the city's work force closed out.

Roswell, with half its economy dependent on Walker Air Force Base, faces the same potentially dangerous situation, although there is no thought of closing down the facility.

Two weeks ago, Donald E. Bradford, head of the Economic Adjustment Office, visited Roswell with officials of other Federal agen-

cies at the request of the city's civic leaders. They explored what could be done to diversify the city's economy. Suggestions included trying to attract ceramic industries to take advantage of local clay deposits; getting an oil refinery to move into town, rather than ship locally produced crude oil elsewhere; and developing the sugarbeet industry.

CONGRESS AND INDUSTRY

Senator GEORGE MCGOVERN, Democrat, of South Dakota, will soon introduce a bill to set up a National Economic Conversion Committee to encourage planning by business concerns with 25 percent or more of sales in defense. Senator CLARK's subcommittee also hopes to recommend ways in which the Defense Department could do more to help companies and communities over the hurdle of sudden withdrawal of defense contracts.

The Electronic Industries Association warns that few companies are doing any planning; most are "just not facing the music." But Westinghouse Electric Corp. Vice President F. P. Cotter finds a lot of thought being given to this problem in intellectual circles in Washington. Because of this, he thinks many companies will be giving more attention to conversion by spring.

WORDS OF CONFIDENCE

Many Washington economists believe a switch out of military spending can bring real growth benefits, if resources are absorbed by the civilian economy without too much dislocation. Military spending, they say, is inherently wasteful. Because of rapid obsolescence and the unpredictability of production and planning, \$1 million spent for defense brings less economic good than \$1 million spent on civilian goods. One study estimates that if a 20-percent disarmament program had been put in effect in 1958, some 254,000 jobs would have been lost, but 542,000 new jobs would have been created if the money had been spent for civilian purposes instead.

SENATOR MCINTYRE SPEAKS OUT ON DEFENSE AND DISARMAMENT

Mrs. NEUBERGER. Mr. President—
The PRESIDING OFFICER. The Senator from Oregon [Mrs. NEUBERGER] is recognized.

Mrs. NEUBERGER. Mr. President, the junior Senator from New Hampshire [Mr. MCINTYRE] has been a Member of this body for less than 1 year. Yet in that brief span his perceptive eye and conscientious voice have earned him a respectful audience among his colleagues. Senator MCINTYRE has distinguished himself as a partisan of the underdog—the small businessman, the consumer. He has been an outspoken advocate of sound conservation legislation, and a cautious and conscientious analyst of all legislation affecting the weal of his State and Nation.

It is for these reasons that I read with particular interest the major speech by the Senator from New Hampshire delivered on October 24 at Notre Dame College in Manchester, N.H., setting forth his views on defense policy and the control of nuclear testing. Again, this address is characterized by both those qualities of reason and candor which have marked TOM MCINTYRE's Senate performance to date. In deft, short strokes, he sketches the complex relationship between nuclear testing and national security. Maintaining that "national security is the strength of our guarantees for freedom, here at home and all over

the world," he nonetheless builds an imposing case for the Senate-ratified test ban treaty.

He speaks of "tough competitive co-existence" as the only acceptable mode of living with, while not giving into, the threat of international communism. We see clearly that to be firm in opposition to the encroachments of communism, we need not deliver ourselves to nuclear conflict or continue the "radioactive contamination of the atmosphere and of our own bodies and those of our children." And he warns that "we have been playing fast and loose with the fragile genetic basis of humanity's future." "We honor our peacemakers," he tells us, "but must remain in readiness for war."

I commend this fine address to those of our colleagues who may not yet have seen it and I ask unanimous consent that for their benefit it may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE LIMITED TREATY BANNING NUCLEAR TESTS

(By U.S. Senator TOM MCINTYRE)

I would like to commend you for attending and contributing to today's discussions of international affairs. We hear more about such subjects than we used to. This is true for several reasons. Unlike most nations, we face the two great seas of the world. These oceans used to protect us. In these days of rapid travel they expose us. Second, we led the victorious alliance in a great war. Upon us fell the responsibility to construct the peace from the shattered remains of nations. Our position as a world power has involved us in many crises not of our own making. Third, we have become much more exposed to problems of world trade and finance. In the depression we did not have funds enough to buy foreign products. The war disrupted trade and destroyed factories, giving this country a virtual monopoly on currency and goods. But after 30 years we are again fully exposed to foreign competition, whether for markets overseas or here at home. Fourth, the peoples of the underdeveloped nations have discovered that famine and disease are not inevitable laws of nature. They look to us for the knowledge that will overcome poverty.

The many-sided involvement of the United States with foreign nations might be expressed in one short story. Prime Minister Balewa of Nigeria wished to tour the United States, but to get away from the ordinary big city stops made by visiting dignitaries. Instead, he proposed to tour the Tennessee Valley to inspect dams, power generators, and other improvements which bore a close relation to his own country's efforts. As the official party made its way, Balewa said he would like to visit a farmhouse. Nervously State Department officials indicated that colored men were not always welcome in that part of the country but the visitor insisted that a request be made. Surprisingly, the farmer said he would be delighted to meet the Prime Minister. So the tall, gaunt official took up a position in the parlor, his white Moslem robes overflowing onto the floor. In faultless English he discussed the farmer's operation and the farmer spoke in simple, direct terms about his problems with his land, his experience with the TVA electric power, and the education of his children. You can readily imagine the questions which preoccupied everyone there that day. What is the proper role of government in developing a region like the Tennessee Valley? How do America's race relations look to the rest of

Testifying about this practice before a Senate committee in 1960, John L. O'Brien, of the Better Business Bureau of Greater St. Louis, produced a set of rate charts bearing the code numbers 7-96, 7-150, 7-163. These figures signified that the finance company retained \$7 per \$100 loaned to the customer, and, depending on which chart was used, kicked back \$96, \$150, or \$163 per \$1,000 to the dealer.

Even banks have been known to kick back to dealers. Herbert E. Cheever, vice president of the First National Bank of Brookings, S. Dak., testified to a typical kickback case in which an automobile dealer sent to a bank a customer who needed a \$1,200 loan. The bank charged the buyer \$220 in finance fees over a 3-year period, and mailed the dealer a \$44 check for bringing in the business.

The imprudent buyer may also be lured by ads which offer "no downpayment." And he may find himself signing two loan agreements, one to provide the cash for the normal downpayment and the other for the balance of his debt. Both loans have to be paid off simultaneously, at rates that often run from 30 to 50 percent.

Once enmeshed in this kind of borrowing, the customer often finds no cheap escape. Sometimes, if he decides to pay off the loan before its term ends, he is faced with an excessive payoff rate designed to deter him from doing it. Small loan companies, particularly, try to keep the customer in debt. As one outfit candidly explained in a staff memorandum, "Keep in mind that when any customer settles his account in full and does not refinance, we are in the same position as a department store whose customer settles his bill and stops making purchases."

Many borrowers are careless; they sign blank contracts, fail to ask the most elementary questions, neglect to read the fine print. Credit costs are quoted in so many different ways, however, that even the prudent have difficulty making realistic comparisons. Who can easily tell whether it is cheaper to take an add-on rate of \$5 per \$100 from a bank, or a 1½ percent per month rate from a small loan company, or a \$300 down, \$40 a month deal from a furniture dealer?

Senator PAUL H. DOUGLAS, of Illinois, has attempted to provide a standard method of credit labeling to make price comparisons meaningful, through a truth-in-lending bill. Cosponsored by 19 other Senators, the bill requires that lenders state finance charges in two different ways—in dollars and cents, and also as a simple annual rate. The information is to be given to customers in writing before the transaction is closed. Thus, the customer can tell at a glance the exact cost of the credit he is buying.

The Douglas bill does not regulate credit or outlaw any of the various ways credit is now priced. It is simply a full-disclosure bill. Its effect will be that when a bank quotes a \$6 per \$100 discount rate, it will also have to inform the borrower that this is an annual rate of 11.58 percent. Similarly, a department store will have to state that its monthly service charge of 1½ percent is the equivalent of an annual interest rate of 18 percent.

The bill has won the fervent support of credit unions, savings and loan associations, consumer groups and trade unions. Opposition has come from retailers' associations, auto dealers, small-loan companies. The National Association of Mutual Savings Banks supports the bill, though the American Bankers Association opposes it. Some opponents fear it would scare away customers. More likely, full disclosure would cause interest rates to become more competitive, and to fall somewhat as customers shop around.

In the event that such full disclosure becomes law, the public will have to overcome

its unrealistic notion that 6 percent is the ceiling for a "fair" annual interest rate. On small loans, repaid in installments over a long period of time, no bank, finance company or retail merchant can charge a true annual rate of 6 percent and break even—let alone make a decent profit. In this area, true interest rates of 9, 10, 12 percent and even higher are by no means extortionate.

There are steps which the prudent borrower can always take to protect himself. He should read every contract carefully before signing, and make his own calculation of credit charges. He can shop around for the best deal; comparisons will generally reveal that banks or credit unions provide the lowest credit rates. And he should always remember that, in the fantasy world of credit advertising, the cheapest sounding deal can sometimes be the most expensive.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill, H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the Ellender amendment to the Mansfield-Dirksen amendments, as amended, to the committee amendment in the nature of a substitute.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 210 Leg.]

Allott	Hart	Morton
Anderson	Hartke	Moss
Bartlett	Hayden	Mundt
Bayh	Hickenlooper	Muskie
Beall	Hill	Nelson
Bible	Holland	Neuberger
Boggs	Hruska	Pearson
Brewster	Humphrey	Pell
Burdick	Inouye	Proxmire
Byrd, Va.	Jackson	Randolph
Byrd, W. Va.	Johnston	Ribicoff
Cannon	Jordan, N.C.	Robertson
Carlson	Jordan, Idaho	Russell
Case	Keating	Saltonstall
Church	Kennedy	Scott
Clark	Kuchel	Simpson
Cooper	Lausche	Smathers
Cotton	Long, Mo.	Smith
Curtis	Long, La.	Sparkman
Dirksen	Magnuson	Symington
Dodd	Mansfield	Talmadge
Dominick	McCarthy	Thurmond
Douglas	McClellan	Tower
Eastland	McGovern	Williams, N.J.
Ellender	McIntyre	Williams, Del.
Ervin	Mechem	Yarborough
Fong	Metcalf	Young, N. Dak.
Fulbright	Miller	Young, Ohio
Gore	Monroney	
Gruening	Morse	

Mr. HUMPHREY. I announce that the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and

Mr. PROUTY], the Senator from Utah [Mr. BENNETT], and the Senator from New York [Mr. JAVITS] are absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the Mansfield-Dirksen amendments to the committee amendment, on page 40, line 10, to strike out "\$175,000,000" and insert in lieu thereof "\$100,000,000."

Mr. CHURCH. Mr. President, I believe it is obvious that the foreign aid program is in far more serious trouble than it has been in many years. The reasons for the resistance to the program in Congress can be found in a careful examination of the debate which has been occurring in the Senate during the past few days.

An excellent summation of those reasons, having to do primarily with Members of the Senate who have traditionally supported the foreign aid program, but who are now taking part in the effort to modify it—to eliminate the indefensible excesses which have become a part of it, is contained in an article written by Mr. Andrew Tully, which was published in the Twin Falls Times-News, of my own State, on July 30, 1963.

I ask unanimous consent that the article may be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MODIFYING FOREIGN AID

(By Andrew Tully)

WASHINGTON, October 30.—President Kennedy's foreign aid program is in trouble in Congress because of a revolt by the very men who always have championed the concept—the liberals.

Because of this revolt, the President will have to use all his influence and power of patronage to get as much as \$3.5 billion for the program for fiscal 1964—a billion less than he requested. The House already has chopped a billion off the authorization bill, and the program still has to go through the grinder of final appropriation votes in both Chambers.

For a Democratic President, it is not comforting to realize that the fight against foreign aid is being led by other Democrats in the Senate—FRANK CHURCH, of Idaho, WAYNE MORSE, of Oregon, ALBERT GORE, of Tennessee, and ERNEST GRUENING, of Alaska. But the answer to their opposition is that after all these years they have become impatient and frustrated with a program that threatens to go on forever.

DOLES FOR 107 NATIONS

Although the world presumably is in better economic shape than it was just after World War II, our foreign aid statistics don't show it. Uncle Sam is still doling out dollars to 107 countries, and is continuing to subsidize in whole or in part the military budgets of even the relatively wealthy nations. Japan got \$70.5 million in military aid in fiscal 1962, the United Kingdom got \$21.2 million, Italy \$70.7 million, and little Denmark \$44.4 million. France, where De Gaulle has been threatening to go it alone, got \$5 million.

If peace should break out, military aid presumably can be cut or eliminated, but other aid smacks of the eternal. Senator GRUENING cites the case that "in the year

2003 in Greece our Embassy will still be passing on loan agreements for petroleum storage facilities, service stations, appliance manufacturing facilities, and the like."

GIFTS, NOT LOANS

These liberals also have reached the conclusion that the foreign aid program has been financially unrealistic in its tendency to concentrate on outright grants rather than loans. Europe could be paying us back the money it received under the Marshall plan if that money had been in the form of loans, and our balance-of-payments deficit would not now pose such a grave problem.

But even when Uncle Sam has doled out his substance in the form of loans, he has remained a Santa Claus. Most of the loans are made on a 40-year repayment basis, with interest rates as low as three-fourths of 1 percent, and with no firm insistence on principal repayments. In contrast, the Soviet Union never lends money at less than 2 percent.

BLOCKS ERECTED

Senator FRANK LAUSCHE, Democrat, of Ohio, has offered an amendment to the foreign aid bill setting a minimum three-fourths of 1 percent interest rate for the first 5 years and a minimum of 2 percent for the next 30 years, with a maximum 35-year repayment period. CHURCH has won approval of the Senate Foreign Relations Committee of a ban on further grants-in-aid to self-sufficient countries. And the committee also has adopted an amendment by GORE which would place a \$100 million ceiling on American contributions to any project abroad.

All these repair jobs on the program make sense, in the enlightened self-interest of the United States. And Kennedy would do well to listen to the counsel of these liberals who in the past have risked disfavor at home by their support of foreign aid. It is these men who will save the program from the meat ax if the administration will let them.

Mr. CHURCH. I wish to say a few words about one phase of foreign aid that I believe deserves strong commendation, and that is the program in tropical Africa, which I had occasion to visit 2 or 3 years ago. At that time, many African countries had already achieved independence. Some others were moving toward independence, and the preparations were then well underway. The Government of this country faced a very special challenge in determining what role the United States was to play in helping those countries along the road to stability and freedom as independent states.

I believe the record which has been written in the intervening period has been highly constructive. It demonstrates how foreign aid can be used to best advantage.

Apart from industrial Europe, those of us who have observed the foreign aid program most closely, who serve on the Foreign Relations Committee, have seen much evidence that the program has proved effective in those parts of the world where it is the most modest, where we have relied chiefly upon technical assistance, the use of surplus food, and the Peace Corps, even though these programs represent the least costly part of foreign aid in general.

We have grown to suspect that money is often wasted on large and expensive projects in countries, where the size of our investment cannot be reasonably related to our real national interest.

Therefore, I believe it well to say a few words of praise respecting the administration of the foreign aid program in Africa, where principles have been followed which commend themselves to our attention.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. GRUENING. I wish to second what the distinguished senior Senator from Idaho has said in regard to certain countries. In an inspection trip of our foreign aid program for the Government Operations Committee, when I studied the program in 10 countries in the Middle East, I found that in 2 of them the program was admirably administered and working well. My recommendation was that it should not merely be sustained at its existing level, but increased. Those two countries, for reasons which I gave in my report, were Jordan and Tunisia.

What the Senator from Idaho is saying is that we should be more selective and that we should pick out the countries where the program has a good chance of working, where there is a disposition to work with us, and where the general principles outlined by President Kennedy are being followed. I have held that view ever since I came to the Senate 5 years ago. My hope is that as a result of the current debate we shall be able to eliminate some countries where the money is being wasted and is not being well administered. If we do that, we shall have a much better, more workable program.

Mr. CHURCH. I sympathize with what the distinguished Senator from Alaska has said. I am aware of his excellent report. I believe the application of the program in Africa is a good case history of how foreign aid can be administered to advantage. For these reasons, I should like to make a few remarks concerning the program in this region of the world.

Before I do so, I wish to stress the fact that it is ironic that the revolt against foreign aid should come to a climax under a President who has done more than any other to reorganize the program. He has placed it within one agency, and has put it in the hands of Mr. David Bell, who, in my judgment, is the ablest Director yet. It is doubly ironic that it should come under a President who has been responsible for the most important innovation in foreign aid that has occurred since President Truman's famous point 4 plan inaugurated technical assistance, years ago. I refer, of course, to the Peace Corps, which has been a Kennedy triumph and has demonstrated that it is possible to reach other countries on a people-to-people basis. The Peace Corps has probably done more to improve good feeling toward the United States in the underdeveloped world than any other phase of foreign aid.

So I stress that the reasons for this revolt, if indeed it should be called a revolt, have little to do with the President, who is to be commended for the initiative he has shown both in establishing the Peace Corps and in placing the management of the AID program in such

competent hands. Rather, the reasons are cumulative in character. They extend back over the years. They represent a gathering impatience and frustration in Congress, due to the inability of Congress in preceding years to effect needed reforms in this program, so as to bring it into better touch with reality, to eliminate excesses, and, indeed, to strike from the program portions that ought long ago to have been sloughed off by the administrators themselves.

The very fact that in 1962 we were giving aid, in one form or another, to 107 recipient countries, only 8 fewer than there are in the whole world, outside the Iron Curtain, indicates the degree of the failure of the administrators ever to put an end to aid programs once commenced, even in countries that have long since become self-sufficient and able fully to provide for themselves.

I am encouraged that the Committee on Foreign Relations has seen fit, this year, to adopt an amendment which I myself proposed, and have worked hard for over the past 2 or 3 years, an amendment that would prohibit further grants of aid to economically self-sufficient countries, located in Western Europe and including Japan, where we were granting some \$400 million in military assistance as late as 1962. This amendment means that we can begin to turn off some of the spigots that have been opened in the American foreign aid barrel, that we can begin to focus the program on regions of the world where it is really needed, and thus put an end to the subsidization of countries that have long been able to take care of themselves—indeed, countries that are now enjoying levels of prosperity unprecedented in their history.

Mr. MORSE. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield to the Senator from Oregon.

Mr. MORSE. As the Senator knows, in many places I am high in my praise of not only the amendment the Senator from Idaho offered in the Committee on Foreign Relations, about which he spoke, but of a good many other amendments he has offered. I congratulate him again. I was proud to support him there, and I am proud to support him here.

I wish to join him in the comments he has made in regard to this bill as they affect the President of the United States. Of course, any of us who do not agree with all parts of the bill will be represented, as the Senator has put it, as being in some kind of revolt. But we are not revolting against the President. To the contrary, we consider that what we are doing is in the best interests of the President; otherwise we would not be doing it. We happen to believe that the amendments we are seeking to have adopted would strengthen the bill, and thereby strengthen the position of the President in carrying out a sound American foreign policy.

Let me cite one example of what I mean. When the time comes, we shall be offering amendments that will seek to reduce aid to Europe, because many of us feel there is no justification for a

continuation of the aid we are giving to Europe. We believe that if our amendments are adopted, the diplomatic arm of the President will be greatly strengthened in his negotiations in Europe, in connection with NATO. It should be clear to everyone—if it is not, I am at a loss to understand why—that NATO needs to be revised, NATO needs to be reformed, NATO needs to be re-adjusted to the economic realities of Europe and of the United States. Those economic realities I have made perfectly clear. We should not be called upon to make the expenditures we are now making for Europe. There should be a cutoff.

As the Senator knows, I have said that I am perfectly willing to take the savings that would be made in Europe and spend them for economic aid in underdeveloped areas of the world where there is a great need for us to save millions of people from going over to communism. Would that weaken the President? It would strengthen his position as the leader of American foreign policy.

But I offer one comment, in case the Senator does not suggest it: There are partisans who seem to think that even though we may disagree with the policy of the President, we should nevertheless go along with a wrong policy. That I will never do. That is not the way to support my President or to support my constituents. I have no doubt—in fact, I know—that the President would not cast the same votes that I am casting on some of these amendments; but I also say that if the people believe the President would cast the opposite vote to every vote that I will cast on the bill, I do not believe it. I cannot say more. I think I know what I am talking about.

Mr. CHURCH. Indeed, the senior Senator from Oregon does know what he is talking about. I commend him for the leadership he has given to the effort, not to gut the foreign aid program, but to reform the foreign aid program. If it is not reformed while there is still an opportunity to do so, a period of reaction will set in. The pendulum will swing back. If the American people finally feel that they are paying extravagantly for a program they can no longer support, they will rise up in such a way that Congress will ultimately strike it down completely, and thus deprive the President of an essential tool that he needs for the direction of American foreign policy in our contemporary world.

Reform is our purpose. I believe that, in the highest sense, we serve the real need of the foreign aid program, if it is to be sustained through the years ahead.

Mr. MOSS. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I am glad to yield to the Senator from Utah.

Mr. MOSS. I commend the senior Senator from Idaho for his remarks on the bill before the Senate. As much as any other Member of this body, he has given long and searching study to the problem of foreign aid. I was happy to join the Senator when he presented his amendment to terminate aid to advanced countries, countries which have completely recovered from war devastation—

primarily European countries and Japan. I was delighted when the Committee on Foreign Relations accepted the Senator's amendment and made it a part of the bill.

I agree with the Senator that in many places in the world we are using our resources to the maximum advantage of this country, by doing for underdeveloped countries the things that are needed to enable them to become independent and free, and not dependent upon and subject to the pressures and whims of other great powers.

As I understand our foreign policy, it is to create a world of free and independent nations, each with its own interests to defend, and provide them with enough economic viability and enough national defense to enable this to be done. I think we have made great strides toward that goal.

I concur in the views of the Senator that we must refine and improve the bill. My only hope is that in the time we have for the consideration of the bill, and considering the close, two- or three-margin votes, we do not so scramble the bill that we shall have accomplished on the floor of the Senate what the Senator was talking about, namely, ultimately destroying the aid program. I agree that there must be improvement; and I believe we have gone a long way in improving the bill before us. I hope that we can finally conclude with a bill that will permit the program to continue under the excellent leadership that is now being given by the Director of AID, in whose commendation by the Senator from Idaho I concur.

I look forward to the time when the program can be tightened and can be made applicable to present-day conditions. Nothing is static; nothing remains the same. What was programmed a year ago or 5 years ago must be changed to meet the present situation. So I hope we shall move on.

I commend the Senator from Idaho, and I gladly support him in his objective. I hope Congress can enact a bill which will continue what I consider one of the great imaginative movements of our government, either in this century or at any time in our history.

Mr. CHURCH. Mr. President, I appreciate very much the support the Senator from Utah has given to me in my efforts to amend the foreign aid bill, particularly in reference to finally cutting off further grants of aid to rich and self-supporting countries. His endorsement of my amendment and his efforts in its behalf on the floor of the Senate are greatly appreciated.

Similarly, Mr. President, I have very much appreciated the support I have received from the distinguished Senator from Alaska [Mr. GRUENING].

Mr. SIMPSON. Mr. President—

Mr. CHURCH. Mr. President, I know the Senator from Wyoming is a kindred soul in connection with this matter, and I am glad to yield to him.

Mr. SIMPSON. Mr. President, I was glad to join in the amendment of the Senator from Idaho. I regard it as one of the most realistic amendments proposed to the bill; and some very good ones have been submitted. The people

of the country are becoming disturbed about the great amounts of largesse we are giving many foreign countries, especially the rich and self-supporting countries; and such amounts should be eliminated.

As I recall, since the inception of the program we have given approximately \$128 billion to the various countries we have aided. It is high time that, instead of continuing these contributions, we begin to eliminate our grants and other forms of aid which really are not needed.

So I compliment the Senator from Idaho on his expressions; and I am glad to join him in supporting his amendment.

Mr. CHURCH. I thank the Senator from Wyoming for his support.

Mr. President, I began by saying a few words about what I consider to be a showcase for good foreign aid administration—in tropical Africa. I have been diverted—happily—from that objective by the opportunity offered me to engage in colloquy with other Senators.

At this time, I wish to revert to my original subject, because I think it should be presented as an example of what can be accomplished by means of foreign aid with the expenditure of only moderate amounts of money, in an area of the world of great potential importance to the United States.

I believe it can correctly be said that this administration has undertaken a new African policy which has been exceptionally successful. From my own observations in Africa 2 years ago, I know how tenuous was the position of the United States at that time in many of the newly independent countries, and how great was the suspicion of the United States, and how large was the criticism of our foreign policy as being too closely tied to that of Western Europe, and as not giving proper recognition to the legitimate aspirations of the African people. We were suspect; and I believe it is little short of the extraordinary that, in the intervening 2 years, the general attitude toward the United States in so many of these African countries has changed so wholesomely. For this, I give credit where credit is due—to the President of the United States, who has shown a keen personal interest in Africa, and has given much personal attention to African leaders who have come to the United States. They are responding to his attention, and they honor and respect the President of the United States—men who 2 years ago were openly and bitterly critical of this country.

Second, I think special credit should be given to the Assistant Secretary of State for African Affairs, Mr. G. Menen Williams, who has done an extraordinarily fine job in building good will toward our country throughout the African Continent.

THE IMPORTANCE OF DEMONSTRATING U.S. INTEREST IN AFRICA THROUGH LIMITED PROGRAMS OF FOREIGN ASSISTANCE

Mr. President the United States has a vital interest in the new nations of Africa. This interest can be expressed in many ways. One of the most effec-

tive expressions of our interest in the future of Africa is our willingness to invest, in cooperation with the Africans, in programs for helping the Africans to help themselves. While recognizing that large-scale investment is not yet feasible in most of the new states of Africa, it is essential for us to participate jointly with the Africans in limited programs of technical assistance, and, when circumstances permit, in prudent capital development projects.

Seventy-two percent of the foreign aid flowing into Africa comes, of course, from Europe. In at least half of Africa our programs consist almost entirely of technical assistance activities. Out of the 34 African countries which received U.S. aid during the past year, 15 countries, formerly French and Belgian colonies, received only token U.S. assistance.

Our aid programs in these 15 countries are so small that only 95 foreign aid employees are required. There are no separate and distinct aid missions. The few aid personnel running the program are supported administratively by the American Embassy.

Compared to the size of the foreign aid program generally, the amount of U.S. aid money involved in these 15 nations is very modest—amounting during the past year to only \$14 million, which is less than \$1 million per country, and only 5 percent of our economic assistance to the entire continent of Africa.

It should also be noted, in passing, that U.S. aid to Africa is highly selective and concentrated, with 5 of the 34 African countries getting 55 percent of our total African commitments last year.

The policy underlying our limited programs in these 15 countries is one of demonstrating, in a prudent and responsible way, U.S. political and humanitarian interests in Africa. It is a policy which backs the aspirations of the African peoples without involving us in long-term or high-cost commitments or precipitating unrealistic expectations on their part. It is a policy of restricting the kind and amount of U.S. economic assistance, so that our programs are purely supplementary to, and do not supplant, those of other free world donors. It is a policy which helps both the Africans and the Europeans to replace former colonial ties with more nearly mutual relationships. It is a policy which has already provided political dividends for the United States in the international community, both in the United Nations, where Africa commands a large percentage of the total votes, and in some ticklish situations last year in Cuba and the Congo. It is a policy which recognizes the Africans' determination to retain their independence by providing them with other friendly commercial and economic ties, so that they do not feel obliged to turn to the Communists to avoid appearing wards of Europe.

It is also a policy which, despite its essentially political character, is based on sound principles of economic development. In accordance with section 211(b) of the Foreign Assistance Act, and with various other congressional injunctions, assistance to these 15 nations is largely limited to technical assistance.

There are no luxuries, no monuments, no prestige projects. Last year, for example, in Gabon \$275,000 of foreign aid funds went for buying American materials for a joint AID-Peace Corps project of assisting in building rural schools. In Senegal, local currency from the sale of U.S. rice was used to construct secondary schools. In Upper Volta, \$49,000 was used to demonstrate a new U.S. vaccine which promises to eradicate measles, one of the country's major child-killers. In each case, the project was fully consistent with development criteria prescribed by Congress for self-help, economic and technical soundness, and suitability with respect to the country's development plans.

The role of the United States in these 15 countries should continue to be not only limited but also secondary to that of France and Belgium. Contrary to the statement on page 5 of the Foreign Relations Committee's report on the bill, however, I think the United States should continue to maintain its presence in these 15 countries through limited programs of assistance. The word "presence" is both unfortunate and misleading. It is not U.S. "presence" as such which is important; it is the effective expression of U.S. interest in these countries, and the building of relationships for our mutual advantage. For the United States merely to be present in a country in the form of a few technical assistance projects is virtually meaningless unless those projects can produce both direct and indirect results of lasting benefit.

It is in the interest of the United States to help Africa remain free from Communist subversion or domination. It also is in the interest of the United States to help African nations to develop along Western lines, and especially along American lines. In order to influence the course of events in this direction, we not only need to help the Africans to control Communist subversion; we also need to provide an alternative to complete dependence on Europe. In many ways there is a greater affinity between the United States and Africa than between Africa and Europe. Africans look to the United States for leadership in many fields, such as education, where the American way may be more suitable than the European.

What would we gain if we terminated our small foreign aid programs in the 15 African nations receiving limited U.S. assistance? We would save about \$14 million a year. Personally, I would rather see that small amount shaved off the program somewhere else than give up our limited program in almost half of Africa.

We would also achieve, if it can be called an achievement, a reduction in the total number of countries receiving U.S. assistance. I can appreciate the annoyance of many observers that we are providing aid to far too many countries of the world, including some former colonies which it is generally agreed should be primarily the responsibility of Europe. I share the Foreign Relations Committee's concern for greater selec-

tivity and concentration in the foreign aid program.

It was for this very reason that I sponsored the amendment to cut off further grants-in-aid to the rich and self-sufficient countries located in Western Europe and including Japan.

But the question of U.S. "presence" is not primarily a question of selectivity or concentration. The aid program in Africa as well as worldwide is now highly concentrated. The transfer of \$14 million to some other part of the program would hardly contribute toward greater concentration.

I also think, as David Bell, the head of our foreign aid program, has said, that we should work ourselves out of a job as soon as possible. The number of countries receiving assistance should decline as countries become self-supporting. But it would be cutting off our nose to spite our face if we eliminated our small foreign aid programs in half of Africa just to be able to reduce the number of countries receiving assistance.

Three years ago the Senate took the initiative in creating a special program for education in tropical Africa—a program which would be ended in almost half of Africa if our assistance to these 15 nations were terminated. The Senate has also indicated in other ways its appreciation of the importance of providing U.S. assistance to the new nations of Africa. Despite objections to the number of nations being aided, and the seeming lack of justification for a U.S. "presence" as such, I know that the Senate will continue to recognize the importance of such assistance, even though limited, where expressions of our interest and influence are still essential.

I believe that what I have said with respect to economic aid in Africa is wholly justified. It can be looked upon as a kind of a showcase of what can be accomplished under the foreign aid program, particularly in conjunction with the activities of the Peace Corps, and for relatively modest amounts of money.

But I do not wish what I have said respecting economic aid be considered an endorsement of the military assistance program that is commencing in Africa. I cannot think of any part of the world where there is less need for starting an arms race, where its effects could be more poisonous, where its end results could be more fraught with mischief, or where the whole process could be more inimical to the national interests of the United States, than the Continent of Africa. I am distressed that we are commencing a military assistance program there which cannot possibly do other than waste the thin reserves of those countries, and might indeed contribute to difficulties, if not open warfare, between them. So, in that respect, I oppose foreign aid in the form of military assistance on the Continent of Africa. But I wish the RECORD to show that programs of technical economic assistance in many parts of Africa which have cost modest amounts of money are a good illustration of a phase of the foreign aid program that is being well administered, and for which the State Department and the administration deserve much credit.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield.

Mr. ELLENDER. Has the Senator named the 15 countries to which he has been referring?

Mr. CHURCH. I have not named them in the course of my remarks. I could supply the list of names.

Mr. ELLENDER. I presume that those countries are in French Equatorial Africa?

Mr. CHURCH. Many of them are.

Mr. ELLENDER. And French West Africa?

Mr. CHURCH. That is correct—tropical Africa.

Mr. ELLENDER. I hope the Senator has not included Nigeria.

Mr. CHURCH. I have referred generally to the program in tropical Africa, where the primary reliance has been on technical assistance. I shall be happy to provide the names of countries if the Senator wishes them.

Mr. ELLENDER. Does the Senator know that under the guise of technical assistance, we furnished to many of the countries to which he has referred, machinery worth thousands of dollars, such as road equipment—scrapers, and things like that? The Senator will no doubt remember that I always felt the Foreign Aid Act should be changed to allow purely technical assistance to be separated from development assistance.

As I pointed out in my report, any number of countries received aid which was represented as technical assistance, but which was really large sums of money used to buy equipment that actually represented capital investment. That is where I tried to draw the line.

Take the case of Nigeria, where the British own and control—lock, stock, and barrel—the main resources of that area. Someone from the State Department agreed, without consulting Congress, to give to the Nigerians over the next 5 years \$225 million. Much of this was to be in the nature of grants and the rest easy loans. I wonder if the Senator from Idaho is in accord with such an agreement having been made with Nigeria.

Mr. CHURCH. I believe a careful reading of my remarks will make clear that they have to do with legitimate technical assistance and do not relate to the larger program in Nigeria which involves Development Loan Fund money.

Mr. ELLENDER. During the course of the debate on the pending bill, I have assumed the same attitude that the Senator is now stating as to assisting certain countries with technical aid. When we speak of technical aid, we do not mean the granting of huge sums of money, in the guise of technical aid, which are more or less for capital investments.

Mr. CHURCH. The Senator is correct.

Mr. ELLENDER. That is what I have been criticizing. My report is full of such cases, wherein under the guise of technical assistance we have been passing on to many countries huge amounts of money which are really for capital investments rather than technical assistance. That is the bone of my contention.

Mr. CHURCH. I agree wholeheartedly with the Senator that technical assistance should not be used for other purposes than those intended by Congress. It is well defined in the law and should be administered accordingly.

I invite attention to the fact that the same thing applies to the contingency fund. The pending amendment involves the contingency fund. The question has been asked, "Why support the Humphrey amendment?" It is unnecessary, it has been urged, since the President will have ample money in the contingency fund to transfer to the Alliance for Progress should he choose to do so.

But this argument has no substance. It is a debater's point, because Congress has made it perfectly clear what the purpose of the contingency fund is. It is to deal with emergencies.

Mr. ELLENDER. Unforeseen.

Mr. CHURCH. Emergencies of such importance and immediacy that there is no possibility to foreplan. The President has used the contingency fund in this way. If he were to take money out of the contingency fund merely to add it to a scheduled, predetermined Alliance for Progress program to Latin America, the Senate would be the first to call his representatives before it to account for misuse of the contingency fund.

This is not an argument against the amendment; it is a better argument for the amendment. I urge all Senators who believe that the Alliance for Progress is one of the most hopeful parts of this program to support the amendment; and I hope the Senate will adopt it.

Mr. ELLENDER. Will the Senator from Idaho yield further?

Mr. CHURCH. I am glad to yield.

Mr. ELLENDER. I should like to comment further on that part of the Senator's statement which refers to 72 percent of the aid money to the 15 countries he mentioned coming from France. Is that a correct statement?

Mr. CHURCH. Yes; that is a correct statement—from France and from the United Kingdom.

Mr. ELLENDER. Yes. In regard to that 72 percent, does the Senator have any idea how that aid comes about? For his information, I made a study of the subject while I was in that area. Much of it is not a direct aid program; that is, it is not a program in which the French Government furnishes so much money. The French Government buys peanuts or some other commodity at a subsidized price. The commodities could probably be bought much cheaper on the world market than they could from, let us say, Mali, Nigeria, or from Senegal, where peanuts grow in abundance. What the Government does is to pay a subsidy so that farmers can receive a sufficient income to make both ends meet.

Mr. CHURCH. The Senator is correct. This is one of the major forms of aid extended to this part of Africa by the French. However, as the Senator knows, additional aid is furnished in the form of salaries to administrators or to French technicians or others who are assisting the people and the governments of the new countries.

Mr. ELLENDER. There is some in that regard, but the aid of the British

amounts to a pittance, compared with the cash furnished by the French or by the Belgians. As I pointed out on several occasions, for every dollar spent by the British by way of subsidies or out of the pockets of the taxpayers of Great Britain, France probably spends \$5 or \$6.

The British have been successful in utilizing the resources of the countries in which they operate to obtain sufficient funds to develop the economy and sustain the people. They have done that in Ghana as well as in Nigeria.

Mr. President, what irks me is that the huge amount of assistance that we propose to make available to Nigeria would not inure to the benefit of the masses of the Nigerian people. It would inure to the benefit of a vast number of Greek merchants, Indian merchants, and British nationals who are there and in absolute control of all the resources in that area. It seems to me that we should not agree to furnish the Nigerian Government with \$225 million, when the British have agreed to furnish only \$50 million, although they own and control those industries. I believe we should look upon that with resentment. It irks me no end when I find instances such as that.

On what authority, I add further, does the Secretary of State or any of our AID administrators go into a country and say, "You can depend on it that the United States, over the next 5 years, is going to make available to you, as it did in Nigeria, \$225 million." As was pointed out in the justification which I made a part of the RECORD some time ago, half of that \$225 million will be in the nature of grants and the other half will be in the nature of loans. I presume those loans will be the "soft" ones, at an interest rate of three-quarters of 1 percent, with 10 years' grace and 40 years to pay. We might as well give the money to them.

Mr. CHURCH. This matter of financing very large projects in given countries has become increasingly troublesome to the Senate Foreign Relations Committee. There has been a growing feeling in the committee that these projects are of questionable value to the United States in relation to the cost of the projects.

This led the distinguished Senator from Tennessee [Mr. GORE], who is now in the Chamber, to propose an amendment that I believe would be a first step toward correcting this problem. It would write into the committee's version of the bill a provision to establish a \$100 million ceiling on the American contribution to any project in any given country without the project first coming to the Congress for its specific consent and approval. This, I believe, is a starting point in dealing with a problem that is of increasing concern to the members of the committee. I supported that amendment in the committee, and I wish to commend the distinguished Senator from Tennessee [Mr. GORE] for its sponsorship.

I should like to say one other thing to the Senator from Louisiana, which has to do with the interest rate that he mentioned in connection with development loans.

If we derived any lesson from our experience under the Marshall plan—

which was probably the most important and successful foreign policy venture of the United States—it was that the bulk of the money we gave away should have been loaned. Had it been loaned, today these amazingly prosperous and productive countries in Western Europe that we helped set back on their feet with the Marshall plan would be paying the principal and interest on such loans, and we would not be faced with the critical balance-of-payments problem that now plagues the Nation.

Drawing on that experience, several years ago in the committee the Development Loan Fund was established for the purpose of changing the emphasis in the foreign aid program away from grants toward loans, so that this Fund might be used for financing long-term economic development in the underdeveloped nations of the world. But in setting it up, we gave a certain area of discretion to the administrators because of the great differences between the countries to be dealt with. We thought the discretion would be exercised in such a way as to preserve the loan character of the program. Instead, the great bulk of the funds, as the Senator has suggested, has been loaned for 40-year periods, with a long grace period in which no principal is repaid, following which there is repayment at an interest rate of three-fourths of 1 percent on money which has cost us, or is costing us, 3 or 3½ percent to borrow.

So instead of giving money away and calling it a gift, we are now giving money away and calling it a loan—the worst of both possible worlds.

Again, this year, the committee has addressed itself to this problem. A good step has been taken in the committee to shorten the loan period somewhat, and to provide that when interest begins to accrue on the loan, it shall be at not less than 2 percent.

I point out that the Soviet Union, which likes to castigate "Wall Street moneychangers," never gets less than 2 percent on any long-term credit it extends abroad.

Mr. ELLENDER. Two and one-half percent.

Mr. CHURCH. I think this is a step in the right direction. The Senator from Ohio [Mr. LAUSCHE], who proposed the amendment, is to be commended for making this a better bill.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. CHURCH. I yield to the Senator from Alaska.

Mr. GRUENING. I commend the Senator from Idaho for the clarity and lucidity of his presentation, which is characteristic of all of his presentations in the Senate.

I agree very much with what the Senator said in the first part of his address, that the purpose of Senators in offering amendments is not to injure the foreign aid program, but to strengthen and improve it.

I consider foreign aid to be an essential instrument of foreign policy. I have long considered it so. I have increasingly felt that the money should be granted to countries that were perform-

ing in accordance with principles that were clearly indicated as wise and proper. The fact that the Senator from Idaho has had to work several years to achieve his amendment to cease aid to countries that as a result of our dollars had become highly prosperous is an indication of the fundamental weakness in the successive administrations of the foreign aid program in that there has been desire to spend money regardless of whether it is useful or not. That has been shown in many cases.

The other day I pointed out that I was not in favor of a meat-ax approach, such as the House used in cutting the program a half billion dollars, but the program should be studied country by country. In Western European nations and in Japan, obviously it is not needed any longer and has not been for several years. But the initiative to suspend it had to come from Congress and not from the agency. Certain other countries, such as Brazil, are not complying with sound fiscal policies. We have tried to induce its rulers to stop inflation and adopt certain reforms. Brazil is not doing so. The consequence is that we have vainly poured \$2½ billion into a country that is as rich in resources of all kinds as the mind could imagine. There is no reason why it should not be prosperous. It has as many resources as we have in the United States. It has gold, strategic minerals, unlimited water for hydroelectric development, tropical agriculture, temperate agriculture. It should be one of the most prosperous nations on earth. But it does not have prosperity because it does not adopt essential reforms. Unless and until it makes such reforms, it will not be strengthened by our foreign assistance program. Not only would we be saving money, but, far more important, we would be giving, by such action, an example to the other countries that are trying to conform to the principles of Punta del Este—the very principles to which President Kennedy has referred. If we dish out vast sums to countries that make no effort to stop waste and inflation, to provide adequate taxation, to make needed land reform, we will discourage those other governments that are doing it.

On the matter of interest on loans, it is obvious, as the Senator has pointed out, that the judgment of our administrators in granting such loans has been very poor. I was present in Cairo last February at the signing of the \$30 million loan to build a powerplant in west Cairo. A powerplant is a revenue producing enterprise. It will be paying for itself the day it starts to operate. Yet the loan provides for a 10-year moratorium on the interest and principal of the loan, and then three-quarters of 1 percent, with the result that we are not only lending \$30 million, but are making a grant of approximately \$25 million at the same time. That is folly. We are borrowing to make that so-called loan at about a 4-percent interest rate from the American people.

Mr. CHURCH. May I interrupt the Senator to say that while we extend credit to underwrite the financing of that kind of electrical generating plant in

Cairo, we require our own electrical generating plants, financed by the Federal Government, to repay on the basis of interest which is the equivalent that the United States must pay for its borrowed money. Why the double standard, when we are dealing with a project that, if it is worthy of the money in the first place, if it is a sound project, ought to fully repay the capital investment, with reasonable interest charges? What we expect of our projects at home we should expect of the projects we finance abroad.

Mr. GRUENING. I would follow this up by saying that although I believe the committee took a step in the right direction in raising the rates to be effective at not less than 2 percent, it still has failed to meet the issue. We will still, while receiving 2 percent, have to pay interest of 3½ or 4 percent. In the future we should charge exactly the rates which the American people have to pay for the money. That is only commonsense.

We have now made, at this soft rate of three-quarters of 1 percent, and 10-year moratorium, \$1,300 million worth of loans. We shall have to give \$870 million in concealed grants on those loans. It is difficult to justify that we should do so.

One further point. I was much shocked to learn that the United States is now planning a military aid program for African countries. I could not more completely agree with the forthright condemnation of that program by the Senator from Idaho. I hope, feeling as he does, that he will introduce an amendment that would prevent such aid. There is an escape clause in all such amendments that if the President finds it is in the national interest to do so, in a given country, he can do it. I have an amendment which is intended to eliminate our military aid to Latin America, with the same escape clause, because such aid has proved to be destructive, not constructive. It has never strengthened the defense of countries in the Western Hemisphere. It has never fulfilled any of the objectives stated in its justification. There is an escape clause which provides that some of the \$300 million in the President's contingent fund can be used by the President in case an emergency situation arises and the President needs the money to use it for that defense purpose in one or more Latin American countries.

I hope the Senator will support the amendment.

Mr. CHURCH. I assure the Senator that I intend to support his amendment. I have long advocated the reduction and termination of military assistance to Latin America. I believe that the record of military assistance in Latin America demonstrates that, on balance, it has been a net loss to the United States. I have heard no persuasive arguments to the contrary.

Again and again, we are told that the money is necessary in order to open a channel of communication or rapport between the Military Establishments in Latin America and the United States. Everyone who knows much about Latin America knows that, generally speaking, the problem there is not that the Mili-

tary Establishments are too small, but that they are too big.

Mr. GRUENING. Exactly.

Mr. CHURCH. The fact is that the money we spend, and the equipment and material we give, is not necessary to give further size or strength to these Military Establishments. The statutory ceiling we have set \$57.5 million last year and \$50 million this year, is recognition of the fact that we wish to keep the program very limited, and this very limitation makes it of no great significance, insofar as the equipping and strengthening of these Military Establishments are concerned.

But what does it do? It identifies the United States with the military within each country in such a way that we get the blame when the military does something that is offensive to the people, such as a military junta overthrowing the Government of the Dominican Republic or the Government of Honduras. When that happens, immediately the cry goes up by those who are determined to erode away good feeling toward the United States in Latin America, that we are the ones who are responsible, because we are the ones who are furnishing the tanks or the fancy fighter planes. Thus we are identified with the strong-arm men in Latin America. It is not worth the candle.

The arguments that are made in support of this program are increasingly less persuasive. The recent military juntas demonstrate the danger of being tarred with the military brush in Latin America.

I commend the Senator for his amendment. I will support it. I have tried to do the same thing myself, from time to time, within the committee. Thus far I have been able to do no more than to retain an amendment placing a ceiling on the program. If we would eliminate it entirely we would be better off.

Mr. GRUENING. I wonder whether the Senator could tell us what possible justification was presented to the committee for starting military aid in such countries as Sierra Leone or Upper Volta or Mali, small countries which have little in the way of economic resources, and which have no occasion to defend themselves against aggression. I wonder what justification was presented to the committee for this military program.

Mr. CHURCH. It is the same kind of reasoning that has sustained the program in Latin America, to accommodate the desires of those governments. It is easy for us to do the equipping, it is said, because the equipment is obsolete so far as our use of it goes; therefore, it is argued, we should accommodate these governments; besides, it is said, it helps cement better feelings between the existing governments and the Government of the United States. This is the same argument that has been used again and again with respect to Latin America.

Then, the day of a coup arrives, and the people learn that the tank which pushed down the gates of the presidential palace, as in Lima, Peru, was a tank that had been supplied by us. This is the word that gets through to the "down and outs" in Peru, to the working people

of the country, to the Indians in the highlands. This is what damages the image of the United States in these unfortunate, feudal lands.

Mr. GRUENING. I hope the Senator will submit an amendment to eliminate the military program in Africa. If he does, I shall certainly support him.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to the Senator from Tennessee.

Mr. GORE. First I wish to thank the distinguished Senator for his generous references earlier to an amendment which I offered in committee and which was adopted by the committee.

Next I wish to commend the Senator for his eloquent and articulate address.

Now I wish to call to his attention another amendment which appears at page 41 of the committee amendment.

The distinguished senior Senator from Idaho and I have shared misgivings with respect to the provision of military assistance to countries in South and Central America, and also in Africa. Perhaps the Senator will recall that a few days ago a military coup d'etat occurred in a small country in Africa which, it was reported, had an armed force of 800 men.

I suggest that in this small country, 800 men with high powered American rifles might very well succeed with a coup d'etat. What good would be served? What would be the end result? How would it benefit either the people of that country or the United States or the forces of freedom? I know the reasons which some people advance, but I have not thus far determined them to be valid reasons, at least not conclusively so.

With respect to military assistance to Central and South American countries, it seems to me that if a laudable cause exists in which the United States has an interest, it must be one to strengthen hemispheric defense, the defense of the various countries from military threats from without, and from military threat from some neighboring Latin American country. If that were true, there might be some justification for a hemispheric defense force, and we might be able to justify and, indeed, the Organization of American States might find most useful, a military force at its command to intercept a flotilla from Cuba, for example, bent upon invasion of, say, Honduras, to imagine a possible use for such a force; as well as in a police action by the Organization of American States, if that Organization determined it to be advisable, in a small country like the Dominican Republic, if such were adjudged by the Organization of American States as being necessary for the protection of life and the preservation of liberty in that small country.

To that end, about 3 or 4 years ago, I offered an amendment to earmark a certain part of the military assistance funds for such an international or a Western Hemispheric defense force.

The Committee on Foreign Relations approved it, and the Senate accepted it without question. However, no move by the Organization of American States followed the availability of these funds.

Perhaps the amendment may have been stricken in conference because of a lack of manifestation of interest.

I offered such an amendment again and once again my amendment was adopted in committee. It is found at page 41. It provides that of the \$50 million that would be available, \$25 million may be available during each fiscal year for assistance to an international military force under the control of the Organization of American States.

I rise to call attention to this point, first, because it may be a constructive proposal, one that might prove quite beneficial not only to the United States, which is a member of the Organization of American States, but also to the hemisphere as a whole; second, because I hope that this time in conference with the other body the Senate will insist upon acceptance of this amendment.

I thank the distinguished Senator for his courtesy in yielding. I regret that I have trespassed so far in expressing these views.

Mr. CHURCH. I thank the Senator from Tennessee for having taken the floor to explain this amendment. I am in full agreement with what he has said. I hope that other countries of Latin America will look upon this proposal as an opportunity to support, within the Organization of American States, the formation of such a police force. It could very well have much usefulness in the hemisphere. The amendment is a most constructive one. What is proposed is much different from the kind of military assistance we have been giving, which serves no useful purpose. Therefore, I join in commending the Senator for having offered the amendment and for having taken this opportunity to explain it to the Senate.

Mr. President, when I rose some time ago, I had no intention of taking this much time. I am prepared now, unless the Senator from Alaska wishes to ask me another question, to yield the floor.

Mr. GRUENING. Mr. President, I should like to continue on the point raised by the Senator from Tennessee. An international police force under the supervision and jurisdiction of the OAS would have much merit. But I hope the Senator realizes that there are practical difficulties toward its realization in the differences of opinion that exist in those countries and their governments. Countries that are not junta controlled would not agree to such a proposal. We would be confronted with the problem, as we have been on previous occasions, of inducing a majority of countries to support what seems to us to be constructive measures.

The present situation really began 30 years ago, at the first Pan American Conference after the administration of President Franklin Roosevelt took office. It was officially known as the Seventh Inter-American Conference. It met in Montevideo in November 1933. I was the adviser to that delegation. We abjured gunboat diplomacy. We declared that there would be no more armed interventions into our neighbors' terrain of the kind we had carried out in Mexico, Central America, and the Carib-

bean. That led to subsequent agreements that there should be no such arrangements without the consent of a majority of the American States. In effect, we multilateralized the Monroe Doctrine. We made it, in Roosevelt's words, a joint concern.

But we found as a practical matter that it was difficult to reach an agreement between the 20 republics. I could name several countries that would oppose, however much they might approve in principle, this kind of police force, because of difficulties that might arise from time to time.

We should pursue this proposal in the hope that the time will come when a majority of the Organization of American States will affirmatively prefer this kind of assistance, rather than have it presented as something which we propose and which we hope they will support. When the initiative comes from them, the proposal will have a much better prospect of becoming effective. I hope that that time will come, because the proposal is sound.

Mr. CHURCH. I agree. I feel certain the Senator from Tennessee also will agree that the difficulties heretofore experienced have prevented the establishment of such a force. The amendment is merely an invitation to the countries of Latin America to consider again the advisability of the formation of such a force. The amendment is inserted in the bill with no great expectation that the difficulties will soon be surmounted.

Mr. GRUENING. But it is a highly constructive proposal.

Mr. CHURCH. Nevertheless, it is a highly constructive proposal. I am glad the committee has taken action, has adopted it, and made it a part of the bill.

Mr. GORE. I am most grateful for and encouraged by the statements of the distinguished senior Senator from Idaho [Mr. CHURCH] and the able junior Senator from Alaska [Mr. GRUENING]. It is true that under present circumstances there is little hope for the actual creation of such a force. But I would hope that if the funds were made available, President Kennedy would direct some negotiations, some conferences, some study, and some effort toward exploring the possibility of creating such a force. I repeat: If there is justification for the provision of U.S. military aid to Central America and South America, it must be because it is thought that this would contribute to hemispheric solidarity and to the security of freedom and peace in the Western Hemisphere.

The distinguished junior Senator from Alaska points to the growing number of military juntas which are in control of governments and countries in South and Central America. This is disturbing, because it seems to me that in the long run the repetitive and growing identification of the United States with military coup d'etats and dictatorial, repressive regimes will have an eroding effect upon the influence, prestige, and respect in which the United States may be held, not only in those countries but throughout the world. I recognize that it is sometimes difficult to choose; that if one must choose between a military junta that is

non-Communist and a Communist takeover of a country, the former might be preferable. But I submit that the people of most countries, in my opinion, do not want either. Therefore, we must search for means to give life and meaning to the principles for which our great Nation and our people stand. Democracy is the most revolutionary and appealing political concept that mankind has ever known. Let us not blur its image and reduce it to an unappealing system, as it may be seen and interpreted through the eyes of those who are repressed by a regime which we support and with which we are identified.

Mr. CHURCH. I commend the Senator from Tennessee for his sentiment, which I cherish fully.

Having commenced this discourse with the intention of discussing foreign aid in tropical Africa, I want to close with some remarks on the subject of the discussion at the moment, which is Latin America.

The President is to be commended for the way in which he is now utilizing the aid program to doggedly pursue American objectives in this hemisphere. When the military junta recently overthrew the first popularly elected, constitutional government in the Dominican Republic—I believe in its history—

Mr. GRUENING. In its history is correct.

Mr. CHURCH. The Senator from Alaska is a profound student of Latin American history. The President took prompt action to break off diplomatic recognition with the new junta, to withhold further American aid, and systematically to withdraw the AID personnel connected with the sizable AID program that had been established there. He did likewise in Honduras, when the Government of Honduras was overthrown by a similar junta a few weeks ago. Likewise, the President utilized the AID program in South Vietnam in his efforts to induce the collapsing Diem regime to undertake reforms that might have regained for it the popular support of the Vietnamese people.

We have cause to hope that the new regime in Vietnam will rally popular support behind the war effort, so that the Vietcong can at least be defeated and the Americans in Vietnam can be returned home.

This is an example of how the President can withhold foreign aid in order to give more effective implementation to the foreign policy objectives of the United States in the Western Hemisphere, in the Far East, and elsewhere in the world. For this, the President is to be commended most strongly.

Mr. President, I close with a plea for adoption of the pending amendment. If there is any hope for many of the countries of Latin America to which the Senator from Tennessee has referred—countries plagued with the feudalism of another era; countries where a very few families are exceedingly rich, and the mass of the people are desperately poor—it is to be found in the Alliance for Progress, inaugurated—again—by President Kennedy, for it promotes two objectives which are the prerequisites for achiev-

ing real democracy and social justice in the Western Hemisphere—the elimination of economic feudalism and political dictatorship. Only if the President insists that the aid program shall conform with these objectives, will the money Congress appropriates for it have any chance of bearing fruit.

So, Mr. President, I commend him for his recent actions in Latin America, and I plead with the Senate to restore the money for the Alliance for Progress, which alone can help in the achievement of these goals.

Mr. ELLENDER. Mr. President, the pending amendment, which I submitted yesterday, seeks to cut \$75 million from the contingency fund. In the course of my remarks I hope to show to the Senate that, under the bill, the President now has ample authority to make transfers in order to assist him in dealing with any emergency which may arise during the current year. I propose to show that under the present law the President has authority to transfer as much as \$1,780 million.

The original concept of the so-called contingency fund was to take care of certain emergencies and unforeseen events which might arise. I well remember that when the first emergency fund provision was included in the foreign aid bill, serious questions as to what the President could use these funds for were raised. As time passed, it was demonstrated that in many instances the so-called emergency fund was not used for the purposes intended. In the course of my remarks I shall indicate to the Senate some of the instances in which this fund was used for purposes far removed from the original intent of the fund.

As I have said, my amendment would make available for the contingency fund for the fiscal year 1964 the sum of \$100 million. This means that the President will have \$100 million in this fund, to use as he sees fit. The House voted to authorize \$150 million for this fund. The Senate committee voted to authorize \$175 million. The so-called Mansfield-Dirksen amendments would increase the fund to \$200 million, by transferring to the contingency fund \$125 million of the money recommended by the committee for the Alliance for Progress.

When one analyzes the many gimmicks and gadgets in this bill which make available to the President millions of dollars over and above the amounts we authorize, one can only conclude that a \$100 million contingency fund is more than adequate to take care of any unforeseen emergencies which may arise.

Let us take a look at some of these gimmicks and gadgets.

Under section 510 of this bill, the President is granted special authority whereby he may withdraw from Department of Defense up to \$300 million worth of military stocks, for purposes of military assistance.

Even though in the bill, we have limited the amount for military assistance to \$1 billion, the President will have authority, under the law as it now stands, to withdraw from the Military Establish-

ment \$300 million worth of hardware, to be used as he sees fit.

This \$300 million is over and above the amount of military assistance authorized in this bill, as I have just stated.

For the information of Senators, I ask unanimous consent to have printed at this point in the RECORD section 510, to which I have just referred. It is to be found on pages 59 and 60 of the report, under the heading "Special Authority."

There being no objection, the excerpt from the report (No. 588) was ordered to be printed in the RECORD, as follows:

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year [1963] 1964 the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year [1963] 1964 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

Mr. ELLENDER. In addition, section 610 of the bill would give the President much flexibility, in that it would permit him to transfer 10 percent of the funds made available for any provision of this act, and would be consolidated with the funds made available for other purposes in this act.

I ask unanimous consent that the provision of law to which I have referred, which appears on page 63 of the report, be printed at this point in the RECORD.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g) (1) and 637 or used otherwise to finance activities which normally would be financed from appropriation for administrative expenses.

Mr. ELLENDER. Furthermore, section 614 gives the President special authority to use up to 250 million of hard dollars, and up to \$100 million of foreign currencies for any purpose he deems appropriate. The only limitation placed on him under this section is that he cannot

spend more than \$50 million in any one country in any fiscal year.

Now, Mr. President, I have just enumerated a few methods that the President has at hand to give assistance based on his discretion. There are many more contained in this bill, and I am sure that if anyone takes the time to make a further analysis they can be discovered. But those I have pointed out to the Senate here today should make it clear that not more than \$100 million is needed for this contingency fund. Even if the many gimmicks were not available, the contingency fund would still be adequately funded with an amount of \$100 million.

I have had my staff make a careful analysis of the obligations of the contingency fund through March 31 of 1963, and this analysis revealed that out of the \$120 million that was obligated, only \$35 million actually covered unforeseen contingencies.

I repeat at this point in my remarks that the bill was originally intended to cover situations which could not be foreseen by the President, the administrators of the program, or Congress. That was the genesis of the contingency fund. But the fund has not by any means been used in that manner, as I shall indicate in a few moments.

Surely, the use of the contingency fund might be justified to take care of disasters that may occur throughout the world and perhaps to provide internal security equipment where Communist subversion threatens. But I ask, Mr. President, can grants from the contingency fund be justified to cover the deficit in a nation's national budget?

The contingency fund was put to this use last year in the case of a certain country.

I cannot name the country because it is labeled "secret."

Several million dollars were granted to this country to cover, and here is the justification, "to cover deficit in national budget to avoid serious political disturbances which would result from the Government's inability to meet its immediate expenses."

In other words, taxpayers' funds were used, without congressional authorization or review, to subsidize governmental mismanagement, and to act as a buffer between the Government authorities and the Government workers. This use puts a strange interpretation on what normally is thought of as disaster relief and "unforeseen emergencies."

A few days ago the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], stated that the emergency fund was absolutely necessary in order to cover such conditions as happened in Lebanon and South Vietnam and other parts of the world. But I point out that the fund was never used for such purposes. To the contrary, the President has ample authority to use other funds, as I indicated a while ago, to cover such situations as developed in Lebanon and other parts of the world. When the situation which caused us concern developed in Lebanon, the 6th Fleet, which was in the Mediterranean, took charge. In order to recover the expenses, Congress appropriated to the Navy such funds as were spent out of the

Navy's regular appropriations. The contingency fund was never used, from what I can understand, in any such situation.

Also last year, the goodly sum of \$17 million was made available to our staunch friend and ally, Mr. Sukarno, of Indonesia, for the same purpose; namely, to mitigate serious internal financial and balance-of-payments problems. About the time the funds became available to him, I seem to remember that Mr. Sukarno bought some jet aircraft from Russia. By some strange coincidence, the planes cost approximately \$17 million.

Ah, but this is not all that the contingency fund has done in our effort to buy a true friend. From the fund last year, a grant of \$2.7 million was given to him to equip and train a special unit of the Indonesian National Police which supposedly had been trained to deal with civil disturbances.

I can only wonder where this special civil disturbance unit was when Indonesian crowds proceeded to wreck and burn the British Embassy a short time ago. I am sure the British wonder, too. Apparently, Mr. Sukarno has a rather narrow definition of what constitutes a civil disturbance. But, unfortunately, he seems to have gained a rather broad knowledge of how to get his hands into the pockets of the American taxpayer.

Our administrators also saw fit last year to use the contingency fund to make \$25.5 million available to Brazil to aid her balance-of-payments problem. Twenty million dollars was given to Argentina for the same purpose. I respectfully suggest that our administrators could find balance-of-payments problems in need of solution somewhat closer to home, if they could be persuaded to pay some heed to our own country's financial condition. I also submit that this use of the contingency fund is not in line with the intent of Congress in making it available, and comes about solely because in the past we have made too much money available.

But let us move on to another strange contingency that the contingency fund was used to take care of. Two million dollars was made available to aid our supporting assistance program in the islands of Trinidad-Tobago. It should be pointed out that these islands have a gross national product in excess of \$600 per capita. If they can be called underdeveloped, then some of our Western European Allies would also qualify as undeveloped nations. Yet they have been receiving substantial quantities of American aid ever since Great Britain saw fit to cut them loose to fend for themselves.

I visited those two areas several years ago. It seems strange that whenever the British leave their former possessions or colonies and stop giving aid or assistance to them in any manner, good old Uncle Sam walks in and takes over. We are called upon to supply the moneys necessary, in order that those countries may continue, and in order that they may balance their budgets and build up their economies.

I submit that those uses of the contingency fund, and many others like

them, do not fall within congressional understanding of the purposes for which this money is made available. I do not believe that they can be justified. And I further submit, without fear of successful contradiction, that this misuse arises solely from the fact that simply too much money has been granted.

The Devil finds work for idle hands; our administrators are no less able to find some use, no matter how farfetched, for idle and unnecessary funds.

Mr. President, in the interest of our national economy, in the interest of restoring some congressional control to this runaway bill, I urge Senators to support my amendment and implore them not to make more than \$100 million available for the contingency fund.

I wish to point out specifically the amounts that will be available to the President under the pending measure, if he sees fit to use them.

First, under section 510(a) of the Foreign Assistance Act of 1961—which I cited a moment ago—there is \$300 million that he can use as he sees fit. He can call upon our Military Establishment to increase by \$300 million the amount that we provide for military assistance.

Second, there is transfer authority under section 610 of that act. Ten percent of the amount made available in the pending bill, and also of the amount in the pipeline, and not to exceed 20 percent of the item to which transferred, may be transferred between accounts.

If the so-called Mansfield-Dirksen amendments are adopted, the amount of the pending bill will be, in round figures, \$3.8 billion.

Today, there is in the pipeline approximately \$6½ billion, a part of which can be used by the President as he sees fit. These amounts are now allocated. But the allocations can be changed by the administrators of the program. If we add the amount in this bill to the amount in the pipeline of \$6½ billion, it means that the administrators of the foreign aid program will have available to them approximately \$10.3 billion, and that the President will have the authority under section 610 of the act to transfer 10 percent of such sums as he sees fit.

As I pointed out before, under section 614(a) of the act the President may use up to \$250 million in hard dollars, and an additional \$100 million in foreign currencies, for a total of \$350 million which can be transferred as he sees fit in accordance with the section to which I have just referred.

Mr. President, if the amendment I have submitted is adopted and its figure is added to the amounts I have just indicated as being the amounts the President can transfer and use, the President will have at his disposal under this bill and can transfer from one account to the other, in accord with the legislation to which I have just referred, \$1,780 million. That is a great amount to put in the hands of any one man.

Yet I would not mind so much if the President himself were the only one to make these allocations or transfers, but, as a rule, the transfers are made by employees of AID, the administrators in the field who make suggestions as to how

the amounts should be transferred from one area to another.

I am sure that when the Senate voted \$250 million for the contingency fund last year, it never dreamed that \$20 million of that amount would be used in Indonesia to balance the payments of that country, or that any of the amount would be used to establish a little gendapo-like police force in Indonesia.

I repeat that the genesis of the contingency fund, if the matter is looked into by Senators, will show that this sacred fund was to be used for emergencies, for unforeseen events, and not to pay the deficits of any of the countries to which I have referred.

I am confident that the President of the United States will have ample money to take care of any contingencies that may develop within the next 7 months with the \$100 million provided by my amendment. Let us remember that 5 months of the year have passed.

I hope and pray the Senate will vote for my amendment.

Mr. MILLER. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Louisiana yield to the Senator from Iowa?

Mr. ELLENDER. I yield.

Mr. MILLER. First, let me compliment the Senator from Louisiana on his very able presentation and excellent analysis of the problem.

Did I correctly understand the Senator to say that the amount in the contingency fund for the fiscal year 1963 was \$120 million?

Mr. ELLENDER. That much was obligated during the first 9 months of fiscal year 1963.

Mr. MILLER. Did I correctly understand the Senator to say that he cannot get any information regarding how that money was spent?

Mr. ELLENDER. No. I was referring to the money for the current year, 1964, and for the last 3 months of fiscal 1963. Under the continuing resolution, I am sure some of the money was spent, and some of the money was allocated. However the record of obligation for the first 9 months of fiscal year 1963 clearly illustrates how contingency funds have been used.

Mr. MILLER. Does the Senator have a breakdown of how the \$120 million was spent for fiscal year 1963, or does he have only a portion of that item?

Mr. ELLENDER. Yes, I have a detailed breakdown showing how the \$120 million was spent. Only \$35 million of the \$120 million was used for bona fide contingencies. The remaining \$85 million was used to correct deficits in the budgets and balance of payments of various countries.

We helped Mr. Sukarno, of Indonesia, build up his police force. Suppose last year the Senate had been told that any part of the \$250 million appropriated for the contingency fund would be used to accomplish such purposes as those? What do Senators think would have been done with such a proposal? The Senate would have voted it down.

I repeat, this fund is to be used solely for emergencies this cannot be foreseen.

Mr. MILLER. Is it the Senator's position that the \$30 million, if indeed it was an emergency type situation to help some country from going under, could have been obtained from one of the other sources which the President had available to him?

Mr. ELLENDER. Absolutely. There is no question about it. Consider military assistance. The President could take 10 percent of the \$1 billion, which would be \$100 million, to supplement many of the items in the bill. He could use \$300 million under section 510(a) of the pending measure, and he could also use \$350 million under section 614(a) of this same bill.

Mr. MILLER. The Senator has pointed out that \$35 million of the \$120 million was spent for bona fide contingencies. Can he tell us where some of the other amounts went from the remaining \$85 million, or was all of the \$120 million which Congress appropriated spent from the contingency fund?

Mr. ELLENDER. It was obligated primarily to balance budgets and remove deficits in the balance of payments of various countries.

Mr. MILLER. I think it would be helpful if those figures could be placed in the RECORD.

The Senator from Iowa has misgivings over this contingency fund and has had for some time.

Let me ask a further question of the Senator from Louisiana. If the contingency fund has been subject to what I consider to be abuses such as this—and I am sure the Senator from Louisiana will consider it to be an abuse—why cut this amount from \$175 million only to \$100 million?

Mr. ELLENDER. I am really trying to get at least a half loaf. My amendment would bring the amount available for the contingency fund \$75 million below that recommended by the Senate committee and \$50 million below the amount authorized by the House.

The so-called Mansfield-Dirksen amendments have raised the amount of the contingency fund to \$300 million and reduced the Alliance for Progress by \$125 million to an amount totaling \$525 million.

Mr. MILLER. If a figure can be justified, whether it be \$100 million or \$50 million or a half billion dollars, the Senator from Iowa is perfectly willing to support it. However, I am not impressed by the fact that someone may pull a figure out of his hat and say, "Let us make it \$250 million," and someone else says, "Let us split the difference." In that way, we get into a numbers game with respect to what has been expended and what the obligations have been heretofore. That is why I believe, if the Senator from Louisiana can provide the information for the RECORD, it may be helpful in evaluating his amendment, which at this stage of the debate, I am inclined to support.

Mr. ELLENDER. I may say to my good friend from Iowa that I would cheerfully supply this information, but some of it is classified. It is labeled "secret." That is why I did not go into any more detail than I did, because I

could not go any further than to give a few examples.

Mr. MILLER. I can understand why some of the information might be classified, and perhaps properly so. I would like to know how much of the \$120 million has been classified. It might help us, in evaluating the package, to see how much is of a classified nature. Senators can go to the committee room and consult the files there. However, let us look at the net balance.

Mr. ELLENDER. Notwithstanding the suggestion made by the Senator from Iowa, I again point out that the contingency fund should be used for emergencies and for unforeseen occurrences. When my good friend from Illinois said that such a fund should be large, and when he and the majority leader got together and increased it to \$300 million to take care of such a situation as developed in Lebanon and other places, they should bear in mind that it has never been used for that purpose, as I pointed out. The President has other authority that gives him the necessary flexibility. I have already placed in the RECORD the section of the bill wherein this flexibility is contained.

In addition, Congress was called upon to replace the amount spent by the Navy during the Lebanon crisis.

Therefore, there is no doubt that in the bill, as it now stands, the huge amount of unexpended balances, which amount to \$6½ billion, can be reallocated—it is done every day—from one place to another; and so long as it has not been actually delivered, the President has the authority to make the transfer to which I have referred.

Mr. MILLER. Does the Senator have available information on the amount of the obligated but the unexpended balance in the President's contingency fund?

Mr. ELLENDER. No; I do not have that information with me and, I cannot recall the figure at this moment.

Mr. MILLER. I thank the Senator very much for his response.

Mr. MORSE. Mr. President, I rise to support the Ellender amendment. If it should not be adopted, I shall subsequently offer an amendment to increase the contingency fund from \$100 million to \$150 million.

Before I discuss the Ellender amendment I wish to discuss the Humphrey amendment. I have distributed to Senators interested a copy of a brief speech I am about to make on the Humphrey amendment as it relates primarily to the contingency fund.

I support the major objectives of the amendment of the Senator from Minnesota, but I believe it needs to be broadened.

At this point I wish to tell the Senate the ways in which we are seeking to arrive at an agreement, if possible, with the Senator from Minnesota for broadening it. We have suggested to him, but I now formally suggest for the RECORD, that the Alliance for Progress amount be increased in the first instance, to \$600 million, instead of \$650 million, which his amendment proposes, and that we reach an agreement to reduce the

military aid for Latin America, which is now fixed in the bill at \$50 million to \$40 million, but that the \$10 million saving be added to the Alliance for Progress, which would leave \$610 million, instead of \$600 million, or \$40 million less than the Humphrey amendment in its present form.

Legislative counsel has handed me an amendment which carries out the proposals which we will submit to the Senator from Minnesota for further conference this afternoon. Although it may seem that we are not making progress in the debate, we are actually making a great deal of progress, because in view of the parliamentary situation which confronts us, it is necessary for some of us to talk on the floor of the Senate, while at the same time others in our group carry on negotiations in offices and cloakrooms.

On the other hand, making the RECORD on the floor of the Senate is important, because here we lay the basis for support for amendments that we are seeking to negotiate in the offices and cloakrooms.

Therefore, I say I support the major objectives of the amendment offered by the Senator from Minnesota [Mr. HUMPHREY], but that I believe the amendment itself needs to be broadened.

I support it not only because of the foreign policy implications of the Alliance for Progress, but also because I do not believe that contingency funds should be used for the Alliance. It is the assumption of the Mansfield amendments that if any shortage develops in the funds available for the Alliance for Progress, it will be made up out of the huge contingency fund which the Mansfield amendments also envision, I respectfully point out that it is poor legislative practice to do so, and for many reasons.

It is poor practice to give to any administration large sums of money to be used at its discretion and without legislative guidelines.

I invite Senators to look at the uses already made of the contingency fund last year, and show me anything like \$300 million worth of emergencies. The material I placed in the CONGRESSIONAL RECORD last night, which appears on pages 20051 and 20059, shows the disbursements of foreign aid to Latin American countries for fiscal 1962 and part of fiscal 1963, including contingency funds.

The material which I placed in the RECORD last night, beginning at page 20051 of the CONGRESSIONAL RECORD, is factual data, which Senators ought to study before they vote not only on the amendment, but also on a good many other amendments, and certainly before they vote on the Mansfield amendments and on the bill itself. We should know what the money has been used for in the Alliance for Progress program. I have set it out, so Senators can see where the money is going in connection with the Alliance for Progress program and from where it has come. I believe Senators will be very much surprised.

If we begin to analyze these figures, we shall be surprised by what is being done with the contingency fund. It is of great regret to me that contingency funds have

been used in large amounts for balance-of-payment and budget-support purposes in Latin America, particularly in Brazil, Argentina, the Dominican Republic, Ecuador, and Panama. The true emergencies of public safety and natural disaster account for grants and loans measured only in thousands or hundreds of thousands of dollars. But the budget-support and balance-of-payments aid out of the contingency fund are measured in the millions.

I digress at this point. In my judgment, that is not an appropriate use of the Presidential contingency fund. We cannot justify giving the President an emergency fund, or a contingency fund, on the assumption, that almost everyone will make, that the contingency fund is provided to meet some emergency, and then find that the President in fact has been using the fund to help Brazil or Panama or Ecuador, or some other country, balance its budget or use the money for support. When we vote contingency funds, we ought to know to what use they will be put.

The average person will say that if there is an emergency of great national interest, he wants the President to protect our national interest and have some emergency funds with which to act before he seeks congressional action. But every single dollar that has been used out of the contingency fund—and this President is not the only one who has done it—for balance of payments or budget support in Latin America, be it for Brazil or Argentina or the Dominican Republic or Ecuador or Panama, ought first to have received the approval of Congress. I know of no good reason why we should give to the President, under the guise that it is needed to provide emergency money, the authority to use his own unchecked discretion for balance-of-payments expenditures or budget expenditures for the budget of some other country.

It is not necessary to take action of that kind overnight; there is no possible emergency connected with it. There is ample time for any President to tell Congress that Brazil wants money for budget-support purposes or for balance-of-payments purposes, and that ought to require congressional action at the time.

What we are really writing is a blank check for the President. We are writing a blank approval of his approval of wide, unchecked discretion. When Brazil has monetary troubles, it makes a plea to the President of the United States, and he writes a check on the contingency fund. I do not believe that is good foreign policy, and I am satisfied it is not good public policy. If that is why Brazil wants \$300 million, that is all the more reason why we should not grant it. I cannot imagine any emergency arising that would require an immediate expenditure by the President of more than \$100 million before he had time to obtain the approval of Congress for whatever money he might need to meet the emergency, if he could show that an emergency existed.

I do not like to talk about this subject, because however one phrases his statement, those who are enemies of the President and those who are enemies of

the speaker will read into one's words meanings that were not intended at all. They will seek to leave the impression, as the Senator from Idaho [Mr. CHURCH] said at the beginning of his speech, when he stated he was opposed to certain parts of the bill, that one is not loyal to the President. No Member of this body is more loyal to the President than is the Senator from Idaho [Mr. CHURCH]; and I do not yield to anybody in my loyalty to the President. But being loyal to the President does not mean that one must act as a rubber stamp. The test of loyalty very often is whether one is loyal enough to disagree with the President when he thinks it is in his own best interest to disagree with some policy of the President's, and to use one's position as a Senator to try to change that policy. That is exactly what I am trying to do in connection with the contingency fund.

I opposed in committee the proposal of the administration for a \$300 million contingency fund. I offered an amendment. My recollection is that my first amendment was to reduce the amount to \$100 million, as is provided in the pending amendment of the Senator from Louisiana. That was a substantial reduction from the President's proposal. I thought a final agreement was reached on \$150 million, but perhaps it was \$175 million. I shall ask the Senator from Arkansas what our final agreement was in committee with respect to the contingency fund. Did the committee agree upon \$150 million or \$175 million?

Mr. FULBRIGHT. The committee agreed on \$175 million.

Mr. MORSE. There was a proposal for \$150 million, and some Senator proposed \$200 million. The committee compromised by recommending \$175 million.

Mr. FULBRIGHT. I believe a proposal was made also for \$100 million.

Mr. MORSE. I made a proposal for \$100 million.

Mr. FULBRIGHT. Yes.

Mr. MORSE. My proposal was defeated. Then I believe a Senator suggested that we take \$100 million off the President's proposal of \$300 million, and make the amount \$200 million. Another Senator then suggested \$150 million, and some Senators suggested that the amount should be \$175 million.

Mr. FULBRIGHT. I think the Senator from Oregon has stated the situation correctly. That is what happened.

Mr. MORSE. That is what happened in committee. I finally went as high as \$150 million. I did not like the proposal for \$175 million; and my recollection is that I refused to vote for it. So this subject has been discussed at great length in committee. Therefore, I am disturbed that the Mansfield-Dirksen amendments seek a restoration of the Presidential figure, which cannot be reconciled with the amount provided in the bill or the statement in the committee report. I know of no good reason for increasing the amount to \$300 million. I know of no good reason for going beyond the committee's recommendation of \$175 million. For the reason I have just stated, the proposal of the Senator from Louisiana to provide \$100 million is ade-

quate. If that amendment should fail, I shall return to the final proposal in the Committee on Foreign Relations, \$150 million.

I am at a loss to understand why we should chip away at one of the great safeguards to the American people in our representative system of government; namely, the principle that Government administrators should not, as a matter of principle and policy, be given unchecked power. That is why I have said it is difficult to discuss this matter, because some will say, "The Senator from Oregon severely criticized the President of the United States about the exercise of unchecked discretionary power." Mr. President, I am talking about the presidency, not any particular President. It makes no difference to me who occupies that office; I am discussing a basic principle of representative government, under our constitutional system; namely, that it has always been recognized that it is not safe, for the welfare of the American people, to provide unchecked discretionary power to any administrator, at any level of government, including the presidency. The exceptions to that principle should be rare; and when we come to one which we think is a justifiable exception, we should examine it carefully, to make certain that in that connection we are not granting more power than is needed. That is my case on this point.

There is general agreement that, in view of the situation in the world today, the President should have some emergency power, and he should have the ability to react quickly, if necessary, to meet an emergency. The Senator from Louisiana [Mr. ELLENDER] is stating that \$100 million in a contingency fund would be adequate. I agree. In the Cuban crisis of a little more than a year ago, the President used very little from the emergency fund. That is the testimony of his witnesses; and I do not know of a more serious emergency that could be imagined.

We should take judicial notice of the fact that there could not be an emergency which would require the immediate availability, at the disposal of the President, of more than \$100 million, in order to permit him to take quick action.

Some say, "But the President might have previously drawn on the \$100 million fund, in connection with another emergency, and then a new emergency might develop." However, any President should make sure that he kept his inventory in stock; and if such a situation developed, the President would merely have to ask Congress for an addition to the fund, if that became necessary. But the arguments to which I have referred are really empty and without substance.

Next, I refer Senators to the use to which the contingency fund has been put, and last night I placed evidence of this in the RECORD. I am satisfied that most of the American people did not know about the purposes for which the fund was used, and I suspect that most Members of Congress did not know, either, for I believe that if the average Senator or Member of the House of Representa-

tives were asked what the contingency fund is for, he would reply, "For a matter vital to the security of the United States which calls for immediate action." Would such an emergency include aid to Bolivia, Ecuador, the Argentine, or Brazil, to provide them with budgetary support or assistance in connection with their balance-of-payments problems? Nonsense. I believe the contingency fund should never be used for such purposes; and if it ever has been used for such a purpose, now is the time to make sure to stop it.

A case could be made—in theory, at least—for holding that to be a violation of the separation-of-powers doctrine. No President should be given authority to use a contingency fund to contribute to Brazil, Argentina, or any other country millions of dollars for balance-of-payments matters or for budgetary support matters. Those countries have some responsibilities in connection with their own budgets; and before I conclude my remarks I shall show that they have been doing a rather poor job of assuming those responsibilities. However, so long as the United States keeps available a contingency fund which enables them to beg from the President of the United States millions of dollars, they will continue to do so.

We should not put our President on such a spot. We should never put our President in a position where an Ambassador from Brazil or an Ambassador from Argentina or an Ambassador from any other country, or the President of any of those countries could, in connection with diplomatic negotiations, say to him, "Mr. President, you can help us; you have a contingency fund, and you have discretionary authority to help us by giving us x million dollars."

We have a duty to protect our President, too—and I am not referring to any particular individual; I am referring to the occupant of the Presidency of the United States, whoever he may be. In my judgment, the present operation of the contingency fund constitutes bad public policy, and I believe we should stop it now. However, if we provide the President with \$300 million for use as the contingency fund, we shall not stop it. Instead, we shall give him a green light, and it would be interpreted as seeming sanction by Congress of the past practice.

To put it bluntly, contingency funds in Latin America are "bailout" money. They have been used to bail out Latin American governments that have not had the courage or the determination or the political backing at home to undertake the reforms required of them if they are to obtain funds through the Alliance for Progress program. In my opinion, that is the ugly reality. It may explain in part why among certain industrial forces and certain moneyed interests in the United States there are such powerful lobbies at work in an attempt to have the bill as it now stands enacted into law. These funds have been used to bail out certain governments, so they could pay their debts to American business, from which they have obtained loans or with which they are involved in some form of indebtedness. But we cannot

justify the use of the contingency fund—which consists of money belonging to the taxpayers of the United States—to help the Government of Brazil or the government of X country or the government of Y country pay the debts it owes American business concerns X, Y, or Z. However, that has happened; when such bailout payments are made with the use of this contingency fund, in some instances that is exactly what the result has been.

When any country needs some money for that kind of purpose, it ought to be earmarked in the legislation we pass, or it ought to be earmarked by the passage of new legislation to meet the situation. It should not be in a pot called a contingency fund given to a President of the United States into which he can dip his hand and, with no authority from the Congress for the specific payment, but only by reason of the fact that because of the authorization he has the authority in connection with the contingency fund to use it in his discretion and proceed to pay to Argentina or any other country a sum of money that it in turn will use to pay some American creditors of that government.

That is what is involved in the contingency fund fight. I have not yet talked with a single Senator who did not think a contingency fund was money available to the President for some great emergency that might arise which would involve the national security of this Republic, with respect to which the President would have to be ready to move quickly. Perhaps he would have to move troops somewhere, maneuver the 7th Fleet somewhere, or move in air wings somewhere. Senators have thought of it in terms of the security of the country. They have not thought of it in terms of the economic policies about which I am speaking.

In that sense the emergencies have not been our emergencies, at all, except for the negative effects if some country is in fiscal difficulty. But that is no emergency. The emergency has not been an American emergency, but an emergency in some other country. That is a stretching of the contingency fund concept too far. The contingency fund should be used only to meet an immediate emergency in this country so critical that theoretically the President does not have time to obtain the necessary legislative approval for the course of action that he wishes to take. That is why I have sought to put the data in the CONGRESSIONAL RECORD as to how the money has in fact been spent.

I spoke on this subject on the Senate floor on June 25. At that time I pointed out that Latin American nations were finding it too easy to obtain grants and loans from the United States from non-Alliance sources. One of these has been the contingency fund.

REQUIREMENTS OF ALLIANCE IGNORED

In my opinion, by far the biggest problem the Alliance for Progress faces is the faintheartedness of the nations to the south to get started on the economic and social development that our capital is supposed to finance. Many of our friends in Latin America are com-

plaining that the money is not coming as fast as they would like. But the real problem is that they themselves are not moving fast enough to meet the conditions and requirements of sound investment.

And why should they, if they can always obtain from the contingency fund the money that they cannot get under the requirements of the Alliance itself?

I emphasize that point. It is the position of the senior Senator from Oregon—and I make this statement in behalf of the work that I have done in Latin America as a member of the Latin American Subcommittee—that in my judgment there have been uses of the contingency fund that have been inconsistent with the objectives of the Alliance for Progress program. One of the primary objectives of that program is that the countries ought to help themselves. That does not mean that they should help themselves to a contingency fund. That means that they ought to help themselves by adopting the necessary economic reforms and enforcing the necessary economic reforms that will help to stabilize their currency—for example, that will do something about their interest rates; that will tackle their tax problem; that will come to grips with the economic problems that confront them because of policies that have led to economic stability in country after country. I do not believe that the contingency fund should ever be used to help them to avoid their responsibilities in connection with going ahead with such reforms.

I have an amendment printed that would ban all balance of payment and budget support aid to Latin America from any source whatever. I do not see much point in Congress authorizing the Alliance for Progress, setting forth the purposes of the programs and the amounts to be available under it if the whole section—the whole program—can be circumvented with the contingency fund.

CONGRESS WILL ACT IN REAL EMERGENCY

Every year during consideration of this subject we hear a great recital of the necessity for a large contingency fund for the President to use for purposes that were unforeseen when the foreign aid bill was being written. But when a true emergency develops the President can come to Congress and get whatever sum he may need almost overnight.

Consider a sum even as much as \$150 million, to say nothing of a sum of \$300 million. Unless we wish to go along with what I think is a misuse of the contingency-fund concept in connection with the balance of payment and budget support programs, will Senators name for me an emergency that might arise which would require more than \$150 million of our money in the hands of the President immediately to meet it?

If there were an emergency so serious that it would require \$150 million, it would be so serious that the President would not be in the White House at all. He would be before the joint session of the Congress telling us about the

emergency and asking for whatever action was necessary in order to support his hand. An emergency of that type would be so serious, and in all probability our national security would be so involved, that in most instances we might be pretty close to a war. There is still the constitutional provision that war must be declared by the Congress.

Again, with no relationship to the present occupant of the White House, unchecked and discretionary power vested in the Presidency through giving such huge contingency funds to the President—for example, letting the President handle unchecked \$300 million—might lead us into war.

One might say, "That is a theoretical objection. That is not very realistic." We have always taken the position that these principles of government are the safeguards that protect us from abuses that could lead to a loss of our rights.

It is easy for the American people to forget about these abstract principles of government, but they have no rights separate from them. The American people do not have a single right of freedom separate from the abstract principles of our Government that guarantee their freedoms.

One of those principles, bewhiskered with American history from the days of the Founding Fathers until now, is that we are not free men and women if we give unchecked discretion to mere men administering government. That is basically what is involved in the contingency fund fight. I do not believe we can justify giving to any President \$300 million to be spent in accordance with his discretion.

If we wish to talk in terms of the hypothetical, periods of hysteria can sweep any country. A wave of hysteria can sweep this country. We can never know when a political typhoon may arise any more than when a weather typhoon may hit us. But some day someone in the Presidency who may not have a deep respect for these abstract principles of government might have the means to exercise unchecked discretionary power, which could very well be exercised in a dictatorial way, and we might find ourselves at war without a declaration of war.

I am well aware of the kind of answer which could be made to that kind of argument, namely, that the Senator is conjuring up a most extreme hypothesis. Let us grant for a moment that it is an absurd hypothesis. Sometimes it is only by showing an absurd example that a point or a principle can be proved. Absurd or not, if it should happen, one of those great, precious safeguards which I call abstract principles of freedom will be lost. I do not believe we can justify taking legislative action on a proposal that permits such discretion. This one does. The \$300 million cannot be justified, particularly when a President can come to Congress in 20 minutes and ask for whatever amount of money he needs to meet a true emergency—which he can establish very quickly with proof—and he can get the

money before the sun sets. Any President knows that. History shows the rapidity with which Congress can always be counted upon to act when the Republic is really, in jeopardy.

The President did come to Congress in 1961, during the Berlin crisis. Congress very quickly appropriated some \$3 billion in defense funds, in addition to the regular defense budget, when the President outlined the need for it.

That is how the U.S. Government should provide the financing for genuine international emergencies.

All the talk about the need for a huge contingency fund does not stem from an argument of need; it stems from an argument of convenience. I add the word "expediency." There is a great deal of expediency in this bill; and expediency has no place in it. I believe every proposal of expediency should be stricken; and this is one of them.

All Senators need to do is to come to the desk of the Senator from Louisiana [Mr. ELLENDER] and take a look at the material on the worldwide uses of contingency fund money that he has prepared. I have submitted it for Latin America and he has submitted it for the world. As I look down the list of countries that have received assistance out of the contingency fund, I am hard put to find a single one or a single purpose to which the money was put that anyone could possibly call a true emergency. Balance-of-payments loans and budget support grants are a prominent use of contingency funds everywhere in the world.

A large amount from the contingency fund has gone for various uses in Indonesia. A good deal of this, too, was for balance-of-payments problems.

I entirely share the view of the Senator from Louisiana that natural disasters and a few, rare political crises are truly qualified for aid from the contingency fund. But if these are of any magnitude, such as the Berlin crisis of 1961, Congress will still have to provide the funds by special action.

In short, the contingencies covered in the justification for a large contingency fund are not either unforeseen in most cases nor are they of a nature that carries a threat to the security of the United States. They are expenditures that the executive branch finds it more convenient to make out of the contingency fund than from the other categories of foreign aid. They are "small potatoes," as international contingencies go.

The \$300 million blank check for this fund requested by the administration and contained in the Mansfield amendment is completely unjustified. It should be cut at least to \$150 million. I believe it should be cut to \$100 million to conform to the Ellender amendment.

As the Senator from Iowa [Mr. MILLER] said last night, we have a problem in Latin America to get the nations who are partners with us in the Alliance to do their share. It is, by far, the most important share, because unless they are willing to undertake the policies that maximize the effectiveness of capital, we are wasting time and money on the Alliance for Progress program.

Under the act of Bogotá, and the act of Punta del Este, each party is supposed to prepare an outline of the specific conditions it faces, the progress achieved, the need for external aid, the fields in which national efforts should be expanded, and the structural deficiencies that must be eliminated to attain an annual per capita growth rate of at least 2.5 percent. That rate of growth is the objective of the Alliance. It is an objective that is projected over a 10-year period.

Yet since the act of Punta del Este, only eight nations have submitted such country plans to the ad hoc committee chosen from the panel of nine, commonly called the "nine wise men," created by the Charter of Punta del Este. They are Colombia, Chile, Bolivia, Mexico, Panama, Honduras, Ecuador, and Venezuela.

Two of the largest recipients of aid under the Alliance, Argentina and Brazil, have not submitted any country plan.

One might ask, "Why should they? They have done pretty well under the contingency fund." They are also the two nations of the hemisphere that have been receiving the largest nonproject amounts from the contingency fund to meet their balance-of-payments problems.

One of the issues now facing the Alliance is that of increasing the authority and responsibility of the nine wise men. Former President Lleras of Colombia has expressed the view that they should make the basic decisions as to whether a given applicant has met conditions and provided the climate that will make a loan or grant under the Alliance effective in achieving the objective of the growth rate. Mr. Lleras is probably right in believing that the panel would be much tougher than the United States has been in fixing conditions and demanding that they be met before any funds are advanced.

It would be very good to turn that problem over to such a panel. It would be performing a service for the President of the United States. We ought to relieve the President from the international pressures that are bound to be placed upon him because of the availability of this money. We would help the President if that would exclude use of the contingency fund for budget support money and balance-of-payment money.

Now is the time to do it. The issue is in our lap. The Ellender amendment raises the question. In my judgment, it must be done now, or it will not be done this year.

We shall never solve the monetary problems of Brazil by the use of American contingency funds. We all know what happened to the economy of Brazil, and I do not think another dollar should go to that country out of the contingency fund.

That is not a national emergency. Let us stop kidding ourselves, and the people. That does not involve any problem of American security. It cannot be reconciled with the Alliance for Progress. I say it cannot be reconciled with

the President's own statements when he announced the Alliance for Progress program. The use to which he has put the contingency fund, in my judgment, in many specific instances, has been inconsistent with the purposes of the Alliance for Progress program, because he made very clear—I supported him then, and I support him now—the objectives of the Alliance for Progress program.

He made it very clear that the program would be one of mutuality and mutual assistance. By "mutual assistance" we meant that we would help supply some funds, provided—and I underline that word and spell it in capital letters—the Latin American countries would assist themselves.

A plan is called for. We do not even have one from the Argentine or Brazil. Economic reforms are called for. There have been no reforms in any such degree as was provided for.

I say to the Senator from Minnesota [Mr. HUMPHREY], who has just arrived in the Chamber, that I have been talking about his amendment, and the contingency fund. I do not ask for agreement; I ask only for knowledge on the part of the Senator from Minnesota of what I have said. I believe it is important, because I consider him a key figure at the present moment in the Senate in connection with the bill. I do not wish to embarrass him, but I said off the floor of the Senate, and I say again on the floor of the Senate, that to the Senator from Oregon and other Senators who agree with his views, the Senator from Minnesota is a key figure.

The reason why the powers of the panel of nine to which I have alluded have not been increased has been due to the opposition of the largest members of the Alliance, who believe they can do better by dealing directly with the United States. They know very well that the panel of nine would not allow Alliance for Progress money to go for the \$20 and \$25 million nonprofit loans that Argentina and Brazil have negotiated with the United States, the money for which has come from our contingency fund.

What I am trying to do is not to weaken the hand of the President, but to strengthen it. He ought to be relieved of the type of international pressures which the past use of the contingency fund are bound to raise.

Therefore, rather than taking a course of action of being against the President or weakening the President, I am seeking to strengthen the President.

I am hopeful that before the afternoon is over it will be possible to reach an agreement to modify the amendment to make it possible to get along with a further discussion of the foreign aid program.

No Member of Congress has been more anxious than I to see the nations of the hemisphere get moving on their domestic development programs. No Member of Congress has deplored more strongly than I the retrogression from the objectives of the Alliance that have been displayed by the military juntas. No Member of Congress has been more insistent than I that if the nations of the hemisphere fail to help themselves, and if they

persist in forcing the political choice down to an alternative between communism and militaristic fascism, they are going to fall under the heel of communism regardless of what happens to Fidel Castro.

I wish to put in the RECORD at this point a column which appeared in the Washington Post this morning—it makes much more sense than the editorial in the Washington Post this morning to which I referred earlier today. The article is entitled "The Post-Castro Era." It is written by Evans and Novak.

I ask unanimous consent that the entire article may be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE PRO-CASTRO ERA

(By Rowland Evans and Robert Novak)

Fidel Castro is still entrenched as Cuba's Communist dictator, but he is a dead pigeon elsewhere in Latin America.

That is the unmistakable conclusion brought back from a 23-day swing through South America's northern fringe.

As a revolutionary doctrine capable of inflaming the continent's miserable masses, Fidelismo is no more. Latin America has moved into the post-Castro era.

From Washington's standpoint, this era ought to be less hectic than the 3 or 4 years that preceded it. The danger of an epidemic of Castro-inspired nationalistic revolutions is gone. What may replace that danger, however, is a return to the bad old days for Latin America.

Certainly, Castro is the fallen idol of the hemisphere's left-wing nationalists. His 1961 profession of Marxist-Leninist faith hurt him a little, but Fidelismo really did not suffer until Castro exposed himself as Moscow's puppet during the Cuban missile crisis a year ago. His popularity outside Cuba has been going steadily downward ever since.

The typical view of the young Latin American radical today can be seen in the attitude toward Castro of Francisco de Paula Jaramillo, leader of Colombia's fledgling (and ultraleftist) Christian Democratic Party. Jaramillo is considerably more anticapitalist than he is anti-Communist and appreciably more anti-American than he is anticapitalist. It is therefore significant when he turns Castro's picture to the wall with these words:

"I thought once that Fidel was the man who was going to lead the Latin American revolution. But now I know he is in debt to the Russians. He is no nationalist now. For this, I blame you Americans. But Castro cannot lead the revolution."

If Castro no longer attracts the fiery young Jaramillos, he certainly cannot hope to lead calmer, more mature leftists. Indeed, his followers today are limited to pistol-packing young hoodlums in secret terrorist bands and guerrilla gangs. Even the radical (and often pro-Communist) student leaders at the universities have dropped Castro as their pinup boy.

That means Fidelismo outside Cuba is primarily a police problem. No longer really a matter of capturing men's minds, the struggle against Castroism boils down to the infinitely easier task of containing terrorist bands. It is a battle that is being won.

It can't even be said that Castro commands full loyalty over the pro-Communist left in Latin America (though he still manages to find enough money to finance terrorism throughout the hemisphere). Moscow-oriented Communists have been quietly belittling him ever since the missile crisis. For instance, Gustavo Machado, Venezuela's veteran Communist chief, hasn't hesitated

to drop anti-Castro insults in the presence of U.S. newsmen.

Yet, Fidelismo at its worst was not an unmixed scourge for Latin America. It frightened the Latin American oligarchy into some token reforms. And it so terrified Uncle Sam that he began to pay some attention to his southern neighbors.

But now that Fidelismo is not an immediate danger, the oligarchs may forget about reform. In fact, there is ample evidence that they never intended to give up their old habits of tax evasion, investing badly needed capital in Europe and the United States, blind indifference to their Nation's welfare—except at gunpoint.

Moreover, as the immediate threat of Fidelismo subsides and the Alliance For Progress proves unable to change Latin America overnight, it's predictable that U.S. interest in hemisphere affairs will fade again. Partly because the Kennedy administration continues to present foreign aid as an anti-Communist prophylactic, Congress is more inclined to cut back on aid once it appears that Latin America is safe from communism for the moment.

Herein lies the danger. Nothing really has changed since Castro came out of the Cuban hills nearly 5 years ago to shake the entire hemisphere—for a season or two. Latin America is still ripe for another Castro any time he comes along.

Mr. MORSE. Mr. President, it will be noted that they say:

Yet, Fidelismo at its worst was not an unmixed scourge for Latin America. It frightened the Latin American oligarchy into some token reforms. And it so terrified Uncle Sam that he began to pay some attention to his southern neighbors.

But now that Fidelismo is not an immediate danger, the oligarchs may forget about reform. In fact, there is ample evidence that they never intended to give up their old habits of tax evasion, investing badly needed capital in Europe and the United States, blind indifference to their nation's welfare—except at gunpoint.

Moreover, as the immediate threat of Fidelismo subsides and the Alliance for Progress proves unable to change Latin America overnight, it's predictable that U.S. interest in hemisphere affairs will fade again. Partly because the Kennedy administration continues to present foreign aid as an anti-Communist prophylactic, Congress is more inclined to cut back on aid once it appears that Latin America is safe from communism for the moment.

Herein lies the danger. Nothing really has changed since Castro came out of the Cuban hills nearly 5 years ago to shake the entire hemisphere—for a season or two. Latin America is still ripe for another Castro any time he comes along.

We must watch the rate of reform in Latin America. As the Senator from Minnesota in a very able speech pointed out the other day, a great deal of progress is being made. Much more must be made. I do not wish to see us contribute to retrogression. In my judgment, we shall be contributing to retrogression if we accept the Mansfield proposal to put the contingency fund back to \$300 million, when the Foreign Relations Committee, after a great deal of debate, and after considering one amendment after another, finally settled on the recommendation of the majority that \$175 million should be an acceptable compromise.

The Congress of the United States is going to play a large role in how they finally make up their minds in Latin

America. If it is evident from the actions of the Congress that we really do not have anything more in mind than a few pious pledges of economic reform on their part, then we can be sure there will never be any meaningful economic reform. If we do expect self-help, if we do expect them to put our money to use in meaningful ways, then we must see to it that there are no loopholes through which American money can pour when they fail in their obligations to the Alliance for Progress.

It will be seen from an examination of the figures I put in the CONGRESSIONAL RECORD last night that only a few thousand dollars have been used from the contingency fund for emergency public safety and for relief from natural disaster. Much of the rest has gone into Latin America for purposes that are emergencies only in the sense that the recipients have procrastinated and postponed the day of economic reckoning for so long that their economic condition became precarious. So they were bailed out with our Presidential contingency fund.

One of the greatest of our foreign aid failures has been in Turkey, where we have poured in an average of \$300 million every year for 10 years, and still have nothing to show for it economically. Let me tell Senators that if they want to start the same thing with Argentina and Brazil, the way to do it is to continue making grants and loans to them without regard for the requirements of the Alliance for Progress. They are not the only countries I have in mind as having failed in their obligations to the Alliance for Progress.

I believe, as does the Senator from Minnesota [Mr. HUMPHREY], in the objectives of the Alliance. I do feel that the lack of progress under it to date is largely due to the governing classes in Latin America, who walked up to the brink of economic and social reform when Castroism looked like a threat and who have now become alarmed at the meaning of their own signatures on the Charter of Punta del Este. To quote from an article on the Alliance for Progress by President Lleras, which appears in the current issue of Foreign Affairs:

The governments * * * that set their seal on the policy at Punta del Este were not fully aware or convinced of its ultimate implications. In Latin America, perhaps more than anywhere else in the world, political leaders have a habit of carrying revolutionary statements beyond the point to which they are really prepared to do * * *. When the governments pledged themselves to change fundamentally certain traditional structures in the political, social, and economic life of Latin America—as in the case of agrarian reform—they were not yet absolutely determined to carry all this out. The unwarrantable delays which later took place, and which did not give the Alliance for Progress a chance to make the impact on the Latin American peoples that was hoped for, clearly indicate that when Punta del Este witnessed the signing of the most broadly sponsored and socially advanced document in the common history of our hemisphere, not all the signers understood its scope or divined its depth and gravity.

Mr. President, I am anxious that the United States continue to express its be-

lief in the Alliance, and to keep up with our pledge to make available the money to finance it. But as we keep our own feet in the fire, we must make it clear that we are keeping their feet in the fire, too, and that if the governments of Latin America do not live up to the requirements of the Alliance, there will be no money available to them from this country from any source.

Therefore, we shall be performing a great service for the Alliance for Progress, and strengthening the Alliance for Progress, if we adopt the amendment of the Senator from Louisiana [Mr. ELLENDER] to reduce the amount of the contingency fund to \$100 million.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. ELLENDER. I suggest to the Senator that in 1963 Congress made available to the President \$250 million. Of that sum, \$100 million was returned to the Treasury. Of the remainder, for the first 9 months of 1963, as I sought to point out a while ago, in my judgment only \$33,756,000 would come within the category of the contingency fund.

Mr. MORSE. That is what the Senator's figures indicated. That is why I asked Senators to go to the desk of the Senator from Louisiana and examine them.

Mr. ELLENDER. The rest of the money was used, as the Senator indicated, to assist Argentina, Brazil, and many other countries in balancing their payments, and for other purposes that were not connected with, but were foreign to, the use of the contingency fund.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. I compliment the Senator from Oregon on his statement. I know that he has another meeting to attend. The Senator from Oregon and the Senator from Minnesota have visited extensively today about the Alliance for Progress and other aspects of the bill. I am of the opinion that the differences which exist can be solved if we will but sit down and discuss them. That is what we have been doing.

First, I feel that uses have been made of the contingency fund beyond what were contemplated or intended by Congress. Candor is required in the debate. In certain cases, some of the budget deficits that have been covered by dipping into the contingency fund were not within the purview or intention of Congress.

We are admittedly unhappy in the measures taken by the Government of Brazil to put its fiscal house in reasonable order. Admittedly, we in the United States are not too exacting, because occasionally we have some troubles with our own housekeeping. But certainly, all available evidence suggests that some of the commitments made under the Bell-Dantas agreement, the agreement between the U.S. Government and Brazil, have not been kept. In Brazil there is a growing problem connected with the budget and inflation. No amount of the contingency fund can meet such basic problems nor should it.

The Senator from Oregon is right in pointing out the necessity for having country-by-country plans to make the Alliance for Progress work. The Alliance for Progress would become a mockery, if it were merely an effort to patch up holes in an economy that was breaking apart at the seams. That is why the Charter of Punta del Este set forth certain criteria. We are not now discussing first aid treatment; we are not talking about prophylactic treatment of a sick body politic; we are talking about basic rehabilitation. That is why the Alliance for Progress does not always make the sensational advances that some people want it to make.

The fact is that it is designed to build constructively and surely, rather than for the moment, merely to get over another particular crisis.

The Senator from Oregon stated that 9 or 10 countries have fulfilled the requirements or met the criteria set forth in the Charter of Punta del Este in reference to fully participating in the Alliance. Other countries are moving toward that objective. The statement that has been quoted from the current issue of Foreign Affairs represents the kind of thinking that ought to be guiding our efforts. In my speech on the Alliance on Tuesday, I quoted at length from the article in Foreign Affairs by Alberto Lleras Camargo.

The panel of nine, to which the Senator referred—I believe it is sometimes called the nine wise men—constitutes a type of operation that is absolutely essential. Our experience, that has given us the best results, was in connection with the Marshall plan. The moneys that were made available under the Marshall plan, while they were made available bilaterally, were made available only after the regional office of the Economic Cooperation Administration in Europe had, in a sense, filtered the applications for funds and balanced them country by country and region by region, so that when the funds were poured into an area, such as in Western Europe, the economies of France, Italy, Germany, Belgium, Holland, and Britain were all weighed and measured at the same time in reference to the economic aid that was to be given.

Such hemispheric coordination and planning is needed, in the sense that it is really a concept we are trying to achieve. There must be some deciding voices, opinions, and judgments, so that we shall not always be held in a bilateral relationship, fully responsible for any rejection or retention we might make, because we are constantly under pressure to give in, lest we be looked upon as Yankee imperialists or as cruel and tough.

In this debate I have centered my attention upon the Alliance for Progress, because I believe it offers us the most sensible program we could have, if it is properly developed.

The Senator from Oregon is rendering a good service in outlining to us the qualifications and criteria which we must follow in connection with this program. Otherwise we would be "off to the races"

again, as we are in connection with southeast Asia, where we have no plan. I feel that there we are sort of "boxed in." Furthermore, we really had no plan in regard to the African area. Instead, we deal with it country by country.

But in the Latin American area we have tried to develop a hemispheric concept of economic and social rehabilitation, reform, and progress, within a framework of constitutional government. As was said several weeks ago by the Senator from Oregon, some of the first guidelines of the Alliance for Progress, insofar as the United States was concerned, came from the Foreign Relations Committee. They were begun there by the Subcommittee on Latin American Affairs, on the basis of a study handled by contract, as I recall. Thereafter, the study was carefully considered and was further studied by the full Foreign Relations Committee, and subsequently it was relayed to the administration.

Mr. MORSE. That is correct.

Mr. HUMPHREY. So this is one of the guidelines. President Kubitschek provided inspiration and a plan on the Latin American side. Therefore, the authorization for the contingency fund should be restored in order to have our program in Latin America developed in accordance with the country-by-country workbook. We have had before the Foreign Relations Committee, and we shall have before the Appropriations Committee, books which tell us, ahead of time, what the money will be used for. But no use will be made of those studies if too large a contingency fund is made available. In that event, it will be possible to say, "Do not worry; we can always dip into the fund." We would really be saying, "No plan is needed; if the situation becomes too difficult, we will dip into the fund and get some more money from it."

On the other hand, we are saying that for the Alliance for Progress program, at least at this stage, there are tentative plans, country by country and project by project, sufficient to justify a \$650 million authorization.

Certain Senators will vote for an increased authorization for aid to Latin America, not because they are sentimental about that subject, but because they believe—as I think I can say in my responsibility as a member of the Foreign Relations Committee—this is one area of the world for which we have a plan and a program on which we have made a reasonably good effort.

Without reaching a final judgment about this matter—although I have spoken about it to the Senator from Oregon and to the majority leader and to the minority leader—I say that I do not feel that any magic figure is involved. For example, I do not believe that the action taken yesterday by the Senate destroyed the foreign aid program, even though there have appeared in the press some unfavorable comments about that vote. Yesterday, I voted against the Morse amendment; but after the amendment was adopted, I did not go to a wailing wall and bump my head, gnash my teeth, and cry out, "The world is coming to an end." Not at all. I think

we shall be able to operate the program under that amendment; and I think it will require the administrators of the program and the President and the Secretary of State to do a complete rethinking job in regard to foreign aid for next year—which, by the way, we have recommended, in our report.

Mr. MORSE. Yes.

Mr. HUMPHREY. I believe we would do very well to take a careful look at the Alliance for Progress Fund.

In this amendment, I call for an authorization of \$650 million, because the committee recommended it; and I wish to return to the committee's recommendation on it, and also to the committee's recommendation in regard to the contingency fund. I thought we had given considerable consideration to this facet of foreign aid. I believe I make a fair statement when I say that more than 50 percent of the time spent on this measure by the Foreign Relations Committee was spent on the Alliance for Progress phase. So surely this particular facet of the foreign aid bill received its fair share of committee consideration.

It may very well be that if we wish to make a little further adjustment in this authorization, because of our concern over the fiscal situation, an authorization of \$625 million or of \$650 million might be adequate. Last night, I talked to the AID people, and I believe they could get by with an authorization if the Senate stands firmly behind the Alliance in its negotiation with the House, in that amount. After all, it will be necessary to hold a conference about this item. The reason why I fought for the full amount was that I knew that ultimately we could not expect to achieve it in the conference, even if the Senate voted for it; and, therefore, I wished to have a chance to arrive, finally, at a reasonable amount. If I could be sure the conference would arrive at a \$550 million or \$600 million authorization, I would not mind having the Senate vote now for a \$600 million authorization, rather than a \$650 million authorization as the maximum.

So I feel that no magic figure is involved; but of all the parts of the bill about which Senators should manifest their interest in foreign aid, so that their action could not be interpreted as a repudiation of foreign aid, I believe the most important is the Alliance for Progress part of the bill, because the Alliance for Progress program is one program that is dealt with in careful detail in the voluminous hearings on foreign assistance, and it is the one part of our foreign aid for which we have a program and about which we have laid down, in law and in international agreements, criteria and qualifications for participation, and for which we have demanded fiscal and political reform in the countries to which we give such aid. And the Alliance for Progress is the basis of our policy in Latin America, the "most critical area in the world," according to President Kennedy.

That is why I have taken exception to the making of a sharp cut in the Alliance for Progress authorization. In connection with the one program in

which we are now doing everything that many of us have urged for 15 years that our country do, an effort is made to reduce the authorization substantially—from \$650 to \$525 million, or a cut of approximately one-fourth. I do not believe that is the way we should honor a program that has been the subject of careful study, consultation, and consideration, not only by ourselves, but also by many friendly countries and many friendly statesmen. We should now proceed to back up the panel of nine—and let me say that I know why some of the Latin American countries do not want it backed up; the Senator from Oregon is correct about that. The reason is that they do not want to be cut off if they get out of line—with our programs of fiscal, monetary, and agrarian reform. If we back up the Alliance authorities those countries will obtain from the program what they should obtain according to the standards laid down. The way to make sure that the program helps Latin America is to adhere to the standards which have been established.

I thank the Senator from Oregon for the statement he has made. During the debate we have argued from time to time; but I have not felt that either the Senator from Oregon or other Senators who have been resisting what some of us want done have performed a disservice. I want the RECORD to show clearly, so that the Senator from Oregon may know of this, that I believe we need careful debate on the foreign aid program. After all, it involves some \$3 or \$4 billion of the money of the American taxpayers, and that deserves some time and attention.

The question really is whether we can, through our foreign aid, help build viable, free societies in other countries, and whether we shall thus contribute to better standards of public conduct, economic performance, and, we might say, political ethics. I think we can do that through our foreign aid, and that is why I support it.

Mr. MORSE. Mr. President, I thank the Senator from Minnesota very much. I completely agree with all the objectives he has set forth. Any differences I have with him are over little details which I feel sure we can iron out.

In referring to the origin of the Alliance for Progress program, I point out that we relied very heavily on reports which were made in regard to studies made in Latin America over a period of years by the Senator from Louisiana [Mr. ELLENDER]. We went over them with a fine-tooth comb; and it will be found that many of our final recommendations coincide with the earlier recommendations of the Senator from Louisiana.

I close by saying to the Senator from Minnesota that before he came to the floor, I said we were trying to work out an adjustment in regard to the Humphrey amendment. We shall vote when we can have something to vote on which we believe sound. We are in the process of negotiating what we regard as an improvement of the program. After all, as the Senator from Minnesota has

pointed out, in dealing with this program, we are dealing with \$3 or \$4 billion of the money of the taxpayers of the United States, and certainly in dealing with it we should take whatever time is required in order to succeed in strengthening the bill.

So, as I have said, many Senators, including myself, feel that the Humphrey amendment is sound in its objective, but we thought it should be broadened somewhat; so we are talking about broadening it in such respects as the two I mentioned. We shall continue to confer with the Senator from Minnesota about the total figure for the Alliance for Progress. We are talking in terms of approximately \$600 million. We wish to cut back the contingency fund. Procedurally the other action could be taken later—though we might as well deal with the entire problem. We would like to cut \$10 million from the Latin American military aid program, reducing it from \$50 to \$40 million. We would then add that \$10 million to the Alliance for Progress figure. The \$10 million would be added to the \$600 million, which would give us \$610 million. I am having drafted an amendment which would seek to accomplish that objective. When some sort of agreement is reached among us, we shall offer it to the Senator from Minnesota and see if there is any opportunity to obtain his agreement or his suggestions for further modification, hoping ultimately that perhaps we may persuade him to accept a modification of his amendment which would make it possible for all of us to go along.

That is where we stand as of the present moment. I shall leave the Chamber for a few minutes for negotiation purposes. I am sure the Senator from Louisiana [Mr. ELLENDER] will protect my interest while I am gone. So far as I am concerned, I am ready to vote on the amendment.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. Since Senators are negotiating more or less publicly, the suggestions made by the Senator from Oregon might be referred to as diplomacy in a glass house.

Mr. MORSE. Covenants openly arrived at.

Mr. HUMPHREY. I now find myself in support of the Senator's proposal with respect to military assistance to Latin America, as I did in the committee. So I do not walk two sides of the street. I have long been of the opinion that some of the military assistance to Latin America has not contributed to political stability, but rather has contributed to sword-swaggering, medal-carrying, smalltime colonels. I am not interested in their elevation to public office or in their enjoyment of war games at our expense. So when the Senator rounds out his suggestion in an amendment which would reduce the military assistance item from \$50 million to \$40 million, the proposal will have my support here, as it did in committee.

The Senator's proposal to add the \$10 million which would be saved in military

assistance would go very well in the economic program, because it would require at least careful programming for the use of the \$10 million. I believe that Senators should recognize that none of the Alliance for Progress funds can be merely used. They must be programmed. It is not merely a question of saying that in such and such a country some guns are needed, or that a few more small howitzers or some antiaircraft weapons we do not quite know what to do with are needed. The proposal relates to actual programming. I find myself without firm commitment, because I think these questions should be discussed in some detail. I find myself sympathetic toward the Senator's proposal. I hope that the Senator will discuss it with some of his associates.

Mr. MORSE. I thank the Senator. I am on my way to do it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] to the Mansfield-Dirksen amendments as amended, to the committee amendment, as amended.

Mr. HUMPHREY. Mr. President, before the vote on the Ellender amendment, inasmuch as the Senator from Oregon [Mr. MORSE] had to leave the Chamber, I wish to say that the question has been raised during the debate as to why the Alliance for Progress programs move rather slowly. I have made my own comment on that subject, to the effect that these programs are carefully programmed. They are not merely bilateral arrangements, but they relate to country-wide programs. In the instance of Central America, they relate to regional programs.

I am afraid that sometimes we forget that in the Central American area there is a regional Alliance for Progress Office at Guatemala City known as ROCAP. That regional Office coordinates all the programs in the Alliance for Progress in the Central American area. It is doing a good job. For example, a regional program on road development is underway—not country by country. Regional development of electrical power is underway. Some countries have deficits of power and some have great potential hydroelectric possibilities. Regional programs for good textbooks for schools are underway. A regional program is underway for telecommunications. In that instance the Alliance for Progress is helping, and also the United Nations Special Fund. So we are attempting in that area of the world to devise a working program. I make that statement because all too often in the debate all we hear is bad news. There is a great deal of good news. There are many wonderful accomplishments. I have had the privilege of witnessing those developments. I do not believe that we ought to go on tours and travels unless we learn something. I have been in those countries. I have studied the various projects. I have gone into the hills, the mountains, and the back country. I have gone back to see the common people—the campesino—the worker. I have gone out to see what is going on in housing.

For example, I happen to know that there have been regional housing con-

sultations among our people who are specialists in housing, together with the people of the respective countries. So we have been making genuine progress. It is almost paradoxical that at the time the AID program has improved its administrative structure more than at any time that I can recall; at a time when, in a sense, we have gone through the entire personnel and cleared out those who were considered to be less competent, and hired new workers, who were recruited on the basis of much higher standards; at a time when we brought into our Government hundreds of key people from industry and from our great technical and educational institutions, from the medical profession, and from other walks of life; at a time when we had the best administration of the AID program that we have had, we have had the hardest attack upon the program. It is really ironical and paradoxical. That has occurred at a time when we have asked for much less money than we have ever before asked for. Nevertheless the attack moves against the AID program.

The Senator from Minnesota does not happen to believe that everything that the AID administration does is without mistakes. Obviously, there are mistakes of judgment. In recruiting large numbers of people we occasionally get hold of one who does not always jog. That even happens in Congress.

The people have a way of taking care of the situation. In the Senate it requires 6 years. In the other body it requires 2 years. But occasionally we hire someone who does not do his job the way we think it ought to be done. So we are not without fault.

I submit that a careful examination of the Agency for International Development, known as AID, under the administration of Mr. David Bell, would show the quality of people who are in it and the careful attention that is given to the duties they are called upon to perform. Such an examination would disclose an administrative organization as good as any we have ever had at any time under any foreign aid program.

Interestingly enough, there does not seem to be much evidence to disprove what I have said. Most of the complaint about the foreign aid program is a complaint about what happened several years ago.

If I have any one complaint about the AID administration it is that it is too cautious. It is frightened of Congress. Those in the administration are so worried about what we may say that they almost become paralyzed, until some of us remind them that their job is to take some risks. Their task is to make decisions, even if they have to take some heat from Congress for the decisions.

No living mortal can please 100 Senators. He would be fortunate to please even one. No living mortal has ever been hired in Government, in private life, in secular or in spiritual life has ever been able to please every Member of Congress. It is difficult even to please a majority on any one day. Even when a majority is obtained, most of the majority are not pleased.

As a result of the fiction that has been built up about AID, we may be required

to reduce this program—as we undoubtedly will be. It is a fairly good program. One of the most encouraging developments—one of the most rewarding programs of all—is the Alliance for Progress. The men and women who operate it are giving their lives to make it work. The man who runs the U.S. side of the Alliance has one of the most difficult jobs in Washington. Those who work in Washington and the missions in Latin American countries are good people.

I am not talking from the standpoint of fiction. I have seen them, and I have talked with them. They work hard. They are not freeloaders. They have not made many foolish decisions. My complaint, as I have said before, is that they need to make more decisions. One of the reasons why they do not make some decisions as rapidly as I might think they should is that Congress provided a list of statutory criteria for the Alliance for Progress, and by the time they have gone through it, they have had seven political blood tests.

So much the concern as to delay or administrative inefficiencies might well be attributed to what Congress has written into the law. Every Senator or Representative believes he knows how this program should be operated. There are some people in Minnesota who feel that they know how to operate my office, and every 6 years one of them tries to take over. I warn Senators that it will happen to them, too.

Delays are often caused by regulations and restrictions that Congress has imposed upon the Foreign Aid Administration. The regulations are designed to guarantee that U.S. funds will not be misused. I am not complaining about the criteria. What I am saying is that the criteria exist, and the criteria are being administered and respected. We wrote them into law. Why? Because we wanted the funds to be properly used.

I remind Senators that if we look at the Latin American area or any other place, we will find areas in which mistakes have been made; but there is not a man in public office who cannot make the same statement as to himself. If he does not, his opposition will—and will prove it.

There has never been a man who has served as a Governor, a mayor, a county commissioner, a legislator, a councilman, or a Member of Congress, or in any other position, who does not have a road full of mistakes. The question is: Can he find enough things we have done right to balance the mistakes? That is what we are really arguing for, when we come up for reelection.

I am trying to point out that while we can cite the ugly incidents of maladministration in this program, there is another side. Who gets up to tell about the sacrifices that men are making? How many speeches have there been, for example, on the floor of the Senate regarding ambassadors who have returned from foreign countries and faraway places with their families sick, with themselves broken in body, because they gave of their lives for their country at very poor salaries? There are some in the city of Washington right now who have re-

turned from Latin American countries. How many times do we hear of a mission chief or a man in the technical assistance division, or in the health division, who has gone out and literally saved lives? Does he ever receive any ribbons or medals? No; he gets a "boot in the breeches" if anyone finds out he ever made a mistake.

I do not mean to uncritically pat these people on the back, but I have had just about enough of this business of attack, attack, attack. I do not believe we can produce a good foreign aid program by constantly abusing it. I do not believe we can have a good Foreign Service by constantly running it down. I do not believe it helps to make the Department of State a more effective instrumentality to point out that it is always wrong.

America is the only Nation in the world which has risen to the height of grandeur, world power, and world wealth by always being wrong. According to what we read in the press, every President makes mistakes all the time. Every Secretary of State obviously does not know what he is doing. We read day after day of the unjustifiable "bloopers" that they make. One would believe that every person who ever administered foreign aid bled the country white. Yet there will be a \$600 billion gross national product next year. I have been reading the reports on incomes. There are quite a few people who do not look very white to me, in terms of being bled white. They are growing rich. Corporate profits are at an alltime high. Yet when we listen to debate in the Senate one would think the country was going bankrupt.

Interestingly enough, about the only countries that seem to be in trouble are the countries now receiving aid, not the one which is giving it. So, Mr. President, I ask unanimous consent to have this list of statutory criteria printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

CHECKLIST OF STATUTORY CRITERIA (ALLIANCE FOR PROGRESS)

(Insert under each criterion a brief statement as to whether it has been or will be met and a reference to the page of the paper where it is discussed, or state that the criterion is inapplicable or give other explanation.)

1. FA section 201(d): Funds shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower.

2. FA section 251(b)(1): Take into account the principles of the act of Bogota and Charter of Punta del Este, and in particular the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures.

3. FA section 251(b)(2): Take into account the economic and technical soundness of the activity to be financed.

4. FA section 251(b)(3): Take into account the relationship of the activity to other development activities and its contribution to realizable long-range objectives.

5. FA section 251(b)(4): Take into account the possible effects upon the U.S. economy with special reference to areas of substantial labor surplus.

6. FA section 251: If loan is from funds required to be used for loans payable as to principal and interest in U.S. dollars, take

into account (a) whether financing is obtainable from the free world sources and (b) efforts made by recipient nations to repatriate capital invested in other countries by their own citizens.

7. FA section 251: Loans shall be made only upon a finding of reasonable prospects of repayment.

8. FA section 251(e): Funds in excess of \$100,000 not to be set aside unless an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner.

9. FA section 204: Other criteria for loans established by the DLC.

10. FA section 601: Encourage free enterprise in less developed countries and participation by private enterprise in achieving the purposes of the Foreign Assistance Act.

11. FA section 602: U.S. small business shall, to the extent practicable, have an opportunity to participate equitably in the purchasing of commodities and services financed with foreign assistance funds.

12. FA section 604(a): Limitation of commodity procurement to United States except as otherwise determined by the President and subject to statutory reporting requirements.

13. FA section 604(b): Limitation on price of bulk commodity procurement to prices no higher than the market price prevailing in the United States at time of purchase.

14. FA section 604(d): U.S. funds shall be available for marine insurance on commodities where such insurance is placed on a competitive basis.

15. FA section 611(a)(1): If substantive technical or financial planning is required, no obligation to be made until engineering, financial and other plans necessary to carry out the assistance and a reasonably firm estimate of the cost of the assistance to the United States have been provided.

16. FA section 611(a)(2): If legislative action within recipient country is required, no obligation to be made unless it may reasonably be anticipated to be completed in time to permit orderly accomplishment of purpose of loan.

Mr. HUMPHREY. I should like all Senators to look over this list. Then I should like to ask this question: "How would you like to face all that before you made a decision?" We would not get the first letter answered to the first constituent. We have imposed some real obligations on them.

There are others who believe that the Alliance for Progress is doing rather well. I invite attention to an editorial published in one of the leading newspapers in Santiago, Chile. The United States has not always won a popularity contest in Chile. This is an area where, in the past, we were sometimes accused of almost every crime on the books. Because of the Alliance for Progress, because of the popularity of President Kennedy, and because of the kind of effort that we have put into Chile, we are beginning to receive a favorable response from the Chilean people—from workers, farmers, and those in public office. In most of these countries people in public office used to run against the United States, not against the opposition in their own country. Sometimes the feeling is that Members of Congress run against the foreign aid program. I should like to make it clear that I do not run against the foreign aid program—and yet I am elected. I may not be elected next time, but I have been stand-

ing up for foreign aid ever since I have been in Congress.

Mr. President, I come from a State where people are frugal, prudent, and relatively conservative; a State whose budget is in balance; a State which has one of the finest programs of education, health and welfare, economic and social development in the Nation; a State which takes a back seat to no other State—not even to the great State of Wisconsin, which is now so ably represented by the present Presiding Officer (Mr. NELSON in the chair).

The State of Wisconsin runs a tie with us, with a slight gradation just below.

I read now the editorial from *El Mercurio*, of Santiago, Chile, for October 18, 1963, which is edited by a distinguished Chilean, Augustin Edwards. I was privileged to have a long discussion with Mr. Edwards here in Washington in March 1963, and am happy to bring this editorial from his newspaper to the attention of the Senate:

JUDGMENTS ON THE ALLIANCE FOR PROGRESS

The fundamental change in inter-American political thinking signified by the Alliance for Progress is proved by its becoming, among other things, a subject of permanent controversy and interpretation in our hemisphere.

Two well-defined points of view are struggling to prevail in carrying out the Alliance: those who believe it should be the signing of agreements and assistance programs between governments; and those who propose that it be a real association among peoples.

The program had to start with governmental cooperation, since it was initiated by the Government of the United States and proposed to the representatives in Washington of the other nations of the hemisphere. This was a necessary procedure, that could not be avoided without the risk of making plans of a purely theoretical value. President Kennedy was undoubtedly aware that the Latin American governments were not all in the same position to interpret his appeal and translate it into benefits for their people. In the year 1960, as today, there were representative democracies in the hemisphere as well as legalized dictatorships and despotic regimes. To what extent could governments so totally different really interpret and serve their people? But it was necessary to begin by utilizing government channels to bring the reform ideas to public understanding.

The Charter of Punta del Este, signed 1 year later, established some conditions for foregoing the Alliance for Progress. It specified that representative democracies should exist with rights and liberties for all, and that foreign aid demanded that internal development efforts should be given priority. It stated that the recipients of these benefits should not be restricted to government entities, but should include private ones such as savings and loan associations, cooperatives, labor unions, and university student organizations. Thus, at this stage, the Alliance began to consider popular interests, although this did not mean that these new channels were capable of supplanting the initial ones. Governments were and always will be, the basic instruments for carrying on foreign aid.

Nevertheless, in its 3 years of existence, the Alliance for Progress has brought change to concepts of representative democracy, even though it does not prevail and setbacks have been experienced as harsh as those in some Central and South American countries. Likewise, it has brought a change in the purpose of government-to-government loans, that are now applied to development programs approved by international organi-

zations. This means that the Alliance for Progress has curbed the long-standing abuses of ruling classes who formerly used the loans for their own advantage, and now determines the orderly and profitable use of these resources to reach all the people through progress of national development.

These requirements which the Alliance for Progress put into practice have been criticized for the sluggishness and shortcomings they caused. Countries requiring assistance, some with important needs, feel ignored and frustrated when they do not receive loans immediately. In the same way, some sectors of American opinion complain of what appears to be foreign intervention, but is only the systematization of economic development and the establishment of priorities to take care of the needs of each country. Without the preliminary reports of the Panel of Exports, failures and losses of capital invested without research would be frequent.

These implications of the Alliance for Progress do not prevent us from pointing out that its prestige and success are endangered by prejudices prevailing in U.S. Government and public opinion which tend to apply this same criteria to governments and countries with very different stages of development, look distrustfully on the actions of the ruling classes, and as a consequence of all this, reduce foreign aid through bills in Congress.

Latin America understands the meaning of the Alliance for Progress, but it is indispensable that public opinion in the United States try to understand the realities of those countries which, in good faith, are associated in a democratic and technical undertaking benefiting all levels of society.

I have read an editorial from a great conservative newspaper in Chile. A summation of the editorial is as follows:

The Alliance for Progress has revised many of the attitudes and policies in Latin American countries. It has thereby engendered some opposition from groups in those countries that profited from old habits and old abuses. But the Alliance for Progress is basic to the underpinning of democratic institutions. I feel that the Alliance deserves our unqualified support.

I fear that it would be a mistake to limit the Alliance for Progress in the third year of its life. The first year was devoted entirely to becoming equipped to do the job. New people were required under the bill that was passed. We asked the Kennedy administration, in 1961, under the foreign aid program, which was first under Mr. Labrousse, and then Mr. Fowler Hamilton, to clear out the deadwood insofar as personnel was concerned, reorganize the structure, and recruit top-grade people in the various positions.

We do not make them rich when we recruit them for these missions and send them away from the comfortable surroundings of Madison, Wis.; Minneapolis, Minn.; Little Rock, Ark.; New Orleans, La.; Chicago, Ill.; Butte or Billings, Mont., or some other place. We say to them, "We want you to go down where the altitude is 12,000 feet. We know you have asthma and heart trouble, but we want you to try it out. We will give you a few pills. We are not interested in your asthma or your heart trouble. You are a good administrator. You owe it to your country. Ask not what your country can do for you—ask what you can do for your country. You will not live long, but you will enjoy

working for the Alliance for Progress. How much money? Seventeen or eighteen thousand a year. Of course, you will have to maintain your house at home, because we are not sure we can keep you on the job very long. We want you to sacrifice."

Mr. President, we have been able to get people to do that. We have been able to recruit some top-ranking businessmen, people in the ranks of labor and from the cooperative movement, top-grade doctors, university people, and administrators. We have been able to induce some of them to give up their lives in the United States and go off somewhere they probably have never heard of before, where the altitude is not very conducive to their health, or where the humidity is more than they can take, or where the food is hardly palatable, or where living conditions are far from enjoyable. We send them off for \$18,000 or \$20,000 a year, and all they are told is, "You are doing a lousy job."

I do not know why they take it. I have often urged the administrators to come back and tell the critics off. I have said that they should go before the Congress and say, "I do not take that from anybody—Congressmen or anyone else. You can take your job, and you know what you can do with it."

This would be a good thing to do, sometimes, because many of those who take this kicking around are those who are on foreign assignments. Every once in a while one gets a good assignment. Every once in a while someone gets a big house. Every once in a while someone is not doing a good job. But he will not last long, because Congress is checking on him, the Inspector General's Office is checking on him, the newspapers are checking on him, and if he can hide from them all he is pretty smart, and we had better not let him go.

So the Senator from Minnesota rises to defend the Alliance for Progress and the administration. Man for man, woman for woman, Congress for Congress, they cannot be beat. We do not do any better, if as well.

I would like to alert my colleagues to the opportunity before us today, as well as the mistakes in the aid program that we have heard so much about.

Mr. President, we have recently seen evidence of a massive failure on the part of the Soviet Union—the failure of the Soviet agriculture system to provide sufficient food to feed the Russian people. The Communists are clearly having basic economic difficulties. Their system simply is not working efficiently. This not only may provide opportunities for us to make better use of our great economic system; it also means that the Communists do not have the economic power necessary to implement their political objectives. Among other things, they are having trouble with their foreign aid program.

While we should not minimize the threat of Communist subversion, it is quite clear that the Communists, at least at the present time, do not have the means necessary for the foreign aid program they have been conducting in recent years. This is a development of

great significance for the United States and the free world. It means that we are gaining in our contest with the Communists on the economic front, and it provides the opening for moving into the vacuum created by Communist withdrawal.

In view of the difficulties presently confronting the Soviet Union and the opportunity now available to us, it is most disturbing that we shrink from taking advantage of these opportunities in certain critical areas.

Wars are not won by retreating when the enemy retreats, and the war which is being fought with all the tools in our foreign aid program is just as serious and as important as any of the shooting wars we have ever fought.

In fact, the foreign aid program is designed to win the struggle in the world without a shooting war.

Now is not the time to retreat in Latin America. Now is the time for launching an offensive in those areas of the world that are of greatest importance to the United States. Now is the time for mobilizing all the resources at our command.

Now is the time to get on with the job, rather than worrying about what others are doing, or dwelling on minor mistakes and shortcomings. Mistakes are bound to happen. Enough mistakes were made on D-day to convince any skeptic that the war was lost—if all he could see were the mistakes and the confusion. D-day was turned into a great victory for free men because we moved ahead without stopping or looking back.

One of the major weaknesses of our aid program is that of attempting to do too much, and thereby it loses its sense of direction. What is often lacking is a clear set of priorities for the program and a strong resolution to implement these priorities.

This is sometimes evident among those in the executive branch and in the Congress who are declared friends of the foreign aid program. In their espousal of the foreign aid program, they must have a clear grasp of what is most important and what is less important, what is top priority, and what is of secondary importance.

This set of priorities must always be kept in mind. If it appears that the Congress will not approve of the administration's total program, then the established set of priorities will naturally be followed in distributing any cuts.

We have recently been advised in the Senate that the Foreign Relations Committee's recommendations must be reduced.

I have shared the view, after sensing the temperament of the Congress, that some agreement to reduce the committee's figures might be necessary in order for the bill to be approved in the Senate. But what concerns me most is the absence of any clearly established priorities in distributing the cuts that have been proposed.

Many parts of this foreign aid bill are important, but which part is most important? Which part has top priority?

I believe that the Alliance for Progress program has top priority. I accept the President's statement that Latin America

is the most critical area in the world as far as U.S. foreign policy is concerned. I accept this and believe we should act upon it.

The executive branch should act upon it. The leaders of Congress should act upon it, and yet we are informed that some believe the Alliance for Progress item recommended by the Senate Foreign Relations Committee can be cut by \$125 million. We hear that this is one of the categories best able to sustain a cut.

Mr. President, I claim no superior knowledge about strategy for obtaining the best possible foreign aid bill this year. I am quite willing to follow the advice of others on this question in many respects. But I am certain on one thing: I know that a cut of \$125 million from the Alliance for Progress weakens it.

I know that that cut does not carry out what was the President's judgment on the importance of the Latin America area in the struggle in which we are now engaged with world communism.

I know that this conflicts with the policy stated by the President of the United States.

Mr. President, this week there opened in São Paulo, Brazil, the annual meeting of the OAS Inter-American Economic and Social Council. At this meeting, which will be attended by most of the key Alliance officials in the hemisphere, the future of the Alliance for Progress will be discussed. Proposals to modify its structure to achieve greater Latin participation will be discussed at this meeting. At the end of next week, Under Secretary Averell Harriman will go to São Paulo to head the U.S. delegation to the OAS meeting at the ministerial level.

This proposed reduction puts Secretary Harriman in a most difficult position. The U.S. Government has been exhorting Latin American governments to do better in mobilizing their own resources, to exact the taxes and enact the reforms called for in the charter of Punta del Este. We have repeatedly pleaded with Latin American government officials to live up to their commitments under the Alliance. And yet now we indicate that the United States is to go back on its commitments. Most of the major Latin American newspapers, including those most friendly to the United States did not fail to note that the House figure approved for the entire Latin American Continent was only slightly above the total Soviet aid to Cuba alone. Our commitments under the Alliance, as well as those of our Latin American neighbors, must be honored. Nothing is more harmful to our prestige, to our national image and to our foreign policy interests than the appearance of reneging on commitments made. The recent action of the House of Representatives in drastically reducing the Alliance for Progress funds requested by the administration is interpreted in every Latin American country as precisely that.

The Senate Foreign Relations Committee disagreed with the House action, and recognized the embarrassment this

would cause the U.S. Government and restored the funds cut by the House.

All we are asking in this amendment is that the judgment of the Senate Foreign Relations Committee be honored. The committee examined this issue carefully. It weighed both sides before making the recommendation. We have yet to receive any explanation of why the committee's action should be overruled. We not only have not received a valid explanation; we have not received any explanation at all. This is not surprising. The chairman of the Senate Foreign Relations Committee voted in the committee to recommend the figure contained in my amendment. He not only voted for it, he strongly supported it. The distinguished majority leader also voted for the figure contained in this amendment for the Alliance for Progress. Therefore, it is not surprising why no Senator has come forth with an adequate explanation of why this cut was distributed in this way.

I remind my colleagues that this is only the authorization. The appropriation is another matter. Everyone who has served in this body over the years knows that the appropriation figure usually is substantially less than the authorization figure.

This would mean that the Senate authorization figure for the Alliance would be \$525 million. As everyone knows this figure could be reduced further by the House-Senate conference and reduced drastically by the House in the appropriations round. What we would likely have in the end is a figure approximating the \$400 million which the Soviet Union now gives to one small country, Cuba. If the world's leading capitalist country cannot do any better than that, we do not have much of an argument with the Communists. Yet Latin America is the most critical area in the world, as we have been told by the leader of the greatest Nation on the face of the earth, the President of the United States.

What Mr. Harriman is likely to be asked in Sao Paulo, and quite rightly, what prompted us to go back on our commitment. When we committed our support, to the Alliance at Punte del Este, we expressed support for a figure of \$600 million per year for 4 years. The expectation, however, was that our aid would increase after the first year. Instead it is now proposed to be cut back from the \$600 million level.

I would like to touch briefly on what has been accomplished during the last 2 years under the Alliance for Progress.

Certainly one indicator of the success of the Alliance for Progress during its short period of existence is a review of its actual physical accomplishments which include 8,200 classrooms, 140,000 homes, 4 million books, 160,000 agriculture credit loans, 700 community water systems and wells, 900 hospitals and health centers, and 15 million people have been fed surplus foods.

However, one cannot measure the progress of the Alliance solely by these U.S. contributions. Our assistance is primarily marginal aid intended to lever

Latin American countries into action. The true yardstick is the one of self-help efforts on the part of our Latin American partners. Slowly but increasingly, these countries are modifying their brittle structures to make them more responsive to the needs of their people. Reforms never come easily. Resistance to necessary change is always great. However, in many fields these changes are being made.

Tax reform: Structural tax reform on important tax administration improvement programs are underway in 12 countries: Argentina, Bolivia, Colombia, Chile, Costa Rica, Ecuador, Guatemala, El Salvador, Mexico, Panama, Peru, and Paraguay. U.S. Internal Revenue Service technicians are already assisting in these self-help efforts in Colombia, Chile, Ecuador, Guatemala, Panama, Peru.

Land reform: Large-scale land reform programs were carried out by Bolivia and Mexico over the years. Venezuela, the Dominican Republic, Colombia, and two states in Brazil have initiated promising programs, and Peru is about to initiate such a program. Other, more limited land reform programs are underway in Chile, Panama, Uruguay, Costa Rica, Guatemala, Honduras, and Nicaragua.

Planning: Latin American countries which have submitted 10-year or sectoral development plans to the OAS Committee of Nine include: Colombia, Chile, Ecuador, Bolivia, Mexico, Panama, Venezuela, and Honduras. Brazil and Peru are expected to submit plans shortly. Several other countries are working on such plans.

Housing: 11 countries having self-help housing programs are: Argentina, Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Peru, and Venezuela. Savings and loan associations have been or are being established in nine countries: Argentina, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama, Peru, and Venezuela.

Private investment: Private development banks have been established or are in the process of being established in seven countries: Bolivia, Brazil, Honduras, Panama, Colombia, Dominican Republic, and Ecuador. Other intermediate credit institutions are relending to small- and medium-sized industries have been established in Peru, Mexico, and Chile.

Regional integration: Central America has been most successful in building a common market made up of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Their success in this strategic area comprising 12 million people shows the way to other Latin American countries, whose progress within the Latin American free trade area has been considerably slower.

To support the increasing self-help activity—to insure that the momentum of reform will increase—AID has requested \$650 million.

It was and is impossible to state precisely the need for loan funds. The level of the Alliance lending program depends upon many factors. Most are be-

yond the control of the United States. The uncertainty stems from the fact that no lender, no bank can predict the amount it will lend in the future—and still remain a sound institution.

Based on the most careful analysis of the probabilities, AID has stated that it will need a minimum of \$550 million for new development loans and \$100 million for development grants this year. This amount is designed to meet the Latin American countries' increasing need for marginal external assistance as the Alliance progresses.

The Alliance for Progress program was also subjected to an examination in depth by the Senate Foreign Relations Committee. Their studied evaluation reported to this body, concluded that the best interest of the United States, as a partner of the Alliance for Progress, called for the requested authorization.

AID's commitment of development loan funds for the Alliance in fiscal year 1963 gives us a clear idea of how the program operates.

Development loans make up the major AID contribution to the Alliance for Progress. Over \$340 million in development loans was used in fiscal year 1963. Total commitments for development loans and grants were \$465 million.

This exercise of fiscal responsibility in the face of a \$525 million appropriation is the best proof that assistance will be given only to the extent that it is consistent with Alliance objectives. Two years of Alliance experience back up this method of operation, which has to meet two key U.S. objectives. These involve the assurance that the self-help and reform requirements of the Alliance must be met—and, at the same time, the need to capture the confidence and imagination of the Latin American people.

AID, therefore, has acted on these principles: First, it has refused to commit or spend unless convinced that the outlay is clearly in the U.S. national interest, promoting development and freedom in Latin America; and second, it has been prepared to offer assistance whenever a Latin American nation initiates the social and economic changes the Alliance calls for. On a per capita basis, countries like Chile, El Salvador, Colombia, and Panama received much more aid than did Paraguay or Haiti, for example.

In fiscal year 1963, aid was concentrated in the countries which performed. It was reduced or held up where self-help and reform efforts were shunned or lagging. You will recall that the United States spent almost nothing in Peru. Funding for Brazil and Argentina was much lower than expected. Brazil had not met her self-help commitments, nor had it reached the stage of political, and particularly, financial stability which would make worth while all of the lending which was previously estimated. Argentina's political problems prevented any clear focus on development.

This year, Peru's new constitutionally elected Government has put that hitherto politically stagnant country on the Alliance road to reform. Argentina has a constitutionally elected Government and the prospects are good for stability

after a year of turbulence. Further development opportunities are evident in Central America and Chile, among others.

AID's development lending operations, like those of a bank, depend a great deal on mutual confidence. The United States has not assumed the posture of a hard-hearted lender. Congress has placed tight restrictions on AID loan procedures, however. The loans must reflect careful feasibility studies and a clear capacity for repayment. AID, therefore, has acquired many aspects of a full-fledged banking operation. It has, moreover, insisted that the Latin Americans live up to their own commitments on reforms. If we did not do so, the money we lend would neither benefit the borrower nor further our Alliance objectives. On the other hand, to raise hopes and aspirations, to achieve worthwhile bootstrap efforts and then not be able to back them up with marginal external lending—this causes a loss of confidence among our Latin American neighbors and a sense of alienation from the Alliance.

Right now, today, finance ministers and development experts from the Alliance countries are meeting in São Paulo, Brazil. This meeting of the Inter-American Economic and Social Council is devoted to an analysis of reform efforts, to methods for improving the administration of the Alliance, and to strengthen that spirit of mutual confidence which is the true revolution in this hemisphere over the past 3 years.

The democratic leaders in Latin American today count on us. At the very moment when they have gained confidence in us and are exposing themselves to grave political hazards in the firm expectation of timely and effective support from the United States, we must come through.

Mr. President, I turn now to my third major point: Why the figure for the contingency fund recommended by the Senate Foreign Relations Committee should be supported by the Senate.

After long deliberation, the committee voted a figure of 175 million. My amendment would restore the committee's figure, reducing it 125 million from the 300 million recommended by the Mansfield-Dirksen amendment.

In this careful study of the contingency fund, the Foreign Relations Committee discovered that almost half of the contingency fund last year went unused.

Of the 260 million appropriated last year, 117 million was not spent. Therefore the committee thought it proper to give the President a figure—175 million—far above what was actually spent last year—143 million—but, below the level requested.

The contingency fund is one of the most important items in the foreign aid bill and it should not be dealt with lightly. However, it should not be distorted into something it was never intended to be.

According to the legislative history of this part of the aid program, the contingency fund is not to be used by the executive branch to make up cuts unpassed by Congress.

It is my understanding that ordinarily the contingency fund will be used for the following purposes:

First. For emergencies and unforeseen occurrences.

Second. For possibilities that may be foreseen, but the amount of which is unknown at the time of the congressional presentation—for example, we may be relatively sure that our assistance program to Vietnam will change as a result of the coup—whether it will be up or down or how much cannot now be foreseen.

Third. For changes after the congressional presentation has been made to the Congress, but before appropriations—this is for ease in preparation of the presentation.

Fourth. For increases in a program after the initial allocation as a result of changed circumstances.

Supporting the committee's action therefore supports the idea that the aid agency must use the money for the progress agreed to by Congress. If an unnecessarily large contingency fund is approved, while sharp cuts are made in certain parts of the program, the pressure will be great to convert the contingency fund into a slush fund to make up for cuts in parts of the program. The contingency fund was designed to meet real emergencies, not to circumvent the will of Congress.

I repeat my conviction that the contingency fund is important. The committee considered it to be important. But it is designed for contingencies. After a careful review of the past history of the fund, the committee concluded that \$175 million is enough. The committee's action should be sustained.

Mr. President, Members of the Senate should know that if some extraordinary event did occur requiring extraordinary expenditures, the Senate would stand ready to heed the President's call. The funds would be made available promptly if needed. I would strongly support such a request. But at the present there appears to be no need for increasingly the committee's figure. Nor should it be lowered. It should stand as it is.

In both instances, in restoring \$125 million to the Alliance for Progress, and in reducing the contingency fund to \$175 million the Senate would be wise to support the action of the Foreign Relations Committee figure.

Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, is a parliamentary inquiry in order during a quorum call?

The PRESIDING OFFICER (Mr. NELSON in the chair). The Chair is advised by the Parliamentarian that it is not.

Mr. DOUGLAS. It is not.

Mr. MORSE. Mr. President, I advise the Chair that I desire to have a live quorum.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 211 Leg.]

Allott	Hart	Morse
Anderson	Hartke	Morton
Bartlett	Hayden	Moss
Bayh	Hickenlooper	Mundt
Beall	Hill	Muskie
Bible	Holland	Nelson
Boggs	Hruska	Neuberger
Brewster	Humphrey	Pastore
Burdick	Inouye	Pearson
Byrd, Va.	Jackson	Pell
Byrd, W. Va.	Javits	Proxmire
Cannon	Johnston	Randolph
Carlson	Jordan, N.C.	Ribicoff
Case	Jordan, Idaho	Robertson
Church	Keating	Russell
Clark	Kennedy	Saltonstall
Cooper	Kuchel	Scott
Cotton	Lausche	Simpson
Curtis	Long, Mo.	Smathers
Dirksen	Long, La.	Smith
Dodd	Magnuson	Sparkman
Dominick	Mansfield	Symington
Douglas	McCarthy	Talmadge
Eastland	McClellan	Thurmond
Edmondson	McGovern	Tower
Ellender	McIntyre	Williams, N.J.
Fong	Mecham	Williams, Del.
Fulbright	Metcalf	Yarborough
Gore	Miller	Young, N. Dak.
Gruening	Monroney	Young, Ohio

The PRESIDING OFFICER. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 1989) to authorize the government of the Virgin Islands to issue general obligation bonds.

The message also announced that the House had agreed to the report of the committee of the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6143) to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities in undergraduate and graduate institutions.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 7405. An act to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock; and

H.R. 8821. An act to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the Ellender amendment to the Mansfield-Dirksen amendments, as amended, to the committee substitute, as amended.

Mr. MORSE. Mr. President, I believe a conference which now is underway is being attended by the majority leader, the minority leader, the chairman of the committee [Mr. FULBRIGHT], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Louisiana [Mr. ELLENDER], and several other Senators. It is a very important conference, and I hope it will result in the saving of a great deal of time. Therefore, I think we should wait until it is concluded; and I now suggest the absence of quorum.

Mr. HOLLAND. Mr. President, I rise to a point of order: No business has been transacted since the previous quorum call.

The PRESIDING OFFICER. The point of order is sustained.

Mr. MORSE. Mr. President, I appeal from the decision of the Chair.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. SALTONSTALL. Mr. President, I respectfully state that, in my opinion, such an appeal is frivolous. So I make that point of order.

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that the question raised by the Senator from Massachusetts is debatable.

Mr. KUCHEL. Mr. President, under my right to debate the pending question, I shall use a few moments to describe briefly an issue in regard to which I intend subsequently to offer an amendment. I trust that by the time I finish this brief discussion, the leadership on both sides will have returned to the Chamber.

Mr. MORSE. Mr. President, will the Senator from California yield to me for 30 seconds?

Mr. KUCHEL. I yield.

Mr. MORSE. I wish to explain that although the Senator from Massachusetts may think my appeal frivolous, I am really being cooperative, because I made the appeal only in order to be able to suggest the absence of a quorum, and thus to accommodate the leadership.

Mr. SALTONSTALL. Mr. President, under the existing conditions, I ask unanimous consent that I may withdraw my point of order.

The PRESIDING OFFICER. Without objection, the point of order is withdrawn.

Mr. KUCHEL. Mr. President, I note that the leadership has now returned to the Chamber. So I shall postpone to a subsequent time my discussion of the problem I have in mind.

The PRESIDING OFFICER. The question now is on the appeal by the Senator from Oregon from the decision of the Chair.

Mr. MORSE. Mr. President, I withdraw the appeal.

The PRESIDING OFFICER. The question is on agreeing to the Ellender amendment to the Mansfield-Dirksen amendments, as amended, to the committee substitute, as amended.

Mr. ELLENDER. Mr. President, I understand that my amendment is now the pending question.

The PRESIDING OFFICER. That is correct.

Mr. ELLENDER. Mr. President, if my amendment were withdrawn, what amendment then would come up for consideration by the Senate?

The PRESIDING OFFICER. The Humphrey amendment, which proposes that lines 1 through 11 on page 2 of the bill be stricken out.

Mr. ELLENDER. If my amendment were adopted, what would become of the Humphrey amendment?

The PRESIDING OFFICER. If the Ellender amendment were adopted, and if the Humphrey amendment to strike out lines 1 through 11 on page 2, as amended, were then agreed to, it would carry with it the Ellender amendment. However, the Ellender amendment could be offered later, as an independent proposition, if desired.

Mr. ELLENDER. Then it would become inoperative, would it not?

The PRESIDING OFFICER. Yes.

Mr. ELLENDER. Then, Mr. President, I ask leave to withdraw my amendment.

The PRESIDING OFFICER. The Senator from Louisiana has a right to withdraw his amendment, and it is withdrawn.

Mr. HUMPHREY. Mr. President, the present parliamentary situation, as I understand, is that the question is on agreeing to the amendment I offered yesterday—the amendment relating to the Alliance for Progress funds and the military assistance funds.

The PRESIDING OFFICER. Is that the amendment to strike out lines 1 through 11, on page 2?

Mr. HUMPHREY. Yes.

The PRESIDING OFFICER. Then that is correct.

Mr. HUMPHREY. Mr. President, I wish to modify that amendment.

Mr. GORE. Mr. President, I rise to a parliamentary inquiry: What business before the Senate requires the presence in the Chamber of so many persons who are standing around the walls and engaging in conversation? Has the Chair any official notice of a need for such visitors?

The PRESIDING OFFICER. The Chair has not.

Mr. GORE. Then, Mr. President, I ask for enforcement of the Senate rule in that connection.

The PRESIDING OFFICER. Senators will resume their seats, and the Senate will be in order.

Mr. GORE. Mr. President, I was not referring to the conduct of Senators. Under the Senate rule, unless a Senator has specifically requested the presence in the Chamber of his aid, his aid is not entitled to the privilege of the floor.

The PRESIDING OFFICER. All persons now in the Senate Chamber who do not have authority to be present will leave the Chamber.

Mr. HUMPHREY. Mr. President, I should like to say a word, and then I shall yield to the majority leader. As a word of background, there has been a very good discussion this afternoon on the amendments before the Senate.

I wish to modify the amendment which I offered yesterday in the light of those discussions, so that the effect of the amendment will be as follows:

My proposal of yesterday would have restored to the committee bill, in lieu of the Mansfield-Dirksen amendments, the full sum of \$650 million for the Alliance for Progress as recommended by the committee rather than the \$525 million as proposed in the Mansfield-Dirksen amendments.

Second, it would maintain the committee's recommendation of the sum of \$175 million for the President's contingency fund instead of the \$300 million which was proposed in the Mansfield-Dirksen amendments.

However that solution would be my first preference after discussions with many Senators today I wish to modify my amendment. I shall place the appropriate technical legal language before the Senate, but I can easily explain the proposal. The Alliance for Progress funds authorized would be \$600 million. The Mansfield-Dirksen original amendments called for \$525 million. The amendment would increase the figure by \$75 million, so that \$600 million would be provided for the Alliance for Progress.

The contingency fund would be cut back to \$175 million. With the Mansfield-Dirksen amendments, as modified yesterday by the amendment of the Senator from Oregon [Mr. MORSE] it would mean a net saving in the bill of \$460 million as the bill came from the committee. It would mean an additional reduction of \$50 million in the reduction provided in the original Mansfield-Dirksen amendments, as modified by the amendment of the Senator from Oregon [Mr. MORSE].

As of last night, the Mansfield-Dirksen amendments, as amended, would provide a reduction of \$410 million. The Humphrey amendment now to be offered as a modification of my proposal of yesterday would add an additional \$50 million reduction. So my amendment would mean that the Mansfield-Dirksen proposal, instead of providing \$525 million for the Alliance for Progress, would provide \$600 million; and instead of providing \$300 million for the contingency fund, it would provide \$175 million.

I believe that if the amendment were adopted it would do a great deal to expedite the work of the Senate on the Foreign Aid bill.

The proposal has been discussed with the appropriate officials of the administration. They are not particularly happy about it, but I am sure that they can live with it. Like myself, they would prefer the full \$650 million recommended by the committee. But they have not expressed what I would call violent objection.

Mr. DOMINICK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMINICK. Do I correctly understand that the so-called Humphrey amendment, as it was stated yesterday in connection with the original amendment, is subject to revision? Several of us may not wish to accept the package as a whole.

The PRESIDING OFFICER. The amendment would be divisible.

Mr. HUMPHREY. It is subject to division.

I suggest respectfully to our good friend the Senator from Colorado that the amendment as it now stands is not now exclusively my amendment. It represents a consensus. At the present moment I happen to be the spokesman. The amendment has been discussed with Senators on both sides of the aisle. I am hopeful that it will meet, if not with general approval, at least with acceptance. I wish to make clear that I do not claim any pride of authorship at all. I am appreciative of the fact that many Senators who are concerned about progress on the bill have been able to agree on the amendment. For example, I wish to thank the Senator from Louisiana [Mr. ELLENDER], the Senator from Oregon [Mr. MORSE], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Illinois [Mr. DIRKSEN], and the chairman of the committee in particular, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], the Senator from Montana [Mr. MANSFIELD], the Senator from California [Mr. KUCHEL], and others who sat in and discussed the proposal, along with other Senators whom I have not mentioned. So let us be clear about it. It is not any one Senator's proposal.

Mr. MILLER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLER. If the Humphrey amendment, as modified, were adopted, would the \$175 million authorization for the contingency fund be locked into the bill forevermore?

The PRESIDING OFFICER. If the \$175-million proposal for the contingency fund contained in the amendment of the Senator from Minnesota were adopted and subsequently incorporated in the Mansfield-Dirksen amendments, it would not be subject to change thereafter.

Mr. MILLER. Do I correctly understand further that if the amendment is adopted, it will be locked into the Mansfield-Dirksen amendments?

The PRESIDING OFFICER. The Parliamentarian has advised the Chair that it would be.

Mr. MILLER. I thank the Chair.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. Mr. President, first, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. LAUSCHE. Mr. President, will the Senator now yield?

Mr. HUMPHREY. I yield to the Senator from Ohio.

Mr. LAUSCHE. The recommendation of the Foreign Relations Committee entailed a total authorization of \$4,202,365,000.

Mr. HUMPHREY. Yes.

Mr. LAUSCHE. To what amount would the cuts which have thus far been made in that sum bring the authorization?

Mr. MANSFIELD. Mr. President, if the Senator will yield to me, I may be able to supply that information.

Mr. HUMPHREY. I yield to the majority leader.

Mr. MANSFIELD. On the basis of the adoption of the amendment of the Senator from Oregon [Mr. MORSE] yesterday, there would be a \$25 million reduction. If the amendment now before the Senate is adopted, the figure will be brought down to the extent of \$460 million, leaving a total authorization of \$3.742 billion.

Mr. LAUSCHE. If no further reductions in the authorization were made, the amount authorized would be \$3.742 billion?

Mr. MANSFIELD. Yes, a cut of \$460 million below the amount contained in the bill reported by the committee.

Mr. LAUSCHE. What was the original amount in the budget of the President for the fiscal year 1964, which amount he cut on his own volition?

Mr. MANSFIELD. First, it was \$4.9 billion; then on his own volition he reduced the amount to \$4.529 billion.

Mr. LAUSCHE. If we stopped at the present time in making cuts, the amount of the authorization would be \$3.742 billion?

Mr. MANSFIELD. The Senator is correct.

Mr. LAUSCHE. I thank the Senator.

Mr. HUMPHREY. Mr. President, I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to vote quickly, but I have certain obligations that I owe to Senators who have been working with me and with whom I have not had an opportunity to confer.

I want to quickly outline what the situation is. As the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Montana [Mr. MANSFIELD] have pointed out, I want to vote, but I do have an obligation to the Senators who have been working with me and with whom I have not been able to talk since these negotiations have taken place. I want them to know what the situation is. I want them to feel perfectly free to vote as they believe they should vote. I have not spoken for them, nor have I purported to speak for them.

It is true that the Senator from Minnesota has talked with me, and I consulted briefly with the majority leader. I had a conference with the Senator from Louisiana [Mr. ELLENDER] and he pointed out to me that if his amendment were adopted, it would be wiped out by the Humphrey amendment if the Senate adopted the Humphrey amendment. Therefore, he was inclined to withdraw his amendment. So he and I went to the Senator from Minnesota [Mr. HUMPHREY] and asked the Senator to go along with us on \$150 million for the contingency fund. The Senator from Minnesota graciously considered it and said he did not feel he could go below the committee figure, which is \$175 million. It happened that I voted for \$150 million in the committee but could not go along with the \$175 million.

This must be a give-and-take compromise situation, when we write a bill on the floor of the Senate—which we are doing.

I consulted with the Senator from Louisiana [Mr. ELLENDER] and it was with some reluctance that we said, as to that amount, that if we could get

some further concession we would accept the \$175 million in the contingency fund.

I hope Senators will read the debate on the contingency fund when they receive the CONGRESSIONAL RECORD tomorrow, because the Senator from Louisiana and I pointed out that the contingency fund, as it has been operating, has involved the expenditure of a great deal of money, not for American national emergencies, but for emergencies in other countries. More than half the money has been used for budget balancing, for balance-of-payments problems, and for budget support money in other countries, such as Brazil and Argentina. In some instances those countries in turn have been paying off American creditors. We believe this is not the proper use for the contingency fund. Most people believe the contingency fund should be used to meet U.S. emergencies and not some other country's emergencies. But, be that as it may, that was our argument this afternoon. That was why we said we could not go along with the proposal to raise the amount for the contingency fund to \$300 million, but that if we could obtain some other concessions we would go along with \$175 million.

We were speaking only for ourselves. The Senator from Minnesota wanted to go to \$650 million on the Alliance for Progress. We said we could not support that proposal. He asked if we could support \$600 million. We said we would favor having a vote on it.

I can speak only for myself, but that would be an additional saving, and I would be willing to take that adjustment.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. RUSSELL. As I understand the contingency fund, it has never been expended in whole.

Mr. MORSE. We brought that out, too.

Mr. RUSSELL. So it seems to me that we are asked to transfer this money to a position where we know it will be expended, taking it from the position where, the chances are, it will not be expended.

Mr. MORSE. The Senator may be correct, but I do not believe the Senator is correct. We are merely saying that there is going to be a contingency fund of \$175 million; that is all. It is not linked to the Alliance for Progress program.

Mr. RUSSELL. No, but the proposal would take \$175 million, as I understand it, out of the contingency fund?

Mr. MORSE. No.

Mr. ELLENDER. It would remain at \$175 million.

Mr. MORSE. It would remain at \$175 million, as reported by the committee.

Mr. RUSSELL. What did the so-called powerhouse amendment propose to make the contingency fund?

Mr. ELLENDER. Three hundred million dollars.

Mr. MORSE. Three hundred million dollars.

Mr. RUSSELL. That is the point I am making. I look upon that as a considerable saving. If the money is taken out

of the action programs, where we know it is going to be expended, and put in the contingency fund, the chances are it will not be expended. If we put the money in one of the action programs, it will be spent to the last dime.

Mr. MORSE. I say to the Senator from Georgia that there is nothing to stop the President from spending the money, if given \$300 million for spending. The effect would be the equivalent of what could be spent under the Alliance for Progress program, even if used for a balance-of-payments problem or for budget-support money. That is why I do not like to give such discretion to the President.

Mr. RUSSELL. I can understand that, but I was looking at the overall savings. I listened with interest to the remarks of the Senator from Ohio. As a practical matter, less than \$150 million was spent out of the contingency fund in the past fiscal year, so if we put \$300 million in the fund, the chances are that \$150 million of it will not be expended. But if we put the \$175 million in the Alliance for Progress, we would know beyond any peradventure that it would be spent.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I do not make the assumption that the Senator makes. I believe there is a clear intention to expend the money. If they can get \$300 million, we will find that much of the \$300 million will be used. I believe there has been that kind of shift. I feel much better with \$175 million in the fund than with \$300 million in it.

Mr. RUSSELL. I proposed to support the amendment of the Senator from Louisiana, which he has withdrawn.

Mr. MORSE. So did I.

Mr. RUSSELL. But I was hoping to get the best I could out of the situation. It seemed to me it would be better to leave the money in the contingency fund, where it would not all be spent, rather than to put it in the fund for the Alliance for Progress, where we know every dime of it will be committed.

Mr. MORSE. I believe it will be spent. That is the position I have taken.

One further point. I have the assurance of the Senator from Minnesota [Mr. HUMPHREY] that he will support me in this. I wished to incorporate in the so-called package an agreement to reduce the military aid program for Latin America from \$50 million, as the committee recommended, to \$40 million, and add the saving of \$10 million to economic aid for the Alliance for Progress program. I intend to offer that amendment, and the Senator from Minnesota assures me he will support it.

Mr. HUMPHREY. I will give the Senator my individual vote, but I made it crystal clear that from now on we would consider the amendments one at a time, as they come.

Mr. MORSE. If the Senate adopts the Humphrey amendment, many other amendments will be offered that will involve further cuts in the amounts. If the Senate votes to adopt the Mansfield-Dirksen amendments, that will not mean that we shall be stopped from making

further savings in the foreign aid program. Many other amendments will be in order and can be adopted. They involve a saving that can run into millions of dollars. We shall offer them.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, if I still have the floor, I yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I wish to make it crystal clear that, if the contingency fund were used in the manner some of us believe it should be used, I would be in full agreement with the distinguished Senator from Georgia. But, as I pointed out this afternoon, \$100 million of the \$250 million that Congress provided last year was returned to the Treasury, and only \$35 million was used for contingencies during the first 9 months of fiscal year 1963. The balance of it was used, as I pointed out, to balance the budgets of some countries in South America and some in Asia.

Mr. RUSSELL. What would prevent the \$175 million from being used for the same purpose?

Mr. ELLENDER. We could write something into the bill that would direct how it could be used.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I say to the Senator from Minnesota that I dislike to vote to cut the contingency fund, more than all the others. I am perfectly willing to see this fund cut back, if that is the will of the Senate.

I repeat that Secretary of State Rusk testified before the Committee on Foreign Relations that—

It is of the greatest value in being able to move promptly in some of these unforeseen situations to make commitments.

That was testimony by Secretary of State Rusk before the Foreign Relations Committee.

As the Senator from Louisiana has said, the amount of \$100 million on the contingency fund was returned in 1963 and not spent, because it was not needed. Personally, I would rather see a flat commitment, with respect to funds that will probably be spent, as the Senator from Georgia said, leaving a certain flexibility in the fund. That is my own feeling. I would dislike to see a cut made in the contingency fund and see other funds of a specific character left alone.

Mr. HUMPHREY. Historically, the contingency fund indicates that there is a considerable degree of flexibility, with other items of flexibility and transferability, plus the amount in the military assistance fund for military need. The emergency fund of some \$300 million, with the \$175 million recommended by the committee, involves a considerable amount of flexibility.

I want to be frank. I do not find that this is the most happy situation, but I have talked with some of our colleagues as to what we might be able to do to proceed with the bill that would let us arrive at something constructive. I believe this amendment, which is a compromise amendment, which was arrived at after

the give and take of Senators who have rather strong views, will help us proceed with the proper consideration of the bill.

In reference to the funds for the Alliance for Progress, there are specific standards which must be followed in the programing of those funds. To date those funds have been programed about about as well as any in the history of the foreign aid program. That is the reason why I have suggested a higher amount. That is the reason I have fought hard for this amendment. The House has authorized a figure of \$450 million. The Senate committee recommended \$650 million. It is quite obvious that we are not going to come out of the conference with our exact figure. I am sure the Senator from Massachusetts, who has had much experience in conference with the House, knows that we are lucky if we can hold reductions to a minimum.

After that, there must be an appearance before the Appropriations Committee, where the Senator from Massachusetts and other Senators scrutinize very carefully the countrywide programs. I believe we will come up with a good proposal after action is taken on the Mansfield-Dirksen amendments. A substantial saving will be provided.

Mr. SALTONSTALL. Mr. President, for about 10 years I have had experience in conferences between the House and the Senate. Under President Eisenhower, President Truman, and President Kennedy, where commitments had to be made and cuts had to be made, the administration always wanted to keep the contingency fund up and cut the other amounts. I always thought that was the fund that provided fluidity in the program, if the program had otherwise been cut too low. If that was done, and the contingency fund was kept at a reasonable amount, it was satisfactory.

Mr. HUMPHREY. I hope this fund will be kept at a reasonable amount.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. COTTON. Through the courtesy of the Senator from Iowa and the chairman of the committee, I have received certain information, but, for the purpose of the RECORD, I should like to make an inquiry. Is it true that after the specified period is over, the President, by law, must make a full accounting of the purposes for which the contingency funds were used?

Mr. HUMPHREY. The Senator is correct. The bill provides, under chapter 5, section 451(b):

The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of the funds under this section.

Mr. COTTON. Does not the Senator from Minnesota believe, as the Senator from New Hampshire is inclined to believe, that the foreign aid program having assumed the dimensions it has assumed, and having gathered the momentum it has gathered, in the long run,

whoever may be President, we should lean toward giving a larger contingency fund to the President, in view of the fact that it will be fully accounted for and used, in the President's discretion, for emergencies, and should reduce the amounts that go into the working programs?

Mr. HUMPHREY. First, I think \$175 million is enough for the contingency fund, in view of the experience over the years. Second, the Alliance for Progress funds are well programed. I do not say they are perfect by any means, but there is a full accounting for them.

I am deeply concerned over the sharp cut made in the other body. Otherwise I would not be as adamant as I have been. I have great sympathy toward the contingency fund. I think my record indicates that I have supported it, with its flexibility. But with \$450 million authorization in the other body, if this body were to authorize only \$525 million, I am afraid we would cripple the program. What I am looking for is a better figure, a more rational figure, for the Alliance for Progress, and I am confident that we can arrive at a better figure.

Mr. COTTON. Does the Senator feel that every cent allocated will be spent?

Mr. HUMPHREY. No, because the funds will have to be programed under certain criteria. They did not spend all that was appropriated last year. I believe there was a carryover of something like \$50 million from the \$525 million appropriated.

Mr. COTTON. But essentially this amendment, in its present form, holds down the contingency fund and restores some cuts in the working programs?

Mr. HUMPHREY. It holds it down to the recommendation of the Committee on Foreign Relations and reduces by \$50 million the recommendation of the Committee on Foreign Relations with respect to the Alliance for Progress.

Mr. COTTON. But it is far in excess of the House figure?

Mr. HUMPHREY. It is in excess of the House figure.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ANDERSON. Does the Senator feel it would be helpful to Senators to know how the chairman of the committee and the ranking Republican member of the committee feel about it? It seems that the Foreign Relations Committee is acting in the capacity of an investigatory committee, and that the final decision is being reached by the leadership. I do not object to that procedure, but I have great faith in the Senator from Arkansas, and I would like to know how he feels about it. It is pretty difficult to know how to vote. I should like to be able to vote with some semblance of intelligence. I thought the suggestions of the Senator from Minnesota were eminently sound. Other Senators may not think so. The chairman of the committee and the ranking Republican member should let us know how they feel.

Mr. HUMPHREY. I have been discussing the question with the chairman

of the committee. It has been the desire of the Senator from Minnesota to support the committee all the way.

Mr. ANDERSON. I do not question that, but I think the Senator from Arkansas should speak for himself.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. Let me yield first to the Senator from Ohio.

Mr. LAUSCHE. There has been some question as to which funds should be provided by appropriating them to the contingency fund or appropriating them to the Alliance for Progress. I call the attention of Senators to page 47 of the testimony, at which point Mr. Rusk was testifying. He said that the Clay report recommended a minimum of \$4.3 billion. Mr. Rusk said that while he recommended \$4.3 billion, it may not all be spent, because General Clay was doubtful in his own mind "that \$300 million of the prospective loans to Latin America would in fact be used because of the unlikelyhood they would be qualified for by action taken by the Latin American countries."

The Latin American funds or the Alliance for Progress funds can only be used when certain conditions are met by the members of the Alliance for Progress.

My own belief is that there has been a weakness in the meeting of those conditions and that it does not follow that all the money appropriated to the Alliance for Progress will be more certainly used than if the money were put into the President's contingency fund.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. In view of the inquiry of the distinguished Senator from New Mexico, the chairman of the Space Committee, former chairman of the Joint Committee on Atomic Energy, and former chairman of the Committee on Interior and Insular Affairs, I am sure the Senator knows, and the Senate should know, that the leadership never makes a move on any bill brought before the Senate until and unless it has the full concurrence of the chairman of the committee and usually also the ranking minority member of the committee. The Senator will recall from his own personal experience that he has operated in that manner and has been so treated, as has every other chairman of a committee.

Mr. ANDERSON. I agree. I could not agree more completely with the Senator. However, I shall be asked to cast a vote on the amendment. I was about to vote on the Humphrey motion. Therefore I would like to be able to say to my people back home, who will question me about this matter, why I voted the way I did. I have the greatest sympathy for the chairman of the Foreign Relations Committee, and the greatest confidence in him.

Mr. FULBRIGHT. I appreciate the statement of the Senator from New Mexico. We are dealing with an authorization bill, as the Senator knows. I generally favored the recommendation of the Clay Committee. After the testimony by General Clay, I thought we

should report a bill calling for approximately \$4 billion. However, we were confronted with a situation, not a theory, as the saying goes. It was a question of trying to save the authorization in the neighborhood of \$4 billion. As a result, and viewing the difficulty of holding the authorization to that level, I entered into an agreement which has been called the "powerhouse" agreement. It is evident how powerful it has been.

After we were defeated yesterday, in spite of the "powerhouse" amendment, it became quite evident that the Senate was in no mood to resist further cuts.

Therefore, the pending amendment was arrived at between the Senator from Minnesota and the Senator from Oregon. It is the best we could do. I do not approve of it. I do not really approve of what the Senate has already done. We still must go to conference; and at the conference the best we can hope to do is achieve a 50-50 compromise.

Thereafter we must go to the Appropriations Committee. There the figure will be substantially lower, if the committee follows the pattern it has usually followed.

I am not in love with this program any more than other Senators are. However, we are scaling the program down substantially; and I believe that to be unfortunate, because we are creating a very bad impression both abroad and with our own people by suddenly and drastically appearing to be retreating from the program.

I recommended, and the committee recommended, that this program should be revised before the next session. We feel that the administration must adopt a new approach to this problem. We made several suggestions along that line. I made the suggestions on my own personal authority, as I said in my opening speech, and the committee made recommendations, less specifically, but in general. We feel that this program is approaching an end in its present pattern of foreign aid, and that a new approach must be made.

I do not wish to burden the Senate by repeating the recommendations, unless the Senator wishes me to do so. However, looking down the line as to what is likely to be appropriated, I feel that a drastic cut might cause great consternation among our allies. As I have said, I believe that they have not carried their fair share, but I believe they are beginning to move in that direction. It is the matter of degree and timing that I object to with respect to slashing deeply at the bill before us.

For example, I believe the military ought to be taken out of the program, and the lending program ought to be taken out of the program and given to a different kind of organization. I am not pleased with the bill, if the Senator wants to know my opinion. I accept the amendment as the best we can do. We are threatened with a great deal of debate. Of the 63 amendments that have been printed, 2 were adopted yesterday. Today four new amendments were added. In other words, we are going backward and not making any progress. Rather than continue indefinitely and have no

idea where we are going, I am willing to go along with the amendment. I am not in the least enthusiastic about it. It involves a net decrease in the authorization of \$50 million. The Senator from Georgia made a good point, I believe, except that we have not yet gone to conference, and I thought this was one place where we might do a little trading in conference. I am not very happy about it; however, being faced with this situation, it is the best we could do.

Mr. ANDERSON. I participated in the discussions at the White House when the Greek-Turkish plan was announced. I was in Paris, attending the meeting of the International Cereals Conference, when the Marshall plan was announced. At that time we understood that the length of the program might be 18 months or 2 years. It is the longest 18 months that I can remember. The program is still continuing. I say to the chairman, in whom I have confidence, that on the basis of his statement I am willing to vote for the Humphrey amendment.

Mr. ALLOTT. Mr. President, I believe Senators are faced with what could be a most important vote. I would have gladly supported the amendment of the Senator from Louisiana [Mr. ELLENDER]. The administration asked for \$4,429 million. The committee reported a bill calling for \$4,202 million. If the pending amendment were adopted, it would reduce the authorization of the bill to \$3,742 million, of which \$600 million would be applied to the Alliance for Progress.

I intend to vote for the amendment. However, I take this opportunity to express one or two opinions concerning the foreign aid program. I can remember how chagrined I was to find that at Punta del Este, the Secretary of the Treasury had committed our country to a \$20 billion aid program in Latin America. Later in the Appropriations Committee—I have not checked into this later testimony—it was said that we were committed to only \$14 billion. At the time the commitment was made, no member of the Appropriations Committee had been consulted. I do not know whether members of the Foreign Relations Committee had been consulted.

I disagree with the Senator from Minnesota about the effectiveness of the Alliance for Progress funds. I have been told by members of the State Department recently that in connection with these aid funds they are proposing criteria which would be meaningless. Speaking from my experience in the United Nations last fall, we received very little help from some of the nations that we had helped in South America and Central America, even on such matters that I would regard as fundamental, basic principles of giving freedom to all people, and in trying to help their people to become self-supporting, in giving them an education, in giving them better medicine and a better way of life.

I will vote for the amendment, but I wish to make it perfectly clear that in voting for it I do so with the full knowledge that in the Appropriations Committee I shall have an opportunity to

listen to the testimony of representatives of the State Department and other witnesses, with respect to what they have done and what they are actually doing and requiring.

The reports I have been receiving from South America, both from governments and from individual friends, indicate that we are getting anything but the results that we think we are getting from these expenditures. I believe, implicitly, that the great majority of Latin Americans feel that we are foolish to throw our money around the way we are doing without putting into effect more severe criteria on the use of our funds. I know, from talking to members of the governments of our allies in Europe and elsewhere, that many of them feel that our whole foreign aid program is foolish, and that we are foolish for pursuing it in the way we are.

This information comes even from members of parliaments and other members of governments which are now receiving aid from this country and which have in the past received substantial amounts of aid.

So while I shall vote for the amendment, I wish to make it perfectly clear that by doing so I do not in any way commit myself to the ultimate figure of \$3,742 million, because I think there are places where the bill can still be cut, and in my work on the Committee on Appropriations. I hope to help to bring about that result, by providing a few more definite guidelines which will make the entire program more workable.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. MORSE. I hope the Senator from Colorado is not proceeding on the assumption that this will be the final figure.

Mr. ALLOTT. I understand that. I understand that this amount is still subject to revision in other amendments. I am completely aware of that. But it might also well be that this could be the final figure in the bill. If that should be so, I wanted to have my position clearly understood and to indicate what my position in the future will be.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. SIMPSON. I align myself with the statement made by the distinguished Senator from Colorado. If I vote for the amendment—and I am not sure that I shall do so—I shall do so with tongue in cheek, because from my reading of the material I have been able to obtain, it seems to me there are other areas in which cuts can be made. I am glad to have the assurance of the Senator from Oregon in this connection.

The "powerhouse" amendment, and now the subpowerhouse amendment, which is now suddenly offered in the form of a compromise, do not, in my judgment, adequately reflect the feeling of some Senators, who I hope are in the majority.

Mr. ALLOTT. In the respect, we often reach places in the legislative process where we find that none of us can have our own way. When we analyze the leg-

islative process, we find that it is always one of compromise.

Mr. MANSFIELD. Mr. President, we have had a helpful discussion of the latest proposal. Whether it be called the powerhouse or the subpowerhouse proposal, it is the best that the collective leadership and the ranking members of the committee could reach. I hope it will be adopted shortly.

Mr. HOLLAND. Mr. President, I expect to support the amendment. I am aware that it represents an additional reduction of \$50 million from the amount in the authorization bill.

I call attention to the fact that this marks a total reduction of \$460 million from the bill as reported by the committee. The committee bill marked a reduction of \$300 million below the second or reduced budget request of the President. So the Senate is clearly showing its intention to reduce this program, and rightly so. I think that is what is expected of us by the people.

The purpose of my speaking is to express the hope that Senators will not proceed to cut further the contingency fund. We had occasion in Florida when the Cuban refugee program arose, without there being any specific appropriation or legislation to deal with it, to learn in 2 successive years of the great value of a contingency fund to take care of such unexpected developments.

I do not have to remind Senators that if there is one thing we have learned in this modern time, it is that the world is changing so rapidly that nobody in drafting a budget or in passing legislation, can know what further changes will take place. We are aware of the trouble in the Congo, the trouble in Laos, the recent trouble in Vietnam, and the recent junta rebellions—and that is what they are—in the Dominican Republic and Honduras, and the others earlier in South America.

Any prudent handling of this problem will necessarily involve the placing of adequate discretion to meet such emergencies, and substantial funds to meet such emergencies, in the hands of the Executive, who serves the whole people. I hope that no further reductions in the contingency funds will be proposed.

I shall support this carefully drafted amendment.

Mr. WILLIAMS of New Jersey. Mr. President, I want to express my full support for Senator HUMPHREY's amendment which I am proud to cosponsor. I believe that it is absolutely vital to our national security that the Alliance for Progress receive the full \$650 million asked by the President.

The Alliance for Progress was inaugurated in 1961 as a long-range program designed to accelerate the economic and social development of the Latin American half of our own hemisphere. At the heart of this program was the consensus that peace in this hemisphere is possible only to the extent that the people of this hemisphere are satisfied with the economic and social progress they are making. This is the final touchstone against which the validity of this program is to be measured.

The progress toward this goal is evident both in what the United States has

been doing and in the "bootstrap" measures which the Latin Americans themselves are taking. Throughout Latin America the tide of reform is mounting an effective barrage against centuries-old customs and traditions of privilege and inequity. In country after country the old social order is on the defensive.

In Argentina, PRO-AGRO, a Government and producers organization, has been established to devise new policies for agricultural development and reduce burdensome taxes on agricultural production. In Peru, a hopeful beginning has been made in agrarian reform and action is now underway to carry out the program. Colombia has organized and staffed the Agrarian Reform Institute during the past year and two projects have been undertaken, at least one of which promises important results in enlarged agricultural production and rural welfare. Chile hopes to resettle 5,000 families by the end of 1963, continues the development of agricultural extension service, and has underway a 10-year livestock development plan. Various States throughout Brazil have prepared programs for land reform.

Enormous forward strides have been made in imparting a sense of urgency to the Latin American nations' efforts to educate their populations. It has become much more generally recognized throughout these countries that future economic development and political stability depend in large measure on the attainment of at least minimal standards of literacy.

And we can point to country after country where this realization has been transformed into concrete measures.

EDUCATION

In Argentina, a modernization program in agricultural education is underway.

In Chile, school construction is progressing at an accelerated rate with estimated 1963 public investment set to reach approximately \$25 million. Eight new rural schools are being completed in a pilot plan to combine self-help school construction, teacher training, and community development elements in a single program.

In Brazil, classroom construction projects, specifically in the States of Guanabara, São Paulo, Espirito Santo, Rio Grande do Norte, Pernambuco, and Minas Gerais have made substantial headway, assisted greatly through local self-help efforts under which communities contribute land sites, construction materials and labor.

In Colombia, the Ministry of Education has initiated a 4-year plan designed to raise the level of primary education.

The impressive increase in the numbers of children attending school in Peru is also illustrative of the way that separate but coordinated programs can have a multidimensional impact.

Our school lunch program in Peru under the food-for-peace law has made it possible for thousands of mountain children to obtain basic nutritional requirements for the first time in their lives.

This in turn has not only raised their level of alertness in class but has actually become a major incentive for them to

make the often tortuous trip from their homes to the school.

An endless number of other examples could be cited to show that the pledges for internal reform made at Punta Del Este in 1961 are being redeemed.

That the continuation of this process is in the direct interest of the United States is hardly open to question. The point that we must decide this afternoon is whether we can cut the Alliance's funds by 20 percent and realistically expect that the program will move on to even higher levels of effectiveness.

I believe that that question must be answered in the negative.

We all recognize the great difficulties being encountered in carrying out the principles and plans embodied in the Alliance. I recited a portion of the record of gains under the Alliance not to show that it is an unqualified success but rather to emphasize that there is great hope for future success.

To pull back from our previous commitments to the Alliance at this particular point would be to undercut the many courageous efforts that are in fact being made in an increasing number of Latin American countries to implement the Alliance. To reduce tangible U.S. support from these reform efforts would be tantamount to withdrawing from the Alliance.

A cut of \$125 million would mean that fewer funds would be available this year than last, even though there are more countries in a position to move forward with our help than there were a year ago.

At this moment, representatives of all the American Republics are congregated in São Paulo, Brazil, for the annual review meeting of the Inter-American Economic and Social Council. They are discussing the means required to carry forward the Alliance as a multilateral effort, including the self-help measures which are imperative for the Latin Americans.

Our delegation traveled to Brazil in part to reaffirm U.S. interests in the success of the Alliance and to reconfirm our commitment to participate significantly in providing the external resources called for in national development plans.

The announcement at this time of a substantial cut in our participation in the Alliance would, to say the least, undermine our previous efforts.

We can hardly induce the Latin Americans to undertake further reforms if we destroy their confidence by reducing our commitment to the Alliance to a level which would not only forestall future substantial progress but reduce the effectiveness of going programs.

Allow me, Mr. President, to dwell momentarily on this latter point. I must confess that I was appalled when I had some of the specific implications of this proposed cut drawn to my attention.

A \$1.5 million cut can be translated into the end of our distributing surplus food to some 6 million Latin American children now in school for the first time.

A \$2 million cut might well force the withdrawal of U.S. support of 60 mobile medical units providing treatment to the inhabitants of over 600 Central American villages.

Ten million dollars represents agricultural credit loans—to 10,000 small farmers—which are vital to escape the bonds of small-scale subsistence farming.

If \$75 million earmarked for housing construction is denied, 175,000 people will go without the new low cost homes they are expecting.

In sum, this cut of \$125 million will dim the hopes for a happier life and greater opportunity in a free society for nearly 11 million of our Latin American neighbors.

It must be clear that such a frustration of the rising expectations throughout the region will ultimately redound on our own peace and security.

This is the time when Latin America needs us most. The struggle for economic progress and against political instability is entering a critical phase.

It would be tragic if we were to choose this time to say to Latin America that because you have not done as well as we have hoped, we are not going to give you the assistance you need.

I can think of no other single act which would do more to weaken the democratic forces in Latin America and to help the totalitarian forces of both the left and right. Failure of the Alliance can benefit only our enemies.

This point was most succinctly made in a recent Life magazine editorial on the Alliance entitled "The Latin Sky Is Brighter." The revolution occurring in Latin America, says the Life editorial, will take one of two forms: either "violent form, on the Castro pattern, or peaceful, as blueprinted in the Alliance for Progress."

We have only to look 90 miles off the Florida coast to see the fruits of our traditional ignorance of and apathy toward Latin America. Surely after having made such a hopeful start on a new road over the last 2 years, we are not about to regress.

The program whose fate I believe we will decide here this afternoon offers us the best possible chance to retrieve ground lost through decades of neglect and error.

It is not perfect, it faces innumerable difficulties. But let us not be responsible for shattering the real hope it does present.

Mr. HUMPHREY. Mr. President, I request that the following summary of my amendment be inserted into the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

1. Would provide authorization of \$600 million for Alliance for Progress and \$175 million for contingency fund.

2. The Alliance for Progress program has repeatedly been given top priority by President Kennedy, who has time after time described Latin America as the most critical area in the world for U.S. foreign policy. The restoration of the committee's recommendation would mean that the final figure for the Alliance this year, after going through the House and the appropriations round, would be about the same as the final figure for last year, \$525 million.

3. The committee carefully studied the contingency fund and reduced it because \$117 million out of \$260 million for last year went unspent. The committee's figure of \$175

million is still substantially higher than the total amount (\$143 million) actually spent last year.

4. Supporting the Humphrey amendment supports the idea that the aid agency must use the money for the programs agreed to by Congress. If an unnecessarily large contingency fund is approved, while sharp cuts are made in certain parts of the program, the pressure will be great to convert the contingency fund into a slush fund to make up for cuts in parts of the program. The contingency fund was designed to meet real emergencies, not to circumvent the will of Congress. It is an important fund, should not be cut below the committee figure. It should be sustained at the level recommended by the Foreign Relations Committee after long study and deliberation.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 1, it is proposed to place a period after the numeral "12" and strike the language through line 11 as follows:

(1) Strike out "for use beginning in each of the fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert "for use beginning in the fiscal year 1963 not to exceed \$600,000,000, for use beginning in the fiscal year 1964 not to exceed \$525,000,000, and for use, beginning in each of the fiscal years 1965 and 1966 not to exceed \$600,000,000."

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10, strike out "'\$300,000,000' and" and "and '\$175,000,000', respectively".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY], as modified, to the Mansfield-Dirksen amendment, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] would each vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Rhode Island [Mr. PASTORE].

If present and voting, the Senator from North Carolina would vote "nay" and the Senator from Rhode Island would vote "yea."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Wyoming [Mr. MCGEE].

If present and voting, the Senator from Mississippi would vote "nay" and the Senator from Wyoming would vote "yea."

Mr. KUCHEL. I announce that the

Senators from Vermont [Mr. AIKEN and Mr. PROUTY] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], and the Senator from Arizona [Mr. GOLDWATER] would each vote "yea."

The result was announced—yeas 86, nays 3, as follows:

[No. 212 Leg.]

YEAS—86

Allott	Gruening	Monroney
Anderson	Hart	Morse
Bartlett	Hartke	Morton
Bayh	Hayden	Moss
Beall	Hickenlooper	Mundt
Bible	Hill	Muskie
Boggs	Holland	Nelson
Brewster	Hruska	Neuberger
Burdick	Humphrey	Pearson
Byrd, Va.	Inouye	Proxmire
Byrd, W. Va.	Javits	Randolph
Cannon	Johnston	Ribicoff
Carlson	Jordan, N.C.	Robertson
Case	Jordan, Idaho	Saltonstall
Church	Keating	Scott
Clark	Kennedy	Simpson
Cooper	Kuchel	Smathers
Cotton	Lausche	Smith
Curtis	Long, Mo.	Sparkman
Dirksen	Long, La.	Symington
Dodd	Magnuson	Talmadge
Dominick	Mansfield	Thurmond
Douglas	McCarthy	Tower
Eastland	McClellan	Williams, N.J.
Edmondson	McGovern	Williams, Del.
Ellender	McIntyre	Yarborough
Fong	Mechem	Young, N. Dak.
Fulbright	Metcalf	Young, Ohio
Gore	Miller	

NAYS—3

Jackson	Pell	Russell
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NOT VOTING—11

Aiken	Goldwater	Prouty
Bennett	McGee	Stennis
Engle	McNamara	Walters
Ervin	Pastore	

So Mr. HUMPHREY's modified amendment to the Mansfield-Dirksen amendment, as amended, was agreed to.

Mr. HUMPHREY. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. SPARKMAN. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Dirksen-Mansfield amendments, as amended, are open to further amendment.

If there be no further amendment to be proposed to the Dirksen-Mansfield amendments, as amended, the question now is on agreeing to the Dirksen-Mansfield amendments, as amended. On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER] would each vote "yea."

The result was announced—yeas 89, nays 0, as follows:

[No. 213 Leg.]

YEAS—89

Allott	Hart	Morse
Anderson	Hartke	Morton
Bartlett	Hayden	Moss
Bayh	Hickenlooper	Mundt
Beall	Hill	Muskie
Bible	Holland	Nelson
Boggs	Hruska	Neuberger
Brewster	Humphrey	Pearson
Burdick	Inouye	Pell
Byrd, Va.	Jackson	Proxmire
Byrd, W. Va.	Javits	Randolph
Cannon	Johnston	Ribicoff
Carlson	Jordan, N.C.	Robertson
Case	Jordan, Idaho	Russell
Church	Keating	Saltonstall
Clark	Kennedy	Scott
Cooper	Kuchel	Simpson
Cotton	Lausche	Smathers
Curtis	Long, Mo.	Smith
Dirksen	Long, La.	Sparkman
Dodd	Magnuson	Symington
Dominick	Mansfield	Talmadge
Douglas	McCarthy	Thurmond
Eastland	McClellan	Tower
Edmondson	McGovern	Williams, N.J.
Ellender	McIntyre	Williams, Del.
Fong	Mechem	Yarborough
Fulbright	Metcalf	Young, N. Dak.
Gore	Miller	Young, Ohio
Gruening	Moureaux	

NAYS—0

NOT VOTING—11

Aiken	Goldwater	Prouty
Bennett	McGee	Stennis
Engle	McNamara	Walters
Ervin	Pastore	

So the Mansfield-Dirksen amendments, as amended, were agreed to.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KUCHEL. Mr. President, I call up my amendment No. 248, and ask that it be stated.

The LEGISLATIVE CLERK. On page 48, between lines 3 and 4, it is proposed to insert the following:

SEC. 302A. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, is amended by adding the following new subsection:

"(1) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coast-

line of such country, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

Mr. KUCHEL. Mr. President, I ask for the yeas and nays on my amendment. The vote on this amendment, I understand, will come tomorrow.

The yeas and nays were ordered.

Mr. DODD. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. DODD. Did I correctly understand the Senator to say that there will be a vote tomorrow on his amendment?

Mr. KUCHEL. I stated that I understand the vote will come tomorrow.

Mr. DODD. Why not tonight?

Mr. KUCHEL. I am prepared to vote, but I understand that the majority leadership has already indicated that it does not have in mind any further RECORD votes tonight.

Mr. DODD. I do not know why not. I think we should get on with our business. The Senate has been recessing night after night at 4, 5, and 6 o'clock. The bill is important. Why should the Senate not work until 10, 11, and 12 o'clock and dispose of its business?

I see no sense in recessing every night at a convenient hour for the benefit of Senators who wish to have dinner, go to embassies, or be entertained.

Some of us have family appointments.

I happen to be one.

I should like to get on with the bill.

Let us vote tonight on the amendment of the Senator from California.

Let us get on with the business and get through with it.

The American people expect us to do so.

Our job is not a 12 noon to 5 p.m. job. We are supposed to be working in the interest of the United States and the free world.

We ought to get to work.

We ought to get here early and stay here late and do our jobs. The majority leader's suggestion is that Senators go home early. Our job is to stay here and do our work. I object to any unanimous-consent agreement for a vote tomorrow.

Mr. KUCHEL. Mr. President, I have not asked for a unanimous-consent agreement that there be a vote tomorrow on my amendment. I am prepared to debate my amendment and to vote on it at any time. There is no agreement other than to have a yea-and-nay vote on my amendment.

Mr. DODD. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. DODD. I shall object to any adjournment tonight until the Senate proceeds with its business.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DODD. I yield to the majority whip.

Mr. HUMPHREY. Mr. President, I can well understand the views of the Senator from Connecticut. I should

like to say, with a note of sadness, that for the past year I have planned to spend this weekend with my 15-year-old son—

Mr. DODD. That is enough. The Senator need say no more. My dear friend, whom I admire so much—and he knows I do—needs to tell me no more.

Mr. HUMPHREY. The only reason that there will not be a vote on the amendment now is that—foolishly or wrongly—there was some understanding and a statement made to the minority leader, who in turn told Senators on his side of the aisle that there would be no further votes tonight.

I hope that as soon as the Senate meets tomorrow, it will vote on the Kuchel amendment. If Senators will cooperate, we can do so. The Senate will recess tonight. It does not have to do so now. There will be more speeches, and any Senator who wishes to express his point of view on any amendment will have a full opportunity to do so.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

Mr. KUCHEL. Mr. President, I yield first, briefly, to the Senator from Massachusetts [Mr. SALTONSTALL].

The PRESIDING OFFICER. The Senator from Alaska [Mr. GRUENING] wishes to propound a parliamentary inquiry.

Mr. GRUENING. After the explanation by the distinguished Senator from Connecticut, I wonder whether it would be in order for me to present an amendment at this time?

The PRESIDING OFFICER. The Senator from California has an amendment pending, and it is not in order for the Senator to do so at this time.

Does the Senator from California now yield to the Senator from Massachusetts?

Mr. SALTONSTALL. Mr. President—

Mr. DODD. Mr. President, I had requested the Senator from California to yield to me.

Mr. KUCHEL. I thought the Senator had concluded the comments he desired to make. I yielded first to the Senator from Minnesota. I promised I would yield briefly to the Senator from Massachusetts, which I now propose to do. Then I will yield to the Senator from Connecticut and then I will yield to the Senator from Alaska who, I am glad to say, is associated with me in this venture for our fellow citizens.

I now yield, with all the usual amenities, to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, so far as the amounts in the bill are concerned, there is open to amendment at the present time some \$12 million of difference between the House and the Senate. I hope debate on the bill will be concluded as promptly as possible.

I reached that conclusion as to amounts in this way: The development loan figure has already been agreed upon, and cannot be changed. The Alliance for Progress amounts cannot be further changed. The contingency fund also cannot be further changed. There is no difference between the House and the Senate on military assistance and that cannot be changed.

So the only amounts now open to amendment are the development grants, approximately \$8 million above the House figure; the school assistance, some \$11.6 million above the House figure; and supporting assistance, \$20 million above the House figure. The total additional sum is \$39.6 million.

The Senate committee figure is lower than that of the House for administrative expenses, by \$2 million; and development for Latin America, \$25 million.

So there is a net difference between the House and Senate, now open to further amendment, of \$12.6 million. I hope that after this prolonged debate in which these amendments have been agreed upon, we may pass this bill as speedily as possible.

I thank the Senator from California.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, the Senator from Massachusetts, as a good mathematician, fails to take note of all the amendments now pending at the desk, because they will reduce the amounts below the House figures. We ought to cut below the House figures, and I believe we should have the opportunity to cut below the House.

Mr. LAUSCHE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. KUCHEL. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I have been advocating cuts in the foreign aid bill.

In my opinion, the cuts made thus far are the limit to which we can go. To cut below the amount allocated by the House would be, in my opinion, to endanger the security of our country.

This program probably should be terminated. If it is to be terminated, that cannot be done in one fell swoop. To go below the \$3.7 billion to which authorization is to be brought, in my judgment, will be wrong.

I say that most respectfully, considering the great fight which the Senator from Oregon has made. He has achieved his objective substantially. I believe a mistake will be made if we go beyond what has been done.

Mr. GRUENING. Mr. President, will the Senator yield to me?

Mr. KUCHEL. I am glad to yield to the Senator from Alaska.

Mr. GRUENING. The "meat ax" approach which the House took, I believe, was not a wise one. I believe in debate on this bill that we should consider it country by country, and if we do so we will find that the amounts can be reduced substantially and the bill made a better bill.

There are certain countries which should not have aid. One of the amendments offered in the committee provided that a prosperous country such as the countries of Western Europe and Japan, should no longer have aid. I believe it can be demonstrated that Taiwan has had sufficient aid. Other countries are not fulfilling their obligations.

If we go through the bill country by country, which we should do, and not merely say, "this is the figure," we can arrive at a much more intelligent approach to what is really needed.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield once more to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. I should like to say to any Senator who is interested, but especially to the Senator from Ohio, that I agree with him 100 percent that the Senate should not cut the authorization below what has now been done. We should go to conference with the House.

When the appropriation bill comes before the Senate, the entire question will be open, and we can consider it country by country, as we always do, and as the Senator from Alaska has said. I hope the bill will pass as it is now written, so far as the amounts are concerned.

Mr. DODD, Mr. SYMINGTON, and several other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from California yield; and, if so, to whom?

Mr. DODD. Mr. President, I believe the Senator from California promised me he would yield to me after the Senator from Massachusetts had spoken.

Mr. SYMINGTON. Mr. President, will the distinguished Senator from California yield?

Mr. DODD. Mr. President, I ask the Senator from California if he did not promise that he would yield to me after the Senator from Massachusetts had spoken.

Mr. KUCHEL. Mr. President, I did promise my able friend the Senator from Connecticut that I would be honored to yield to him again. I do so now.

Mr. DODD. I am willing to yield to the Senator from Missouri.

Mr. KUCHEL. No, Mr. President, he cannot do that. I am not going to follow that procedure.

Mr. DODD. I am very fond of the Senator from Missouri. He knows that I am. I think he is entitled to have preference.

Mr. SYMINGTON. Not at all.

Mr. KUCHEL. Mr. President, I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I thank the able Senator from California and my friend the able Senator from Connecticut.

What worries me, as the Senate continues discussion of this bill, is the invariable emphasis on what will happen in the Appropriations Committee, even though I have the greatest respect for the Appropriations Committee.

The senior Senator from Vermont and I had a colloquy about this several days ago.

Following the thought of the distinguished Senator from Alaska, we should look into these matters as we look into all those other matters when we are talking about how to spend the people's money, or authorize that expenditure.

We ought to decide what we think is right and proper with respect to each particular major category.

Why should we bother with this bill at all until the subject is considered by the Appropriations Committee, if the agreed upon authorizations are not what we honestly believe to be right.

Mr. HUMPHREY. Mr. President—
Mr. DODD. Mr. President, I ask the Senator from California to yield to me now.

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. KUCHEL. Mr. President, does the Senator from Connecticut wish to have me yield to him again for a brief comment?

Mr. DODD. I would appreciate it.

Mr. KUCHEL. I yield to my able friend the Senator from Connecticut.

Mr. DODD. Mr. President, I have an entirely different concept, upon which I wish to speak.

I have sat in this Chamber, as my colleagues have—I know patiently—day in and day out, hour after hour. We are becoming not a 12 to 5 concern, but a 2 to 4 concern. Why are we not working later?

Mr. HUMPHREY. Mr. President, will the Senator yield at that point?

Mr. DODD. I yield.

Mr. KUCHEL. Mr. President, I object to having any other Senator yield. I have waited all day.

The PRESIDING OFFICER. Unanimous consent is required for the Senator to yield. The Senator's objection is sustained.

Mr. DODD. I wish to complete my statement, because I make it earnestly. I appreciate the fact that the Senator from California has yielded to me. I shall be brief. I am not being frivolous. I have sat here with other Senators. I think we have all been patient and tolerant. There have been important discussions.

In my judgment, the Senator from Oregon has rendered the Senate a great service. I consider him to be one of the intellectual bright lights of this body. I want him to understand that I am in no way critical of what he is doing. I believe he would be the first one to say that I am right, and that the Senate should be sitting longer hours. Many times in my service in this body the Senate met at 10 in the morning and sat through until 12 midnight. Why are we not doing so tonight?

I am conscious of the fact that my statement will be construed as criticizing the leadership; and indeed, I am. I wish the Senator from Montana [Mr. MANSFIELD] were present. He should be leading the Senate. The Senate should be in session longer hours, and be working harder.

MIKE MANSFIELD is a gentleman, Senators, we are of one mind about that. There is not a kinder, more gentle, or more understanding Member of this body than the Senator from Montana.

But I worry about his leadership. He must assume it. If we are to accomplish the business of the Senate, he must behave like a leader. Because a leader is one who leads. He must say "No" at times.

He must say "Yes" at times.

But he must be a leader.

I remember when the present Vice President, LYNDON JOHNSON, stood there.

I used to tell my friends in Connecticut, when they asked me, "What kind of a leader is he?" that he reminded me of an orchestra leader. He stood up and blended into a wonderful production all the discordant notes of the Senate.

I am not critical of my friend from Montana in a harsh sense.

I am critical in a gentle and, I hope, helpful sense.

One cannot be a leader and be every man's leader.

One must say "No" sometimes. He must say "Yes" even when it hurts to say "Yes."

I wish our leader would be more of a leader and lead the Senate as it should be led.

I am willing to have the Senate sit longer hours. I am confident my colleagues are.

Let us sit Saturdays. Let us sit nights. Let us get the people's business done. Let us stop the Wall Street attitude of 9 or 12 to 4 or 5 or 6.

We are not doing the people's business.

We are being frivolous with the people's business.

No wonder the Senate has been denigrated.

The whole Congress has been denigrated. The hounds who do not believe in free government or in the importance of the legislative branch are at our heels. We are worried about scandals that beset us. We are worried about criticisms that confront us. Our business is to revive in the people's minds the idea that the Senate is the best body in all the world to protect a free people.

That is my complaint.

I say to the Senator from California, who has generously yielded to me, I am not troubled at all about the amendments and the debate. I am "warm" to them.

I see the Senator from Wisconsin [Mr. PROXMIER] at my left hand. I consider him to be one of the ablest men in the Senate.

I say this with full knowledge of what I am saying. I want the Senator to propose amendments. I want them to be debated.

I consider the Senator from Oregon one of the great geniuses of politics.

I use the word "politics" in the sense of human beings trying to regulate their lives.

I consider the Senator from Oregon to be one of the giants in this body.

Certainly, he tries my soul.

What genius does not try the soul of others?

What great man does not perplex his friends?

I am encouraged by what he does.

I am not troubled about the length of the debate, but let us sit long enough to hear it, and let us get on with our affairs.

Where I come from, men work late hours. The little people whom I represent work late hours; and if we ask their favors and we have an ambition to represent them, we should be willing to work late, too.

I repeat again, I wish the majority leader were present, because I know this will be construed as a criticism of him.

It is meant to be.

It is a criticism of him.

I do not think he is leading the Senate as he should; and I believe we should have leadership.

Until we have, we shall go on dribbling our way through the legislative session, instead of doing what we should.

The people are unhappy, and my mail reveals it.

I hope the assistant Republican minority leader, the Senator from California [Mr. KUCHEL], who is my dear friend—although I hesitate to say anything that will give encouragement to our opposition—in my judgment is one of the bright lights of the Senate—

Mr. KUCHEL. I thank the Senator.

Mr. DODD. I wish he would talk with our leader.

I worry about the opposition. The opposition has become so complacent, so soft, that it does not make any sense.

Most of the opposition I have made, to my own administration, should have been made on the other side of the aisle.

But it is not made anymore.

The Republican opposition is so soft, so cozy, that it does not count for much.

And this is not my idea of a free government.

Why do Senators not get on their high horses?

Why do they not ask questions about what we are doing?

No; it is usually the Senator from Ohio [Mr. LAUSCHE] who stands up day after day questioning the administration for mistakes it has made.

Or it is the Senator from Oregon.

I could name 5 or 10 more on this side of the aisle.

There is no opposition on the other side.

It is weak. The opposition does not even express the will of the millions it represents.

That is not opposition.

This is the way free governments have disintegrated throughout history.

We, Democrats, are the only opposition to ourselves, and we are not happy about it.

I do not like to foul my own nest. I wish I could always be on my feet saying, "My administration is right. It is doing the right thing."

But the opposition is so weak, so decadent, so fallen, so anxious to curry public opinion, that it does not say what it should be saying.

Of course, I do not mean the Senator from California personally. I speak of the opposition collectively.

I wish all this would come to an end. I wish the Senate would revert to what it was when I was a boy in high school, watching its affairs, and wishing I could sit among them. Great men in those days, towers of strength in this Nation, sat here as Members.

I remember so well how I studied every word they said.

If I were now a schoolboy in the small town from whence I came, I wonder what I would think.

I would seek to be like WAYNE MORSE.

I know I would think admiringly of HUBERT HUMPHREY.

I could name others.

But it seems to me that there are few voices in the real opposition now.

This is not a government built on going along all the time, when one's conscience tells him to oppose. Where is our opposition?

Our country was built on the principle, as I understand, of conflicting ideas and philosophies of government.

I hear the minority go along all the time, in dulcet tones, voiced by the minority leader—whatever the administration wants.

I would like to hear fiery opposition.

I would like to hear the other side.

I wish there were more eloquent spokesmen on the other side to rise with fire in their eyes to tell us why and when we are wrong.

But I rarely hear it.

What is happening to this country? Are we all so afraid—so influenced that we are afraid to speak our minds?

What has happened to the Senate, in which great giants once sat and spoke? Something awful has happened to it.

If a man dares stand up and say what he thinks, particularly on the subject of communism, he is called a crackpot, a nut, a man who is sick, a man who does not know what he is talking about.

I have experienced my share of such abuse.

However, I say to my fellow Senators that they are all afraid.

They are afraid of that sinister influence.

But they should not be afraid of it. Every Senator knows in his heart what is right, but he is not willing to stand up and say so. Sad, sad fate for our Nation.

The Senator from California murmurs, "I must make my speech." I merely wish to say that what I said about him is true.

There is no more sincere anti-Communist in this body than the Senator from California.

He knows that I have said this to him privately, and I have said it publicly.

I am not saying to any Senator that he is not anti-Communist. I know that all Senators are.

I am not saying that any Senator is soft on communism.

No Senator is.

I am asking, "Why not get up and talk about it? Why do Senators not speak up when these issues confront them?"

Finally, I believe that we should be about our business.

I believe the Senate should sit longer hours, and should start earlier.

We should be fulfilling our promise to the American people.

Mr. KUCHEL. Mr. President—

Mr. HUMPHREY. Mr. President, will the Senator yield to me to make an announcement?

Mr. KUCHEL. Mr. President, I do not have a better friend in the Senate than the Senator from Connecticut. I consider him an able Senator. I do not sit on his side of the aisle; I sit here with the Republicans. There are differences of opinion among my Democratic col-

leagues. There are differences of opinion among those who sit on my side of the aisle.

I arose earlier because I wished to speak in behalf of an amendment, neither partisan nor political in character. It is an amendment which, in my judgment, were it to be approved by the Senate and then by Congress, would represent a vindication for our American system, under which we live, and which presumably sees it flower in this Chamber in two parties, composed of Americans devoted to the perpetuation of our beloved Republic.

Because of a statement or two which my colleague from Connecticut made, let me on this occasion very briefly say that no defense is necessary for the Republican minority. The minority, through its leadership is trying publicly to tell the Nation, each week, by our comments in the Senate, our position on public questions. We deal, with respect to mutual security, not upon a partisan basis in this Chamber. We deal with it as Americans. I am glad to align myself in the Senate with my leader, who sits next to me, EVERETT DIRKSEN, with BOURKE HICKENLOOPER, head of our policy committee, and with other Republican Senators who have tried to improve this bill, who have sought to eliminate needless expenditures here and elsewhere and who heed the words of Dwight Eisenhower and Lucius Clay on questions of foreign policy.

There is no need for any defense to be given by Republicans for the occasional differences which we share to a degree as problems arise before us; nor is there any need for our defense of the role played by the Republican Party in the life of this Nation. I pray to God that next year Republicans will offer the American people a constructive alternative to the incumbent Democratic administration and then point as best we can to those things to which we as Republicans, are eternally dedicated and ask the American people for trust in us.

I am of the vigorous opinion that the Republican minority in the Senate has done its level best not simply as partisan politicians but as Americans to strengthen the hand of the President of the United States in standing before the world as a country eternally dedicated to freedom and against the Communist system wherever it may rear its head. We have vigorously differed with the Kennedy administration where we have believed it wrong, and we shall continue to do so.

Under these circumstances I simply say that on this issue which now pends, my amendment, and on the issue upon which we voted only a few moments ago, we on this side of the aisle and Senators on the other side of the aisle, also voted, I take it, to do that which we thought was in the best interest of the people of the United States. I am thankful that there are not straitjackets in use in the Senate.

Mr. DODD. Mr. President, will the Senator yield a minute to me?

Mr. KUCHEL. I have a speech to make. I have tried to be as generous as I can, but I wish to discuss my amendment at some length so that my dis-

cussion of it will be available to my colleagues in the Senate tomorrow. So far as I am concerned, when I have concluded my speech, I will remain to participate in further debate, as I usually do each night when the Senate is in session. Usually, I am the last one to go home.

Mr. DODD. I ask the Senator to yield for 1 minute. I am conscious of the fact that I have delayed the Senator from California. He knows my feeling for him.

Mr. KUCHEL. I yield 1 minute to my friend from Connecticut.

Mr. DODD. Mr. President, I am very much concerned about the fact that I may have been misunderstood, first of all by the Senator from California.

As I said, and he knows, I have great affection for him and cherish his friendship.

The second thing I wish to say is that I believe that perhaps what I have heretofore said on this subject might be misunderstood.

I am really devoted to the majority leader.

He has been my friend.

I do not want the RECORD to show that I have been hard on him.

I wish I had an opportunity to say these things to him myself.

He deserves that.

He is a gentleman, he is a kind man, he is a just man, he is an honest man, he is just about everything a man should be.

With respect to what I said about him, I assure my colleagues—that all that was said was said in friendship and devotion.

I hope he takes it as such.

I know that these are rumblings in the Senate, and what I have said has been said in the cloakroom by other Senators with whom I have talked, many times.

It is being said by me now, every day.

We are unhappy with our present leadership.

That is all I sought to say publicly.

I thought it was about time someone said it publicly.

Everyone knows that the Senate has been dragging and lagging.

That is why I expressed myself tonight.

I wish the RECORD to show that I am devoted to MIKE MANSFIELD.

I am devoted to the assistant majority leader, too.

The Senator from California has been generous to me.

I did not want to hold up his speech.

I am not backing away from the idea that the Republicans are weak.

They are.

Mr. KUCHEL. I said to our able majority leader the other day, when I observed my Democratic colleagues, not at each other's throats, but certainly rather vigorously contending conflicting points of view, that I observed an ideological disarray, which was being exacerbated during this debate. But let this record be crystal clear as to my position on the majority leader. MIKE MANSFIELD is a splendid American, and an able exponent of the point of view of his party. And I salute him as the leader of his

party in the Senate. He is not responsible for the cross-purposes at which our colleagues on the majority side labor on occasion.

Tonight I observe additional evidence of this ideological disarray. In any event, I am grateful for the generous comments which the distinguished Senator from Connecticut has made.

Because my counterpart on the majority side, my dear friend from Minnesota, the Democratic whip [Mr. HUMPHREY], desires to comment briefly—I underscore “desires to comment briefly”—I yield to the able Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I thank the Senator from California.

First, the comments by the Senator from California about ideological disarray come from one who has been able to observe that phenomenon in his own party for many years. Therefore, I consider his observation to be that of the expert when he views this side of the aisle, and it has caused me some concern.

I speak for one purpose, as I have indicated to the Senator from California. I wish only to say that Senators are really very fortunate in having as their leader a man of complete integrity, a man who has an outstanding personality of leadership, not with the stick, but with the mind, with the spirit, and with the educated, trained experienced hand of a legislator.

I wish to be quite clear. There are many ways in which people can lead. Sometimes one leads through sheer dominance of personality. Others lead through the respect in which they are held by their colleagues; through the sense of affection and loyalty that comes from a warmth of personality and from understanding.

I know that others of my colleagues, on both sides of the aisle, would agree with me when I say that Senator MANSFIELD graces the Senate by his brilliant mind, his keen intellect, his unusual understanding of the legislative process, his sense of forbearance, which the position of majority leader requires more than any other position I can think of, and with a deep appreciation of the many problems which each Senator has and which each Senator brings to his attention. I am his deputy, and I get a little of the backwash, so to speak, so I can say that even I, at times, have had difficult, trying experiences.

So I speak for my colleagues tonight—for everyone of them, without exception—when I say that we are extremely fortunate to have Senator MANSFIELD as our leader.

If there has been dereliction in the Senate, if there has been any failure, I will take my share of the responsibility. I think each Senator ought to take some of the responsibility. But we have had a heavy program this year. There have been many controversial issues. I shall not discuss them now, because the Senator from California has been most generous with his time.

NOTICE OF LATE SESSIONS

Mr. HUMPHREY. Mr. President, I wish to put Senators on notice that

the majority leader asked the majority whip, before the majority leader left the Chamber, to announce that the Senate will be in session late tomorrow. That means it will be in session until at least 9 or 10 o'clock, possibly later.

I should also like to have Senators know that on October 24, the first day that the bill was before the Senate the Senate met until 5:44 p.m.; on October 28, until 4:51 p.m.; on October 29, until 5:26 p.m.; on October 30, until 5:12 p.m.; on October 31, until 6:40 p.m.; on November 1, until 6:07 p.m.; on November 4, until 6:17 p.m.; and last evening, November 5, until 5:19 p.m. If the Senate recesses by 8 o'clock tonight, we will be doing well.

I mention this because while it is true that the Senate has not had night sessions, there has been a reason for it. We have had to make some accommodations, and I think that today they have worked out very well. The Senate has made real progress.

Mr. SPARKMAN. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield for a brief comment.

Mr. SPARKMAN. I desire to make a comment in connection with the remarks of the Senator from Minnesota. I join him in what he has said. In the consideration of the bill now under consideration, the majority leader has given the Senate a demonstration of the very finest qualities of leadership. This has been a difficult bill to handle. Speaking of diversity of opinion, there has been a diversity of opinion throughout the Senate. There has been excellent leadership on both sides of the aisle. I speak particularly with reference to Senators who sat in the conferences.

The Senator from Minnesota [Mr. HUMPHREY] and the Senator from California [Mr. KUCHEL] attended the conferences. There have been many more conferences than many Senators may realize, in which the Senator from California has done his best, working with the full cooperation of the leadership on the minority side, to pull together some of the divergent views of various Members of the Senate, in order to prepare a good bill, one that could be agreed upon by the membership of the Senate, one that would be in the interest of the welfare and security of the country.

I pay high tribute to the qualities of leadership demonstrated by the majority leader and the minority leader in relation to the bill, and, in fact, with respect to all matters that come before the Senate at all times.

Mr. KUCHEL. I thank the able Senator from Alabama.

Mr. DODD. Mr. President, will the Senator from California yield 30 seconds to me?

Mr. KUCHEL. Not now.

On the amendment on which the Senate voted this afternoon, the distinguished minority leader [Mr. DIRKSEN] and the distinguished senior Senator from Iowa, the Chairman of the Republican policy committee [Mr. HICKENLOOPER], based on a long acquaintanceship with the problems of this kind, participated, with their counterparts, the

distinguished majority leader [Mr. MANSFIELD] and the distinguished majority whip [Mr. HUMPHREY], and with the distinguished Senator from Alabama [Mr. SPARKMAN], in the drafting of an appropriate amendment.

Mr. SPARKMAN. Also, with the Chairman of the Committee on Foreign Relations [Mr. FULBRIGHT] and the distinguished senior Senator from Vermont [Mr. AIKEN].

Mr. KUCHEL. The Chairman of the Committee on Foreign Relations and the senior Senator from Vermont also participated. In my judgment, the comments of the able Senator from Alabama are correct.

I now yield 30 seconds to the distinguished Senator from Connecticut.

Mr. DODD. I am greatly encouraged by the remarks of the distinguished assistant minority leader. I think he can look for more opposition. I am more encouraged by the remarks of the assistant majority leader, who assures us that we will have longer sessions. So something has been accomplished for the people.

FREEDOM OF THE SEAS: AN HONORABLE TRADITION THAT MUST BE PRESERVED

Mr. KUCHEL. Mr. President, my colleague from California [Mr. ENGLE] and I have joined in coauthoring the amendment which is now pending before the Senate. Our amendment would amend section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, by adding the following new subsection:

(1) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

When my colleague from California and I originally submitted this proposal, I noted, on the floor of the Senate, the shabby and illegal treatment which had been given the American tuna fleet by those who should be our friends in Latin America.

A number of Latin American countries have extended their territorial jurisdiction to an untenable, unbelievable distance of 200 miles seaward. In the Declaration on Maritime Zones, issued in Santiago in 1952, Chile, Ecuador, and Peru proclaimed their exclusive "sovereignty" and jurisdiction over the ocean adjacent to their respective countries to a distance of 200 miles. Think of that, Mr. President. Following their ipse dixit and contention that they have, seaward, complete jurisdiction and complete sovereignty for 200 miles, what is to stop them, tomorrow, from claiming, "We have sovereign jurisdiction for 400 miles"—simply by suddenly making that announcement.

El Salvador, in its Constitution of September 7, 1950, had also made a claim

out to 200 miles, but added that it only made this claim provided it did "not affect freedom of navigation in accordance with principles accepted by international law." Korea is the only non-Latin American country to make such a claim. Korea, under a presidential proclamation of January 18, 1952, claimed "international sovereignty" over a zone from 20 to 200 miles in breadth for the protection, conservation, and utilization of the resources of the sea. Once again, however, it was specifically stated that the right of free navigation on the high seas would not be interfered with.

Mr. SYMINGTON. Mr. President, will the Senator from California yield?

The ACTING PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Missouri?

Mr. KUCHEL. I yield.

Mr. SYMINGTON. I wish to say to the able Senator from California that I am much impressed with the position he is taking in behalf of American citizens thus discriminated against and injured; and I have also heard his colleague, our beloved friend the Senator from California [Mr. ENGLE], speak on the same subject. I know he will be interested in analyzing carefully the record the Senator from California is making here tonight, in the interest of his people.

Mr. KUCHEL. Mr. President, I appreciate that comment very much, because my friend and colleague [Mr. ENGLE] and I have gone into the background of this problem; and tonight I would be able to document literally almost a hundred cases in which South American countries have reached seaward much beyond the 3-mile limit to harass American vessels. They have taken American citizens off of their fishing boats. They have fined them. They have jailed them. All this in an attempt to prevent our citizens from using the high seas for completely legitimate purposes under every recognized principle of international law. I shall try to develop this argument, so that Senators will have an opportunity to view these facts before the Senate votes on this amendment.

Mr. SYMINGTON. As I understand the position of the able Senator from California, it is that some of the countries which have been conducting operations of this type and character against American citizens are relatively large recipients of the AID program. Is that correct?

Mr. KUCHEL. The Senator from Missouri is entirely correct. It makes no sense for us to say, on one occasion, to a South American country, "We are going to help you," only on another occasion to have the government of that country abrogate the historic doctrine of freedom of the seas and keep our fellow Americans from using the high seas and the open seas as places in which to fish.

Mr. SYMINGTON. I understand that the Senator from California is documenting the assertions he is making.

Mr. KUCHEL. I am, one by one.

Mr. SYMINGTON. I thank the Senator from California.

Mr. KUCHEL. I am very grateful to the Senator from Missouri.

Mr. President, right now the high seas are being interfered with, and they have been interfered with in this hemisphere for over a decade. The high seas are *res communis*, the common property of all nations. This is an historic doctrine for which American and the Anglo-Saxon communities have fought for centuries. A resort to unilateral action by any nation to change this rule which limits the breadth of the territorial sea is a threat to the fundamental doctrine of the freedom of the seas, and certainly has no place in a world which is growing increasingly smaller and in a world where more and more nations are dependent for their livelihood on the resources which come from the sea. It is granted that this doctrine has not always been the accepted rule of international law. In the 14th century, the combined Kingdom of Denmark and Norway endeavored to maintain the whole Norwegian Sea as a *mare clausum*, by claiming sovereignty over the North Atlantic between Norway and Iceland.

Similar claims were later asserted by Portugal and Spain over much of the Atlantic and Pacific Oceans. By the second half of the 16th century, however, Poland and England initiated the new trend, which has continued to the present day. They informed the Danes that the use of the seas was common to all. In 1580, Queen Elizabeth I, of England, flatly repudiated the complaint of Spain against the expeditions which had been undertaken by Sir Francis Drake—expeditions which, in part, resulted in his voyage to the Pacific coast of the United States and, more particularly, to California. Queen Elizabeth declared:

The use of the sea and air is common to all; neither can any title to the ocean belong to any people or private man, forasmuch as neither nature nor regard of the public use permitteth any possession thereof.

In 1588, when the English defeated the Spanish armada, the pretentious Spanish claims were swept aside, and the potential of realizing freedom of the seas was well on its way.

By the beginning of the 19th century, the concept of the modern territorial sea, or 1-league limit, came into use by nation states. This was recognized by Mr. Chief Justice Marshall in the case of *The Schooner "Exchange"* against *McFaddon*, decided in 1812.

In 1793, the United States, based on a note the Secretary of State, Jefferson, sent to the British Minister, adopted for purposes of neutrality a zone 3 miles wide all along the east coast. This zone of uniform breadth was recognized by the act of June 5, 1794.

Not all nations accepted this standard at that time. Some never have; but, with the exception of the five nations previously noted, by and large the territorial claims of most nations have never amounted to more than 12 miles.

By the 20th century, the 1-league, or 3-mile, limit had become established as the maximum breadth of the territorial sea under international law. The English, in particular, as a great seafaring nation, have advocated the 3-mile limit. The only exception England has made was in 1951, when she recognized the

validity of the Norwegian claim to 4 miles. The Norwegians themselves noted that their 4-mile limit had preceded the 3-mile limit, and, thus, had validity in its own right within the concept of the 1-league rule.

As I have stated, not all nations in the 19th century recognized the 3-mile limit, just as some do not now. Belgium, between 1848 and 1852, opposed British enforcement of the 3-mile limit against its fishing vessels. In 1879, France refused to recognize the right of Great Britain to impose penalties on its fishing boats for violating the English 3-mile fishing limit. Nevertheless, by 1900, the 3-mile, or 1-league, limit was the accepted standard by 20 of the 21 states which claimed a territorial sea. These 20 states included: Argentina, Austria-Hungary, Belgium, Brazil, Chile, Denmark, Ecuador, El Salvador, France, Germany, Great Britain, Greece, Honduras, Italy, Netherlands, Norway, Russia, Sweden, Turkey, United States.

Spain, the 21st state, claimed 6 miles of general jurisdiction.

In 1930, the Hague Conference for the Progressive Codification of International Law took place. Bernard G. Heinzen, writing on the history of the 3-mile limit in the *Stanford Law Review* for July 1959, noted that at this conference—"The merchant tonnage of the countries supporting the 3-mile limit without a contiguous zone was over 70 percent of the world's total in 1929."

In 1954, Congress enacted legislation encouraging American fishermen to fish up to 3 miles from any coast, when it directed the reimbursement by the U.S. Government for various fines which a coastal state might impose following the seizure of an American vessel "on the basis of right or claims in territorial water or the high seas which are not recognized by the United States" (68 Stat. 883 (1954), 22 U.S.C. 1972(a)). Thousands of dollars have been repaid those American fishermen for the actual fines imposed. Under that act, the Secretary of State is authorized to take such action as he may deem appropriate in order to collect from the foreign country the amounts expended by the United States in reimbursing its fishermen. The Department of State informs me that it has not been successful in its attempts to make any collection from a foreign nation to date, despite the thousands of dollars—\$131,646.80 to be exact—which we have paid out.

In 1958, the Geneva Conference on the Law of the Sea took place. At that time, no more than 27 of the 73 coast states claimed a territorial sea in excess of 3 miles, or 1 league. Besides the five states I have previously mentioned which claimed zones up to 200 miles, the following countries made claims varying between 6 and 12 miles:

Six miles: Ceylon, Greece, Haiti, India, Iran, Israel, Italy, Libya, Spain, Yugoslavia.

Nine miles: Mexico.

Ten miles: Albania.

Twelve miles: Bulgaria, Colombia, Ethiopia, Guatemala, Indonesia, Rumania, Saudi Arabia, Union of Soviet Socialist Republics, United Arab Republic, Venezuela.

Forty coastal states, in 1958, claimed no more than 1 league as the breadth of their territorial seas. These states included: Argentina, Australia, Belgium, Brazil, Burma, Cambodia, Canada, China, Costa Rica, Cuba, Denmark, Dominican Republic, Finland, France, Germany, Ghana, Iceland, Iraq, Ireland, Japan, Jordan, Liberia, Malaya, Morocco, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Philippines, Poland, Sudan, Sweden, Tunisia, Turkey, Union of South Africa, United Kingdom, United States, and Vietnam.

It is interesting to note that almost all of the major maritime countries still advocate the 3-mile limit and, thus, the freedom of the seas. Prior to the 1958 Geneva Conference, almost 87 percent of the world's merchant tonnage was registered in countries claiming no more than the 3-mile or 4-mile limit. The Geneva Conference failed to recommend an article dealing with the breadth of the territorial sea. It did reaffirm, however, the concept of the freedom of the seas, the concept of *res communis*. The Conference did reach agreement that new encroachment upon this concept would be tolerated only when the need was clearly evident, and then only by a grant of strictly limited jurisdiction, not by an extension of territorial jurisdiction. The Conference, by at least a two-thirds majority, agreed that, beyond the territorial sea of, say, 3 miles or 4 miles, there could be an area, not more than 12 miles from shore, in which a coastal state could exercise a limited customs, fiscal, immigration, and sanitary jurisdiction. The Conference also agreed to the right of coastal states to exploit the resources of the Continental Shelf and to compulsory measures for the conservation of the living resources of the high seas. As Mr. Heinzen, who was a member of the U.S. delegation to the 1958 Conference, and who wrote the excellent article I have previously cited, has stated:

The net effect of the Conference was to undercut the arguments of those who maintain that they had the right to proceed unilaterally beyond the distance of 3 miles or 1 league.

It is also interesting to note the motivations that seemed to guide many of the participants at the 1958 Geneva Conference. The Soviet Union and its satellites supported the 12-mile limit. Why? Presumably because this would greatly increase the effectiveness of the vast Soviet submarine fleet, which in time of war would thus be able to seek sanctuary off neutral coasts up to 12 miles. The Arab bloc, which in 1958 included 10 countries, also supported the 12-mile limit. Why? Because a 12-mile limit would permit them to close the Gulf of Aqaba, which is less than 24 miles in breadth at its widest point. The next group favoring an increase in the existing territorial sea was composed of our friends in Latin America who wanted either an extension of the 3-mile limit or a contiguous zone for exclusive fishing control. In addition, there were some of the newly independent countries, members of the Afro-Asian bloc, who opposed the 3-mile limit merely on the basis that it had been established by the major maritime powers before their

smaller and newer states had come into existence. This was shortsighted, to say the least, from their point of view, since they have the most to lose by attempts to harm the free flow of world commerce and economic development, and the most to gain by the capacity to fish freely the high seas.

At the 1958 Conference, the United States, in an effort to bring together conflicting interests, proposed a territorial sea of up to 6 miles, plus exclusive fishery rights in a zone extending up to 12 miles. Coastal states, however, could not exclude from the outer 6 miles of this 12-mile zone the fishing vessels of countries which had fished within those waters during the past 5 years, as long as these vessels observed reasonable conservation measures which might be imposed by the coastal state.

This American proposal did not secure the two-thirds majority which was necessary. Forty-five countries supported it; thirty-three were opposed; there were seven abstentions. The Soviet Union proposed a territorial sea of at least 12 miles in breadth. This proposal was defeated, with 47 voting against, only 21 for, and 17 abstentions. The Canadian proposal for a 12-mile exclusive fishing zone received 35 favorable votes; 30 were against; and there were 20 abstentions. Thus, the 1958 Geneva Conference was unable to agree on any change in the customary 3-mile, or 1-league limit, and, in effect, by overwhelming majorities confirmed the existing rule of freedom of the seas. The United States made very clear, at the conclusion of the Conference, that its offer of a 6-mile territorial sea with a 6-mile exclusive fishing zone was merely an offer, and nothing more, and that its defeat left the preexisting situation, or the 3-mile limit, intact. The Department of State noted, in a statement of April 28, 1958, that the 3-mile rule—"is the principle giving the greatest opportunity to all nations, large and small, new and old, coastal and landlocked, because it is the doctrine most consistent with freedom of the seas * * *. Unilateral acts of the states claiming greater territorial seas are not only not sanctioned by any principle of international law, but are, indeed, in conflict with the universally accepted principle of freedom of the seas."

There can be no question but that the 3-mile limit should be preserved, since it is the safest for navigation, especially by smaller vessels. Many of the landmarks used by small craft are not visible at a distance of 12 miles. In fact, only 20 percent of the world's lighthouses can be seen beyond 12 miles. Certainly, landlocked states would lose the most by an extension of the territorial sea since the coastal nations would be taking from them part of the sea that was common to all and getting nothing in return. This is, of course, particularly true, as I have mentioned before, of the newly independent states, whose economic and food resources for the future might de-

pend on their capacity to gain access to good fishing grounds. With an extension of the territorial sea, the coastal state would assume an obligation and a duty to warn foreign ships of the dangers to navigation which exist within its territorial waters. Arthur H. Dean estimated that, in the case of our own country, an extension of our territorial sea to 12 miles would mean an initial capital outlay of \$8 million and an increase in the annual operating cost of \$1,500,000 for each 100 miles of coastline. This would mean an annual increase of \$180 million for the continental United States alone.

The fact of the matter is that an extension of the territorial sea is unnecessary in order to preserve the interests of a coastal nation in fishing. The furtherance of conservation measures for a coastal state or any other state is something which can be recognized and accommodated within the existing laws of the high seas. The Geneva Conference made a great step forward in this regard. And, of course, it is obvious that there is a fundamental difference between a nation's right of self-defense in the age of intercontinental ballistic missiles and what it attempts to do under its police power in the limited territorial jurisdiction which it seeks beyond its coastline—12 miles or even 200 miles is little protection against the ICBM.

Mr. President, the 3-mile limit is a proud heritage and legacy to be preserved in international law in the conduct of this government and the conduct of other governments in this increasingly shrinking globe. The freedom of the seas is even more important now than it was in the 16th and 17th centuries, when the smaller states fought some powers who sought to monopolize the seas, so that they could obtain equal rights and opportunities to engage in passage and in commerce.

Mr. President, I have before me a table, prepared by the Department of the Interior, detailing the number and type of seizures, detentions, and other harassments of our tuna vessels which have occurred between September 15, 1951, and June 28, 1963. A total of 77 American tuna clippers have been seized, boarded, or otherwise harassed. Many have been fined and held for weeks in custody.

Our men have been shot at. Some have been wounded. For example, back in 1955, on March 27, the *Arctic Maid* was stopped and shot at when 35 miles off the coast of Ecuador. The chief engineer, William Peck, was severely wounded. The vessel was impounded, and a fine of \$43,481.20 was imposed on it. This fine was paid; and the owners have been reimbursed under Public Law 680, enacted on August 27, 1954. A claim has now been filed by our Government against Ecuador for this and two other seizures which totaled in fines \$61,000. Of course, not a penny has been returned to the Treasury by Ecuador. The shocking thing, however, is that our Govern-

ment has not filed claims against several other nations which have also imposed fines on our fishing vessels and whose owners have been reimbursed under the 1954 act. Section 5 of that act states:

The Secretary of State shall take such action as he may deem appropriate to make and collect on claims against a foreign country for amounts expended by the United States under the provisions of this Act because of the seizure of a United States vessel by such country.

That is a rather interesting act; it is now on the statute books. At the request of the administration, Congress passed a law authorizing the Department of State to reimburse an American fisherman if a foreign country violated the freedom of the seas, seized his fishing boat, and then required him to pay a fine. The statute empowers the Secretary of State, at his discretion, to request the offending nation—the country which violated international law—to reimburse the United States for the amount the Treasury under this act has paid to the fisherman.

On occasion, when American boats have been summarily taken by a South American country, and when, thereafter, the Department of State has made such payment to the owner of the boat, and thereafter a request has been made by the State Department to the South American country to reimburse the United States, what do you think happened, Mr. President? Obviously, we did not receive 1 penny back.

But, Mr. President, even when the Congress of the United States has generously provided that out of the public treasury shall be paid compensation to one who has thus been deprived of his property, that does not begin to compensate him for all the other indignities and, on occasion, jail sentences which have been meted out to him.

But, Mr. President, beyond all that, tonight we speak of the problems of our fellow Americans; and here is an opportunity to demonstrate to any nation, friend or foe, that the Government of the United States will not tolerate this treatment of any American citizen when he is utilizing in a legal fashion the high seas and the open seas; and we can particularly demonstrate that we will not provide any Alliance for Progress aid to any nation in this hemisphere which thus acts illegally against our citizens. That is the purpose of the amendment which my colleague, Mr. ENGLE, and I are offering.

I ask unanimous consent to have printed at this point in the RECORD a table of the seizures, detentions and other harassments and similar actions, commencing in 1951, and continuing through the intervening years until only a few months ago. This tabulation was prepared by the Department of the Interior, based on the official business records of the American Tunaboat Association.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Seizures, detentions, and other harassments of tuna vessels

THE FOLLOWING INFORMATION IS BASED UPON OFFICIAL BUSINESS RECORDS OF THE AMERICAN TUNABOAT ASSOCIATION, UPON AFFIDAVITS OF MASTERS OF TUNA CLIPPERS, AND UPON VERBAL REPORTS RECEIVED BY THE ASSOCIATION FROM OTHER MASTERS AND MANAGING OWNERS OF TUNA CLIPPERS

Name of motor vessel	Date	Location	Remarks
Marico	Sept. 15, 1951	Puerto Bolivar, Ecuador	Seized by Ecuadoran frigate <i>Guayas</i> . Vessel was entering port because of repairs. Vessel was fined \$5,500.
Tesoro del Mar	November 1951		Seized by Ecuadorans, vessel was of Panamanian registry, no information available.
Notre Dame	Nov. 4, 1951	5.1 miles west-northwest of Isla de la Plata, Ecuador.	Vessel seized while en route to fishing banks in high seas off Peru. Vessel fined \$8,000, released after fine paid under protest.
Sun Pacific	July 30, 1952	1°52' south latitude 81°4' west longitude (18 miles off coast of Ecuador).	Vessel released Aug. 18, 1952, upon deposit of cash bond of \$11,600.
Equator	July 31, 1952	0°52' south latitude 81°3' west longitude (12 to 13 miles off coast of Ecuador).	Vessel in possession of Ecuadoran fishing license issued in Panama. Vessel paid \$1,000. Released after being in custody 3 weeks.
Venus	April 1952	Off coast of Colombia	Vessels seized and taken into port of Buenaventura. Reference: El Tiempo, newspaper in Bogotá, Colombia, dated July 25, 1952.
Cesare Augustus	do	do	
Jackie Sue	do	do	
Lina B.	do	Off coast of Colombia beyond 3 miles	
American Beauty	Aug. 9, 1952	El Salvador	Seizure of vessel, no other facts available.
Martin B.	Oct. 21, 1952	Ecuador, 00° north latitude, 80°42' west longitude.	Ecuadoran merchant vessel <i>Rio Guayas</i> attempted to stop and board vessel, but <i>Martin B.</i> did not stop or permit boarding.
Starcrest	May 20, 1953	Panama	Fine imposed and paid \$3,000 for vessel and bail for crew in the amount of \$2,000.
Conte Bianco	Mar. 1, 1954	Galapagos Islands, Ecuador	Vessel boarded by naval officers. Vessel had purchased Ecuadoran fishing license. Vessel charged with failure to clear vessel and vessel assessed penalty \$8,848.50.
Santa Rosa	do	do	Assessed penalty \$9,040.50. Same as above.
Helen Ann	do	do	\$9,040.50. Same as above.
Bernadette	do	do	Vessel boarded and documents inspected by naval officers of Ecuadoran patrol vessel <i>Rae Manabi</i> . Fined \$10,240.50.
Conte di Savola	do	do	Abandonment of Ecuadoran waters without presenting for inspection of the captain of the port, the fishing license as well as other pertinent documents. \$9,088.50.
Sun Beam	Apr. 14, 1954	In waters between port of Salinas and Santa Clara Island, Ecuador.	Seized by Ecuadoran patrol vessel <i>El Oro</i> ; fine imposed (amount unknown). Vessel in distress at time of seizure.
Janus	June 1954	Ecuador	No further information.
Sun Streak	Sept. 4, 1954	3°15' south latitude, 80°54' west longitude (12 miles west of Santa Clara Island, Ecuador).	Seized by patrol vessel <i>Rae Manabi</i> . Fine imposed, \$12,000.
Belle of Portugal	Sept. 25, 1954	San Cristobal, Galapagos Islands, Ecuador	Charged that in July this vessel was sighted 12 miles off Manta, Ecuador, during July. Vessel released after boarding by naval officers.
Portuguesa	Nov. 19, 1954	31 miles, 304° true from Foca Island, Peru	Peruvian cutter D-3 <i>Rodriguez</i> advised master to "come aboard immediately or we will sink you." Master refused, vessel continued to operate 3 miles off the coast.
Invader	Nov. 14, 1954	23 miles southwest of Foca Islands, Peru	Boarded by Peruvian naval vessel, and request for fishing license. Released and told to get license from Peruvian consul in Los Angeles.
Renoun	do	4° 47' south latitude, 81° 28' west longitude, about 15 miles off coast of Peru.	Boarded by Peruvian naval vessel D2 <i>Aguirre</i> . Advised to proceed 200 miles off coast.
Seafarer	do	4° 58' south latitude, 81° 37' west longitude.	Same as above.
Stanford	Feb. 18, 1955	Off the coast of Peru beyond 3 miles	Seized and fined \$2,000. Taken into port of Talara.
E. S. Lucido	do	do	Do.
Miss Universe	do	do	Do.
Marsha Ann	do	do	Do.
Alaska Reefer	do	do	Do.
Sea King	do	do	Do.
Tony B.	Jan. 18, 1955	Entered Port of Callao, Peru	Do.
Western Clipper	do	do	<i>Tony B.</i> had engine trouble.
Arctic Maid	Mar. 27, 1955	35 miles off coast of Ecuador	Sick crewmember aboard the <i>Western Clipper</i> .
Santa Anna	do	do	Vessel stopped, shot at, Chief Engineer William Peck severely wounded. Vessel impounded. \$43,481.20 fine imposed.
Magellan	Mar. 26, 1955	25 miles off the coast of Ecuador	Vessel seized. \$5,881.10 fine imposed.
Western Pride	do	do	Vessel boarded and inspected then released.
Katie Lou	Nov. 25, 1955	3°4' south latitude, 80°43' west longitude (18 miles from Santa Clara Island, Gulf of Guayaquil, Ecuador).	Do.
Historic	Jan. 20, 1956	2°48' south latitude, 80°40' west longitude (about 18 miles from the coast of Ecuador).	Seized and taken into port of Guayaquil. Released Nov. 28, 1955.
Santa Anita	do	2°48' south latitude, 80°40' west longitude (about 18 miles from the coast of Ecuador).	Other vessels were boarded, but their names are unknown. Ambassador of Peru notified by letter from ATA dated Nov. 23, 1954.
Commodore	Jan. 29, 1956	32 miles, 280° true from Cape Pasado, Ecuador	Vessel stopped by Ecuadoran naval vessel <i>Atahualpa</i> ordered to proceed to nearest port. Ship's documents taken and then vessel released.
Normandie	Dec. 13, 1957	19°45' south latitude, 70°37' west longitude (20 to 25 miles off the coast of Chile).	Vessel stopped by Ecuadoran naval vessel <i>Atahualpa</i> , ship's documents taken and then vessel released.
Shamrock	Feb. 7, 1961	Off coast of Ecuador beyond 3 miles	Vessel stopped by Ecuador patrol vessel, <i>President Valasco</i> , detained 1 hour, boarded by armed personnel. Released after search indicated no bait. ATA sent letter dated Feb. 8, 1956, to the Secretary of State, outlining the above events.
Do	Mar. 21, 1961	11.9 miles off island in Gulf of Panama	Chilean airplane shot across the bow of vessel, ordered vessel to go into port of Iquique. Other vessels in vicinity, <i>Chicken of the Sea</i> , <i>Starcrest</i> , <i>Southern Pacific</i> , and <i>Excalibur</i> . Total fine imposed, \$6,000.
Normandie	May 1961	11 miles off Manta, Ecuador	Ecuadoran gunboat stops vessel, master of <i>Shamrock</i> leaves his vessel and shows documents to patrol boat.
Do	Nov. 29, 1961	15 miles west of Cape Pasado	Vessel seized, crew and master imprisoned by Panama. Paid \$2,500 fine plus costs. At time of seizure vessel having mechanical problems and under repair.
Nautilus	Dec. 15, 1961	Salinas, Ecuador	Vessel stopped, fishing activities interrupted, and master left and boarded Ecuadoran patrol vessel. License and other ship's documents inspected. Vessel permitted to continue fishing. 4 other vessels in vicinity.
Equator	Jan. 27, 1962	Sank approximately 40 miles off Gorgona Island, Colombia.	Vessel stopped by Ecuadoran patrol boat while it was working on school of fish. Papers inspected and then vessel released.
San Joaquin	Feb. 12, 1962	Seized about 8 or 9 miles off the coast of Colombia.	Master required to pay port captain in Salinas, Ecuador, \$300 to avoid trouble with authorities and fish off the coast. This vessel has paid \$200 for annual registration fee and \$4,884 for fishing license for trip commencing on Nov. 22, 1961.
Jo Linda	Feb. 23, 1962	4°10' north latitude, 78°10' west longitude (25 miles off the Colombian coast).	Crew used vessel's powerboat to escape to Gorgona Island. Crew denied opportunity to purchase fuel, and required to leave the small vessel at the island. After clearance from U.S. Embassy in Bogotá and Colombian authorities, MV <i>Cabrillo</i> went to Gorgona Island to pick up powerboat. At island, master of <i>Cabrillo</i> was told that powerboat would not be released. Commandant on island told him that unless the <i>Cabrillo</i> leaves, the vessel would be seized and fined. Powerboat was eventually removed from island after U.S. Embassy took further action.
Saratoga	do	4°10' north latitude, 78°10' west longitude.	Colombian patrol vessel <i>Arc Gorgona</i> seized the vessel, placed armed guards aboard. Vessel fined \$2,318.20; vessel released.

Seizures, detentions, and other harassments of tuna vessels—Continued

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Name of motor vessel	Date	Location	Remarks
Western Ace	Mar. 28, 1962	Off coast of Ecuador beyond 3 miles	Vessel seized, held in port of Salinas for 3 days. No fine imposed.
Normandie	Apr. 3, 1962	00° 08' south latitude, 80° 59' west longitude (28 miles west of Cape Pasado, Ecuador)	Stopped by Ecuadoran patrol vessel. Master of <i>Normandie</i> left vessel, and showed logbook and other documents.
Constitution	Apr. 16, 1962	1° 05' north latitude, 80° 21' west longitude (20 miles northwest of Punta Galera, Ecuador)	Ecuadoran patrol vessel <i>President Velasco</i> stopped vessel and requested master to leave vessel. Vessel boarded by armed personnel, who checked papers and then released the vessel for fishing.
Normandie	Apr. 17, 1962	2° 10' south latitude, 81° 08' west longitude (8 miles west of Cape San Elena, Ecuador)	Vessel was setting net; armed men from Ecuadoran patrol vessel boarded and inspected the ship's log. Master of the vessel ordered in to port of Salinas. Master paid captain of port \$60 and left to continue fishing.
Lou Jean	Apr. 28, 1962	About 15 miles off coast of El Salvador	Vessel shot at, boarded, and seized while it was en route to San Diego with load of fish caught 80 miles off Costa Rica. No fine.
Mauritania	June 1962	Peruvian coast	Vessels chased off fishing banks 25 miles off Peruvian coast by Peruvian patrol vessels.
Seapreme	Aug. 3, 1962	Beyond 3 miles off coast of Ecuador between Manta and Isla La Plata	Vessel seized and taken into port and held for about 5 weeks. No fine imposed.
White Star	Aug. 6, 1962	5 miles off Isla La Plata, Ecuador	Vessel boarded by armed soldiers and commandant of the island. Threatened to seize the vessel. Master gave whisky and tuna, then vessel permitted to continue fishing.
Cabrillo	Aug. 24, 1962	Galapagos Island, Ecuador	Vessel taken under custody on ground ship's papers irregular. Vessel released for fishing after a few days delay. No fine imposed.
Larry Roe	Sept. 10, 1962	do	Vessel held under custody on ground that it abandoned islands without proper clearance, and that it unloaded fish in Panama. Released Sept. 13, 1962. No fine on vessel but master fined.
Evelyn R	Oct. 28, 1962	12 miles off Peru	Fined \$5,000 for fishing without license.
Chicken of the Sea	do	do	Fined \$10,000 for fishing without license.
Western Ace	Nov. 5, 1962	Peru	Seized and fined \$4,000 for alleged fishing without license in Peruvian waters some 6 months earlier.
Mayflower	Nov. 14, 1962	do	Forced into port but released within 24 hours without any fines.
Nautilus	do	do	Do.
Royal Pacific	Nov. 18, 1962	Galapagos, Ecuador	Taken into custody but released without fines.
Elsinore	do	do	Taken into custody and fined \$150.
Larry Roe	November 1962	15 miles off Ecuador	Harassment by patrol boat but evaded seizure under cover of darkness.
Cabrillo	do	do	Do.
Ecuador	do	do	Do.
Jeanne Lynn	do	do	Fined \$11,184 and charged license fee of \$3,002.
White Star	May 25, 1963	5.5 miles off Ecuador	Fined \$9,504 and charged license fee of \$2,582. The <i>White Star</i> and <i>Ranger</i> were joined by 19 other vessels as a protest. The 19 vessels were not charged or held.
Ranger	do	5.5 miles off Ecuador	Held temporarily pending issuance of a matricula. Boarded but released.
Espiritu Santo	June 12, 1963	Ecuador	Do.
United States	June 19, 1963	do	
Ranger	June 28, 1962	Isla de la Plata, Ecuador	

Mr. KUCHEL. Mr. President, I now read some excerpts from the certified reports of the masters of some of the many vessels which have been harassed, seized, or detained. Their accounts in the 20th century are simply unbelievable. This Nation underwent similar treatment by the Barbary pirates, but one would not think that the supposedly free, friendly countries of this hemisphere would undertake similar acts.

Listen to Joe Lewis, master of the American fishing vessel DV *American Boy*, who described the harassment of 20 or so American vessels by Peruvian patrol boat No. 69, which, ironically enough, is a former vessel of the U.S. Navy. Lewis describes how, during a fishing trip that started on October 15, 1962, and ended on January 16, 1963, he went into the Peruvian port of Talara to purchase a Peruvian fishing license. He knew that he would be fishing 10 to 30 miles off Peru, but he "knew of the chasings, boardings, and seizures of tuna vessels, and that forced me to buy a license because of the thought of my vessel being seized and taken into a Peruvian port and being delayed." Lewis states:

Every day for a week a Peruvian patrol boat, cruiser type, No. 69 (ex-U.S. Navy vessel) would chase us, blinking his lights for us to stop. I would have to slow the vessel down, turn my boat around so the patrol boat could get a look at the name of the boat, and then the patrol boat would proceed on its way, and we would then continue our fishing. Sometimes this patrol boat would chase some boats two or three times a day, some days he would bother the vessels in the vicinity just once a day. I have been fishing for 23 years, and this is the first time a patrol boat chased me. I was never closer than 7 miles from the beach.

Listen to the sworn statement of George Zeluff, master of the American fishing vessel DV *Elsinore* describing events off the Galapagos Islands on November 18, 1962. Zeluff had purchased an Ecuadorian fishing license for approximately \$2,400 in Panama on his way to the area. This permitted him to fish in Ecuadorian waters within the 3-mile limit. Off the Galapagos Islands, an Ecuadorian patrol boat stopped his vessel and asked him to bring his papers over for inspection. Zeluff did this. The Ecuadorian captain looked at his papers and then stated that he wanted the *Elsinore* to proceed immediately to Wreck Bay, San Cristobal Island. The captain kept the papers. However, before leaving the cabin, Zeluff noticed that his name was on a folder which the captain had before him. Zeluff presumed this was a list of the names of vessels and names of skippers that purchased licenses from the Ecuadorian Government. "He knew we had a license but wanted to go through the formality of clearance," write Zeluff.

At Wreck Bay, the commandant awaited them. Unfortunately, he said, they would have to wait until the patrol boat got into port since the captain had their papers. Again, the Ecuadorian vessel was a former U.S. vessel. The next morning the commandant told Zeluff that he would have to fine him \$50 since he did not go directly into port for clearance. All this, despite the fact that the patrol boat had not yet arrived. Zeluff then charted graphically the direct course for the captain. The result was that no fine was paid and the papers were restored to him. Another example of delay in the ability of American citi-

zens to earn their legitimate livelihood on the high seas. Concludes Zeluff:

When I buy a license to fish off the Ecuadorian coast, I buy it because I am afraid of seizures outside of 3 miles. Fishing conditions off the Ecuadorian coast don't require us to fish within 3 miles.

Some would call this blackmail, Mr. President.

Listen to Tom Santos, the managing owner of the American fishing vessel DV *Ronnie S*. He states in his report describing harassment off of Ecuador:

I also know that on the basis of what has happened to me in the past, nothing would be done by our Government to prevent the actual seizure; and I did not know what would be our Government's reaction after the seizure. And how long it would take our Government to get us released. I have to be constantly concerned about the high cost of operating my vessel, and you don't catch tuna in port, especially if you are under custody of a foreign government.

What a sad day for an American citizen when he feels that his Government will not back him up.

I mentioned earlier that the only claims which have been filed under Public Law 680 were against Ecuador for incidents which occurred almost 8 years ago. Yet the incidents continue. So do the payments from the U.S. Treasury to reimburse the American fishermen. Through fiscal year 1963, our Government had paid out a total of \$131,646.80 to American fishermen who had filed the appropriate claims. There are many other claims yet to be filed.

William T. Kuuse, master of the American fishing vessel *Cabrillo* reports that on August 6, 1962, he was boarded by Ecuadorians. The captain of the

port of La Plata was in charge of the boarding party. The Ecuadorians were in a regular fishing vessel, yet uniformed men were on board. Kuuse produced a radiogram indicating the existence of a valid Ecuadorian fishing license. The captain of the port claimed it was a restricted area and that he wanted to take the *Cabrillo* into Manta.

Now listen to this:

He then acted and talked as though he was interested in a handout. He asked me about the payment of money to him. We told him that the vessel had no money, but we did offer him cigarettes and whisky. He accepted this offer * * *. We gave him nine cartons of cigarettes, and seven bottles of whisky. We also gave them 4 or 5 tons of tuna we had in the nets. There was no real inspection of the vessel by the captain of the port or the other Ecuadorians.

The harassment was over as a result of tuna, cigarettes, and whisky.

I have on file similar statements by the dozens.

The question now is what should be done about this and similar petty and major outrages?

On October 24, 1963, Under Secretary of the Interior James K. Carr replied on behalf of the Department of the Interior to a letter I had earlier written on this matter. He noted that his Department "is deeply concerned with the problem and the need for effective remedial action." The Under Secretary writes that Interior has worked closely with the State Department "over the years seeking solutions through customary diplomatic channels." He points out, however:

These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful. The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

Mr. Carr states that the amendment which I have introduced on behalf of myself and my colleague from California [Mr. ENGLE] "is one such course of action." The Under Secretary adds, on behalf of the Department:

It seems to us also that there is a question of the propriety of giving aid to governments which engage in such harassment.

He is absolutely correct. Now is the time for the elected and executive representatives of the American people to stand up and be counted on this question of the protection of American citizens' rights on the high seas. The freedom of the seas must be preserved. The Senate of the United States now has a historic opportunity to keep faith with a proud tradition and to reassert this doctrine so that all the world will know that freemen everywhere shall be able to continue to earn their livelihood by fishing beyond the recognized international territorial limits of any nation.

Mr. President, I ask unanimous consent that the letter to me from Under Secretary Carr, dated October 24, 1963, be printed in the *RECORD* at this point.

There being no objection, the letter was ordered to be printed in the *RECORD*, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., October 24, 1963.

HON. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KUCHEL: Reference is made to your letter of October 17, 1963, regarding the harassment of U.S. fishing vessels off the coasts of various South American countries. The Department of the Interior is deeply concerned with the problem and the need for effective remedial action.

We have worked closely with the Department of State over the years seeking solutions through customary diplomatic channels. In this connection, you will doubtless recall that representatives of the Department have been active in the negotiations with Ecuador which have been underway almost continuously since June of this year.

These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful. The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

The amendment to the Foreign Assistance Act of 1961 which you and Senator ENGLE have proposed is one such course of action. The bill introduced in the Senate by Senator ENGLE (S. 1651) is another, as are those introduced in the House by Congressmen VAN DERLIN and PELLY (H.R. 6656 and 7815). Our reports on these bills are in course of preparation. They illustrate approaches that merit serious consideration unless efforts through customary channels show striking progress. A most effective sanction, if other considerations warrant it, would be to deny to a country which harasses U.S. fishing vessels the privilege of marketing its fishery products in the United States. It seems to us also that there is a question of the propriety of giving aid to governments which engage in such harassment.

We appreciate the interest of Members of the Congress in this matter and their initiative in taking action which points the way to effective remedies. We are compiling a list of the violations of the rights of U.S. fishing vessels on the high seas off South America in recent years and will forward this to you in the next few days.

Sincerely yours,

JAMES K. CARR,
Under Secretary of the Interior.

Mr. KUCHEL. The letter in part reads as follows:

We—

Meaning the Department of the Interior—

have worked closely with the Department of State over the years seeking solutions through customary diplomatic channels. In this connection, you will doubtless recall that representatives of the Department have been active in the negotiations with Ecuador which have been underway almost continuously since June of this year.

These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful.

I repeat that statement. The Department of the Interior and the Government of the United States affirmatively state that our effort to work out the problems of illegal seizure of American tuna boats on the high seas has not worked out very well through the use of diplomatic channels.

The letter continues as follows:

The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

I agree. I salute the Department.

I repeat:

It becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

Hallelujah, Mr. President. That is the basis on which two Californians offer the Senate an opportunity to deny any Alliance for Progress assistance if, in the language of our amendment:

Such country as (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area.

That means that the amendment is prospective in character. It is not retroactive.

We then go on to say in our amendment:

The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

That language is in our amendment, so that there is a flexibility written into this provision of our amendment clothing the executive branch of our Government with the right to negotiate relative to international agreements with any country or group of countries with respect to the question of extending the territorial jurisdiction seaward of the traditional or historical 3-mile limit.

I ask unanimous consent to have printed at this point in the *RECORD* the resolution by the American Tunaboat Association, a letter from the Seafarers' International Union of North America, a letter from the Cannery Workers and Fishermen's Union, and sundry telegrams from interested citizens all favoring the pending amendment.

There being no objection, the resolution, letters, and telegrams were ordered to be printed in the *RECORD*, as follows:

RESOLUTION OF THE AMERICAN TUNABOAT ASSOCIATION RE PROTECTING THE RIGHTS OF VESSELS OF THE UNITED STATES ON THE HIGH SEAS AND IN TERRITORIAL WATERS OF FOREIGN COUNTRIES

Whereas the traditional policy of the United States is to support the principle of the freedom of the seas, and to this end this country does not recognize claims to jurisdiction over alleged territorial waters greater in breadth than 3 marine miles from the coast, since it is the view of the United States, acting through the State Department, that under international law it is not required to recognize such claims;

Whereas seizures of American-flag vessels and in particular tuna clippers have taken place as the result of extravagant territorial claims by foreign claims by foreign countries; claims which are strictly contrary to the traditional position of the United States with regard to the seaward limits of national jurisdiction;

Whereas the most effective means of asserting the doctrine of freedom of the seas is active participation by American-flag vessels

in the taking of the resources of the high seas; and

Whereas it is clear that seizures and the threats of seizures, shootings, and imprisonment may cause American fishing vessels to be driven from the high seas with resulting damage to the U.S. fishing industry, and thereby destroy the traditional policy of the United States to support the principle of the freedom of the seas;

Whereas the efforts of the Department of State to end acts of harassment and illegal seizures and detentions of American-flag vessels have been ineffective, and since the U.S. Coast Guard has no authority to exercise protective activities over American-owned vessels on the high seas and in particular the Eastern Tropical Pacific Ocean: Now, therefore, be it

Resolved, That the American Tunaboat Association urge the Congress of the United States to enact legislation that will establish an across-the-board economic embargo or discontinuance of U.S. economic and military assistance to those foreign countries that have a policy of harassment, seizures, and detention of American-flag fishing vessels; and be it further

Resolved, That the American Tunaboat Association support the joint action of Senator THOMAS H. KUCHEL and Senator CLAIR ENGLE to amend the Foreign Assistance Act of 1961, as amended.

JOSEPH SOARES,
President.

EDWARD P. SILVA,
Vice President.

AUGUST FELANDO,
General Manager.

SEINE AND LINE FISHERMEN'S

UNION OF SAN PEDRO,

San Pedro, Calif., October 24, 1963.

Senator THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KUCHEL: Enclosed please find resolution of the American Tunaboat Association reprotecting the rights of vessels of the United States on the high seas and in territorial waters of foreign countries.

At a recent meeting of the executive board of the Seine and Line Fishermen's Union, AFL-CIO, this same resolution was also passed unanimously.

The amendment which was proposed by Mr. KUCHEL (for himself and Mr. ENGLE) to the bill S. 1276, would if, adopted, in my opinion correct the abuses and harassments to our fishermen.

I want to thank you Mr. KUCHEL and Mr. ENGLE for the fine work you always do on behalf of our members.

With best personal wishes, I remain,

Very truly yours,

JOHN CALISE, *Secretary.*

CANNERY WORKERS AND FISHERMEN'S UNION,

San Diego, Calif., October 25, 1963.

Senator THOMAS H. KUCHEL,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KUCHEL: We have reviewed with interest your amendment to the Foreign Assistance Act of 1961, and as we understand it would prohibit foreign aid to those countries that take it upon themselves to harass, seize or detain American fishing vessels that are engaged in operations outside the 3-mile limit. We are strongly in favor of this legislation, as it is becoming increasingly apparent that seizures and threats of seizures, shootings and imprisonments, which in reality are acts of piracy by these foreign countries, may cause American fishing vessels to be driven from the high seas. This in effect would destroy the traditional policy of the United States to support the principle of freedom of the seas.

Recently apparently satisfactory agreements have been worked out with some

South American countries, but straws in the wind tell us that other Central and South American countries are contemplating starting these harassments and seizures again. Of course, we are of the opinion that stronger measures than your amendment should be taken, but we think your amendment will go a long way, and maybe even solve the whole problem.

Sincerely,

LESTER BALINGER, *Secretary-Treasurer.*

TERMINAL ISLAND, CALIF.,

October 24, 1963.

Senator THOMAS H. KUCHEL,
U.S. Senate, Washington, D.C.:

The following action has been taken by the members of the California Fish Cannery Association, Inc. "The California Fish Cannery Association, Inc., does hereby commend the efforts of Senator KUCHEL and other Members of the Congress in their efforts to protect American-flag fishing vessels on the high seas by limiting U.S. foreign aid assistance to any country who seeks to harass or seize American-flag fishing vessels on the high seas."

CALIFORNIA FISH CANNERS ASSOCIATION.

SAN PEDRO, CALIF.,

October 25, 1963.

Senator THOMAS KUCHEL,
Washington, D.C.:

The executive board of the San Pedro Independent Fishermens Union enthusiastically support the Kuchel-Engle bill, S. 1276, to further amend the Foreign Assistance Act of 1961.

We further commend you, Senator ENGLE, and all Congressmen and Senators for this tremendous support in favor of our working fishermen.

Respectively submitted.

JOSEPH MONTI,
Executive Secretary, San Pedro Independent Fishermens Union.

SAN PEDRO, CALIF.,

October 25, 1963.

Senator THOMAS H. KUCHEL,
Senate Office Building,
Washington, D.C.:

Board of directors of Fishermen's Cooperative Association and its entire membership urge your protection of American tuna vessels operating on high seas by amending the Foreign Assistance Act of 1961 through the passage of Senate bill S. 1276. Our Senate should consider the need for this legislation and the impact it will have on a great fishing industry. Our association wishes to extend to you and Senator ENGLE our deepest appreciation for your concern through this legislation.

ANTHONY NIZETICH,
Fishermens Co-op Association.

SAN PEDRO, CALIF.,

October 25, 1963.

Hon. THOMAS H. KUCHEL,
Senate Office Building,
Washington, D.C.:

The executive board of the Fishermen and Allied Workers Union Local 33 ILWU unanimously support the Kuchel-Engle bill S. 1276 to further amend the Foreign Assistance Act of 1961. We further commend you, Senator ENGLE, and all Congressmen and Senators who are striving in practical and meaningful way to protect fishermen's rights to the international waters of the high seas.

Respectfully submitted.

FRANK BURCINA,
Acting Secretary Treasurer.

ORDER FOR RECESS UNTIL NOON TOMORROW

Mr. HUMPHREY. Mr. President, I ask unanimous consent that when the business for today has been completed,

the Senate take a recess until 12 o'clock noon tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMERICAN FLAG SHIPPING FOR SOVIET WHEAT DEAL

Mr. KEATING. Mr. President, the National Maritime Union is deeply concerned—and naturally so—over the possibility that an agreement will be made in Washington to permit the transportation of American wheat to the Soviet Union either on foreign ships or at a particularly favorable price.

Mr. President, many jobs are at stake here as well as the stated conditions clearly established by the President when he granted permission for the wheat deal to take place.

Now, Mr. President, we are told that one, perhaps the most important, of the conditions laid down by the President does not happen to suit the Soviet Union and therefore the Soviets expect us to change our position.

Mr. President, when the Soviets wanted to alter the rules and procedures regarding access to Berlin, the United States and other NATO states said, "No," and we meant it. As a result the Soviets were forced to back down.

The difficulties that have come up in connection with this grain question make it very clear that the United States has little to gain from a one shot, so called, commercial operation in which the ground rules are neither clear nor coordinated between U.S. business, U.S. labor, U.S. Government, and foreign nations. What is necessary is a very careful and thorough review of the whole question of trade with the Soviet Union, the role that American shipping should play in such operations and the need for far closer coordination with other free world nations. This is a question of great importance to manufacturing as well as shipping interests.

It is no fair to American business or American labor to work out a deal with the Soviets on a piecemeal basis in which the united pressure of the Soviet Government is going to be exerted against individual American trading or shipping interests. The grain deal should be treated as a part of this entire question.

Maritime and other unions should be included in a thorough review of every aspect both economic, political, short-term and long-term of any proposed trade deal with the Soviet Union. Then firm and reasonable ground rules can be established for the whole industry to abide by. The present confusion and discord is exactly what could be expected from any attempt to arrange a one-shot transaction on special grounds with particular conditions—conditions that were not laid down after full study and consultation, conditions that have not to my knowledge been discussed with the maritime unions, and conditions that may now have to be scuttled in an unfortunate manner.

Mr. President, I ask unanimous consent to include following my remarks in the RECORD the text of the protest which

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 8, 1963
For actions of Nov. 7, 1963
88th-1st; No. 180

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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Talmadge urged action on cotton legislation. Sen. Miller criticized reported statement by Secretary on savings on sale of wheat to Russia. Sen. Mundt expressed opposition to a sale of wheat or other commodities to Russia. Senate committee reported air pollution control bills. House passed public debt increase bill. Rep. Saylor introduced and discussed wilderness bill.

SENATE

1. **FOREIGN AID.** Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 2051-88). By a vote of 57 to 29, agreed to an amendment by Sen. Kuchel to deny assistance under the Act to any country which extends its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the U.S. or imposes penalties or sanctions against U. S. fishing vessels for fishing in such areas (pp. 20251-7). Agreed to an amendment by Sen. Proxmire to provide that no assistance under the Act shall be furnished to Indonesia unless the President determines that such assistance is essential to the national interest of the U. S. (pp. 20261-70). Agreed to an amendment by Sen. Proxmire to prohibit aid to Yugoslavia (pp. 20271-5). By a vote of 65 to 13, agreed to an amendment by Sen. Gruening to prohibit aid under this Act or any other act, including Public Law 480, to any country engaging in or preparing for aggressive military actions (pp. 20275-88). By a vote of 32 to 46, rejected an amendment by Sen. Fulbright, as a substitute for the amendment of Sen. Gruening, to

give the President discretion in determining when a country is engaging in or preparing for aggressive military action (pp. 20283-88). Sens. Gruening and Dominick submitted amendments intended to be proposed to this bill (p. 20197).

2. AIR POLLUTION. The Public Works Committee reported with amendments S. 432, to extend and accelerate the Federal air pollution control program (S. Rept. 638), and a similar bill, H. R. 6518 (no committee report number). p. 20190
3. HIGHWAYS. The Public Works Committee reported with amendments S. Res. 217, to authorize a study of a national system of scenic highways (S. Rept. 635). p. 20190
4. COTTON. Sen. Talmadge stated that the cotton situation "will continue to worsen until there is remedial legislation," and inserted an article "calling attention to the many shortcomings of existing cotton laws." pp. 20234-5
5. WHEAT; FOREIGN TRADE. Sen. Miller referred to a Wall Street Journal article quoting Secretary Freeman "as saying the sale of 150 to 200 million bushels of wheat to the Soviet Union would save U.S. taxpayers about \$200 million in storage and other costs," and inserted his correspondence with this Department asking for verification of the statement to which he referred. pp. 20209-11
Sen. Mundt stated that in addition to a possible sale of wheat to Russia, "Corn, tobacco, rice, and cotton are now being considered as additional products with which to appease the Communists and strengthen their economy so they can the more effectively weaken our security." pp. 20250-1
6. VOCATIONAL EDUCATION. Sen. Pearson expressed concern over proposed increases in authorizations for vocational education programs and urged a study of the programs "before further expansions are approved or before any new programs are authorized." pp. 20198-9
7. FOREIGN TRADE. Sen. Javits urged the U. S. to take the lead in forthcoming GATT negotiations for a reduction in nontariff trade barriers and inserted a chapter from the annual report on the Trade Agreements Program dealing with nontariff restrictions upon trade. pp. 20213-5
Sen. Javits inserted a series of articles from International Commerce, a weekly publication of the Department of Commerce, discussing various aspects of trade under Alliance for Progress. pp. 20215-23
8. TRANSPORTATION. Sen. Magnuson submitted an amendment intended to be proposed to S. 1062, to improve the national transportation system. pp. 20197-8
Sen. Bartlett inserted an article, "The High Cost of U. S. Shipping." pp. 20207-8
9. FORESTRY. Sen. Yarborough commended the dedication of the Big Thicket Scenic Area of the Sam Houston National Forest, Tex., on Nov. 1, and inserted his remarks at the dedication. pp. 20232-3
10. TAXATION. Sen. Proxmire inserted a number "of individual statements indicating different reasons for opposition" to the proposed tax reduction bill. pp. 20235-40
11. CRANBERRIES. Sen. Morse inserted an article describing the growing of cranberries on the west coast. pp. 20248-50

Using sarcasm and cynicism, Arthur Hoppe in the Washington Evening Star pins the label of "Peace Through Greed" on this new twist in our ever-changing but never-consistent foreign policy. First, we were to sell the wheat only for cash and it was to be shipped in American bottoms with American seamen with no subsidy from the Government and no concessions to the low wage rates of Communist ships. Now, we hear our Government is to guarantee credit sales to the Communists. Ways are being sought to beat down the wages of American seamen or to have American taxpayers subsidize the low-cost delivery of wheat to Communist countries. Corn, tobacco, rice, and cotton are now being considered as additional products with which to appease the Communists and strengthen their economy so they can the more effectively weaken our security. Thus this one-shot deal has become a mighty fusillade of new concessions to the Communists.

I ask that the Hoppe article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SUREFIRE PEACE FORMULA: GREED—RESEARCHER FINDS MOTIVATION MAKES WHEAT GO ROUND, WITH PROFIT TO ALL

(By Arthur Hoppe)

In our constant search for world peace, as you know, we've kind of given up relying on the old standbys of love and brotherhood. While nice in theory, they didn't pan out too well. So now all we do-gooders are pinning our hopes on a far more basic, universal human emotion. Greed.

And I'm delighted to report the peace through greed program is going great guns already.

But let us add a note of caution: There are dark clouds on the horizon.

The program was officially launched by Mr. Kennedy's announcement that we would swap the Russians 4 million tons of wheat, which they are greedy for, in return for \$250 million in gold, which we are greedy for. And it seemed like the rosy dawn of a new era of peace through mutual greed, in which all men would lay down their swords at last. In order to pick each other's pockets.

True, there were some complaints from midwestern Congressmen, whose militantly anti-Communist constituents also grow wheat, we are only selling the Russians 4 million tons? When our allies are selling them 15 million? What's happened to American salesmanship?

But generally the reaction here to the peace through greed program has been favorable. After all, it's an approach our Congressmen can understand. And the only real opposition has come from our staunch friend, West Germany.

You know how virulently anti-Communist the West Germans are. And you can't blame them, living as they do in the shadow of the Berlin Wall. Who knows better the horrors of communism? Who better understands the need to put the economic screws to the Soviet bloc in hopes their evil regime will fall?

And oh, what an impassioned warning sage old Mr. Adenauer, of West Germany, delivered to us before Mr. Kennedy approved the wheat deal. How, Mr. Adenauer asked with tears in his eyes, could we even think of such a thing? Would we, he demanded, all choked up, really sell wheat to the Communists, and thereby betray our loyal West German allies, who have stood by our side for 15 long years? Would we, he asked,

his voice rising, "sell the Communists the noose with which to hang ourselves?" Would we, he summed up, rising to oratorical heights, "fatten up our own butcher?"

Oh, how moving it was to hear this old statesman put principles ahead of profit. Of course, it might have been more moving if Mr. Adenauer hadn't approved the sale of 35,000 tons of West German wheat flour to the Communists the day before, which was part of 350,000 tons the West Germans are selling the Soviet bloc, which is part of the \$1.4 billion in annual trade between West Germany and the Iron Curtain countries. But, as I say, it was good to hear him put principles above profit. His principles above our profit.

But a speech like that kind of builds your faith in the peace through greed program. It makes you realize how overwhelming this stimulus to peace and understanding is. But I'm a little worried about the Western Alliance. Can it survive this new program? Look at me. Already I'm sore at the West Germans.

I guess it's that I can't stand their greedier than thou attitude.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 248) proposed by Mr. KUCHEL, for himself and the junior Senator from California [Mr. ENGLE], to insert on page 48, after line 3, of the committee substitute, as amended, the following language:

SEC. 302A. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, is amended by adding the following new subsection:

"(i) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

On this question, the yeas and nays have been ordered.

Mr. KUCHEL. Mr. President, first, I ask unanimous consent that I may modify the amendment in two particulars. The first is purely technical amendment, on line 5, I ask unanimous consent that the letter in parenthesis "(i)" be changed to "(k)".

The second request would not change in any respect the intent of the amendment offered by my colleague from California [Mr. ENGLE] and me; I think it would improve it. I have been asked by the Senators from Alaska [Mr. BARTLETT and Mr. GRUENING] to make this

change. I believe it is in the interest of clarity that I make this request.

Mr. President, I ask unanimous consent that on line 8, after the word "beyond," the remainder of the language ending with the word "country" on line 9 be stricken, and that in lieu thereof there be inserted: "that recognized by the United States,".

Let me explain what the amendment is designed to do. As now offered by the California Senators, this amendment provides, in part, that—

No assistance shall be furnished under this act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States—

And so forth. The Senators from Alaska are hopeful that the Government of the United States may ultimately find it to be in the national interest to change the historical 3-mile limit to a 12-mile limit. I do not quarrel with that suggestion at all. The language suggested, therefore, "that recognized by the United States," would, in my judgment, make abundantly clear what we intend to do.

Mr. President, I ask unanimous consent that the amendment may be modified in those two respects.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment, as modified, is as follows:

On page 48, between lines 3 and 4, it is proposed to insert the following:

"Sec. 302A. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, is amended by adding the following new subsection:

"(k) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

Mr. KUCHEL. Mr. President, last night I spoke at some length concerning the proposed amendment. I pointed out that, historically, the most widely accepted standard under international law is a 3-mile territorial jurisdiction out from those countries which abut the seas and the oceans. I then stated that three of our Latin American neighbors in particular—Chile, Peru, and Ecuador—have attempted to arrogate to themselves sovereign jurisdiction over the open seas to a distance 200 miles from the shoreline. If they are permitted to do that, they might as well attempt tomorrow to arrogate complete jurisdiction a 1,000 miles seaward.

But with respect to their unilateral 200-mile attempted jurisdiction, they have prevented our fellow Americans from fishing in the open seas, seaward of the 3-mile limit, 10 miles, 20 miles, 30 miles, 40 miles, and more. Indeed, they have confiscated American fishing boats. They have put American citizens in jail.

They have fined them. They have made our fellow Americans, exercising a clear international right to journey and to fish upon the high seas, subject to all kinds of personal indignities.

There is a rather peculiar statute in this country. A number of years ago, in 1954, Congress authorized the Secretary of State to pay compensation to American fishermen if their boats were taken away from them on the open sea and they were fined for their activities in international waters. Under that act, provision is made for the Secretary of State, having once approved reimbursement by the Treasury of the fishermen who have paid fines, illegally, to ask the country which committed the illegal act to reimburse the Government of the United States for that amount of money. Not 1 cent has ever come back to the Federal Treasury from an offending country. Indeed, with only one country and with but three claims out of many, has the Department of State even filed a claim.

The amendment now before you is simple and direct.

It provides:

No assistance under the Alliance for Progress shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area.

Then the amendment provides:

The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the able Senator from Alaska.

Mr. GRUENING. I wholeheartedly support the desirable amendment sponsored by the two distinguished Senators from California. What has happened off the coast of South America is positively shocking. It is time for the United States to crack down hard on flagrant abuses and protect our citizens. This amendment should do that. It is outrageous that American fishermen, fishing on the high seas, have been seized, taken to court, imprisoned for weeks, and then fined heavily.

Although statistics may vary somewhat, I find that a total of 77 such seizures has been reported by the American Tuna Boat Association alone. This does not include another category, not tuna fishermen, as to which we are now collecting statistics, in which our shrimp fishermen have been seized similarly off the coast of countries to the south of us. Up to June 8, 1963, fines have been levied on our tuna fishermen in the amount of \$162,042.70. The Department of the Interior has no record beyond that date, which is now several months past. So we can assume that the amount of fines has risen. I am hopeful that when the amendment is adopted—as it should be—the State Department will take further steps to recover illegally levied fines and

to reimburse the fishermen who have suffered.

Mr. KUCHEL. I agree with the Senator from Alaska.

Mr. GRUENING. The mere reimbursement of the amount of the fines will not compensate the fishermen for their loss of time in fishing. I am not so sure that a larger claim should not be made. But I hope that if the amendment is adopted, the State Department can be counted upon to protect with vigor the fishermen who have suffered for so long.

I am speaking forcefully because a similar situation exists in Alaskan waters, where Japanese and Russian fishermen have invaded Alaska's waters, and in the case of the Russians torn up our crab fishermen's gear, and in addition to inflicting these losses upon them have impaired their livelihood.

A week or so ago the Senate passed a bill sponsored by my colleague from Alaska [Mr. BARTLETT] and other Senators, which provided that any future violations by foreign fishermen of our 3-mile limit—which is the limit at present—shall be punished by fine and imprisonment. But first it is necessary to catch the violators. At present, the U.S. Coast Guard vessels patrolling those waters are not as fast as the modern, up to date Russian fishing vessels, which merely slide away when they are detected, and whose crews laugh at us.

I hope the amendment will be adopted. It should be adopted unanimously.

Mr. KUCHEL. I thank the distinguished Senator from Alaska for his eloquent contribution to the discussion.

Mr. President, I yield to the distinguished senior Senator from Alaska.

Mr. BARTLETT. Mr. President, I do not attempt to render judgment as to how this problem should be approached, either in connection with this bill or otherwise; but I most assuredly and emphatically congratulate the Senator from California [Mr. KUCHEL] and his colleague [Mr. ENGLE] for having sought to solve this very grave problem, which is especially grave for the American tuna-fishing industry.

I believe the amendment of the Senator from California is all the better because of the modification he has accepted by striking out the language which dealt with a specific 3-mile limit, and by having the amendment read, at that point, "that recognized by the United States."

Am I correct in assuming that the amendment, as modified in the way I have just noted, means the territorial limits or the fishing zone limits of any other nation which are recognized by the United States?

Mr. KUCHEL. I interpret the amendment, as it now reads, to apply the words "recognized by the United States" to all waters seaward of the traditional or historic jurisdictional boundary, subject, however, to the last sentence of the amendment, which would permit negotiated agreements to which our country would be a party.

Mr. BARTLETT. In other words, in dealing with one nation, the United States might recognize a distance of 3

miles; in another case the United States might recognize a greater or lesser distance?

Mr. KUCHEL. That is true.

Mr. BARTLETT. I cannot conceive of a situation in which the distance would be lesser; but in that way we would have entire flexibility.

Mr. KUCHEL. That is correct.

Mr. BARTLETT. Mr. President, after reading the amendment—I read it for the first time only this morning, and I blame only myself for not having been in the Chamber yesterday afternoon when the Senator from California submitted so ably, factually, and eloquently his argument in favor of the amendment—I notice that at one point the Senator from California quoted a member of the U.S. delegation to the 1958 conference as saying that the net effect of the conference was to undercut the arguments made by those who maintain that their nations had a right to proceed unilaterally beyond the distance of 3 miles, or 1 league.

Events since that time have disproved that statement. For example, we know that only a few months ago Canada unilaterally served notice of her intention to establish a 12-mile fishing zone. We of the United States are highly hopeful, and believe, that because of negotiations which are in process, the historic fishing rights of Americans, as established in Canadian waters, will be honored. But here we have an example of the United States negotiating in recognition of Canada's unilateral action as it relates to a 12-mile fishing zone.

The Senator from California, in pursuing the same line of thought, said, "that in 1958, 40 coastal states claimed no more than 1 league as the breadth of their territorial seas"; and just before relating that fact, he said, "that 27 of the 73 coastal states claimed a territorial sea in excess of 1 league in breadth." Everything he said in that connection is correct; but there have been some dramatic changes since 1958, and I believe they should be made a part of this RECORD.

Even since the 1960 conference on the law of the sea, 10 more nations, so I am informed, have extended their territorial limits or adopted fishing zones beyond the 3-mile limit. In addition, some eight other nations have indicated they intend to do the same thing. Among them is the United Kingdom. I am told that the United Kingdom has called a conference for this fall, that it will be participated in by several European nations, and that it is very likely that from that conference, several nations—and, almost assuredly, the United Kingdom will be among them—will abandon the 3-mile limit for fisheries.

Since 1960, Albania has restricted innocent passage in a 10-mile territorial sea, and claims fishing jurisdiction up to 12 miles.

Cameroon, in June of last year, extended her territorial sea to a 6-mile limit.

Denmark extended the fisheries limits for Greenland to 12 miles, in June of this year. A similar limit for the Faroes Islands will become effective next March.

Morocco likewise extended her fishing jurisdiction to 12 miles.

On September 1, 1961, Norway extended her fishing jurisdiction to 12 miles.

Other nations have acted likewise.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a list of the nations which have acted in this field since 1960.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

SUMMARY OF UNILATERAL CLAIMS TO EXTENDED TERRITORIAL SEAS OR EXCLUSIVE FISHING ZONES, SINCE THE 1960 UNITED NATIONS CONFERENCE ON LAW OF THE SEA

Albania: March 1, 1960, restricted innocent passage in a 10-mile territorial sea. Fishing jurisdiction claimed to 12 miles.

Cameroon: June 23, 1962, claimed a 6-mile territorial sea.

(China: While the Republic of China recognizes the 3-nautical-mile territorial sea, Communist China claims a 12-mile territorial sea.)

Denmark: June 1, 1963 extended the fisheries limits for Greenland to 12 miles. A similar limit for the Faroes Islands will take effect March 12, 1964. Certain countries are exempted from the Greenland limits until May 31, 1973.

Malagasy Republic: February 27, 1963, claimed a 12-mile territorial sea.

Morocco: Extended fishing jurisdiction to 12 miles, except for the Strait of Gibraltar, for which such jurisdiction was extended to 6 miles.

Norway: Extended fisheries jurisdiction to 6 miles on April 1, 1961, and to 12 miles on September 1, 1961.

Senegal: June 21, 1961, claimed a 6-mile territorial sea, plus a 6-mile contiguous zone.

Sudan: August 2, 1960, extended the territorial sea to 12 miles.

Tunisia: July 26, 1962, extended the territorial sea to 6 miles with an additional 8 miles of fisheries jurisdiction for a portion of its coast from the Algerian border to Ras Kapoudia, and extended the territorial sea from there to the Lybian border to the 50 meter isobath line.

Uruguay: February 21, 1963, claimed a 6-mile territorial sea plus a 6-mile contiguous zone for fishing and other purposes.

Mr. BARTLETT. Mr. President, with the permission of the Senator from California, I should like to read from a letter which I received from the State Department on June 17 of this year:

Since that time—

So Assistant Secretary Frederick G. Dutton informs me—"that time," being the time of the holding of the Law of the Sea Conferences at Geneva in 1958 and 1960—

several countries have made claims to an extended territorial sea or an exclusive fishing zone. A summary of such claims since the 1960 Law of the Sea Conference, based on information reaching the Department, is also enclosed.

That is the table I have already submitted for printing in the RECORD.

According to the latter, it appears likely that at least eight other nations will take similar action. It is clear that as of today, a full majority of coastal nations either have or are planning in the near future to expand their jurisdiction over fish beyond the 3-mile limit. It follows that these extensions up to 12 miles for fishing jurisdiction are accepted

under international law and must be by the United States.

Mr. President, I know the situation which confronts California tuna fishermen and all other American tuna fishermen. A few months ago I had the high honor—at the designation of the chairman of the Commerce Committee, the Senator from Washington [Mr. MAGNUSON], to conduct hearings at San Diego and San Pedro. I was told then—and was told in vigorous language, and at length—of the woes and hardships suffered by hard-working, competent American fishermen because their boats were seized while at various distances off the coasts of certain South American countries clearly outside any rational concept of the territorial limits.

I applaud the Senator from California [Mr. KUCHEL] and his colleague [Mr. ENGLE] for making this affirmative move to end this situation. I am particularly glad that he has modified his amendment, so as to make its provisions flexible, in order that the executive branch of the Government will have room in which to operate.

Not long ago, and rather unexpectedly, the Atlantic States Marine Fisheries Commission adopted a resolution requesting that the U.S. Government extend our jurisdiction over fishing beyond the 3-mile limit. While that demand from fishing groups is not yet universal, it is growing almost every month. They feel that we must have that added protection. I am sure that the legal opinions, when called for, will assert our right to act unilaterally to adopt a 12-mile fishing zone when and if we choose to do so. We know that even a 12-mile fishing zone would not afford adequate protection to New England fishermen, whose historic fishing banks have recently been covered—and I suppose that is about the correct word in that case—by foreign fishing vessels, particularly huge Russian fleets with big ships that remain for months at a time on the Atlantic coast, on the gulf coast, and on our own Pacific coast.

With my colleague from Alaska, I point out that we—particularly those of us in Alaska—must move rapidly and positively if the United States is to maintain any place at all in the fishing world. In only 5 years we have slipped from second place to fifth place. The amendment, if adopted, would be a move to protect our fishermen, at least in their legitimate search for tuna.

The Senator from California deserves support in his effort to do that which he seeks to do.

Mr. KUCHEL. Mr. President, I am very grateful to my able friend from Alaska. I thank him very much for his excellent contribution.

Mr. President, I ask unanimous consent to insert two editorials at this point.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Los Angeles (Calif.) Times, Oct. 6, 1963]

NEW VERSION OF THE BARBARY PIRATES

The notion prevalent in parts of Latin America that the United States is a fat patsy

with a masochistic urge to turn the other cheek should be discouraged.

Senator KUCHEL is on the right track—or has the right emotion—in suggesting that any nation which interferes with U.S. fishing craft on the high seas shall automatically forfeit all foreign aid grants from the United States.

Nations on the northwest coast of South America have made a profitable game of claiming sovereignty over waters 200 miles offshore, to harass the southern California tuna fleet.

Tuna skippers have been forced to pay tribute in the form of "licenses" on each trip, much as the Barbary pirates once levied toll on passing vessels.

In those forthright days, a little gunboat diplomacy had a salutary effect on the blackmailers. Since we have become so civilized, we now make ineffectual clucking noises when our rights are ignored by the spiritual heirs of the 18th century brigands.

Since we apparently regard it as a violation of our Boy Scout oath simply to tell these nations we will blow their ships out of the water if they don't stay on their side of the fence, the least we can do is to quit paying handsomely for the privilege of getting kicked in the teeth.

Senator KUCHEL's idea of cutting off foreign aid to these nations should be promptly considered.

[From the Los Angeles Herald Examiner, Oct. 14, 1963]

A WISE MOVE

Senator THOMAS H. KUCHEL, Republican, of California, has proposed to the U.S. Senate that the United States cut off foreign aid to any Latin American country that interferes with U.S. fishing boats on the high seas.

Senator KUCHEL asked that the foreign aid bill, now before the Foreign Relations Committee, be amended to terminate aid to any country which claims jurisdiction for fishing beyond the three-mile limit which is internationally recognized.

We heartily second the motion, for as we said editorially last June when Ecuadorean authorities were seizing our Southern California tuna fishing boats far beyond the 3-mile limit and assessing the owners heavy fines:

If Ecuador is unmoved by our plea for justice and insists on arresting and fining U.S. tuna boat operators, this country should cut off U.S. aid. Fair play works two ways."

In declaring to the Senate that since 1954 more than 50 American tuna boats have been seized or intimidated in international waters, Senator KUCHEL said:

"I propose that we serve notice that such assistance will be cut off if they persist in trying to blackmail our boatowners and skippers. We must let these people we like to regard as good neighbors know that the United States no longer will take such unneighborly treatment lying down.

"The United States has been long suffering. In fact, we seem often to have turned the other cheek. I feel that after a decade of such conduct the time has arrived when we must take stern measures."

The U.S. Senate should consider that such incidents as the Ecuadorean fishing controversy may well become only a part of a much larger picture. Long distance fishing in international waters has become a worldwide industry in which the United States, Soviet Russia, Japan, and other nations are heavily interested. And large scale fishing from southern California can be matched from other Pacific, Atlantic, and gulf coast fishing ports.

Mr. KUCHEL. Mr. President, all my colleagues share a real joy and a heart-

felt gratitude that our colleague, the distinguished junior Senator from California [Mr. ENGLE] is recovering from his tragic illness. We wish him God-speed. Once again, we send him and his dear wife, our greetings. He has 99 friends in the U.S. Senate.

The junior Senator from California has been an assiduous and constant worker in the cause of fairplay to American fishermen. He and I have joined in the amendment which is now pending.

I ask unanimous consent that several comments which my colleague has made on the general subject of fairplay to American fishermen be printed in the RECORD at this point.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

JUNE 4, 1963.

WASHINGTON, D.C.—Senator CLAIR ENGLE, Democrat, of California, announced that the following wire was sent to the President today by himself, Senator WARREN G. MAGNUSON, Democrat, of Washington, Senator HENRY M. JACKSON, Democrat, of Washington, Senator THOMAS H. KUCHEL, Republican, of California, Congressman LIONEL VAN DEERLIN, Democrat, of California, and Congressman BOB WILSON, Republican, of California:

"The PRESIDENT,

"The White House, Washington, D.C.:

"You are already advised of our concern about the seizure of U.S. tuna fishing vessels by the Ecuadoran Navy. We have today conferred at length with Assistant Secretary of State Edwin Martin and other State Department authorities with the objective of exploring all possible action by our Government to protect U.S. fishermen and their ships. We are also anxious to determine how these vessels might be removed to safety without forfeiture of the rights of our fishermen or prejudice of the principles for which they seek recognition. We believe that it is imperative that a special representative from the White House or the Department of State be dispatched immediately to Ecuador to personally advise our fishermen of the Government's concern, inasmuch as they are cut off from normal communication."

"CLAIR ENGLE,

"WARREN G. MAGNUSON,

"HENRY M. JACKSON,

"THOMAS H. KUCHEL,

"U.S. Senators.

"LIONEL VAN DEERLIN,

"BOB WILSON,

"Members of Congress."

JUNE 10, 1963.

WASHINGTON, D.C.—Senator CLAIR ENGLE, Democrat, of California, is author of a new Senate bill designed to strengthen the hand of the State Department in negotiations with Ecuador over fishing rights of the San Diego-based tuna fleet.

Cosponsors of the Engle bill to date are Senators WARREN G. MAGNUSON, Democrat, of Washington, chairman of the Senate Commerce Committee; HENRY M. JACKSON, Democrat, of Washington, and VANCE HARTKE, Democrat, of Indiana.

"I have introduced this bill because I think repeated harassment of our tuna fleet by Ecuador—they have seized our ships before—calls for a firm response from us," Senator ENGLE said.

June 5 the State Department announced that negotiators are being sent to Ecuador to seek both an agreement on the release of two tuna boats seized in late May and a long-term resolution of the dispute over fishing rights.

The announcement followed Senator ENGLE's June 3 request to President John F.

Kennedy that he expedite U.S. intervention on behalf of the tuna fleet—a request in which he was joined by Senators MAGNUSON and JACKSON and THOMAS H. KUCHEL, Republican, of California.

"In the long run," Senator ENGLE said, "I believe that negotiations will resolve the problem. I don't want to see a return to 'gunboat diplomacy' where we send the Navy down there to escort our fishing fleet out of the Ecuadorian harbor."

The new Engle bill would authorize an embargo of Ecuador's fish exports in the event of future interference by that country with U.S. fishermen.

Senator ENGLE continued, "My bill would indicate that the United States will not tolerate the seizures of our tuna boats. It would set the tone for negotiations."

Senator ENGLE's proposals were prompted by the recent action of the Ecuadoran Government in seizing two U.S. tuna boats in waters off Ecuador which, according to international law, are open to all fishermen.

Ecuador claims control of the sea up to 200 miles off its coast. The United States recognizes a 3-mile limit only.

The two tuna boats were part of a fleet from San Diego numbering more than 20 ships. The other ships refused to leave and protested by staging what Senator ENGLE called a "maritime sitdown strike."

TELECASTS U.S. TUNA FISHERMEN VERSUS ECUADOR

Question. Well, Senator ENGLE, we have been reading in the press where some of our tuna boats have got into difficulties off the coast of Ecuador. As a matter of fact, I believe that some gunboats took two of these boats under custody. I would like to have your comment on that.

Senator ENGLE. That is correct. They took two of our boats and then all the rest of our fishing fleet down there moved into the port with them in protest as sort of a maritime sitdown strike. In other words, they took the two in—all the rest went in. Now they involve about \$15 million in investment; they are not small boats; they are big ones. And the loss to that fleet today is at least \$1,000 a day per boat. So it is not a small incident and it has stirred up some trouble between us and the Ecuadoran Government.

Question. When you say loss, you mean because they are not fishing?

Senator ENGLE. Yes; that is right. That is exactly right. In other words, it is \$1,000 a day for every day they are not out there. Now that is \$20,000 a day on 20 boats. That is what it amounts to.

Question. Senator, some people have described this as an international incident, at least an incident of international proportions. Would you agree with that?

Senator ENGLE. Yes; because it basically involves the question of whether or not a country can claim an area of the sea not recognized in international law. To illustrate: Ecuador says that it has a right to control the sea 200 miles from its border. We recognize 3 miles. In some areas they recognize 12—Denmark, Norway and some others—under recent international agreements. But Ecuador says 200 miles.

Question. Well now, what's the basis of this disagreement by Ecuador?

Senator ENGLE. The basis of this disagreement is that Ecuador says that these ships were fishing within the limits which they lay down. Now they don't say 200 miles. They say, in fact, 3—or at least 12—and there is an argument about that. But, nevertheless, what has happened is this—the right of a fishing fleet to go on the high seas has been challenged. And it seems to me that it presents a basic issue in international law and it must be settled one way or the other.

Question. Senator, it seems to me that there have been other incidents like this—seizure of some of our fishing boats—why is this one suddenly more important?

Senator ENGLE. Well now, 2 years ago they seized some of our ships and we arbitrated that. But the reason this is important is because our tuna fishermen finally got tired of it and they said if they take two of our boats, the whole gang will go in. And so, we have 20 down there off the shores of Ecuador, as I am saying. So when the gunboats took over two, the other 18 just said, we'll go to court, too. And there they sit. As I say, it is sort of a maritime sitdown strike right there in Salinas—the port of Salinas in Ecuador.

Question. Well, what have you done to help solve this problem, Senator ENGLE?

Senator ENGLE. I have done two things. No. 1, I asked the President of the United States to send a personal emissary from the White House or from the State Department to talk to the fishermen themselves so they would know what is going on. After all, they are sitting there with their boats losing money. And No. 2, I have introduced a bill which says that we will embargo shipments from Ecuador unless we get an equitable settlement of this matter. And I would go one step further. I would support a provision and an amendment to the foreign aid bill that no country that confiscates our ships in violation of international law should receive one dollar of American aid.

Question. Senator, do you think that negotiations are going to succeed, at least in the long run?

Senator ENGLE. I think we have enough leverage so we can. I would hope so. At least we don't want to return to "gunboat diplomacy" where we send the Navy down there to shoot our way out of their harbor.

The PRESIDING OFFICER (Mr. NELSON in the chair). The question is on agreeing to the amendment of the Senator from California to the committee amendment.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 214 Leg.]

Allott	Gruening	Miller
Anderson	Hart	Monroney
Bartlett	Hartke	Morse
Bayh	Hayden	Morton
Beall	Hickenlooper	Moss
Bible	Hill	Mundt
Boggs	Holland	Muskie
Brewster	Hruska	Nelson
Burdick	Humphrey	Neuberger
Byrd, Va.	Inouye	Pearson
Byrd, W. Va.	Jackson	Pell
Cannon	Javits	Proxmire
Carlson	Johnston	Randolph
Case	Jordan, N.C.	Ribicoff
Church	Jordan, Idaho	Robertson
Clark	Keating	Russell
Cooper	Kennedy	Saltonstall
Cotton	Kuchel	Simpson
Curtis	Lausche	Smathers
Dirksen	Long, Mo.	Smith
Dodd	Long, La.	Sparkman
Dominick	Magnuson	Talmadge
Douglas	Mansfield	Tower
Eastland	McCarthy	Walters
Edmondson	McClellan	Williams, N.J.
Ellender	McGovern	Williams, Del.
Fong	McIntyre	Yarborough
Fulbright	Mechem	Young, N. Dak.
Gore	Metcalf	Young, Ohio

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from

Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from South Carolina [Mr. THURMOND] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The PRESIDING OFFICER. A quorum is present.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I be allowed to speak not more than 5 minutes. [Laughter.]

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I assure Senators that I shall not speak very long.

This amendment was inspired by the difficulties which occurred off the coast of South America earlier this year. The matter is now under active negotiation by our Department of State with the respective countries concerned, particularly Ecuador, Peru, and Chile. Those three countries had made an agreement among themselves to extend their jurisdiction 200 miles. Of course, we cannot accept that, but I submit that the procedure of amendment is not the way to solve that kind of problem. It is a problem. I am sympathetic, but I believe that if we put this kind of amendment in the bill it will only make more difficult the solution of the problem by those responsible for conducting the negotiations. The problem has no relation whatever to a foreign aid bill. It is only one of many problems which arise in the course of our economic activities—in this case, it affects the fisherman.

So I think it would not only be inappropriate, but would be actually prejudicial to the solution of this problem if it were accepted.

The way in which it has been modified in effect arrogates to the United States unilaterally the fixing of the boundaries, in the sea, where territorial jurisdiction extends. This in itself would be offensive to other countries. It is one of the aspects of the amendment which would prejudice negotiations between our Government and other countries to adjust the difficulty.

It is not an easy matter to adjust. Only about a year or a year and a half ago we and a number of nations which are interested in this problem held a conference in Geneva. One of our principal representatives there was Mr. Arthur Dean, a highly respected and well-known lawyer. The members of the conference tried to determine what territorial limits were to be agreed upon, and they failed. I say this to illustrate that it is not an easy problem.

Many countries have different territorial limits. Our own States have various territorial limits. For Texas I believe it is ten miles. For Florida it is 3 leagues, which is 8 or 10 miles. For Louisiana, I believe it is 3 leagues. These differences occur among our own States.

To say that the United States, by itself, has the authority to determine territorial limits would be extremely unwise, and this is no time for it.

This is a matter which can be determined in the regular channels of diplomacy with the governments of the respective countries affected.

The committee considered the amendment, and was sympathetic toward the problem but the amendment was rejected by the committee.

Mr. HOLLAND and Mr. YARBOROUGH addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and, if so, to whom?

Mr. FULBRIGHT. I yield first to the Senator from Florida.

Mr. HOLLAND. Mr. President, I appreciate the fact that the Senator has mentioned the difficulties of the situation in the gulf, under which the great State of Texas and our own State of Florida each have three-marine-league limitations into the gulf. That limitation has been upheld by our own Supreme Court. So there can be no doubt that there are various limitations in coastal waters among the States of this Nation.

I have very great sympathy for the position taken by the Senator from California and his associates. I think it is ridiculous that some of our friends in Latin America claim that their territorial limits extend 200 miles. I think it is a disturbing thing that nations all over the world are claiming various mileages as parts of their coastal waters—3 miles, 6 miles, 3 leagues, 12 miles, 200 miles, and some even farther.

I followed, with a great deal of interest, the convention of several years ago. I had hoped the difficulty could be adjusted, but we wound up with the right of nations to produce minerals from the bottom of the ocean within their own continental limits.

This question has not been decided. It is a matter of controversy among the nations. We ourselves, as stated by the able Senator from California in his address of yesterday—which was in most scholarly form, and I commend him on it—suggested a 3-mile limitation at the Geneva Convention. There may be other ways to try to do it, but I do not think this is a tolerable way to reach the problem.

I would gladly join with, support, and fight for any effort to cut off importations to our country of products from such nations as insist upon this ridiculous attitude with respect to the coastal areas off their shores. That is in the field of commerce, and that is what is involved in the problem. But when it comes to the question of severing foreign aid which may be as much to our interest as it is to the interest of any other country in any particular case—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. The Senator can use the floor in his own time, and I will request time. I will answer any questions he wishes to ask me.

Mr. HOLLAND. By cutting foreign aid in this manner we would not only give an affront to other countries, but would do violence to our best interests. I think the remedy should be reached in some other way—

The PRESIDING OFFICER. Does the Senator from Florida seek recognition?

Mr. HOLLAND. I thought the Chair had recognized me. I apologize to the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. HOLLAND. I feel keenly about the matter, because I would not want to see us put ourselves in a position, in the eyes of other nations, of shooting at something which we do not expect to hit. We have no uniformity as to our own States, and we have taken a position in the councils of states of the world in support of a 6-mile limitation.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. I yield.

Mr. FULBRIGHT. Does not the Senator agree that to provide that the United States itself shall determine a question with respect to which we have been negotiating would be in itself an affront to the countries with which we would like to find some solution?

Mr. HOLLAND. For the most part it would be offensive; but whether offensive or not our friends to the south of us are proud people, as we are. It flies in the face of the fact that we recognize that this is a justiciable question, which requires consideration by a convention of nations. We have participated in such a convention. For us to say, because another nation does not recognize a 3-mile limitation which we recognize as to some States, but which we do not recognize as to other States, and because we could not get our way in the convention, we are going to lay down the limitation ourselves, is not a tenable or proper way to handle the problem.

I am equally sympathetic toward the dilemma of the Senators from Alaska. I would do everything in my power to help them, in accord with proper action, but it would be going far afield if we were to say, arbitrarily, "This is the limit which we recognize"—whether we said it would be 3 miles or 3 leagues, or 6 miles as at the convention, and that unless other nations recognize it, we are going to penalize them. That is the suggestion that is offered.

I hope the amendment will not be adopted.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Texas [Mr. TOWER].

Mr. TOWER. Mr. President, it seems to me those of us who come from the State of Florida or Texas, which came into the Union under rather peculiar circumstances, and therefore recognize 3 leagues, or approximately 10 miles, as our territorial waters, are protected in

our claim by the amendment by the provision, under subsection (k)(1), which reads, "has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States," because the United States has recognized plainly that our outer limit is 3 leagues. Therefore, it seems to me that since the United States recognizes our territorial limit as 3 leagues, the amendment does not alter that.

I might add that we are not amending international law here; we are not unilaterally declaring a limit to territorial waters. We are not dictating custom and usage to the whole world. We are simply making a condition for the receipt of our aid. In Texas our shrimp fishermen have had some highhanded treatment at the hands of the Mexicans. This provision is eminently fair. If they are going to get our money, why should they not recognize our rights?

Mr. HOLLAND. First, I point out that the Senator recognizes that the limit with regard to some of our States is 3 miles, and it is 3 leagues for his State and the State which I represent in part. One or the other of these would be the limit which should be applied to other nations. I do not know which one they might respect. I point out that in the treaty of Guadalupe Hidalgo between this country and Mexico a map was attached to the treaty, which I have frequently observed and checked upon.

It shows the international boundary, the limit, between Texas and Mexico, as going out 3 leagues into the Gulf of Mexico. Yet, notwithstanding the fact that there is a difference of opinion in this country in official circles as to whether or not Mexico has jurisdiction out 3 leagues or 3 miles, the Department has said to our fishermen, "3 miles is the real limit out from Mexico, but do not take your ships beyond 3 leagues, because we are sure that they are going to insist that 3 leagues is the limit, and you will be in trouble."

I am not repeating this second-hand. This has come to me from the State Department. It leaves us in a position where there is no absolutism at all, even if we were relying upon the facts in the law and not upon any question of amity as between independent countries.

I do not believe that we can afford to adopt this amendment in this particular bill.

I thank the Senator for yielding.

Mr. GRUENING. Mr. President, I understand the argument that this matter should be handled through diplomatic channels, and that it should be done by future negotiation. However, we have already had repeated acts of crude aggression, seizure of boats, imprisonment of our fishermen, and the levying upon them of heavy fines.

In the case of Alaska, where the Russians are invading our area, we in effect appear to say, "They are so big and powerful, we cannot do anything about it." In the case of Ecuador and Peru, we appear to be saying, "They are little fellows and we are so noble, so we cannot do anything either."

To Ecuador we have given over \$150 million in foreign aid. To Peru we have given twice that amount under the Alliance for Progress.

I remind the Senate that it will be some time before the money under this foreign aid bill will be appropriated. In the meantime the negotiations can proceed, and the negotiation will proceed with greater chances of success if the amendment is adopted.

We will be nothing but a doormat of the world when we supinely submit to outrage if we keep on saying all these violent actions can be later negotiated, when there is a sound and just leverage that we can use. It is entirely legitimate and proper that we should use the leverage of foreign aid. We are pouring money into these offending countries. There is some doubt about the value of what we receive from it. These countries blackmail our people, arrest them, and in some cases imprison them and fine them, as well as deprive them of their livelihood.

I hope the amendment will be adopted. I believe it is high time that we stand up and be counted on this subject, as well as in other fields where the rights of American citizens are crudely violated, where they are made to suffer needless abuse and hardship.

Mr. KUCHEL. Mr. President, the arguments pro and con have all been made. We are dealing with the Alliance for Progress and the question of how we can help our neighboring American countries. We do not deal here with the problem of 3 leagues or 3 miles. We deal with the fact that Peru, Chile, and Ecuador now contend that they have complete sovereign jurisdiction 200 miles seaward. When an American fisherman comes, not 3 miles or 3 leagues, but 10 or 20 or 30 or 40 or 50 miles or more from their shores, the Ecuadoran Government or the Chilean Government or the Peruvian Government, as the case may be, comes out—frequently in vessels formerly owned by the U.S. Navy—and harasses American citizens in American ships trying to earn their livelihood on the internationally recognized free and open high seas. The crew is frequently arrested, sometimes jailed, oftentimes fined; the vessel is frequently seized and detained.

It seems to me that, after 10 years of having fellow Americans suffer that kind of indignity, the time has come for a specification or a qualification with respect to these people, that we will not assist them under the Alliance for Progress if they deny American citizens the right to use the high seas.

I ask Senators to listen to what the Department of the Interior has said to me:

It becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

On behalf of my colleague from California [Mr. ENGLE] and myself, I say this in closing: The last sentence of our amendment provides:

The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to

international agreement to which the United States is a party.

If I were the AID administrator, I would want that written into the law, so that I would be able to tell the people whom I was trying to help, "You cannot mistreat my people in this way."

I hope the amendment will be adopted.

Mr. LONG of Louisiana. Mr. President, I have great sympathy with what the authors of the amendment seek to accomplish. We have had to face the same problem in the Gulf of Mexico for a number of years. Mexico claims a 10-mile limit; and upon a number of occasions has seized—in our opinion, illegally—fishing boats of the United States from Louisiana, Florida, Texas, Mississippi, and other States.

I have resented that just as much as other Senators have resented the seizure of fishing boats which have home ports in their States.

However, this is an area of international law which is not at all settled. I was one of the advisers of the Senate at the Law of the Sea Conference in Geneva. The one thing we could not get agreement on was as to the limits of territorial waters. We were willing to compromise for exclusive rights for 6 miles, with the right exclusively to control fishing 12 miles out. That was the compromise we proposed. We could not obtain agreement to that proposal. Therefore, we still adhere to the 3-mile limit, even though we proposed to recognize a 12-mile limit for fishing purposes.

This is an element of sovereignty that other nations possess. There are only two ways in which we can take it from them, either by warfare or by international agreement. So far, other nations have not agreed with us in an international conference. So long as we cannot establish this as being international law, it seems to me rather unfair to say that we will insist upon an attribute of sovereignty which is still unsettled at international law, and therefore we will not do business with a particular nation.

It seems to me that this is saying to a nation, "You must relinquish an element of sovereignty in order to benefit from our foreign aid program."

Many people do not agree with us. I regret to say that the majority of the nations of the world do not agree with us on the 3-mile limit, and that it will never be agreed to. We must go farther out if we are to obtain any agreement.

We offered a 12-mile limit for fishing rights, but we could not persuade a majority of the nations to agree with us.

Under these circumstances, it seems to me we would be making a serious mistake to tell a foreign nation, "Unless you agree that international law is what we think it is with regard to an essential element of your sovereignty, we will not trade with you under our foreign aid program."

I would be willing to say, "We will not let you ship any of your fish to us if you insist on exclusive rights in an area where we think we have a right to fish."

However, to go beyond that, and say, "Because you will not accept what our interpretation of international law is,

which is not at all settled in international law and before the world, we will deny you assistance furnished under our foreign aid program," would be making a bad mistake, and would put us in a bad light before the world.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is it not correct to say that Norway and Great Britain had a dispute on this same question, as to whether the 3-mile limit applied off Norway, or whether the limit was farther out, and found it so impossible of solution between themselves that they submitted the question to the World Court, and that the World Court ultimately issued one of its few binding decrees, holding that the limit off Norway was 4 miles?

Mr. LONG of Louisiana. The Senator is correct. The State of Louisiana is now trying to get the Federal Government to recognize the concept that was agreed upon by the World Court, with our State holding, under the settled tidelands dispute between the Federal Government and Louisiana, that if the Federal Government is willing to agree that this is international law, it should accept the same principle as affecting Federal-State relationships?

It would be entirely proper to say, "If you do not accept the World Court decision as to what your boundaries are, we will deny you the benefit of our foreign aid program."

However, it is quite different to say, "This is the law, because we think it is; and if you will not agree to that, we will refuse to do any business with you. We do not want you as an ally or friend or anything else." To me, that is a good example of how to lose friends and alienate people. Irving D. Tressler once wrote a book on that subject. This could be a new chapter: "Either you will have to accept our version of the law, or we will not have anything to do with you."

I quite agree with the Senator. Much as this problem has perplexed us, we would not want to insist that other nations have to accept, unilaterally, our declaration of what is international law, as a condition of our doing business with them.

I shall feel constrained to vote against the amendment, although I should like to see something done about this problem.

Mr. KUCHEL. Mr. President, in the preceding Congress, the Senator from Iowa offered an amendment to deny foreign aid to any country which expropriated American property without just compensation. The Senate, over the violent objection of the Department of State, approved the amendment. It was written into law. I voted for it, as did a majority of Senators. It was a good thing. No Senator at that time said, "We are trying, now, to impinge upon the sovereign rights of another nation."

When we wrote the mutual security legislation and agreed to the great Alliance for Progress program which I have long supported, we specified criteria, whether it be land reform or tax reform,

before we would help a country. In fact, in this Chamber in the last week these criteria have been pointed to with great pride as an example of the only foreign aid program which is hemispheric wide in scope and aim.

All this amendment seeks to do, Mr. President, is to provide that the U.S. Government shall not help any nation which violates the freedom of the seas. I am not speaking about 3 leagues or 3 miles; I am talking about a country asserting jurisdiction 200 miles offshore.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from California [Mr. KUCHEL] for himself and the junior Senator from California [Mr. ENGLE] to the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER (when his name was called). On this vote I have a pair with the Senator from Wyoming [Mr. McGEE]. If he were present and voting, I understand he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from South Carolina [Mr. THURMOND] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from South Carolina [Mr. THURMOND] would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from California would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The result was announced—yeas 57, nays 29, as follows:

[No. 215 Leg.]

YEAS—57

Allott	Ellender	Morse
Anderson	Fong	Mundt
Bartlett	Gruening	Muskie
Beall	Hayden	Nelson
Bible	Hill	Neuberger
Boggs	Hruska	Pearson
Brewster	Inouye	Ribicoff
Burdick	Jackson	Robertson
Byrd, Va.	Johnston	Russell
Cannon	Jordan, N.C.	Saltonstall
Carlson	Jordan, Idaho	Simpson
Cotton	Keating	Smith
Curtis	Kuchel	Talmadge
Dirksen	Magnuson	Tower
Dodd	McClellan	Williams, Del.
Dominick	McIntyre	Yarborough
Douglas	Mechem	Young, N. Dak.
Eastland	Metcalf	Young, Ohio
Edmondson	Miller	

NAYS—29

Bayh	Holland	Monroney
Byrd, W. Va.	Humphrey	Morton
Case	Javits	Pell
Church	Kennedy	Proxmire
Clark	Lausche	Randolph
Cooper	Long, Mo.	Smathers
Fulbright	Long, La.	Sparkman
Gore	Mansfield	Walters
Hart	McCarthy	Williams, N.J.
Hartke	McGovern	

NOT VOTING—14

Aiken	Hickenlooper	Scott
Bennett	McGee	Stennis
Engle	McNamara	Symington
Ervin	Pastore	Thurmond
Goldwater	Prouty	

So the amendment offered by Mr. KUCHEL for himself and Mr. ENGLE to the committee amendment was agreed to.

Mr. LONG of Louisiana. Mr. President—

The PRESIDING OFFICER (Mr. McGOVERN in the chair). The Senator from Louisiana.

Mr. KUCHEL. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. LONG of Louisiana. Mr. President, I have the floor—

Mr. KUCHEL. First, Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. LONG of Louisiana. Mr. President, I have the floor; I have been recognized, and I do not yield for the purpose the Senator from California has in mind. I know he would like to move that the vote by which the amendment was agreed to be reconsidered; but most Senators have not heard the merits involved in the argument over this amendment, and I wish to address myself to that subject because, in my opinion, this is the most ridiculous amendment adopted at this session of Congress or, for that matter, at any time during my service in the Senate.

The amendment would begin termination of the entire loan program to Latin America. For example, the United States recognized, under international law, a limit of only 3 miles as the boundary of a State's territorial sovereignty. But this amendment would involve us in all sorts of trouble with nations along the Gulf of Mexico and the Pacific, because every Latin American country claims sovereignty for a distance of more than 3 miles beyond her coastline. In addition, Louisiana has been in controversy with the Federal Government because Louisiana claims that her jurisdiction extends for more than 3 miles from the coast; so does Texas; and so

does Florida. This controversy is the most difficult State-Federal Government relations problem, plus the most difficult international problem, that I know of.

So far as I have been able to determine, every State that borders on the Gulf of Mexico and every State that borders on the Caribbean and every friendly nation in this hemisphere that borders on the Pacific Ocean claims sovereignty for a distance of more than 3 miles from her coastline.

The United States participated in the conference at Geneva, and sent me there as one of its delegates. At the conference, the United States offered to recognize a 6-mile territorial limit for complete sovereignty, and a 12-mile territorial limit for fishing rights. Yet the amendment provides that the United States shall not give 5 cents of aid to any of those countries if they claim sovereignty or jurisdiction for more than 3 miles, even though the United States herself had already offered to recognize a 12-mile limit.

Mr. DOUGLAS. At the conference, were the representatives of the United States successful in persuading other countries to agree to a 12-mile limit?

Mr. LONG of Louisiana. More than 50 percent of them would agree to a 12-mile limit, but a two-thirds majority was required, and it was impossible to obtain a two-thirds majority.

However, this amendment would tell every Latin American country that it could not receive any of our foreign aid unless it reduced its territorial sovereignty to not to exceed 3 miles, even though the United States proposes a 12-mile limit.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. I note that the amendment as modified and adopted provides:

No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States—

And then another condition is set forth.

Is it not true that, by decision of the Supreme Court of the United States, two different limits as to our own territorial jurisdiction have already been recognized—one of 3 miles as to all of the littoral States except two; the other as to 3 leagues, or three times the other distance, for the other two States? Is not that correct?

Mr. LONG of Louisiana. That is correct.

The two Senators from Texas voted for this amendment. Mr. President, picture for a moment the situation if Texas were now a sovereign nation, as she once was. Texas won her case before the Supreme Court of the United States when she claimed that she is entitled to jurisdiction over a 10-mile or 3-league limit. What do Senators think the proud State of Texas would have said if, at the time when Texas was an independent nation, the United States had said to her, "We will give you aid or

lend you some money, provided you strip yourself of sovereignty over 7 of those 10 miles"? In that case, Texas would certainly have told the United States to go you know where, Mr. President.

Mr. President, if we would not expect the proud State of Texas or any other proud State to knuckle under to such an extent, and thus strip herself of that considerable amount of sovereignty, what do Senators believe would be the reply which would be given by the considerable number of free and independent nations to which the amendment would apply?

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is it not true that before the Supreme Court of the United States could render the final decision which it rendered establishing a 3-mile limit for all the maritime States except two, and 3 leagues for those two, years were consumed in argument on the floors of the House and the Senate; and finally, after the passage of the legislation, several different cases were taken before the Supreme Court and after many days and weeks of argument, if the time were added together, the learned Court came forth with a rule that the 3-mile limit applied to certain States in our Nation and the 3-league limit applied to others?

Mr. LONG of Louisiana. The Senator is entirely correct. We could not even get from our own Supreme Court a decision which would support the State Department in doing what the bill would require the Department to do.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is it not true, as I previously stated, that in a somewhat similar argument between the nation of Norway and the United Kingdom about where the border of Norway was, that those nations came to such irreconcilable positions that they submitted the question to the World Court, and the World Court, after months of study and scholarly digging into the subject, rendered a verdict that 4 miles, and not 3 miles, was the legal limit off the outer islands of Norway?

Mr. LONG of Louisiana. I cannot recall that particular point as well as I recall the case in general. The decision in the Norwegian fisheries case held that Norway went far beyond anything our State Department was ever willing to recognize. We went to the Geneva Conference insisting that the Norwegian fisheries decisions rendered by the World Court would indicate the kind of predicament we would be in. The World Court decided for those people. We would have to accept our own interpretation of the law even if the World Court should say that that is not the law.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. The Senator from Louisiana is very learned in that field. He devoted months to the question when the Senate considered the tidelands bill. I should like to ask the Senator if he

knows what the amendment provides when it refers to a limit "recognized by the United States"? Is it the 3-mile limit or the 3-league limit?

Mr. LONG of Louisiana. It must be the 3-mile limit, because at the Geneva Conference we offered to agree on a 12-mile limit and we could not obtain any agreement on such a limit.

When we could not reach an agreement on a 12-mile limit we said, "Very well; so far as we are concerned, it is still 3 miles. That is where we stand."

We are still holding out for a 3-mile limit. As a practical matter, our Louisiana fishing vessels have been seized, as others have been. I know what the State Department is doing. It says, "We recognize a 3-mile limit. Tell your shrimp boat operators not to go within three leagues of the Mexican coast if they do not want to be arrested." Frankly, we do not recognize that limit, but we respect it, for we know that we can either respect it or go to jail or go to war. Those are the alternatives.

Now it is proposed that we cut off all foreign aid if the limits stated are not recognized. Those proud countries will tell us that they will have nothing to do with the aid.

The Senate may insist on its amendment if it desires to do so, but, as far as I am concerned, it can be written over the chair of the presiding officer or over the inscription "In God We Trust" that "Wrong Is Wrong," and we shall know that to be true when the bill comes back from conference.

This action of the Senate is the most ridiculous thing I have seen occur this year. If the amendment is agreed to by the conference in the form in which it was adopted by the Senate, there is no doubt in my mind that it will ultimately be defeated in the Congress. Otherwise the proposal would kill the entire Alliance for Progress. It is that simple. We cannot persuade Latin American countries to surrender their essential elements of sovereignty by offering to provide foreign aid.

The Hickenlooper amendment was referred to. I thought the amendment referred to was the Long amendment. I offered an amendment in the Foreign Relations Committee which provided that we should not give any foreign nation aid if that nation were confiscating our property. I thought that amendment was entirely proper. The amendment was agreed to in the committee. The Senator from Iowa [Mr. HICKENLOOPER] offered some amendments which improved it. It was reported in a much better form than it was when I offered it. I was willing to agree to those amendments.

But, Mr. President, we have before us a different problem. So far as those people are concerned, we would be invading their territory. We would be confiscating their fish. The Senator from Alaska [Mr. GRUENING] told us a few days ago that he wants the United States to send not merely a Coast Guard cutter but a destroyer after Russian boats that are fishing for crabs off the coast of Alaska.

Mr. GRUENING. The Senator is correct.

Mr. LONG of Louisiana. Other nations have as much right to claim their property as we have to claim ours. We have no right to ask them to surrender their rights.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is that not substantially what happened in the Gulf of Campeche? I know that boats from the State which the Senator represents have had trouble in that area, just as shrimp boats from the State of Florida have also had trouble. Is it not true that the situation became so troublesome that we asked the Coast Guard to send additional Coast Guard cutters to that area? The cutters patrolled there for a number of months or years. Finally they told our shrimpers, "We have been told by the State Department that 3 miles is the legal limit." But they also told them, "Please stay beyond the 3-league limit, because the Mexicans, who have their naval ships down there, too, say that that is the legal limit."

Is that not the impasse in which we found ourselves when we went to the Department of Defense and the State Department? There was a complete unwillingness to say finally, "This is the limit upon which we will insist." Would we not be in as ridiculous a situation in the present case, since our own courts have held that we have 2 limits—a 3-mile limit and a 3-league limit—around our Nation?

Mr. LONG of Louisiana. The Senator is correct.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I point out that the amendment provides a definition of "high seas" as being "beyond that recognized by the United States." It assumes that the outward limits recognized by the United States are 3 marine leagues. I believe we would be prepared to extend the same courtesy to our Latin American brethren. Most of the offenses have occurred much, much farther out. That is the problem we are trying to deal with.

I should like to disabuse the mind of my neighbor from Louisiana about Texans surrendering any sovereignty. The only time that Texas ever voluntarily surrendered any sovereignty was when it joined the Union in 1845, and we have had some second thoughts about that.

Mr. LONG of Louisiana. Mr. President, I have the highest regard for my good friend the Senator from Texas. He knows that Louisiana lost as many men at the Alamo as Texas lost, and some Louisiana men tried to get in there after they were surrounded. We have the highest regard for Texans.

When the Senator says "recognized by the United States," I believe he is talking about that which the United States is willing to recognize.

All we recognize is the 3-mile limit. This is a question of international law which has not been decided. We recognize a 3-mile limit only. That is clearly the law. That is all we recognize. We

are still contending for a 3-mile limit, and until some other limit is agreed upon, I cannot agree with the language of the amendment which would require us to withhold aid from any of the countries, on a loan basis or otherwise, until they might be willing to agree to our interpretation of their sovereignty. Even the World Court does not agree to it.

I yield to my friend the Senator from Washington.

Mr. MAGNUSON. Mr. President, the legal term "3-mile limit" has been used somewhat loosely. No law has ever been passed establishing a limit of territorial waters. The present limit has grown up by custom.

Mr. LONG of Louisiana. How about the tidelands bill?

Mr. MAGNUSON. I was coming to that subject. Through custom and court decisions dating far back the limits were established as a 3-mile limit and a 12-mile limit. Included in the cases were the so-called prohibition cases. We have not actually established a line.

The Senator was at Geneva. The military of the United States objected to going beyond 3 miles because some strategic straits in the world might be closed, including the Strait of Gibraltar, the Strait of Dover, and others, totaling approximately 17.

So we are faced with a problem. There have been international conferences, and we have not been able to reach any agreements. At Geneva and elsewhere we have tried to establish international law on the question of recognition of certain limits. Those efforts failed. The countries of the world claim various limits for their territorial waters. But, as I recall, in Geneva when we were talking about military defense and navigation rights, it was pretty well agreed that when it came to fishing, that might be another story, and this could be the subject of an international conference in which we could establish certain fishing regulations, because fishing beds do not necessarily follow the coastline. In some areas they may be a half a mile out, and in other areas 15 miles or 20 miles. What the Senator from Louisiana has said is that it is high time that the countries of the world get together on fishing problems and establish territorial limits on fishing. Otherwise, there will be nothing but trouble over them.

There is a reason for the amendment. It might reduce aid to some South American countries, but what will we do about countries that establish a fishing line 200 miles out and tell our fishermen they will be put in the "poky" if they fish within 200 miles?

The justification for their position is that Franklin Delano Roosevelt, during the Second World War, met with representatives of South American and Central American countries and established a 200-mile perimeter around those countries for defense purposes. So they ask, "How can you talk about 200 miles when your own President established a 200-mile zone?" Of course, it was not established for fishing or for navigation, but for war purposes, so that if any enemy came into that area he could be dealt

with accordingly—even in waters of a neutral country.

What are we going to do about the countries that seek controls 50 miles, 70 miles, 170 miles or even 200 miles off their coasts? About once a month my office, or the office of the Senator from California, or the office of the Senator from Oregon, receives an urgent call from the west coast, "Please go down and get Joe Doaks out of jail."

Then a conversation such as the following occurs:

"What has he been doing?"

"Well, he was fishing for tuna."

"Where?"

"One hundred and seventy miles off the west coast of South America."

Of course, our fishermen can go there and fish if they take a partner with them.

I do not know that the amendment represents the answer to the problem, but there must be an answer sooner or later, or this problem will be with us forever, and we will never establish the territorial limits.

It is more important with respect to fishing than with respect to some other things. It is important in the Gulf of Mexico. I know what happened to the shrimp fishermen there. We did work out an agreement with Mexico.

The problem exists all over. Perhaps this amendment is not the way to solve it. I do not know. But I believe that certain countries should be put on notice that it is high time we sat down, as reasonable people in this highly competitive high seas fishing industry—which is becoming more competitive everyday, with the Russians and Japanese moving in—to establish reasonable and sensible territorial limits for historical fishing waters, for the purpose of fishing on the high seas. If we do not do so, in 25 years there will be no fish available for anyone in the world.

That is the reason why I voted for the amendment. I shall vote for it again. I may be accused of not being diplomatic or statesmanlike, but something must be done, sooner or later, for the protection of our own fishermen.

Mr. LONG of Louisiana. Mr. President, there is not a friendly country in this hemisphere that recognizes the 3-mile limit, for which we contend. The amendment puts us in the position of saying that everyone is out of step but the United States. Mexico, the Dominican Republic, and all the countries of Central and South America say they would be perfectly content if we were to "rope off" 12 miles around the United States, and take that 12 miles for ourselves, and let them claim 12 miles off their own coastlines for themselves. They would have no complaint about that. They are ready to agree to it. They, too, have the problem of the Russians and the Japanese, who are taking their fish. The Senator from Alaska has the same problem.

But for us to say that they must accept what we contend—when we are the only Nation so contending—is ridiculous.

If we wished to specify Ecuador, we would have something to stand on, but this is something that should be agreed to in an international conference. If we

cannot get our friends in Latin America to agree to what the territorial limits should be, even by a two-thirds majority agreement, it is poor grace for us to try to write a unilateral agreement without any World Court decision.

I would be willing to tell Ecuador that we would be willing to arrive at territorial limits beneficial to both countries in the World Court, and that if she will not do that we will not buy any fish from her, or perhaps stop all foreign aid, or resort to some other measure. I would be willing to talk with other countries that way. But when we have not made an honest effort to get the limits agreed upon but try to impose a law upon them unilaterally, I believe that is the height of poor taste in international affairs.

One further point should be considered. The reason this Nation has contended for the 3-mile limit that our Navy wanted to keep more of the high seas available to it for war purposes. So far as the fishermen are concerned, they would be "tickled pink" to get 12 miles for us and 12 miles for other countries, because we have a great deal of seashore; but our Navy was determined that this should be held to the 3-mile limit.

The Senator from Washington points out that our ships could go into all sorts of waters that would otherwise be denied to them and that Russian submarines would have a smaller area in which to hide and lurk and attack our shipping lanes.

Our Navy held out for this policy. They say we could not get any sort of agreement. But countries that would be denied any foreign aid under the amendment are the countries which supported the United States, in trying to help us get our way in the Law of the Sea Conference. They tried to help us write the law our way. They voted against the Russians. They have upheld us, with very few exceptions—Canada and Mexico, I believe, being the only two countries which turned us down at that Sea Conference. Now, after they upheld us, are we to tell them that because we did not get our way at that Sea Conference, we will cut off foreign aid to them? That is an extreme position.

The amendment was not carefully considered, and should not be made a part of the bill.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I am glad to yield.

Mr. FULBRIGHT. I congratulate the Senator from Louisiana. He has made a case much better and stronger than did the chairman. But I did say, before he came in, that the committee had considered the amendment and had rejected it. I believe the reasons given are unanswerable, and I agree entirely with the Senator's view. This is not the way to approach the problem, which we agree is a problem.

Mr. LONG of Louisiana. The Senator is entirely correct.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I am glad to yield.

Mr. GRUENING. The Senator from Louisiana said we should continue to work for international agreements. We had such agreements in 1930, 1956, and 1960. I am convinced that the adoption of this amendment would speed the day of agreement. It will be only a few weeks or months before there will be an international conference that will settle the matter. It is time we reached an agreement. It is time we showed that we mean business. We have attended many conferences, and nobody agrees. This will bring about an agreement. The very thing the Senator from Louisiana and others want will come to pass as a result of the adoption of the amendment. It will not hurt the Alliance for Progress; it will strengthen it.

Mr. LONG of Louisiana. Mr. President, in my judgment this amendment may well bring about an agreement, but on Russia's terms. The people we will infuriate if we adopt this amendment will be the very people who voted for us at the international conference. If these people vote with the people who vote against us, it is my guess that the Soviets may be able to achieve the two-thirds vote that they would like to have, to have the law written the way they would like to have it written.

Mr. GRUENING. It seems to me that the point made by the Senator from Louisiana is that the amendment provides, in effect, that we are to have a 3-mile limit. I suggest it does not do that. It is in two parts. The conditions are, first, that we are not going to extend our assistance to countries which have extended their jurisdiction beyond the limits which we have recognized. The second point is that refusal takes place if they then penalize any of our fishing vessels or fishermen for going into that zone.

What the amendment states, in effect, is, "Go ahead and have your 200-mile limit, if you wish, but if you want aid from us, do not penalize our fishermen if they go in there." It is a quid pro quo proposition.

I cannot see much difference between this and the violation of sovereignty by the requirements fixed in the Alliance for Progress that those nations—although they may not like it—must conform to some kind of land reform program. This is a quid pro quo proposition.

What we say to them is, "If you do this, do not expect foreign aid from us." This does not involve their sovereignty as much as does the Alliance for Progress. It says, "Go as far as you like, but if you penalize our fishermen, do not expect aid from us." It would apply to Japan as well as to other nations. The Senator has said the United States is the only nation making this requirement. Perhaps it is the only nation furnishing foreign aid to Japan.

The Senator has made a very persuasive argument, but he misses the point. I think he lends undue emphasis to the question of sovereignty, but does not address himself to the question of quid pro quo. We have had too few strings on our foreign aid.

Mr. LONG of Louisiana. Mr. President, I refuse to yield further until I can respond.

Taking the Senator's argument just made, and assuming the countries have a legal basis on which to stand—and they certainly do, beyond any question—this is a question of saying, "Either you let us invade with our fishing boats and use the property which you consider to be yours, and which we even have offered to recognize, or we deny any foreign aid going to you."

That is a limitation on sovereignty that those people will not surrender. If that is to be made a condition, it is a very extreme condition. We must start, not by backing them down, but backing down, ourselves, because we would have to recognize the 12-mile limit in order to persuade them to go along with us. It would narrow the provision down to Ecuador, which is the country most people have been talking about. Even if it should not be considered a broadside attack on every single country, but against a country which claims a 200-mile limit, this amendment should not have been agreed to.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. I note that in the printed version of the amendment, the Senator from California and other Senators sponsoring the amendment listed the words which were to be fixed as the limit of the other countries as "3 miles from the coastline of such country." I note that they struck those words and inserted the words "(that limit) recognized by the United States," meaning that it is not 3 miles, because they have stricken that language.

I am wondering if the distinguished Senator can tell, from looking at the amendment, what the amendment referred to.

Mr. LONG of Louisiana. All I can say is that it is a move toward good sense by permitting our country to back down instead of the other country, because we are not going to get all the people of all the countries in this hemisphere to agree that they were wrong and we were right when they have a majority on their side and have not offered to recognize the 12-mile limit.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. I think the Senator from Louisiana has made a valuable statement on the fishing agreement of which I was ignorant. I wonder if it would be satisfactory to him, if the motion to reconsider were adopted, if the words "World Court" were to be substituted instead of "United States."

It would then read:

No assistance shall be furnished under this Act to any country which has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the World Court.

Mr. LONG of Louisiana. I would have no objection to that wording. It would be satisfactory.

Mr. DOUGLAS. That would provide an international finding.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the Senate agreed to the Kuchel amendment to the committee substitute.

Mr. KUCHEL. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider the vote by which the Senate agreed to the Kuchel amendment to the committee substitute. [Putting the question.] The ayes have it—

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The Chair already announced the vote.

Mr. LONG of Louisiana. Mr. President, I was on my feet asking for the yeas and nays. I have never seen, in my 15 years in the Senate, a Senator refused a request for the yeas and nays. I was on my feet. I know the Republican minority would not want this precedent established, recognizing that we have a two-thirds majority on this side.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum—

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second now.

The yeas and nays were ordered.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. The motion Senators will be voting on is a motion to table. A "yea" vote will be a motion to table the motion to reconsider. A "nay" vote will be against a motion to table. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER (when his name was called). On this vote I have a pair with the Senator from Wyoming [Mr. McGEE]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from South Carolina [Mr. THURMOND] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from South Carolina [Mr. THURMOND] would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Florida [Mr. SMATHERS].

If present and voting, the Senator from California would vote "yea," and the Senator from Florida would vote "nay."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Illinois [Mr. DIRKSEN], the Senator from Kansas [Mr. PEARSON], the Senator from Vermont [Mr. PROUTY], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Arizona [Mr. GOLDWATER] would each vote "yea."

The result was announced—50 yeas, 33 nays, as follows:

[No. 216 Leg.]

YEAS—50

Allott	Fong	Morse
Anderson	Gruening	Moss
Bartlett	Hayden	Mundt
Beall	Hill	Neuberger
Bible	Hruska	Ribicoff
Boggs	Jackson	Robertson
Brewster	Johnston	Russell
Burdick	Jordan, N.C.	Saltonstall
Byrd, Va.	Jordan, Idaho	Simpson
Cannon	Keating	Smith
Carlson	Kuchel	Talmadge
Cotton	Magnuson	Tower
Curtis	McClellan	Williams, Del.
Dodd	McIntyre	Yarborough
Dominick	Mechem	Young, N. Dak.
Eastland	Metcalf	Young, Ohio
Edmondson	Miller	

NAYS—33

Bayh	Hartke	McGovern
Byrd, W. Va.	Holland	Monroney
Case	Humphrey	Morton
Church	Inouye	Muskie
Clark	Javits	Nelson
Cooper	Kennedy	Pell
Douglas	Lausche	Proxmire
Ellender	Long, Mo.	Randolph
Fulbright	Long, La.	Sparkman
Gore	Mansfield	Walters
Hart	McCarthy	Williams, N.J.

NOT VOTING—17

Aiken	Hickenlooper	Scott
Bennett	McGee	Smathers
Dirksen	McNamara	Stennis
Engle	Pastore	Symington
Ervin	Pearson	Thurmond
Goldwater	Prouty	

So the motion to lay on the table the motion to reconsider was agreed to.

Mr. PROXMIRE. Mr. President, I call up my amendment No. 279 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 48 it is proposed to strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

(k) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

Mr. PROXMIRE. Mr. President, I call the attention of the distinguished senior Senator from Oregon to what I am about to do. I ask unanimous consent that debate on this amendment be limited to a half hour, 15 minutes to a side.

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. PROXMIRE. Mr. President, the amendment would eliminate aid to Indonesia. However, it provides that if the President finds it to be in the national interest that aid be given to Indonesia, he may do so.

Since 1946, the United States has supplied some \$685 million of economic aid, alone, to Indonesia. We have provided substantially more than that in military assistance.

Mr. MILLER. Mr. President, will the Senator from Wisconsin repeat those figures?

Mr. PROXMIRE. Since 1946, the United States has provided \$685 million of economic aid to Indonesia and an additional amount—a sum I could not calculate, but it was substantial—of military aid. I presume the total amount of aid to Indonesia has been in the neighborhood of \$800 or \$900 million.

The amendment would do exactly what the House of Representatives did and what the House Committee on Foreign Affairs recommended be done. The words of the House committee report on this subject are convincing, because they are brief:

The committee believes that the results of past U.S. assistance to Indonesia are not commensurate with the magnitude of our expenditures. The economic progress of the country has been unsatisfactory and there is little to indicate that the Government of Indonesia is less receptive to the blandishments of the Communist bloc or more ready to cooperate with the United States as a result of the substantial aid which we have provided. Furthermore, the committee has been unable to find evidence that democracy is taking root or that the leaders in Indonesia have the determination to solve the problems with which the country is confronted.

In other words, after the United States had provided \$685 million in economic aid to Indonesia, the House Committee on Foreign Affairs concluded, as I think any reasonable person would conclude, that Indonesia had not succeeded in building its economy and that we had not won the inherence of Indonesia to our side as against communism.

Why did the House committee take this action? I think the evidence is overwhelming. First, the present Indonesian Government under the leadership of President Sukarno has significantly weakened the inherently strong economy of the Indonesian nation. It is a rich nation populated by intelligent and cultured people. It has vast natural resources and it is potentially one of the richest nations in southeast Asia. However, under the Sukarno regime the economy has gone rapidly down-hill.

Indonesia was once a major rice producing area and rice was exported to other countries. Now Indonesia imports more than a million tons of rice a year. Indonesia was once the world's major producer of rubber. It now falls behind Malaya and its total rubber production has gone down substantially. Indonesia was once a major producer of tin, yet its output of tin has dropped by roughly two-thirds during the last 15 years. Indonesia used to dominate the cane sugar markets in Asia. Cane sugar production has now fallen off substantially. The same thing could be said about many other products.

Retail prices have increased almost eight times in the past 8 years.

Why have these adverse economic conditions occurred? I think one of the principal reasons is that Indonesia has the largest Communist party of any nation outside the Iron or Bamboo Curtains and the Communists are obviously playing a key role in the operation of the Government.

Another reason is that the debt of the Indonesian Government to the Soviet Union represents a heavy and oppressive burden on the economy. The Indonesian Government now owes over a billion dollars to the Soviet Union and the carrying charges alone on this debt are over \$82 million a year.

But there is another reason why the Indonesian economy is weighted down. This reason is that Sukarno has decided that the civilian population must be sacrificed in order to build up a tremendous military machine. Indonesia has an army of 330,000 regulars. This army is equipped with all the apparatus of modern warfare. They have amphibious tanks and artillery, over a hundred jet fighters and bombers, and ground-to-air missiles. It has 4 Russian destroyers, 4 submarines, 2 fleet tankers, and many other ships in its navy. Indonesia has the largest submarine fleet of any Far Eastern country outside of the Soviet Union.

As is evident from what I have indicated already, the Indonesian Government has been building up a tremendous military establishment and approximately 80 percent of this hardware has been obtained from the Soviet Union.

Why is this substantial military establishment being put together? It is obvious from the statements that Sukarno himself makes that the reason is to take over his neighbors. He has already threatened west New Guinea. Now Sukarno has made clear that he is flaunting his strength against the new nation of Malaysia. He has challenged the U.N. administered plebiscite which established the administrator of natives of

certain areas to the new Malaysian state. These are obviously not the actions of a friend of the United States. They are rather the actions of a new oriental Hitler.

Millions of dollars of our previous aid to Sukarno has been wasted or used for Sukarno's own playboy antics rather than for improvement in his national economy.

HOW ABOUT OUR AID TO SUKARNO?—A CLASSIC WASTE

We provided grants for the construction of a highway bypass outside Jakarta. This bypass was constructed very rapidly, with attendant waste, in order to permit transportation to the Soviet games. Yet the games were held in a Soviet-built stadium and we received no appreciation or thanks for the funds so used.

In another example Sukarno pleaded with this Nation to give him funds which he contended were necessary for spare parts on machinery. We loaned him \$17 million for this purpose. Almost immediately after the grant of this money Sukarno spent \$19 million in the United States for the purchase of three luxury jets with all the trimmings. How did these jets build up the Indonesian economy?

The U.S. Government in Indonesia has purchased enough jeep spare parts to fill a large warehouse in Djakarta. The Indonesians now refuse to allow U.S. personnel into this warehouse, presumably because they are selling the spare parts. Similarly a number of jeep station wagons were imported for use by U.S. AID field technicians, yet only four technicians have received their station wagons and the Indonesians refuse to turn over the remaining vehicles to AID. The same thing occurred with some Chevy 2's which were purchased for the chief of the AID malaria team. An Indonesian military colonel took two of the vehicles and released only one to AID.

The nation is bankrupt yet Sukarno purchased some 7,000 midget sports cars from Japan for luxury purposes.

Sukarno has indicated his intention to make a fancy extension of the airport runway on Bali out over water at four or five times the conventional cost. Why? The reason we have from Sukarno himself. He believes that the Hong Kong airport is beautiful and wants one like it.

I ask unanimous consent that articles from the Saturday Evening Post and the Cincinnati Enquirer documenting the corruption of the Sukarno regime be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post]

Sukarno knows little about this miraculous economy and seems to care less. He has economic experts, but he will not listen to them. He likes his Hotel Indonesia with its turquoise facade—"14 stories of national prestige," someone called it. The Japanese built the hotel for \$13 million in war reparations, and almost everything in it, from the elevators to the plastic straws in the coffee shop, is imported (sometimes Sukarno helicopters

over the hotel like a proud papa). Outside the hotel the badly constructed and flood-damaged streets of Jakarta are broken like eggshells under the weight of 365,000 vehicles (Mercedes 220 cars, Honda motorcycles, Bulgarian buses—corrupt officials make money).

The President also likes his Asian games complex of four stadiums called Glora Bung Karno—the "Glory of Bung Karno"—an empty glory which cost \$17 million in foreign currency (and 4 billion rupiah). Then there is the national monument, its 341-foot-high steel skeleton towering above the city. Still unfinished, it has cost \$221,840 so far. And a monument to the liberation of West Irian has just been started.

Place these status symbols in an economy where the price of rice in 1962 rose 17 percent, eggs 139 percent, sugar 239 percent.

The United States is well aware of Indonesia's economic problems, but a number of high officials are deeply suspicious of Sukarno's policies, and they question the value of aiding his regime. Gen. Lucius D. Clay and his 10-man foreign-aid committee were even more critical of Indonesia. "We do not see how external assistance can be granted to this nation by free-world countries, unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures." Now the United States has "frozen" its aid. Sukarno obviously continues on his "international adventures."

[From the Philadelphia (Pa.) Enquirer, Oct. 5, 1963]

PLENTY OF LEVERAGE

In happier days gone by, a needy country in the process of getting \$250 million to stabilize its economy would have taken some pains to be good-mannered in dealing with its benefactors, and to be considerate of their interests. Even now in the climate of large-scale international assistance programs, most governments on the receiving end make an effort to put their best foot forward while help is on the way. But not President Sukarno of the Indonesian Republic. Spoiled by unduly kind treatment in the past, he seems to think he can get the most out of the well-heeled nations by a posture of arrogance and contempt.

Indonesia is one of the sickest countries of the world, in economic terms, with a grossly excessive defense budget and a runaway inflation. To help, the United States, the International Monetary Fund, and some other governments and agencies worked out plans last summer for a king-size stabilization program. Provided Indonesia itself carried out the reforms needed, the massive credit ought to be enough to put Indonesia back on the road of stability and progress.

But this is the time Sukarno has chosen to forment disorders in North Borneo, to set up a boycott of the newly formed Malaysia and to let his police stand by idly while a mob sacked and burned the British Embassy at Jakarta. His government is displaying exactly the kind of irresponsibility that is not expected of an impoverished country in the process of being bailed out—saved by an economic blood transfusion from the results of its own stupid policies. Sukarno wants to be the enfant terrible of the Far East, and at the same time the spoiled darling of the major Western powers.

This time, such tactics are not going to work, however well they seem to have worked in the West New Guinea affair. The U.S. Government has suspended all new economic aid to Indonesia, including its share of the \$250 million stabilization program. The International Monetary Fund, which is not a government and does not have to be so diplomatic, has suspended the \$50 million credit it earmarked for Indonesia, and has bluntly said it is waiting until the Jakarta

Government has learned to behave properly toward Britain and Malaysia.

The first Indonesian reaction, that of Foreign Minister Subandrio, was defiance. Indonesia is going to confront Malaysia—i.e., subvert, undermine, and harass Malaysia—even if it must forego all foreign aid, said Subandrio. It will be interesting to see how long that arrogance holds out, after the full cost of Indonesia's international misconduct is felt at Jakarta.

Sukarno may be figuring that he can always turn to the Soviet Union, as he did successfully 2 years ago when the United States refused to rearm Indonesia for its projected conquest of West New Guinea.

All that is necessary is that the American and British Governments stand firmly on the policy they have adopted. It may take some months, or even a year or more. But in view of Indonesia's appalling economic crisis, they have plenty of leverage, provided, of course, they retain the will to use it.

Mr. PROXMIRE. Mr. President, on the basis of this evidence I see no justification for our funneling aid that will only be wasted or used to build up a military threat against our other friends in southeastern Asia.

Mr. CURTIS. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Nebraska.

Mr. CURTIS. I find no quarrel with the amendment; perhaps I shall support it. As I look at the language, some questions come to my mind. The amendment reads, in part:

No assistance under this act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States.

My question is: Are we now giving aid to any countries where it is not in the interest of the United States to do so?

Mr. PROXMIRE. The amendment requires a positive finding on the part of the President. He must find that providing aid to countries will be in the national interest to do so.

Mr. CURTIS. I agree.

Mr. PROXMIRE. I shall offer an amendment, following the disposition of this amendment, to eliminate aid to Yugoslavia, which is a prime example. But Indonesia also is an example at the present time.

Over the years, we have discussed aid to Yugoslavia, and in the past we have imposed this kind of restriction on Yugoslavia. But we have not heretofore done so with respect to Indonesia. This is a new proposal. Therefore, I believe the approach which the House adopted is a more moderate one, and frankly I think it has a much better prospect of being adopted.

Mr. CURTIS. Information has come to me from reliable sources concerning our aid to Indonesia in recent times, at a time of great disaster. The U.S. aid was not disclosed to the people or the public of Indonesia generally. The Soviet aid was heralded from the housetops. That certainly is to the detriment of the United States.

Mr. LAUSCHE. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Ohio.

Mr. LAUSCHE. In my opinion, the aid which the United States is granting

to the Communist government of Yugoslavia and the Communist government of Poland is not in the interest of the United States.

Mr. CURTIS. I certainly agree.

Mr. PROXMIRE. I wholeheartedly agree with the Senator from Ohio and the Senator from Nebraska.

Mr. LAUSCHE. When Khrushchev visited Belgrade, Tito took him through a large factory that had been made possible by financing from the United States. Newspapermen from Moscow were there, and newspapermen from the United States were there. The flag of Moscow flew on high; so did the flag of Yugoslavia.

Khrushchev was taken into the plant. Not one word was said to anyone to indicate that the plant was financed by dollars of the United States. To make things worse, the Moscow newspapermen were allowed to enter the plant; the newspapermen of the United States were compelled to stay outside.

Mr. PROXMIRE. I thank the Senator from Ohio for his comment.

Mr. FULBRIGHT. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. The committee had this proposal under consideration. I do not think the amendment would do any serious damage to the bill. I am perfectly willing to accept it.

Mr. PROXMIRE. Mr. President, I will yield to Senators, if they wish me to do so, and then I hope the Senate will vote.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. DOMINICK. I took the opportunity the other day to cosponsor an amendment of this kind which was even more stringent than the one which the Senator from Wisconsin is now offering. I did so for the very good reasons reported in the hearings themselves concerning Indonesia.

For example, on page 284 of the hearings, under the heading "Clay Committee's Views on Indonesia," we read:

We cannot leave this area of the world without special reference also to Indonesia. * * * We do not see how external assistance can be granted to this nation by free world countries unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures.

On July 11, General Clay himself, in an answer to the committee, said:

Under the conditions which were then prevailing, Indonesia, with its great debt to the Soviet Union—debt which was falling due and which have been paid off by our aid—with the apparent unwillingness of Sukarno to undertake reasonable economic reforms, with his attitude toward Malaysia, we certainly felt that further economic loans to Indonesia were not to be recommended.

General Clay then went on to say that conditions have changed and that perhaps we should do something now for Indonesia. Conditions have not changed for the better; they have become worse since July.

At the present time, not only is Sukarno not acting in the interest of the United States; according to this morn-

ing's newspapers, he has recently expropriated all of the properties of Malaysia within Indonesia and now apparently intends to take further steps to foment aggressive action in that area of the world.

It seems to me that it is not in the interest of the United States to provide further aid to Indonesia. I intend to make certain, as best I can, that the people are made aware of what the AID administration intends to do. If the amendment is accepted, we should make certain that the President does not assume automatically that such aid would be in the interest of the United States, but will provide Congress with a definite report as to whether it is or is not, before any aid is provided.

Mr. PROXMIRE. I thank the distinguished Senator from Colorado, who is a cosponsor of this amendment.

Mr. MILLER. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Iowa.

Mr. MILLER. The Senator from Wisconsin is trying to do something constructive and helpful, but I am not certain that the amendment is strong enough. The amendment provides, in part:

No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States.

Merely being in the national interest does not sound to me like a strong test. One might find reasonable arguments for contending that the \$20 million which was reported to have been distributed to Indonesia recently, for the purpose of enabling that country to stabilize its currency, while at the same time Indonesia was spending about \$17 million for some commercial jet aircraft, was in the national interest. It seems to me that the language should be made a little stronger.

Why should not the word "in" be stricken and the words "essential to" be inserted, so as to require, if we are to provide any aid to Indonesia, particularly in light of circumstances that now exist and some of the facts that have occurred, and which have already been brought out in the Senate, a finding that "it is essential to the national interest of the United States," rather than merely "in the national interest"?

Mr. PROXMIRE. Mr. President, I agree 100 percent with the remarks of the Senator from Iowa in regard to the corruption of the Sukarno government and its great waste and extravagance and—and this is more important than anything else in that connection—on the fact that the economy of Indonesia—a very rich economy, with cultured and skilled people—has been greatly hurt by the maintenance of the huge Indonesian Army and Navy, which have constituted a very heavy burden on that nation's economy.

However, my answer to the proposal of the Senator from Iowa is that the House has voted for this language and the chairman of the Senate committee has agreed to accept it.

Furthermore, regardless of whether the amendment includes the word "essential" or the words "necessary to the national interest," or the words "in the national interest," it will require a positive finding by the President; and if that is done in conformity with the provision which has been voted by the House of Representatives, we shall achieve something which we do not now have.

Furthermore, the State Department has frozen our aid to Indonesia, and is not giving aid to Indonesia now; and the Clay Committee recommended against the giving of any further aid to Indonesia; and, on the basis of that recommendation, the State Department is not now extending aid to Indonesia. So I believe this amendment will bring the policy of Congress into conformity with the present procedure of the administration. In addition, the amendment will require the administration to make a positive finding before giving further aid to Sukarno. In view of the very great waste of our aid funds—which are provided by the taxpayers of the United States—now occurring in Indonesia, at least what this amendment provides should be required.

Furthermore, I point out that the chairman of the Foreign Relations Committee has agreed to accept the amendment, and I think that is quite an achievement.

Mr. MILLER. However, the chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT] did not indicate that he believed the amendment would be a particularly tough requirement. He said it would be acceptable to him. I am sorry he is not now in the Chamber, so that I could request his opinion in regard to changing the word "in," at this point in the amendment, to the words "essential to," so that this part of the amendment would provide "unless the President determines that the furnishing of such assistance is essential to the national interest of the United States," for it seems to me that after Congress provides that no further aid is to be given to Indonesia, the President should have a very definite test to apply before he decides that it is proper to give further U.S. aid to Indonesia.

Mr. PROXMIRE. The amendment now reads in part as follows:

No assistance under this act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States.

In that connection, it is clear that such assistance would not be in the national interest of the United States if the country to be assisted were engaging in international adventures. So I believe the amendment as it now stands, without any change, would enable the President to follow, generally, that wise prescription.

I repeat that I cannot argue against the proposal of the Senator from Iowa, because I agree with him; and when the distinguished chairman of the committee returns to the Chamber, if he agrees that the proposal of the Senator from Iowa would strengthen the amendment,

I shall be glad to modify the amendment accordingly.

In fairness to the distinguished chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT] he has been in the Chamber all day, and left only a moment ago, and only briefly then, in order to get some lunch. He will soon return.

Mr. MILLER. I understand.

The amendment also provides:

The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this act.

However, that would be done after the fact. Would the Senator from Wisconsin object to including, after the word "assistance", the words "proposed to be"?

Mr. PROXMIRE. I think such a change might be helpful; but I repeat that the amendment as it now stands represents considerable progress.

On the other hand, if the Senator from Arkansas [Mr. FULBRIGHT], who is very accomplished and expert in this field, would agree to such a modification, I would agree to it, too; but if he would not agree to it, and inasmuch as he has already accepted the amendment, which now conforms to the language voted by the House, I believe that is adequate, so far as I am concerned.

Mr. MILLER. However, while the Senator from Wisconsin may wish to have his amendment adopted, as I fully appreciate, I hope the amendment will be modified somewhat before it is adopted, so it will be more meaningful than it is at this time.

Mr. PROXMIRE. Very well; as soon as the Senator from Arkansas returns to the Chamber, I shall ask him about the proposal of the Senator from Iowa.

Mr. COOPER. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. COOPER. I should like to express my support of the amendment. As the Senator from Wisconsin knows, in past years, during the administration of President Eisenhower and the administration of President Kennedy, I opposed amendments which I thought would unduly restrict the President in what he would consider the proper conduct of foreign policy, and I have also opposed such amendments in connection with the foreign aid bill. I am sure the Senator from Wisconsin remembers the position I took in that connection on several occasions.

However, I wholeheartedly support this amendment. As the Senator from Wisconsin and other Senators have pointed out, Indonesia, which is very rich in resources, has been greatly mismanaged by the Sukarno government and, as the Senator from Wisconsin has also said, has also built up a very large and very expensive military machine which recently has been used aggressively and in a threatening way toward Malaysia. I believe our adoption of the amendment is entirely justified. I know there are good elements in the Government of Indonesia, and I am sure the people of Indonesia are good and great. But it is my judgment that Sukarno is

perhaps the most irresponsible leader of any government in the world today. So I hope the administration will not give Indonesia one penny of either loans or grants or any other form of aid.

Mr. GRUENING. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I am glad to yield to the Senator from Alaska.

Mr. GRUENING. I am happy to support the amendment. I think it is a very desirable amendment, and I hope it will receive hearty support.

Mr. PROXMIRE. I thank the Senator from Alaska. I understand that he has an amendment—although it is more general and more comprehensive—which would accomplish much the same thing, by preventing the giving of our aid to any country which is engaged in military adventures or the use of military force.

Mr. GRUENING. That is correct. My amendment would keep our aid from nations which are engaged in aggressive conduct toward other nations; the amendment would withhold our aid from countries which are making war or are threatening to make war on their neighbors or on other countries. The amendment would thus apply to Egypt and to Indonesia, because, so far as Indonesia is concerned, Sukarno is threatening war against his neighbors and is constantly making trouble in the Far East, as Egypt is doing in the Near East.

Mr. PROXMIRE. I thank the Senator from Alaska.

Mr. JAVITS. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I am glad to yield.

Mr. JAVITS. In line with the statement made by the Senator from Kentucky [Mr. COOPER], I believe it must be clear that in each of the efforts to shape our foreign policy, based upon our foreign aid program, there is nothing doctrinaire or theoretical. We have a right to handle our aid—because, in the first instance, it is unilateral aid from us to other nations—in such a way as to be most conducive to the policy we wish to pursue.

Distinctions arise when we try to find out whether a particular policy is productive or is counterproductive.

When we consider the amendment of the Senator from California [Mr. KUCHEL], which the Senate adopted a short time ago, the question is whether it will facilitate or inhibit that which should be the policy of the United States, for that amendment makes clear that we will not tolerate any nonsense about arbitrarily extended territorial waters concepts, such as the ridiculous concept of an extension for 200 miles.

I believe it should be stated, in favor of the amendment of the Senator from Wisconsin—because I believe it a very important ground rule for all of us—that in this case we are not dealing with a delicate international negotiation, such as those in connection with Ecuador, Peru, and other countries, but that in this case we must see through all the protestations and must determine what really should be our policy, and that even though we are kindhearted, we will not agree to help all nations, but that when our aid will be productive we shall be

glad to have it extended, provided it is made clear that the attitude of Congress is that it disapproves thoroughly any contrary national policy. On the other hand, when it is clear that the extension of our aid will become a desirable and affirmative factor in our foreign policy, I am entirely in support of the position the Senator from Wisconsin takes. I believe it desirable to make that clear to Senators who might adopt, in regard to this amendment, a position different from the one adopted in regard to the amendment of the Senator from California.

Even on that amendment I respect the view of any Senators who voted the other way. I am only trying to lay down a ground rule. There is no reason why we should not adopt restrictions. Foreign aid is something which we are giving, lending, or holding forth. We should adopt restrictions which we feel are proper and necessary in order to make good the intent, purpose, and objective of our loans or our aid. But I believe that when a Senator is convinced that it is counterproductive and that it will work in reverse, he has the duty not to support it. But when he feels that it will be an effective declaration of Congress, and he feels that that in itself is a major factor in foreign policy, he has a duty to support it.

Mr. PROXMIRE. I thank the Senator from New York very much.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PROXMIRE. Yes.

Mr. MORSE. I have called for certain data for which I am now waiting before I take the floor in my own right to discuss the amendment. I have a question or two to ask the Senator.

Can the Senator tell me why the language on line 6 provides: "and the Speaker of the House of Representatives fully and currently informed of any assistance furnished," and so on. Why the Speaker of the House of Representatives? There may be some reason of which I am not aware. Why not the Foreign Affairs Committee of the House?

Mr. PROXMIRE. I should like to call the Senator's attention to lines 4 through 8:

The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

Frankly, that is the language of the House. It seemed to the Senator from Wisconsin satisfactory if the Foreign Relations Committee of the Senate and the Appropriations Committee of the Senate were informed.

So far as the House is concerned, the language used is the language proposed by the House. If it wants the Speaker informed rather than the Foreign Affairs Committee or the House Appropriations Committee, that is perfectly all right with me as a matter of comity.

Mr. MORSE. Since I asked the question, I have been advised by staff counsel that the traditional way of handling that type of problem in any relationship between the Senate and the House is to use the language which the Senator has

used, "the Speaker of the House of Representatives," rather than to name committees, as is done in the Senate. With that explanation, it is satisfactory to me. I wished to be perfectly sure that by the amendment we were not in any way committing a protocol offense in our relationship with the House. To the contrary, I understand that that is the protocol which should be followed, of which I was not aware. I shall make some remarks on the amendment on my own time after the Senator has concluded.

Mr. PROXMIRE. I thank the Senator.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Colorado.

Mr. DOMINICK. I thank the Senator from Wisconsin. I thought it might be helpful to bring up a couple of points. On February 11 of this year the U.S. News & World Report published an article on the military strength of Sukarno. It is really quite interesting because it is all Soviet arms. There are 100 Mig-15, Mig-17, and Mig-19 jet fighters; 12 Mig-21 jets—those are the long-range jets. There are 20 IL-28 jet bombers—those are the intermediate and long-range bombers. There are 10 TU-16 bombers with a range of 5,000 miles, which can carry air-to-surface missiles. There are at least six destroyers, and so on. These are all Soviet armaments which Sukarno has purchased, largely with the aid and assistance of the economic aid that we have given to him.

That report was printed on February 11 of this year. Yet here we are with the executive branch of the Government, through AID, now freezing the aid to Indonesia but originally planning for the 1964 fiscal year to increase the authorization and obligations to this bandit, who is the head of Indonesia, by \$58 million—up to \$140 million—including \$17 million of military aid.

I cannot see how the Senate, which, after all, is responsible for determining how the taxpayers' funds are to be paid in connection with this program, or the other body, could possibly be willing to accept this type of approval by AID for a program to this kind of country. I am not talking about the people of the country as a whole; I am talking about Sukarno and his ruling clique. It seems to me that we must maintain a perpetual watch so that we do not find ourselves constantly at cross purposes, as has been the case in so many other countries.

Mr. PROXMIRE. I thoroughly agree with the Senator from Colorado. Not only do they have Russian destroyers, which the Senator has referred to, but subchasers and submarines, fleet tankers, and many other ships which, as the Senator has said, the Soviet supplied. As I understand, while our military assistance has been relatively modest, 80 or 90 percent of the military assistance that Indonesia receives, it secures from the Soviet Union. This is a Communist Russia equipped army and navy in Indonesia.

In addition, we should recognize that Indonesia has the largest Communist

Party outside the Bamboo Curtain or the Iron Curtain. The Communist Party plays a big role in the Government of Indonesia, which, among other things, explains why the economic policies have been so disastrous. I understand that in the past 8 years inflation in Indonesia has been eightfold. The economy has suffered greatly because of maladministration. For us to give that country assistance—the hard-earned American taxpayers' dollars—would be impossible to justify.

Mr. DOMINICK. Mr. President, will the Senator yield further?

Mr. PROXMIRE. I yield.

Mr. DOMINICK. A few days ago I asked to have printed in the RECORD portions of a letter which I had received from an American citizen who was active in the AID program in Indonesia. I have written to obtain permission from him to print the entire letter. He has torn the whole program apart and has said that there is no reason for the United States to be doing this at all.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MORTON. Why does the Senate not vote upon the amendment?

Mr. PROXMIRE. For two reasons: First, I wish to ask the chairman of the committee if he will accept the modification proposed by the Senator from Iowa [Mr. MILLER].

Second, I should like to yield the floor and let the Senator from Oregon [Mr. MORSE] speak on the amendment, which he wishes to do.

The Senator from Arkansas is now present in the Chamber. The Senator from Iowa [Mr. MILLER] has proposed that my amendment be modified as follows: On line 3, after the words "such assistance is," add the words "essential to," so that the amendment would read:

No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest.

Then on line 7, after the sentence which reads:

The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate informed—

Add on line 7—

and currently informed of any assistance proposed to be furnished to Indonesia under this Act.

I told the Senator from Iowa that I was for the strongest possible amendment. I would put it up to the Senator from Arkansas. If he would accept that language, very well; but if he would reject it, we would have to stand on the amendment which the Senator from Arkansas would accept.

Mr. FULBRIGHT. The only difference I can see is that the amendment would make it more difficult to administer the act, but it seems to me that the sense of the proposal would be the same.

How the words "in the national interest" would bring about a difference in substance is a matter of degree. It would be perhaps difficult for the Presi-

dent to determine. But that language does not seem too objectionable.

The second proposal stated is extremely difficult, and I think it would be impossible of administration, because there would have to be negotiation. Before we should even approach him to talk about it, representatives of Indonesia would have to come here. That would open us many difficulties.

In the first place, we cannot determine in advance what we can agree on—assuming that the President would want to give some assistance.

In that connection I might say that the administration has already, on its own initiative, without the amendment, suspended aid to Indonesia. I do not believe there is any illusion about the difficulty of dealing with Indonesia. The administration has already acted, without anything having been said. But the second proposal would really be impossible to administer as a practical matter, in connection with this or any other program. We would have to be informed as to what the other country was thinking about before we could ever arrive at an understanding.

Mr. PROXMIRE. Mr. President, will the Senator accept the first proposal?

Mr. FULBRIGHT. I will accept the first one, but not the second.

Mr. PROXMIRE. Mr. President, I modify my amendment to add, on line 3, after the words "of such assistance is" the words "essential to" and strike the word "in".

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. PROXMIRE. Mr. President, I yield the floor.

Mr. GRUENING. Mr. President—
The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. GRUENING. Mr. President, I wish to call up my amendment No. 231—

The PRESIDING OFFICER. The Senator is out of order. The question is on agreeing to the amendment of the Senator from Wisconsin as modified to the committee amendment, as amended.

Mr. GRUENING. I did not know that.

Mr. MORSE. Mr. President—

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRUENING. What is the pending question?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Wisconsin, as modified, to the committee amendment, as amended.

Mr. MORSE. Mr. President, I wish to discuss the amendment for a few minutes because it is the first amendment of a general type that undoubtedly will be offered, because other countries, in my opinion, are similarly disqualified for foreign aid. Although I may vote for it, I wish it understood that if I do vote for it I am not committing myself to the adoption of this language form in respect to other countries.

We have been pointing out in this debate that many countries are receiving foreign aid which should not be receiving any. The Senator from Idaho [Mr. CHURCH] made a series of brilliant and eloquent speeches in the past several weeks, including some during the course of this debate, in which he pointed out that we are supporting foreign aid in entirely too many countries. We cannot justify it. The number should be cut.

Some time soon I shall offer an amendment to provide for the ending of the foreign aid program as it now operates at the end of fiscal year 1965, and the starting of a new aid program on the basis of new terms and conditions under which countries will have to apply for aid and their applications will have to contain a qualifying phrase "under the terms and conditions" that we offer.

The amendment proposes to limit the aid program to not more than 50 countries. It will be exceedingly generous if the United States offers aid to 50 countries. I believe it is difficult to justify offering aid to 50 countries.

On the basis of the record to date, we cannot justify giving a dollar to Indonesia, now or in the foreseeable future. So the Senator from Wisconsin puts me in a difficult position on the amendment, for he and I know that aid will be offered to them. That is the record of the State Department. There may be a little jousting for a time, and jockeying for position, but aid will go to Indonesia. Take a look at the record of the State Department in connection with other countries when there have been slaps on the wrist, and a temporary slowing down in the flow of aid. Not only do they eventually get the aid, but also there is a great rush to pour it in at a rapid rate, in order to make up for the slowdown during the period of wrist-slapping.

With Sukarno, we are dealing with a corruptionist. He is one of the most corrupt men on the face of the earth. We should stop all aid to his government as long as he heads it. I do not "buy" the State Department argument that it is in the national interest to deal with such a person. If he did not believe he could get aid from the United States by way of a "payoff," he would be "in bed with" the Communists now. This man is no good. He should not be getting American taxpayers' money. When are we going to stop this business? When are we going to say that this kind of government cannot get money from the United States? I believe we should adopt an amendment eliminating aid to Indonesia.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MORSE. I am delighted to yield.

Mr. LAUSCHE. Would the Senator from Oregon put the Communist countries in the same category that he puts Indonesia because of Sukarno's leadership?

Mr. MORSE. The Senator knows that I would.

Mr. LAUSCHE. I thank the Senator.

Mr. MORSE. There are those who would like to have me follow a procedure which would make it difficult to get the facts in some of these cases. They should pause for a moment and start weighing the evidence which I now propose to put into the RECORD on Indonesia. I want the American taxpayers to know what is being asked for. I want the American taxpayers to know that, in spite of this record, they are being asked to authorize, upon the discretion of the President of the United States, more aid to this corrupt government.

What has he been getting? I want the RECORD to show what he got out of the President's contingency fund in 1963.

Do Senators remember the debate of yesterday on the contingency fund? The administration wanted \$300 million to be turned over to the President of the United States, with no checks on it whatsoever. It wanted a contingency fund, when the general understanding was that contingency funds were to be used in connection with emergencies and critical situations involving the United States, not some foreign country.

Many Senators were surprised to learn that the contingency fund had not been used for this purpose. It was limited in the Kennedy administration. This was true also in the Eisenhower administration.

We have not had a fact situation in which there was a U.S. crisis in which use of the fund was necessary for the security of the United States, but a situation where it was helpful to some foreign country to meet an economic or fiscal crisis of its own.

Yesterday I placed in the RECORD example after example of cases in which the President of the United States, without knowledge of the Congress at the time, sent millions of dollars to the Argentine, Brazil, and other Latin American countries, for the purpose of payment, financing, support money for their budget, and meeting monetary problems in those countries.

What do Senators suppose the American people would say if they knew the contingency fund was used for that purpose? They would resent it. They ought to resent it.

I am perfectly willing to vote a contingency fund for the President of the United States to meet a U.S. emergency for the period of time in which he will need such a fund immediately for the national interest of our country, until he can come before Congress and ask for more money, if more money is required. But we must stop eroding one of the most basic principles of our form of government, namely, that under our representative system a mere man—or woman—no matter who he or she may be—occupying a position or administering a segment of the Government shall not be given unchecked discretionary

power. Power breeds abuse. Unless we maintain a check on the exercise of discretion on the part of officials of the American people, we shall find ourselves in a situation in which abuse after abuse develops. It is the old historic story—unchecked power leads to an abusive exercise of discretion.

In Indonesia, in fiscal 1963—I want to be sure I check this figure—Sukarno received \$2,700,000 from the contingency fund for arms and ammunition for a mobile police brigade for maintenance of internal order and for the prevention of Communist insurrection, so-called. That was his allegation.

I cannot read further because everything else is classified. I have been, and shall continue to be, very careful, may I say to the chairman of the committee, in connection with any of the figures I use throughout this debate. I shall do my level best to see to it that I recite only unclassified figures. I have been assured that that is an unclassified figure.

A total of \$2,700,000 of the American taxpayers' money has been taken out of the contingency fund, which we voted to the President to use at his discretion, without our knowledge, for this purpose. He has a perfect right to do it, the way the law is now written. I want to make it impossible for him to do it. I want the law changed so that he must obtain authority before he uses money on that basis.

The amendment of the Senator from Wisconsin would not do that. The amendment of the Senator from Wisconsin provides that no assistance under this act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the essential national interest of the United States. But he can do it and subsequently report to the Foreign Relations Committee and the Appropriations Committee and the Speaker of the House.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. The dictator Sukarno, has recently declared that he was going to make war on the new country of Malaysia, a country with which we have much sympathy and to which we are undoubtedly giving aid. Is it likely that he is going to use the \$2.7 million to pursue this aggressive course?

Mr. MORSE. I do not know. I think he has arms left. If he is to pursue the war, I suppose he will use those arms. I have not seen the press reports, but a Senator stated on the floor that press reports today indicate that Sukarno is making some move toward Malaysia.

Mr. GRUENING. Then the conclusion is inescapable that we are helping foment an aggressive war with the weapons we have given so generously?

Mr. MORSE. The effect has been that which the Senator from Alaska describes.

This power should not be given a President. I think it should be taken away from him. I said yesterday that with a contingency fund in the amount of \$300 million given any President—I am not referring to the present President, but to any President—if there were

in office a person who had become drunk with power, he could manipulate this country into war, and we would be in it before we could accept war. It is a dangerous thing in principle. As I said yesterday, if it is dangerous in principle, if the principle can be abused, the way to protect the people is to change the procedure. That is the best way to prevent the exercise of abuse, and would be the best protection.

Next let me point out that in fiscal 1963 \$17 million was loaned to Sukarno, at 3½ percent interest, repayable in 10 years, to meet urgent needs for economic stabilization by providing for economic exchange and purchase of U.S. raw materials—\$5 million for raw cotton, and \$12 million for spare machinery parts and locomotives, which came out of the contingency fund. What has that to do with a U.S. emergency? Nothing.

What we are doing, in effect, by that kind of contingency fund, is delegating legislative responsibility to the President of the United States. That cannot be reconciled with the separation of powers doctrine.

Many people do not like to come to grips with the principles involved in the issue, because that puts them in a position of being critical of the man who happens to be President of the United States at a given time.

Some people have difficulty keeping these compartments separate, but they are separate compartments. No President of the United States ought to be given that kind of discretionary authority; I do not care who he is.

Let us see what else Sukarno got last year from the Presidential contingency fund, about which we did not know anything as Senators or as Members of Congress, nor did the American people.

What has happened to our precious theory and principle in this country that, after all, in a democracy there ought to be full disclosure of the public's business? We do not need this kind of secrecy to operate the Government.

Sukarno got \$80,000 for disaster flood relief through the American Red Cross, in fiscal 1963.

We do not have to provide that out of the President's contingency fund. We certainly have not reached the point where, in order to provide disaster relief, it is necessary to go to the Presidential contingency fund. That is not the place from which that money should be drawn.

The total contingency fund aid to Indonesia in fiscal 1963 was \$19,780,000.

I do not believe that, on principle, we can justify a dollar of it. This is the kind of aid that ought to have the approval of Congress. It should not be given by way of a blank check to a President of the United States. Congress ought to decide whether such aid should be given to Sukarno. I wonder whether the Senator from Wisconsin would agree with me that if Sukarno had to get specific approval of Congress for several of these items, in view of his corruptionist behavior, Sukarno would not have received such aid.

Mr. PROXMIRE. I agree with virtually everything the Senator has said. I would like to have a stronger amend-

ment. I drafted an amendment, which is at the desk, which provides for no Presidential discretion. However, after I talked with a number of Senators and had made an estimate of how such an amendment would fare—the estimate may be wrong, and the judgment of others may be better than my judgment—I became convinced that I could not get a stronger amendment. Furthermore, these are the facts: The State Department has frozen aid; also, we have not had the kind of experience with Indonesia that we have had with Yugoslavia and Poland, where we provide, in connection with those two countries, that aid can be given only provided the President makes a finding; and the President has already made a finding in those countries that they can receive aid and has recommended it. This is not true in Indonesia.

In Yugoslavia we have given the President that chance and he has recommended aid. In Indonesia aid has been cut off by the administration from this corruptionist regime, which is infiltrated with communism. There is some argument on that ground, therefore, to press the amendment that gives the President discretion in Indonesia. At least it requires the President to make a finding. He could give aid only provided it was essential to the national interest of the United States to give such aid.

Therefore, I have no argument with the Senator from Oregon; I agree with him. It is a matter of judgment. His judgment may be better, because he has had much more experience than I have had in the Senate.

Mr. MORSE. The Senator has pointed out that we are in the same parliamentary box. It may be that after a little discussion, and if Senators knew about the discussion—they obviously do not, because they are not present—they might change their position and support a stronger amendment. At least they will not be able to say, when they go back home, that the facts were not in the CONGRESSIONAL RECORD before they voted, because I will put them in the RECORD.

I now wish to show the Senate the total aid that Sukarno received in fiscal 1963. I merely stated before the sums that he received from the contingency fund. I say, "That ain't nothing, compared with what the total story shows, although \$19,780,000 is not chicken feed, and every dollar of it happens to be taxpayer money."

What would the President think the result might be if the American people had an opportunity to vote on whether or not the money Sukarno received should be given to him. I am perfectly willing to take judicial notice of the fact that the overwhelming vote of the majority of the American people would be a resounding "no."

Have we reached the point where, when we are satisfied, under our system of republican government, that there is a substantial public will, we flout it? We cannot justify flouting it. I believe, whether it is in the Eisenhower administration or the Kennedy administration or the administration of X, Y, or Z, that

the people are entitled to have the administration responsive to the will of the people.

My friend from Wisconsin will be surprised, if he does not already know the figure, that in fiscal 1963, we not only gave Sukarno \$19,780,000 out of the contingency fund, but that the total amount of U.S. aid was \$140.9 million. This is what we sank into that rathole last year alone. There is plenty more scheduled to go to Indonesia in fiscal 1964.

The total military aid last year was \$17.6 million. The total economic aid was \$123.3 million, of which development grants and social progress programs were \$14.8 million. Adding total economic aid of \$123.3 million and total military aid of \$17.6 million, we get the grand total of \$140.9 million. In my judgment, this is a country which ought to be dropped from the list completely. I say we should wipe it off the aid program. So long as the present regime is in power in Indonesia, we shall never be able to help the Indonesian people with American aid. We shall only be strengthening the tyrant who dominates them.

Is it any wonder that we are charged with shocking hypocrisy around the world? We prate about freedom and support totalitarianism.

Since when have we sunk so low in relation to our ideals that we are not willing to make clear to the world that we will not walk out on our ideals?

I have been talking about the money we have sunk in the rathole of Indonesia for fiscal 1963. Let the RECORD show these facts before Senators vote finally on the foreign aid bill and before they vote on the amendment that I shall offer before we finish the bill. The parliamentary situation being as it is, the adoption of this amendment would not, in my judgment, estop the Senator from Oregon from offering next week an amendment that would include Indonesia among the list of countries which I shall propose be cut off at the pockets, with no more aid provided them.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Would the adoption of the Proxmire amendment, estop the Senator from Oregon from offering an amendment to prohibit, deny, or bring to an end all foreign aid to a list of countries that includes Indonesia?

The PRESIDING OFFICER (Mr. McGOVERN in the chair). The Chair does not think the adoption of the Proxmire amendment would preclude the Senator from Oregon from offering an amendment and having his amendment considered.

Mr. MORSE. I appreciate that statement, because my master teacher is the adviser of the Chair—the Parliamentarian. On the basis of his past teachings, I had reached that conclusion and dared to announce it before I asked the question. But I wanted to be doubly sure, so I put the question.

Mr. President, the United States has been supplying Indonesia with foreign aid since 1946. Indonesia is an old customer, perhaps I should say she is an

old visitor to the backdoor with her hand out, and for a handout. Our grand total of aid to Indonesia since 1946 has been \$881 million of the taxpayers' money. How successful do Senators think that aid has been?

If it were not so tragic, it would be amusing to listen to the spokesmen for the AID administration, who try to leave the impression that AID has been accomplishing a great deal of good. They are medicine men. The stuff they are selling is no better for curing the ills of the world than were the products of the medicine men of my boyhood days, who used to come to the county fairs and circuses, trying to sell us a bottle of stuff that would cure everything from human ills to horse colic. By and large, the AID witnesses are medicine men who are trying to sell us bottled goods of foreign aid on the representation that they will cure the ills of the world. I fear our aid is making the world sicker. Certainly the health of Indonesia has not improved under this kind of medicine-man therapy.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. GRUENING. Has the distinguished Senator ever known of a case in which, when a certain medicine did not work, but made the patient sicker, a larger dose of the same medicine was recommended?

Mr. MORSE. Only by medicine men.

Mr. GRUENING. Correct.

Mr. MORSE. They always recommended more. But they were not particularly concerned with whether they cured the patient or not; there would be more suckers at the next fair.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. TALMADGE. Has the Senator ever heard the quotation:

If it costs a friend to make a dollar, keep the friend. If it costs a dollar to make a friend, keep the dollar.

Mr. MORSE. I certainly have. It is apropos of the whole foreign aid program. That is why I hope the Senate will adopt, next week, my amendment which would limit foreign aid to not more than 50 countries, instead of the 90 to 107, depending on what one's definition is, countries now receiving aid. As the Senator from Idaho [Mr. CHURCH] has said many times, there are only eight countries outside the Iron Curtain into whose gullets we have not crammed foreign aid thus far. Leave it to the AID boys and the Pentagon, and they will put aid into the gullets of those countries, too, if we do not adopt the kind of amendment that I am talking about, which would limit aid to areas where it really can do some good in strengthening freedom.

Mr. President, how is the \$881 million of aid to Indonesia broken down? A total of \$76 million has been spent for military aid; a total of \$805 million has been spent for economic aid; \$96 million has been spent for technical cooperation development; \$12 million has been spent for development loans; \$172 million has been spent for other aid pro-

grams. That is a total of \$525 million for these programs. We must stop it.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOMINICK. Has the Senator any figures which would indicate how much additional money has been spent by the United States in support of international programs which have also gone into Indonesia?

Mr. MORSE. I have no such figure. It is difficult to obtain. I shall try to obtain some estimates. I am glad the Senator from Colorado has raised that point, because it gives me an opportunity to point up the situation. When we deal with foreign aid figures, we are not dealing with the entire cost to the United States.

Mr. DOMINICK. That was the point I sought to make.

Mr. MORSE. In many instances, we have found that the other cost is far greater than the cost of the foreign aid program. For example, it will be said that the AID program in Europe has been declining somewhat. But do not forget that the AID program does not include the cost of maintaining America's Military Establishment in Europe. There are many costs in this part of the world that are not covered by the foreign aid program, so it is rather difficult for me to say how much, in addition, Sukarno has in fact cost us.

Mr. President, the RECORD ought also to include a statement from which I shall read. I have received instructions that the passages indicated by brackets are classified, so I shall not read the bracketed provisions. But I am so desirous of having the American people get all the facts they can get, that this Government of ours, which has traveled so far down the road toward government by secrecy, is willing to let them have, that I do not want the official record to deny the information to them.

The document is dated November 6, 1963, and is entitled "Current Status of U.S. Aid Program in Indonesia. It reads:

GENERAL STATUS

No new commitments have been made since September, when the Indonesian Government rejected formation of Malaysia, embargoed trade with Malaysia and indicated it would continue aiding insurgents in Sarawak and Subah.

AID at that time suspended consideration of a loan to support the Indonesian-IMF stabilization program and canceled plans to organize through SAC a free world package of assistance to that program.

AID at that time also suspended consideration of a development project loan.

Let us not be fooled. That is the "slap on the wrist" stage, the calling of "naughty, naughty," to Sukarno. But Sukarno is a trickster; he is invidious and clever, and it will not be long before he will make more false promises and unreliable statements; and the State e-unreliable statements; and the State Department will say, "But we have no alternative; things will be worse if we do not help him." But, Mr. President, what "will be worse if we do not help" will be a lot of scarecrow fears that will be dragged up, and therefore he will receive more of our aid, and away we will

go again with false starts and stops and stops and starts in connection with our foreign aid, instead of cutting off our aid at the pockets, and no longer dealing with Indonesia.

I read further from the memorandum:

Ongoing programs, under previous agreements, in technical assistance and training of civil and military leaders and professional people, in malaria eradication and in military civic action have been continued.

Public Law 480 food-for-peace deliveries have continued, but no new commitments have been made.

Composition of the continuing program (showing current annual costs for fiscal year 1964 program as revised):

Technical assistance and training, approximately \$10 million from development grants. These programs are our means of improving the prospects for better and more responsible management of Indonesian affairs—

Mr. President, what wishful thinking. We have a remarkable State Department, composed in considerable part of the most hopeful daydreamers imaginable. So we are informed by the memorandum that:

These programs are our means of improving the prospects for better and more responsible management of Indonesian affairs—

By whom? Who in the Sukarno government justifies any such pious hopes? Sukarno is no good, and he should not be receiving any American aid.

The memorandum continues:

They are in direct competition with the Communist campaign to gain control of elite groups and the government.

So we still have the old scarecrow argument, "If we do not do something for them, the 'Commies' will come in."

That argument, which I call the "Commie" blackmail argument, has cost the U.S. taxpayers hundreds of millions of dollars; and it is about time the American people say, in answer to it, "Why should we care? We have offered to support stability in Indonesia; we have offered to support a government which would recognize and respect human dignity and human rights, instead of tyranny and police-state methods."

Mr. President, I yield to no one in my hatred of communism; but I do not know that those people would be any worse off under one kind of police state than under another. However, the argument now presented to us is the same sort of argument of expediency that the State Department uses over and over again. I have sat in the Foreign Relations Committee for years and have heard that argument used under both Republican administrations and Democratic administrations; and I do not "buy" it any more.

Then the memorandum states:

Present and future Indonesian leaders in key fields are trained in the United States and by U.S. university contract teams and other specialists in Indonesia.

At this point I omit some classified material that is in the memorandum; and now I read unclassified material from it:

AID supporting assistance is providing training, technical advisers, communications and transportation equipment to the mobile (police) brigade, a national constabulary, which, with the army, is the principal deterrent to a potential Communist insurrection.

They always have to include that argument—the same old pattern; we are constantly told they are doing something to stop a supposed defeat or a Communist insurrection, because they have found that when that argument is used, some will take the position, "If that is so, we had better do something." But, Mr. President, that is the fear argument, not a fact argument.

I read further from the memorandum:

MAP is providing civic action equipment supporting the Army's program of constructive works in areas where it is competing with the PKI (Communist Party) for popular support—

That is supposedly the Communist Party.

Then the memorandum states:

It also provides training of military officers and maintenance.

Malaria eradication assistance, approximately \$3 to \$4 million, in cooperation with the World Health Organization, provides DDT, sprayers, drugs, other equipment and technical advice in a scientifically scheduled program designed to eradicate malaria by 1970 in the central islands where 65 million Indonesians live.

So there is one humanitarian, Christian item for which a case can be made; but in such situations, that work should be done through the Red Cross or through the agencies of the United Nations.

I read further from the memorandum:

Public Law 480 sales for rupiahs of U.S. rice, cotton, tobacco and other agricultural surpluses under previous commitments, approximately \$35 million in the pipe line.

Mr. President, that is the current status. I repeat that we should stop it.

I always try to be fair and to place in the RECORD anything I have which represents the position of the executive branch. I used to teach my students, "Remember that you have no right, in behalf of your client, to deny to a court of justice the facts the court is entitled to know in order to be able to render a just decision."

So I have before me a statement of an executive branch position on the subject of prohibition of assistance to Indonesia.

The State Department would have us know that—

PROHIBITION OF ASSISTANCE TO INDONESIA

The following points may be made in opposition to an amendment to prohibit all assistance to the Republic of Indonesia.

1. Geography and population place Indonesia in so important a strategic position that its continued independence of Communist bloc domination must be a primary objective of U.S. policy toward Indonesia, whether or not the Indonesian Government always acts as we consider proper. Indonesia lies between southeast Asia and our SEATO Allies, Australia and New Zealand, and controls the entrance to the Indian Ocean.

It would be very interesting to learn what our great allies, Australia and New Zealand, are doing in this regard. I should like to know how many of their taxpayers dollars are being sunk in this rathole. But, of course, we know what their position generally is. What are they doing in South Vietnam? They are not there.

Continuing to read from the memorandum:

Were Indonesia to fall into Communist hands, it would be a catastrophe to the free world and would place the entire U.S. military effort in Southeast Asia in grave jeopardy.

That is the old domino theory. It always has been false. It never has had any sense connected with it. Does any Senator think that Indonesia protects us in southeast Asia?

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. MORSE. I yield.

Mr. TALMADGE. Is that not the Sukarno and the same Indonesia that we witnessed in a naked act of aggression in going into New Guinea and taking territory that, by no stretch of the imagination, had ever belonged to Indonesia? In the final analysis, our State Department supported that naked act of aggression against our ally, the Dutch.

Mr. MORSE. The Senator is correct. It is the same Sukarno.

Mr. TALMADGE. Is that not the Sukarno and the same Indonesia who are threatening a war now against a new state which has just been created out of a former British possession?

Mr. MORSE. The same tyrant.

Mr. GRUENING. And the same State Department.

Mr. MORSE. I really never find any significant change in the policies of the State Department from one party administration to another.

What defends America in that part of the world? Not any of the countries into which we are asked to pour money on the basis of the domino theory. America is defended in that part of the world by the 7th Fleet, American airpower, and American troops in the Pacific. That is what defends America's security.

I say that we ought to keep American boys out of areas such as that. They are not worth the life of a single American boy.

I took a great deal of criticism because I once said on the floor of the Senate—and I repeat today—that all of South Vietnam is not worth a single American boy. Neither is Indonesia.

We do not need those parts of the world to defend American security in the Pacific. It is about time that we stopped pouring the American taxpayers' money into one rat hole after another in that area of the world. If they want to go Communist, let them boil in Communist juices. Perhaps one of the greatest disservices that we could perform for Khrushchev would be to let him take over some of those countries.

I say to the State Department that I am doing the Department a favor by putting the memorandum into the RECORD. In my judgment, it is not worth the paper it is written on.

I continue reading from the memorandum:

2. Faced with the inescapable fact of Indonesia's strategic importance, the Executive proposes this year a very modest military assistance program, carefully designed to strengthen the Indonesian Army, one of the strongest anti-Communist elements within the Indonesian military.

The Senator from Alaska is correct. That surely is news.

That program emphasizes training in the United States, civic action and internal communications. The record of the Indonesian military commends it for U.S. support. It was the army which suppressed the last Communist uprising in 1948. The army has continued to maintain a strongly anti-Communist posture. Even while Indonesia was receiving upward of \$1 billion of military aid from the Soviet Union, the army steadfastly held to its anti-Communist posture. It would be utter folly for us to now abandon Indonesian military. The fact is that Indonesia is not now a Communist nation. To treat it as such would be to drive it in that direction and would undermine the anti-Communist elements in that country.

Who is Sukarno sending or proposing to send into Malaysia, which was referred to by the Senator from Georgia? A bunch of Indonesian Boy Scouts? It is the Indonesian Army, which is highly touted by the U.S. State Department in this so-called position paper. It is a position paper, all right, but it is not a position paper that is in the interest of the American people.

To continue reading from the memorandum:

3. Again, in view of the primary strategic importance of Indonesia, the President must be free to provide economic aid to Indonesia if and to the extent such assistance will further our objectives. Our objective is clear—

And I am glad the State Department knows how clear it is. I am waiting for them to let us in on the big dark secret. If there was ever a fuzzy, befuddled, muddled, confused policy, it is the U.S. policy toward Indonesia and toward a good many other places in the world where we ought to get out and stop wasting the American taxpayers' dollars.

To continue reading from the memorandum:

Our objective is clear: to focus Indonesia's energy and great potential on the development of an independent, responsible nation whose policies do not clash dangerously with those of the United States. The timing and content of our economic assistance to Indonesia will relate directly to this objective. The AID program will consist primarily of training of present and potential Indonesian leaders, in the United States and through U.S. university contractors and others in Indonesia. If Indonesian policies and performances are to be changed for the better, such training assistance is surely an essential investment.

Of course, it is a false assumption.

To continue reading from the memorandum:

AID also is equipping and training the mobile (police) brigade, a constabulary whose chief is outspokenly anti-Communist and whose senior staff now is largely U.S. trained.

We have had a great deal of experience with U.S. trained constabulary and military. We have had experience with U.S.-trained military in the Dominican Republic. They are so well trained that they seized and overthrew a constitutionally elected government. We have had experience with American military trained personnel in Honduras. They were so well trained that they overthrew a constitutionally elected government

only a few days before an election in which the major issue in the election propounded by the leading candidate for the Presidency—and he was generally admitted to be the one who was going to win the election—was that he was running on a platform that there ought to be a change in the Constitution so that the Honduras military would be subject to the control of the President as commander in chief. We think that is pretty good American doctrine, do we not? We think that is pretty good constitutionalism, do we not?

We think that one of the great protections of the freedom of the American people; namely, that the American military shall be subject to the control of a civilian commander in chief in the person of the President of the United States. We have been training under the American military program military officers in various countries around the world who have been so well trained by us that, following the course of training, they organize themselves into military juntas to overturn constitutional governments.

I wish to say to the State Department, "You do not make any impression on me by pleading for aid to Indonesia on the ground that they are training Indonesian military officers."

I am not so sure that that is not one of the greatest disservices we could perform for the Indonesian people.

This remarkable document continues:

The malaria-eradication campaign in the central Indonesian islands, part of a worldwide program in cooperation with the World Health Organization, is the other major AID project in Indonesia.

Moreover, it should be noted that when Indonesia resumed its policy of "confrontation" and embargoed trade with Malaysia in September, we immediately suspended plans to help organize free world support for the Indonesian economic stabilization program; work on a pending AID stabilization loan and consideration of a development loan were halted. However, an absolute bar on any economic aid to Indonesia, primarily training, which is designed to strengthen non-Communist forces and institutions in that country would be clearly contrary to U.S. interests and a boon to the Communists.

My reaction is that it is nonsense. I believe the whole foregoing part of the position paper as an argument shows why it is hopeless to expect Indonesia to be a proper place for us to continue spending millions of American taxpayers' dollars. That is the record of what we have been doing.

Let me say to the Senator from Wisconsin that I am perplexed. I know the parliamentary position he is in and the parliamentary position he puts me in. He apparently has an agreement that the amendment will be adopted. I do not believe it will amount to much. I believe, for the most part, it is an expression of a pious hope. I do not believe it has any teeth in it, or any handcuffs in it, that will have any deterrent effect upon any President. He will go ahead and use the unchecked discretion which is his. He will send a report to the Foreign Relations Committee, and to the Appropriations Committee of the Senate, and to the Speaker of the House

of Representatives, which will not call for any action. Those committees and the Speaker will be the receptacles for the communications, which will be nicely filed. If there is anything we need in Government it is more filing cabinets to hold papers that do not require affirmative action.

The amendment will have the advantage, at least, for those who wish the knowledge to be placed on notice of what the President is doing. That is an argument in favor of the amendment.

It will have some educational value, but it does not amount to much.

That is no reflection on the Senator from Wisconsin. I congratulate him, because he has focused attention on the problem. I believe I will vote for the amendment. I hope that next week, when I offer an amendment to cut off Indonesia completely, the Senator from Wisconsin will give the same careful consideration—as I am sure he will—to my amendment as I am giving to his. I hope that when the roll is called he will be with me, as he has been on several rollcalls, which I deeply appreciate.

I thank the Senator for giving me the opportunity to make this record on Indonesia.

The President of the United States needs to take note of the rising tide of opposition and criticism from across the country, in all walks of life, to exactly this kind of waste of the American taxpayers' money in Indonesia. I hope that the President, on some of his trips that he will be making across the country, will be able to get away from his partisan admirers, away from the parades and the grandstands, and, in some way, somehow, take a sounding of the feelings of the American people and listen to the heartbeat of American public opinion. I am satisfied that public opinion is not with him on this issue.

But I am sure that public opinion overwhelmingly shares my opinion that we need his continued services; that even though we criticize certain parts of his record, we love him, and we believe, over all, he is a great President, and that he must be continued in office.

I want to keep him as strong as possible for reelection. I know that when we seek to modify the foreign aid bill, we will strengthen his hand to the extent that we modify it.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Wisconsin [Mr. PROXMIRE], for himself and other Senators, to the committee amendment, as amended.

The amendment, as modified, to the committee amendment, as amended, was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. PROXMIRE. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 933) to amend the District of Columbia Practical Nurses' Licensing Act, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 2073) to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H.R. 1989) to authorize the Government of the Virgin Islands to issue general obligation bonds, and it was signed by the President pro tempore.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. PROXMIRE. Mr. President, I call up my amendment No. 271, and I ask unanimous consent that the amendment may be printed in the RECORD without being read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 47, between lines 12 and 13 insert the following:

"(3) Subsection (f), which provides restrictions on assistance to Communist countries, is amended by inserting before the period at the end of the second sentence thereof a comma and the following: 'but in no event shall such restriction be waived in the case of the Federal Peoples Republic of Yugoslavia'."

On page 47, line 13, strike out "(3)" and insert in lieu thereof "(4)".

On page 54, after line 4 insert the following:

"(d) Section 107 is amended by inserting before the period at the end thereof a comma and the following: 'or (3) the Federal Peoples Republic of Yugoslavia'."

Mr. PROXMIRE. Mr. President, I discussed this amendment with the chairman of the committee, and he has agreed that if I will modify the amendment he will accept it. I hope, therefore, that the amendment can be disposed of rather quickly.

I modify my amendment by deleting all the language after line 10 on page 1, including lines 1 and 2 on page 2.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. PROXMIRE. Mr. President, this amendment would eliminate aid to Yugoslavia, with no "ifs," "ands," or "buts." No aid is to be permitted. No aid for Yugoslavia would be possible to be granted by the President of the United States from the contingency fund, or from any other fund. Aid to Yugoslavia,

under the AID program, would be ended by this amendment.

I believe that the argument which the Senator from Oregon has just made is a persuasive and eloquent. I believe that the Indonesian amendment could have been strengthened if it had had this provision in it. Certainly it should apply to Yugoslavia.

I shall try to be as concise as I can, and I believe I can complete the discussion of the amendment rather quickly.

We have been trying to follow a policy of having certain conditions complied with for countries to receive aid from the United States. Under the Alliance for Progress, for instance, we insist, before we give any aid to a South American country, that the country match our aid. I engaged in a colloquy with the Senator from Minnesota to establish whether we are living up to these conditions, and he documented the facts to prove that we are.

Before we give aid under the Alliance for Progress, we require matching funds. Before we give aid under the Alliance for Progress, we require tax reforms. Before we give aid under the Alliance for Progress, we require land reforms. These requirements are not merely stated as language in the bill. These are insisted on in administering the program the Senator from Minnesota has documented.

In view of the fact that we do not give aid to a democratic government in South America unless it meets those conditions, why in the world should we give aid to Yugoslavia, when it is not a democratic government? It is a dictatorship, and a Communist dictatorship. It is true that we give aid to dictatorships. But when we give aid to dictatorships, we do it on the basis of a military quid pro quo—for a base in Spain, or military defense against Communist Russia in Turkey, which has one of the bravest armies in the world, and is standing up to communism on its border. We get some kind of advantage in South Korea and other areas. But what advantage is there to be received from Yugoslavia? Yugoslavia is not on our side. It is against us. The suppression of freedom in Yugoslavia has been increased substantially in recent years. I quote from an article written last year by Paul Underwood, in the New York Times. He was recently the New York Times' correspondent in Belgrade:

President Tito's regime is cutting down still further the tiny area in which private business is permitted to function in Communist Yugoslavia's economy.

Under new regulations, private taxis will be eliminated within a year. Private trucking and hauling will also be banned within 12 months.

Craftsmen will not be permitted to engage in general production, but will be limited to performing services. Private craftsmen, will, moreover, be barred from working on building projects financed with public funds.

A later Underwood article points out:

In the midst of its third straight unsatisfactory harvest, the Tito regime has decided to take direct action to enlarge the "socialist sector" of the Yugoslav agriculture.

The specific target will be the thousands of peasants who work at other jobs in addition to taking care of small landholdings.

On the basis of what spokesmen have said, it is evident that the regime plans to use taxation to force the peasants to choose between being workers or farmers. There appears to be an assumption by the Government that those choosing farming would have to join agricultural cooperatives to maintain their living standards.

The regime's long-range goal is the complete socialization of the countryside. But it also has a short-term aim of quickly increasing the size of the Socialist sector.

Not only is there a situation in Yugoslavia in which the Communist dictator Tito is suppressing economic freedom, but he is trying to rivet the economy of his country closer to that of the Communist bloc.

I quote from Hans Benedict, of the Associated Press:

A gorge of torrential Danube waters between Yugoslavia and Rumania will be turned into a giant lake to help shipping and give the two countries the second biggest powerplant in Europe.

Under an agreement expected to be concluded next month, Yugoslavia and Rumania experts will start a joint \$300 million project in the Iron Gate Strait within 7 years. It calls for a dam and power station with an annual output of 10.7 billion kilowatt-hours, nearly as much as Russia's Volga River plant.

In other words, it is very nearly the biggest powerplant in all Europe.

I continue:

Details of the financing have not been disclosed. The Soviet Union may be a silent partner in the project. Russian ships transport 37 percent of tonnage in the Rumanian-Yugoslav section of the Danube.

Regardless of the argument that Yugoslavia is independent of the Soviet Union—one which I shall dispute in a moment—we all agree that Rumania is behind the Iron Curtain. Rumania's economy is tied tightly to the Soviet Union's economy. Rumania's economy is limited by the Soviet Union's economy. Rumania's economy serves the Soviet Union's economy and military. There is no question that this huge power dam built by Yugoslavia and Rumania is going to serve our biggest Communist adversary.

Let me quote once more from Paul Underwood, from the New York Times, because some argument is made that there is growing freedom of expression under Tito. I read from an article of July 23, 1963:

President Tito said today that the new retreat from liberalism in Yugoslavia would affect cultural life as well as politics.

Speaking at the close of a 2-day meeting of the Yugoslav Communist Party's Central Committee, Marshal Tito declared that his regime had gone too far in allowing writers freedom of expression.

Although observers generally agree that Yugoslav writers actually have had less freedom of expression than for instance Polish authors, the Yugoslav President asserted:

"We have a very liberal attitude. We shrugged our shoulders thinking nobody would be harmed if we allowed people to say and write what they wanted.

"In this we have gone too far. We certainly do not want to teach writers and tell them what they must write, but we will not allow anyone to write nonsense and caricature and distort our social life."

This means that Tito is increasing not reducing, increasing suppression of free-

dom of speech in Yugoslavia. Djilas has been jailed because he wrote "Conversations With Stalin," a book which embarrassed Khrushchev and Tito. Why did it? Because Djilas showed masterfully that Stalin was not an accident; that he was not simply a brutal psychopath, but that he was a product of communism; that any Communist dictator, whether Stalin or Tito or Khrushchev, who has absolute power and is guided by Communist dogma, will use such power brutally, cruelly, ruthlessly.

The truth of what Djilas wrote was illustrated in the Hungarian revolution of 1956, where the cruelty and repression took place not under Stalin, but under Khrushchev.

Who was the apologist for Khrushchev in that instance? Tito. Tito agreed that he supported what Khrushchev did in Hungary.

Up until 1955 apologists defended Tito on the ground that he was following a national communism for Yugoslavia alone and was committed to it. But in 1955 Tito completely retracted that position and stressed a program of "proletarian internationalism." He said he was opposed to any idea of national communism. He repeated that statement in 1958, and persuaded the Yugoslav Communist Party to formally reject national communism.

He called NATO an instrument of world domination. He said that Yugoslavia stands ready to lend a militant hand to encourage the world communizing process.

Nobody denies that in June 1956 Tito said at Leningrad:

Yugoslavia in time of war as well as peace marches shoulder to shoulder with the Soviet people toward the same goal—victory of socialism.

Where will Tito and Yugoslavia, which have been aided with American help, be in time of war? Tito said, as I have just avowed him, they will be on the side of the Soviet Union. This is not merely academic. It is a matter of positive fact.

The fact is that he has his own foreign aid program for Asia and Africa. He has loaned millions of dollars to countries so that they may be induced to follow communism.

He supported Ulbrecht against West Germany.

In 1961 he praised the "unanimous resistance of the Cuban people against the aggressive intervention of the U.S. supported freedom fighters."

Tito has made his stand on the side of Castro's Communist government in Cuba, and against us.

In 1963—this year—a few months ago, after Khrushchev's visit with Tito, Tito said, "We agree on every major issue."

It has been said by some able Senators that Tito is a "bone" in Khrushchev's throat. That is the kind of bone we would all like to have. He agrees with Khrushchev and defends him.

He has done something Khrushchev could not do. Tito is the advance guard for communism in Latin America, as well as in Asia and Africa, because he can pose as an independent. But he follows a policy of international proletarianism,

international communism, and defends the international position of the Soviet Union, and does it over and over again, and attacks us.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PROXMIRE. Before I yield to the Senator from Oregon—which I shall do in a moment—I wish to make two more remarks about my amendment. The amendment would not end the most-favored-nation treatment of Yugoslavia in trade. It takes no position thereon. That will be decided later, by the offering of a later amendment.

I point out that this amendment would not affect the favored nation position of Yugoslavia. It is a very modest amendment. It merely provides that we shall not take the American taxpayers' dollars and give aid to this country which has a Communist dictatorship and which has aligned itself on the side of the Soviet Union.

Also we have given over \$2 billion worth of aid to Tito—more than we have given to any other neutral country except India. It seems to me it is time something were done to end it, and abruptly.

I promised to yield, and I do yield, to the Senator from Oregon.

Mr. MORSE. I have a few questions to ask the Senator.

Earlier in his speech he said that Tito had taken the side of Castro.

Mr. PROXMIRE. Yes.

Mr. MORSE. Can the Senator document that statement? I know it is true, but I believe it is important to get that statement in the record, so that when people read the RECORD they will know whereof the Senator speaks.

Mr. PROXMIRE. It was made in 1961. I have the quotation, but I do not at the moment recall precisely the place or the time at which Tito made that statement. However, I shall be delighted to secure it from my staff and will see to it that it gets into the CONGRESSIONAL RECORD. I am happy that the Senator from Oregon called attention to it. It certainly should be documented.

Mr. MORSE. Some detail needs to be put into the record in that connection. Will the Senator tell us what the amendment denies Tito by way of aid? Does it have anything to do with the most-favored-nation clause? Does it affect military aid?

Mr. PROXMIRE. May I say to the Senator that I now recall the Tito statement on Castro was September 3 or 4, 1961, at the Belgrade Conference. This amendment would deny the following: It would delay all military aid. It would deny all economic aid. It would deny all economic loan funds. It would deny any prospect of getting anything from the contingency fund. That would not be discretionary with the President; Tito would not get it.

Tito would be able to get Public Law 480 assistance. He would get agricultural products from this country if there were a famine in Yugoslavia; in that way we could give assistance for the Yugoslav people. Of course, Tito could not get economic aid or military aid.

Mr. MORSE. It provides Public Law 480 funds to meet such contingencies as

the Senator has mentioned—famine or food shortage. Of course, that would be in keeping with our humanitarianism. Would it deny him needed medicines?

Mr. PROXMIRE. I cannot answer that question categorically. I would have to check it. Certainly it is not the intention that the amendment should be construed in that way. However, I would have to rely on what the chairman of the committee can state on this point.

Mr. FULBRIGHT. It would, because I know of no source of funds that would pay for it.

Mr. PROXMIRE. I am sure the Senator from Arkansas, the chairman of the committee, is correct. I point out, however, that there is nothing to prevent medicines being provided by the Red Cross or by any other private organization.

Mr. MORSE. That is what I was about to say. The amendment denies him such supplies. However, it is not necessary to have a foreign aid bill in order for the United States to act as a great humanitarian to meet humanitarian crises that may develop anywhere in the world.

Also, under such circumstances, we would be in a position to decide, independent of any foreign aid, whatever humanitarian assistance the facts might call for.

Mr. PROXMIRE. Exactly. This is exactly the kind of humanitarian assistance that could be given under such circumstances to a country which is dominated by a dictator; in other words, a people-to-people program, through religious groups, or other voluntary groups like the American Red Cross.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MONRONEY. I am sure the Senator is aware of the great work our Government did in putting field hospitals into the earthquake-wrecked city of Skopje. Would the Senator's amendment allow the President to direct the military to fly in a field hospital, as he did in the Skopje disaster, which was a miracle in the eyes of the people over there? It showed the people in this whole area what Uncle Sam was able to do with equipment flown in by the military. Great as the Red Cross is, it would not have the facilities or the ability to transport them to take care of catastrophes of this kind.

I was in Yugoslavia at the Interparliamentary Union Conference, and everywhere I heard about the miracle of the United States getting there, in less than 2 days, the field hospitals that were set up and treating badly crippled and injured people.

I do not believe such an activity should be prohibited. It is important that such activity be permitted. There are other things we should be doing. While we have given several billion dollars of aid under our Public Law 480 agricultural assistance programs, we have received local currencies for it. The currency is worth practically nothing to us, because we cannot spend it on diplomatic uses, and therefore it piles up, and in time we lend it back to the Yugoslav Government.

Am I correct in saying that the amendment of the distinguished Senator from Wisconsin would prohibit business deals which this country would enter into in Export-Import Bank operations and in selling diesel engines to the Yugoslav transport system, particularly their railway system?

I have seen some of the railway engines. The sale of such engines was made by American companies, private industry, in order to help rehabilitate the Yugoslav railway system. The money is due to be paid back to us in dollars, not in local currency. I gathered from what the Senator has said, in his exchange with the Senator from Oregon, that we could give the food away but we could not sell American products and get payment for those goods in dollars.

Mr. PROXMIRE. In the first place, the amendment does not affect the most-favored-nation section.

Mr. MONRONEY. This is trade.

Mr. PROXMIRE. It is trade. Trade is not affected by the amendment. The amendment is clear on that point. It permits famine aid. Public Law 480, or Food for Peace, is still permitted.

It is true that there may be a price that we will have to pay. The Senator from Oklahoma probably has put his finger on the least defensible part of the amendment. It may be that in giving assistance we would not be able to use further military efforts, as efficiently as we have.

We could, however, use Red Cross facilities, or the facilities of other organizations.

The amendment might cause some difficulties, but I believe the benefits outweigh any disadvantage, and makes it clear to the people of Yugoslavia that we draw the line on Tito.

I honestly believe that the vast majority of people in Yugoslavia do not approve of this dictator. Certainly the people who have come to Wisconsin from Yugoslavia have nothing good to say about him. The people in my State who were born in Yugoslavia are not behind Tito. The people I have talked with, who have lived under him, know that when we give aid to Yugoslavia, it benefits Tito.

Mr. MONRONEY. I remember that in Eisenhower days we gave them some obsolete American aircraft equipment. Our manufacturers are selling equipment to Tito, and the transaction is being financed through the Export-Import Bank and through the World Bank. As the Senator knows, Tito's government is a member of the World Bank, and we too are members of it. I am sure the amendment would have no effect on the World Bank.

Mr. PROXMIRE. That is correct.

Mr. MONRONEY. It would eliminate the sale of American equipment, which has been moving very rapidly, and probably will continue to move, if we do not prohibit a business deal with repayment in dollars.

The Senator would permit donations under Public Law 480, for which we could not get anything but local currency, but he would not allow commercial financing which presumably was used in the sale of American railroad equipment to

help Yugoslavia rehabilitate its railway system.

I do not understand the Senator's amendment to prohibit the sale of goods to Yugoslavia.

I understood it would prohibit anything that was not paid for in cash, or under the Public Law 480 program. The railroad manufacturers have provided American equipment. The Yugoslavs could have bought English, German, or other equipment, but they have chosen to use American diesel engines on their railroads.

Mr. PROXMIRE. Is the Senator saying that this amendment would prohibit that kind of business transaction?

Mr. MONRONEY. I am merely asking if it would. I understood the Senator from Wisconsin to say that it would prohibit that kind of business deal.

Mr. LAUSCHE. It would not prohibit it.

Mr. FULBRIGHT. It would not prohibit a business deal; it would prohibit aid.

Mr. MONRONEY. Would it prohibit sales through the use of Export-Import Bank funds?

Mr. FULBRIGHT. This amendment would not affect them.

Mr. MONRONEY. I understood the distinguished Senator to say in the colloquy that the amendment would prohibit them.

Mr. FULBRIGHT. The Senator was referring to a different amendment.

Mr. PROXMIRE. That is correct. I said the amendment does not strike out the most-favored-nation provision. It would affect trade with Yugoslavia, to all intents and purposes, because of what it would do to the tariffs. Higher tariffs would have to be paid on the trade with Yugoslavia and would probably end that trade. But that is a separate amendment, to be considered later. It would eliminate the assistance proposed in 1962, which the amendment of the Senator from Ohio and my amendment would have eliminated, and which eventually was amended. In 1962, a development loan program was proposed for Yugoslavia. It was a modest program, but it was a development loan program. It is not included in the bill this time, but contingency aid could be given, unless my amendment were adopted.

Mr. MONRONEY. When the inter-parliamentary delegation was in Yugoslavia, it was invited to attend a Cabinet meeting. We were told that Yugoslavia did not want any Public Law 480 assistance, because Yugoslavia was self-sufficient in agriculture. We were told their crops were good, and they were able to export agricultural products. But they were interested in manufactured products.

Mr. PROXMIRE. That will come up later. I understand that the Senator from South Carolina intends to offer an amendment to deal with that section. That will come up later.

Mr. MONRONEY. As I understand, this amendment would not prohibit trade financing.

Mr. PROXMIRE. The Senator from Oklahoma is completely correct. Mr. President, I yield the floor.

Mr. LAUSCHE. Mr. President, it is my understanding that the amendment of the Senator from Wisconsin contemplates dealing with subparagraph (f) of section 620. The language of subparagraph (f) at present reads:

No assistance shall be furnished under this Act, as amended, (except under section 214(b) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international Communism.

The section continues:

For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Under the act, specifically, the following countries are declared to be Communist and not entitled to any aid under the act, unless the President makes a finding of the existence of the three conditions I have just enumerated. It is interesting to note the countries which, by act, have been declared to be Communist and not entitled to aid, except when the President makes special findings. They are: Peoples Republic of Albania, Peoples Republic of Bulgaria, Peoples Republic of China, Czechoslovak Socialist Republic, German Democratic Republic (East Germany), Estonia, Hungarian Peoples Republic, Latvia, Lithuania, North Korean Peoples Republic, North Vietnam, Outer Mongolia, Mongolian Peoples Republic, Polish Peoples Republic, Rumanian Peoples Republic, Tibet, Federal Peoples Republic of Yugoslavia, Cuba, and Union of Soviet Socialist Republics.

In the administration of this section, the President has declared that the Republic of Yugoslavia and the Polish People's Republic fall within the category of exceptions under which aid may be allowed. Under this section, the President could declare tomorrow that the Hungarian People's Republic is entitled to be excepted from the prohibition granting aid. If he saw fit to do so, he could say that Albania, Lithuania, and the other nations which I enumerated are entitled to be excepted from the provisions of the act.

I point out to the Senator from Oklahoma that under this section not one of the specifically designated Communist countries is entitled to any type of aid under the act, including medicines and hospitals. Famine food would be excluded, because it is covered under a different act.

A very interesting question arises. Can we conclude that assistance to Yugoslavia is vital to the security of the United States, and that Yugoslavia is not controlled by the international Communist conspiracy; and that aid to Yugoslavia will further promote the independence of the Yugoslav country from international communism?

The President has put Yugoslavia into the category of an exception. Frankly—and I repeat what I said a year ago—in

my judgment, no Communist government anywhere in the world can be reconciled as being helpful to the future life of the United States. The Communist philosophy contemplates the destruction of our country. Giving aid to a Communist government means giving aid to the enemy. Aid to a Communist government means helping that government to stay in power and lulling its people into the belief that the people of the United States have sympathy with the Communist government of Yugoslavia. I do not believe that the people of the United States are of the opinion that at a crucial time, if it should ever happen, Tito and his government would come to the aid of the United States. He would be on the side where the Communists were standing and making the fight, and on the side opposite to the one where American boys might be making the fight.

This subject has deep importance with me. My progenitors came from Yugoslavia. I know those people. I know them intimately. I know their poetry, and I sing their songs. I know what they think of basically. They believe in freedom. They believe in God. They do not believe in the philosophy of communism advocated either by Tito or by Khrushchev.

But over and above everything else, I want my country to live. I do not want it to give aid to an enemy, and I am afraid that that is exactly what we are doing and what we did when we continued to provide military equipment and other types of aid to the Tito government.

It has been argued that the people of Yugoslavia are contented, but that is not a fact. Within the past month there was a handicraft exhibit in Vienna, and Yugoslavs were allowed to go to Vienna to visit that exhibit of craftsmanship; 83 of them refused to return to Yugoslavia. Refugees from Yugoslavia are scattered throughout the world—fugitives from the tyranny of the man who now is in charge of Yugoslavia. Also 10,000 Slovenes who at the time of the end of the war were in Austria, as military men, were taken back to Yugoslavia; but before they reached their destination, they were seized, and finally were decimated.

Tragically, also, daily from Yugoslavia, Croats, Serbians, and Slovenians are in flight. They have gone into Italy, Austria, and Germany. But, in my opinion, because of the action of our Government, those nations have labeled them, not fugitives from Communist tyranny, but volunteers seeking improved economic conditions in other nations. The result has been that daily they are being forced back into the involuntary servitude that is being promoted and enforced in Yugoslavia.

It has been argued on the floor of the Senate that in Yugoslavia there is freedom of agriculture. Truly there was a rebellion of the Yugoslav farmers, and, on the surface, collectivized farming has been eliminated there. But, in fact, the supposed free farmer of Yugoslavia is being taxed and excised from his products, to the point where, in effect, there

is a collectivized farming system. There is no freedom in Yugoslavia. The opportunity for freedom came to an end on the infamous day when—partly subscribed to by Great Britain and the United States—Tito subjected Mihailovich to trial. At that trial, Tito produced his own witnesses, used his own judge, and, finally, used his own executioner. I am not sure, but I think that in 1 day the trial was begun, the witnesses were heard, and the judgment was rendered; and on the following day the hero Mihailovich was put to death.

But, Mr. President, Mihailovich is not dead; he still lives; and from the mountains of Montenegro and Serbia his voice speaks to the Yugoslav people, "Await the day of liberation. It will come." Mr. President, It will come, inevitably. For more than a thousand years these people have been exploited; but the exploiters died, and the people lived on. In my opinion, the same situation will be the end of the present regime in Yugoslavia.

I cannot reconcile myself to the belief—as I have already said—that aid to any Communist country is aid to the United States. The giving of help to governments who are avowed in their purpose to destroy free governments throughout the world is the giving of help to the enemy, and I do not contemplate supporting that program.

Mr. DOMINICK. Mr. President, will the Senator from Ohio yield?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Ohio yield to the Senator from Colorado?

Mr. LAUSCHE. I yield.

Mr. DOMINICK. I was moved and heartened by the Senator's speech, and I agree completely with him in regard to the shortcomings of Tito and the Communist government of Yugoslavia.

I have some questions which I believe can be cleared up by the chairman of the committee, if the Senator from Ohio will permit me to proceed to ask them of the chairman.

Mr. LAUSCHE. Certainly.

Mr. DOMINICK. I am a cosponsor of the amendment of the Senator from Wisconsin. It seems to me that if, on further review of the act, we adopt that amendment, we really will be saying that under no circumstances can our aid be provided to Yugoslavia, even though under some circumstances our aid could be provided to East Germany or any of the other countries listed in subsection (f).

Mr. LAUSCHE. I believe that is correct.

Mr. DOMINICK. Can the chairman of the committee clarify this point for me? Has any of our aid—under the contingency fund or otherwise—been given to any of these countries since the 1961 act and since the inclusion of subsection (f)?

Mr. FULBRIGHT. No, and no aid is now scheduled for Yugoslavia. I am distinguishing that from Public Law 480 aid, because Poland has received some Public Law 480 aid—but under a different act.

There is in this bill an authorization

for a small amount of aid for a specific purpose—a children's hospital—in Poland.

Mr. DOMINICK. That is excepted under section 214(b), I believe.

Mr. FULBRIGHT. That is correct. It is a special project in which we have been interested.

Mr. DOMINICK. I was told by a reliable source that early this year the President used the contingency fund or some other fund to provide \$2 million worth of aircraft parts to Yugoslavia, and that Congress was notified about that, but it was then marked secret and not to be disclosed, but subsequently that classification was withdrawn, although no publicity was then given.

Mr. FULBRIGHT. Those aircraft parts were sold; and there is nothing secret about that transaction, and no law or policy prohibits such a sale for cash.

Mr. DOMINICK. I thank the Senator from Arkansas for the explanation.

Mr. FULBRIGHT. I may explain that they were spare parts, which were bought.

Mr. LAUSCHE. Mr. President, I do not think the Senator from Arkansas has answered the original question of the Senator from Colorado. If the Proxmire amendment were adopted and if the law otherwise remained as it is, it would be within the power of the President—if he found certain conditions to exist—to give aid to any one of the countries I have previously identified, except Yugoslavia.

Mr. DOMINICK. Except Yugoslavia.

Mr. LAUSCHE. Except Yugoslavia.

Does the chairman agree with me?

Mr. FULBRIGHT. I believe the Senator's interpretation is correct.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Colorado.

Mr. DOMINICK. The other day I offered an amendment which would take care of the very difficult situation in the Development Loan Fund. At the present time all receipts from the Development Loan Fund come back into the fund and then can be spent in any way that is desired by the AID personnel, without any review by Congress, either in the way of authorization or appropriation. I have offered an amendment designed to try to take care of that situation and provide that it shall be subject to annual appropriations.

Upon further review of the act I find that the same situation is true in respect to the Alliance for Progress fund. There are certain provisions in the act which provide that receipts coming back from loans under the Alliance for Progress can also be spent by the administrators of the Alliance for Progress without any congressional review and without annual appropriation or authorization.

I send to the desk for printing an amendment which would take care of that situation in respect to the Alliance for Progress fund in the same way that I have tried to take care of it in respect to the Development Loan Fund.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the desk.

Mr. LAUSCHE. Mr. President, at this point I should like to make inquiry about a parliamentary situation that might develop. The Senator from Wisconsin has an amendment which would deal solely with Yugoslavia under the provisions of subparagraph (f) of section 620. My inquiry is regarding the validity of a subsequent amendment in the event the Proxmire amendment is adopted. The subsequent amendment would strike from subparagraph (f) the language dealing with conditions which, if found by the President to exist, would warrant the granting of aid. The language that I would ask to strike would leave the section reading to the following effect:

No aid shall be granted to any Communist country except under section 214(b).

The three conditions which, if found to exist, would allow the President to provide aid, would be stricken. Would such an amendment be in order?

The PRESIDING OFFICER. The Chair is of the opinion that such an amendment would be in order.

Mr. LAUSCHE. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE] to the committee amendment.

The amendment was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. PROXMIRE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I call up my amendment No. 231 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 51, between lines 13 and 14 it is proposed to insert the following new subsection:

"(f) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act."

Mr. GRUENING. Mr. President, I am about to suggest the absence of a quorum. After the presence of a quorum has been ascertained, I shall speak briefly and then ask for a ye and nay vote on my amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President. I shall be very brief. This amendment might be called, for short, the "antiaggression amendment." It is cosponsored by the distinguished Senators from New York [Mr. JAVITS and Mr. KEATING], the Senator from Oregon [Mr. MORSE], the Senators from New Jersey [Mr. CASE and Mr. WILLIAMS], the Senator from Connecticut [Mr. RIBICOFF], the Senator from Ohio [Mr. YOUNG], the Senator from Maine [Mr. MUSKIE], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Connecticut [Mr. DODD]. I shall take 2 minutes to explain the purpose of the amendment.

This amendment would deny aid to those who wage aggressive war. The President would have the right to determine that fact. In other words, there is to be an escape clause, that no assistance would be provided to any nation until the President determined that military efforts or preparations had ceased and he reported to the Congress that he had received assurances satisfactory to him that such military efforts or preparations would not be renewed.

A year ago last September, Russian Ilyushin planes were waiting to carry a large contingent of Gamal Abdel Nasser's troops into Yemen. This troop movement coincided with the announcement of a revolt in Yemen. Since that time, Nasser has kept 28,000 troops there, making war on the people of Yemen, at a cost of \$500,000 a day. This figure was vouched for by our military attaché in Cairo. To date, the cost has been \$180 million, which is approximately the amount of money that the United States, under its foreign aid program, has poured into Egypt.

In other words, while our money is designed to help the poor people of Egypt—those who are undernourished, underhoused, and underclothed—the money intended for their benefit is being spent on aggressive warfare elsewhere.

This is only one of the many moves that Nasser is making to dominate the Middle East. When we visited there, we were informed by the military attachés that their movements—those of the air attaché, the army attaché, and the Navy attaché—were severely restricted. They could move only a few blocks from the Embassy or from their location. But the Russian technicians, the Russian military, were allowed to go everywhere. Indeed, they were supplying Nasser with all his arms. So, at the same time while Nasser has Russian equipment, Russian technicians, and ex-

Nazi technicians, we—the United States—pour money into Egypt. Nasser is making war with our dollars just as though we were paying for his military adventures.

Within the past week, Egyptian troops have moved into Algeria, to help Algeria in its war on Morocco, in consequence of which the King of Morocco has severed relations with Algeria.

Last week there were riots in Lebanon; each day, some Middle East country is agitated and stirred up by Nasser. Nasser has never ceased to declare his intention to invade Israel and drive the Israelis into the sea. His broadcasts nightly, beamed over the Cairo radio, to the operation of which we unfortunately contributed, beam hatred, and preach assassination of rulers of countries Nasser wishes to destroy. He has preached assassination of the King of Jordan. He has preached assassination of the leaders of Lebanon. He has preached assassination of others.

I believe it is time that our aid, under those circumstances, should stop. That is the purpose of the amendment.

The amendment is not nearly so strong as I should like it to be. I believe it is unfortunate there is a discretionary clause in it, but it seems to be necessary in order to secure the passage of the amendment, which is identical with one which has been accepted by the House.

So if this amendment is accepted, it will not be eliminated in conference. I hope it will be adopted. It is depressing to think our policies are promoting aggressive war in the Middle East. It not only permits countries to use our aid for aggressive warfare, but it causes nations such as Jordan and Israel to fear for their lives and increase their arms. So we are in effect stimulating competition in war in the Middle East. We are indeed promoting an arms race. How inconsistent is the practical effect of our blind policy of financing Nasser with our professions of wanting a world of peace.

Mr. CASE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from New Jersey.

Mr. CASE. Mr. President, I am one of those who have joined the distinguished junior Senator from Alaska in sponsoring the antiaggression amendment to the foreign aid bill. I would like to summarize my own reasons for urging that this country deny assistance to any nation which the President determines is engaging in or preparing for aggressive military efforts against this country or any nation receiving aid from us.

One of the fundamental aims of our foreign aid program, Mr. President, is to strengthen the capacity of other countries to maintain their independence from foreign domination, particularly against the threats posed by Communist expansionism. The capacity for maintaining independence depends upon sound and healthy economic development, as well as upon military forces adequate to contribute to the common defense. But this objective of our foreign assistance program is frustrated

when nations receiving our aid engage in aggression or prepare to do so. Whatever form our assistance may take, it releases resources which can then be used to further the military effort.

When countries are preparing for aggression, the primary effect of our assistance is to promote the tensions of an armaments race. This may, of course, lead to the tragedy of armed conflict, with all its unpredictable and far-reaching consequences. But, at best, the resources and energies drawn into an armaments race are diverted from healthy economic development, weakening rather than strengthening the foundations of the countries we are trying to assist, contrary to the interest of their own people.

Mr. President, I do not want our country to bear even a share of the responsibility for encouraging a dangerous arms race in the Middle East. Rather, I believe we must actively use our influence to prevent such arms races and to discourage aggression.

The present amendment properly leaves the determination of whether a country is engaging in or preparing for aggressive military efforts to the President, who is, of course, under our Constitution, charged with the primary responsibility for the conduct of foreign affairs. But the amendment does safeguard one of the fundamental purposes of our foreign assistance program, and I strongly urge its passage.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield to the distinguished Senator from New York.

Mr. KEATING. Mr. President, I am glad to join the Senator from Alaska in sponsoring this amendment to suspend aid to nations preparing for or conducting military aggression against other nations that also receive U.S. aid.

I am deeply concerned over the action taken by the Senate committee in eliminating language approved by the House of Representatives to suspend assistance to nations preparing aggressive military activities. Nothing could be further from the purpose of our foreign aid program than for U.S. funds to be used even indirectly in aggressive activities against other aid-receiving nations. Take, for instance, the actions of the United Arab Republic—although I want to make it very clear that this amendment does not, in my view, apply exclusively to that nation. Nasser's troops are heavily engaged in military activities in Yemen. On-the-spot reporters maintain that Egypt is making a massive effort in Yemen to prop up a regime that could not survive without foreign arms and troops behind it. Without U.S. assistance in the form of surplus food, it would be considerably harder for Nasser to maintain this kind of expeditionary force.

Reports also indicate that Egyptian pilots have been fighting on the Algerian side in the recent border dispute with Morocco.

The hate propaganda which emanates from the Arab Republic, I may say, incidentally, is also directed against the United States and Members of this body.

Mr. President, I believe that an amendment along the lines of the one passed by the House would be very useful in bringing U.S. pressure to bear to put an end to aid programs where the nations being assisted are not making a comparable effort themselves.

Mr. President, my only criticism of this amendment is that it does not go far enough. It calls upon the President to make an affirmative declaration that aggressive military efforts are being conducted. Personally, I am dubious that such a declaration would ever be made. Whenever the Yemen situation, for instance, is called to the attention of the State Department, a concerted effort is made to deny any aggressive activities on anyone's part, and to attribute the whole situation in that country to confusion and misunderstanding on the part of those concerned.

Mr. President, I feel it would be far more effective, in the Yemen situation at least, to point the finger of blame specifically upon the culprit. The United States agreed, in a deal with Nasser, to recognize the new government in Yemen in return for Nasser's withdrawal of his troops. As might have been expected, Nasser has not withdrawn his troops, but merely rotated them. I would strongly favor an amendment which would simply cut off aid to Egypt, including surplus food, until such time as Egyptian troops are withdrawn from Yemen. Such action would clearly pinpoint Nasser's failure to abide by his prior commitment. It would be virtually impossible for the Soviets to supply Nasser with the surplus food he needs, since they require additional supplies themselves.

To date, Mr. President, the United States has given Nasser the impression that we value his supposed good will more than we value our own interests in the Middle East, more than we value our legitimate right to insist that Nasser fulfill his commitments, and apparently more than we value the millions of dollars which have so far been spent in an effort to win Nasser's favor.

Mr. President, I am not impressed by the argument that Nasser or anyone else will immediately turn to the Soviets for aid if we retract our own. The Soviets are not in a position at this point to extend themselves financially overseas. And Nasser, at least, has learned only too well that Soviet aid is not always what it seems to be. That argument will not stand. It does not have merit, and should not be used, in an effort to defeat this amendment.

Mr. President, if this present development is not enforced, it may be necessary specifically to cut aid to the United Arab Republic until such time as Nasser's troops are withdrawn from Yemen and until such time as Nasser gives specific evidence that he is more concerned with the economic development of his own people than he is concerned with the military conquest of his neighbors.

Mr. President, I believe the Foreign Relations Committee has acted wisely in tightening up a number of areas in this foreign aid bill, and I think it altogether appropriate and long overdue to cut out

assistance to Nations which divert their own resources into military and propaganda efforts directed against other Nations.

Mr. President, I am proud to be the author of language in the bill which expresses this principle as the sense of Congress. However, my queries to the AID agency as to how this language has been implemented have elicited not one single example from the agency as to how this principle was applied. For that reason, although I favor the language approved by the House, I would be far more optimistic of action in the long run if the Senate explicitly recommended that aid to President Nasser be entirely suspended until Egyptian troops have ceased fighting against neighboring nations and until Nasser's note propaganda against Israel ceases to flood the Middle East.

But, as the Senator from Alaska has indicated, half a loaf is better than none. And I think this amendment is a step in the right direction.

Mr. GRUENING. I agree with the junior Senator from New York that this amendment could be strengthened, but it is identical with the House language, and I fear that if we tinker with it, if we try to strengthen it, it may be lost in conference, as so often amendments adopted by a majority of the Senate have been lost in the past, not merely in the field of foreign relations, but in others. During the debate there could be another amendment which could be called the propaganda amendment, in line with Senator KEATING's thinking which I would highly approve of and support; but in this case I think it would be well not to change the amendment, because it is identical with the House language, and we want to be sure to copper-rivet it into the bill.

Mr. KEATING. I see the merit of the proposal. That is the reason I have not offered a clarifying or perfecting amendment to cover the hate propaganda problem. I do not want to interfere with the Senator's plans. I agree with him completely that if we change the language, it might provide some reason for dropping the amendment in conference. If we adopt this language, it cannot be dropped in conference and will stay in the bill, which, of course, is what we desire.

Later in this debate we may be able to do something about the propaganda.

Mr. GRUENING. I would find it very difficult for even the pro-Nasser men in the State Department, of which there are plenty—not to find that Nasser has been an aggressor. He has been an aggressor in Yemen, in Syria, in Lebanon, and now in the Morocco-Algerian conflict. I think it would be difficult even for his warmest apologists to find that he has not been an aggressor. We should not give him aid if it were found that he was the aggressor in Yemen or was building submarines or rockets and procuring military jet planes and all sorts of aggressive weapons.

Mr. KEATING. I shall join the Senator in his efforts to convince the State Department that Nasser has been the aggressor. Under the sense-of-Congress

resolution, aid should have been stopped before this.

If this amendment does not work, I shall join the Senator in proposing even stronger language to stop this ridiculous proposition of giving lavish financial aid to a country which at this moment is engaging in aggression. It makes no sense.

Mr. JAVITS rose.

Mr. GRUENING. I yield to the distinguished senior Senator from New York.

Mr. JAVITS. I should like to have the floor in my own right.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Texas.

Mr. YARBOROUGH. I congratulate the Senator from Alaska and the co-sponsors of the amendment, the Senator from New York and the Senator from Oregon. In addition to the aggressions that have been mentioned, it is also true that Nasser has committed aggression against Jordan. There have also been aggressions, or threats of aggression, against Saudi Arabia. Much American aid has been given to both those countries. He has also committed acts of aggression against Israel. He has also interfered in the dispute between Algeria and Morocco, which has been friendly toward us. This action has extended below the Mediterranean, in Ghana, where threats have been made to take over that country. There have been threats to the Republic of Dahomey. There have been threats in the area of the Volta River.

We see what is happening around the world. A country receives aid, and when it seems to feel strong enough, it attacks a neighboring country. Then the weaker country also asks for aid in order to protect itself. We should not be giving aid to countries that build up their strength to the point where they can obliterate or seize or annex a friendly neighboring country which is not as strong as the first country.

What I have said extends to many countries on at least three different continents. I commend the distinguished Senator from Alaska for his leadership in this field, to protect the nations around the world, particularly smaller or weaker nations, which, if they are to retain their independence, must receive military aid to offset the aid that is given to aggressor countries.

We must prevent such aid; otherwise, we shall be opening a Pandora's box in the two Africas. There are two Africas, the Africa south of the Sahara and the Africa north of the Sahara, in the Near East.

It will happen in South America also as soon as another Castro rises in a country down there. Of course, Castro is not receiving aid, but the next country that is taken over by a Castro type government will not admit that it has a Castro-type government, but will try to obtain foreign aid nevertheless. Our country must correct that situation.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I find a very worthy purpose in the Senator's amendment. I should like to ask him to discuss with me two or three words in the amendment which I believe might cause trouble. I am not now arguing about the strict application of the amendment. I note that the Senator has nailed down the intention in the last words of the amendment, which read:

This restriction may not be waived pursuant to any authority contained in this act.

Therefore, no discretion is allowed, as is the case in respect to many other amendments.

I should like to ask the Senator from Alaska whether he would consent to a modification in his amendment at line 7, page 1, by striking out the words "or preparing for".

The present wording would impose a very difficult decision on the President, in trying to ascertain motive, or even ascertaining the motive. Potential aggression is very hard to discover.

That would make the language read:

No assistance shall be provided under this or any other act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954 to any country which the President determines is engaging in aggressive military efforts—

And so forth.

Mr. JAVITS. Mr. President, will the Senator from Alaska yield before he replies?

Mr. GRUENING. I yield.

Mr. JAVITS. Anything the Senator changes would eliminate the idea of copper riveting the amendment into the bill. I hope the Senator will remember that. If the President is to make a judgment that there is aggression, that is a quality and quantity judgment, as such as a judgment relating to preparation for aggression.

For the life of me I cannot see what would be gained in terms of the President's discretion by making the change except to submit the entire section to conference.

Mr. HUMPHREY. Not long ago I read the speech of the President of Pakistan. He said that India was preparing for aggression against Pakistan; that the Indian armies were on the borders of Pakistan for the purpose of aggression. Does that mean that under the amendment the President would have to determine that when there was a collection of troops on the borders of two countries, both sides were preparing for aggression?

The President of Pakistan says so. I do not think so. I do not believe President Kennedy thinks so, and I do not think the previous President thought so either. There are instances in north Africa in which two countries have substantial forces on their borders. There is now an actual struggle between Morocco and Algeria, but prior to that time there was evidence of potential aggression.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. GRUENING. I should like to reply to the Senator from Minnesota.

Mr. HUMPHREY. This raises some concern in my mind about the amend-

ment. I feel very keenly about giving American aid to countries which are actually engaged in aggressive activities, or in aiding aggression. We have discussed this amendment before. It has happened in the instance of Yemen, for example.

Mr. GRUENING. It is still happening there.

Mr. HUMPHREY. Yes; and in Morocco and Algeria. As to who the aggressor is there, I have not determined, but I do know that some shooting has been going on there.

Mr. GRUENING. When Mr. Nasser sends his Egyptian troops into Algeria to help Morocco, I do not know that there can be any question about whether he is or is not an aggressor. Of course he is.

Mr. HUMPHREY. Which is the aggressor as between Algeria and Morocco?

Mr. GRUENING. That is not pertinent to this amendment. In this case we have a dictator—Nasser—sending troops to another country to help fight a third country.

Mr. HUMPHREY. The amendment reads:

No assistance shall be provided—

I skip to—

to any country that the President determines is engaging in aggressive military effort.

Mr. GRUENING. The President must make that determination.

Mr. HUMPHREY. It also provides: No assistance shall be provided under this or any other act.

Does the Senator mean; for example, that the Peace Corps would be eliminated in some of those countries, on the suspicion that the country might be preparing for aggression?

Mr. GRUENING. The Peace Corps has not been admitted into most Arab nations because of their antisemitic prejudice, and of course our Peace Corps recruits being Americans belong to all races.

Mr. HUMPHREY. Then it would be necessary to put the amendment on the basis of Arab nations. The Senator has not done that. I do not wish to labor this point. I have taken my stand on the Arab-Israeli struggle. However, what about the struggle over Kashmir? What about the struggle between India and Pakistan? What about the struggle between Chile and Bolivia? There has been some shooting there, too.

Mr. GRUENING. There is no comparison between those border incidents and the cold, calculated methods of aggression which the dictator of Egypt has been engaging in.

Mr. HUMPHREY. I do not say that there is any comparison, but the Senator's amendment would not establish qualitative standards.

Mr. GRUENING. The President is obliged to decide that question. I agree with the Senator from New York that if we change a word or two, we shall lose the amendment. This is too important an amendment to risk having it thrown out in conference, as so many have been in the past. When the bill is in conference, people from the State Department will be running to the conference,

saying, "This will ruin the whole program." We have seen that happen more than once in conference, although an amendment thrown out in conference may have represented the will of the majority of both Houses.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. DOUGLAS. I commend the Senators from Alaska and New York on their amendment. It is directly aimed at the aggressive preparations and actions of the United Arab Republic. It is important to make that declaration in clear language.

I do not believe in indulging in provocative talk. The Arabs seem to exercise great fascination over at least two types of persons: maiden Englishwomen and diplomats. The number of Englishwomen, from the time of Lady Hester Stanhope down to Gertrude Bell who have fallen for the Arab line, is almost unlimited. The Arabs also have a tremendous fascination for diplomats, both British and American. I certainly do not think these diplomats are in any sense anti-Jewish. Let me make that clear. But they are pro-Arab.

If it had not been for Harry Truman, the State Department would have prevented the United States from recognizing the Republic of Israel. President Truman had to act over the opposition of prominent officials. Virtually every step we have taken to try to help Israel since then has been over the opposition of prominent officials in the State Department. The State Department has moreover sabotaged the Douglas-Keating resolution which would have sought to prevent Egypt from closing the Suez Canal to goods destined for Israel.

Mr. GRUENING. That is true.

Mr. DOUGLAS. The State Department has consistently favored Egypt and the United Arab Republic. The State Department has many real virtues, but the ability to withstand the seduction of the Arabs is not one of them.

I shall say no more, except that I heartily endorse the Gruening amendment.

I hope the Senator from Alaska and his fellow sponsors, of whom I am one, will resist the attempt, coming, I am sure, from the State Department, to emasculate and eviscerate his amendment.

Mr. GRUENING. I thank the Senator from Illinois.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield to the Senator from Oregon.

Mr. MORSE. The language in the amendment on line 6, "or preparing for aggressive military efforts," is one of the most important phrases in the entire amendment.

Mr. GRUENING. Mr. President, I invite the attention of the Senator from Minnesota to what the Senator from Oregon is saying.

Mr. MORSE. That language deals with the matter of prevention. We should not have to wait until some country engages in aggression before we cut off aid. When we become satisfied that their acts show that they are preparing

for aggressive military efforts, we ought to stop them then, before people start dying.

Supposedly, we have a highly efficient intelligence service, in at least three branches of the Government; namely, the State Department, the CIA, and the Pentagon. It should not be difficult for our intelligence service to advise the President that country X is preparing for aggression and satisfy him, on the basis of their intelligence reports and evidence, that such is the case. Until they did, the amendment would not become applicable. But when the President has been made aware of the fact that some country is preparing for aggression, he ought to stop the aid to that country immediately. The amendment is that simple.

We would not be placing any burden on the President. If he has a good intelligence service, he ought to be kept informed anyway, if the intelligence service is worth the appropriation we are giving it, whether or not a country is preparing for aggression.

Next, I join with the Senators from New York [Mr. JAVITS and Mr. KEATING] and the Senator from Illinois [Mr. DOUGLAS], and other Senators, who have pointed out that if the amendment is adopted, that is it. It is identical with the House language, and an important policy question would be established. This is a vital amendment.

Mr. GRUENING. I thank the Senator. He is absolutely correct.

Mr. MORSE. I have a few facts to present on my own time, in a moment, but I desire to take this time to buttress the position of the Senator from Alaska in my colloquy with him.

Am I correct in understanding that the Senator from Alaska has already placed in the Record the number of troops that Nasser has in Yemen at the present time?

Mr. GRUENING. That is correct. There are 28,000. He has had them there for about 14 months.

Mr. MORSE. I was told by a certain Senator this afternoon that the AID people had advised him that aggression is a matter of definition; that it is difficult to determine whether Nasser is an aggressor.

Let us see if we can give the AID a little elementary, kindergarten, A B C lesson in what aggression obviously is.

How many troops did the Senator from Alaska say Nasser has in Yemen?

Mr. GRUENING. He has 28,000 troops in Yemen and has had them there for 14 months. He dispatched them there simultaneously with the announcement of the revolt in Yemen, knowing, of course, that it was going to happen, he being in fact, if not the instigator, then the collaborator in that revolt.

Russian planes were ready to take Nasser's first convoys of troops, and have transported them ever since. In fact, as he pulls his battle-weary troops back and sends in fresh troops, keeping the total number the same, they have been transported back and forth by Russian planes, with Russia supplying all his military equipment.

Mr. MORSE. Do the AID officials

contend that that does not constitute some kind of aggression? Does the Senator have a suspicion as to what the motivation of the AID people may be in trying to defeat this amendment—namely, that they are pro-Nasser?

Mr. GRUENING. That is the inevitable conclusion, from the generous way in which Nasser has been treated by our foreign aid program. It should not have been necessary for Congress to offer an amendment of this kind. Action should have been taken by our executive department long ago.

Mr. MORSE. In support of what the Senator from Illinois [Mr. DOUGLAS] has said, it is my opinion, based upon my experience with the State Department, that for a long time many people in that Department have been pro-Nasser and anti-Israel. It is about time for us to adopt this amendment and make it perfectly clear to the State Department that the Senate is not anti-Israel and does not favor aggression by Nasser or anyone else. It is rather sad that we even have to debate the soundness of the principle of this particular amendment. It ought to be adopted by the Senate with a unanimous vote. But let the Record show that some of us know that the State Department lobby is fighting the amendment. Their representatives are in the gallery at the very moment I speak. I tell them that I have no respect for their activity in opposition to this amendment.

Mr. GRUENING. While Nasser is getting a battle-trained army and has never ceased to declare his purpose to drive the Israelis to the sea, he is also building up a fantastic arsenal of other weapons, including missiles, jet planes, and submarines.

Mr. MORSE. Mr. President, will the Senator from Alaska yield once more?

Mr. GRUENING. I yield.

Mr. MORSE. Does the Senator know of any contradiction of the statement of Nasser that he intends to drive Israel into the sea as soon as he is strong enough to do so?

Mr. GRUENING. On the contrary; he has never denied it.

Mr. KEATING. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield to the Senator from New York.

Mr. KEATING. Supplementing what the Senator from Oregon has said, I asked this question of the Director of the AID Agency:

Well, now, why do we continue aid to Egypt, for instance, which has shown its aggressive tendencies in Yemen and in threats against Israel?

This was the answer of Mr. David Bell, the AID Administrator:

Well, the Egyptian case, as you know better than most, Senator, is a very—indeed the whole Middle East situation—is a very tense and uncertain one. The philosophy of U.S. assistance to those Middle Eastern countries for the last several years has been that if we work with them to achieve some reasonable economic and social progress in those countries, we would be contributing to the possibilities of peaceful progress in the Middle East and we would be working against the possibility of additional military flareups. We've had, I think, some considerable success. We certainly haven't had uniform success in that. The action of the Egyptians in

Yemen is a complicated one. As you know, there was an internal revolt in Yemen and the Egyptians have been supporting one side in that revolt and the Saudi Arabian Government has been supporting the other side. It's a tangled situation but it is certainly different from and distinguished from an outright aggression.

That is exactly the type of reasoning that has allowed the aid to continue, and it is the type of reasoning which I am sure the Senator and I are likely to face, even if the amendment is adopted.

Mr. GRUENING. That is precisely the type of sophistry the Senators from New York, the Senator from Oregon, and I fear. There is a sharp distinction between such military activity and the aid which Saudi Arabia gave to Yemen for a time. Saudi Arabia gave financial aid, not military aid as did Nasser. But when that financial aid was withdrawn by Saudi Arabia, Nasser did not withdraw his troops. He violated his pledges and his promises to withdraw his troops if Saudi Arabia ceased its financial aid.

Mr. KEATING. He increased the number of his troops.

Mr. GRUENING. The regime which he is supporting would collapse the day his troops were withdrawn. In addition, he has continued to make preparations for war against others; and as I said in reply to the Senator from Oregon, Nasser has never ceased to proclaim his determination to conquer Israel, to wipe it out, to eradicate it. He is proud of that. He continues to prepare for it.

If the State Department, following the Senator's fear that they will, as they have, take the position that the war in Yemen is a highly complicated situation, and that there are two sides to it, that nobody is really an aggressor, the next session of Congress will write the law in such a way that there will be no discretion and no argument.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I am not opposed to the Senator's amendment. Why not name the countries? Why become involved to the point where we impose upon the President the requirement of a constant decision, so that he must declare at a particular time that such a country appears to be preparing for aggression? That could complicate our foreign policy no end.

Egypt is the object of this amendment. Let us name Egypt in the bill. Let us do as we did in the case of Indonesia a while ago. Then we will not complicate the matter with Pakistan, India, and Taiwan, or with Bolivia, Chile, Algeria, and Morocco. I am perfectly willing and prepared to vote for this amendment on the basis of our knowledge of the country that we know to be guilty.

I am entirely prepared to vote for this amendment on the basis of the actions of the nations that are guilty of such conduct; but I do not want us to say to the President, "You are to name the ones who are responsible for such international crises, and then, after naming them, you are to cut off our aid to them."

There appears to be little doubt that Nasser was responsible for the attack on Yemen, and I favor cutting off our aid

to Egypt. From the available evidence it would appear that Nasser is guilty, and let us say that he is. Let us not force the President to make decisions which might very well precipitate a crisis which we would not want. We know what Nasser has been doing; there is little doubt about that.

Mr. GRUENING. Mr. President, I am delighted to join in the view the Senator from Minnesota has expressed; and after my amendment is adopted, I shall be glad to have him submit an amendment carrying out his ideas; and if that amendment then is adopted, we can withdraw mine, leaving his which will unqualifiedly declare: "No aid for Nasser's United Arab Republic."

Mr. HUMPHREY. However, we are dealing with delicate foreign relations matters which involve the security of the United States and our Nation's national policy. So we should not force the President to make such decisions prematurely. We do not have all the facts; but we have ample information in regard to the conduct of Egypt, and there is no doubt about what Egypt has been doing.

By the way, Mr. President, let me state that I offered the Senator's amendment in the committee.

Mr. GRUENING. And what happened there?

Mr. HUMPHREY. We did not have enough votes to adopt it there. I offered the amendment there at the Senator's request, and I spoke for the amendment on the basis of the same argument the Senator from Alaska is making about Egypt and Nasser's operations. We know perfectly well what he has been doing in Yemen and in Algeria, and we know perfectly well about his constant meddling in the Middle East governments in many, many instances, which include Iraq and Syria; and we could name many more of them.

Mr. GRUENING. That is correct.

Mr. HUMPHREY. But I want them named in the bill, not interpreted in some way at a Foreign Relations Committee meeting.

There have been numerous comments about India. I have heard those questions argued in executive session in the committee. It was said there that we should reduce our aid to India because Pakistan is afraid that India will, after we have aided her, be strong enough to attack Pakistan. However, I do not think India will attack Pakistan; but I do not want President Kennedy or any other President of the United States to be required by Congress to state that it looks as if India is a potential aggressor and that U.S. aid had better be cut off.

A few minutes ago the Senate adopted the Proxmire amendment in regard to aid to Indonesia. I thought it was a good amendment, although I believed it could well have been tougher, for I want to crack down on the open aggression and the poison propaganda that come out of Cairo. So I favor including such an amendment in the bill, but not a statement instructing the President to find that someone—unnamed by us—is preparing for aggression.

Mr. GRUENING. I agree, and I hope the Senator from Minnesota will submit

an amendment in which Nasser in particular will be named; and if that amendment is adopted, if the Senate has previously adopted my amendment, its weaker provision can be withdrawn.

Mr. HUMPHREY. But the Proxmire amendment approach in regard to India might well cover this situation.

His amendment provided:

No assistance under this Act shall be furnished to Indonesia—

At that point we could well substitute the name "the United Arab Republic"—unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia—

Again I would substitute the words "the United Arab Republic"—under this Act.

Mr. GRUENING. That would be an ideal amendment; but we do not want to act in accordance with the fable about the dog that was carrying a bone in his mouth. When he reached a bridge over a stream, he looked into the water and saw his reflection, and the bone's reflection and then opened his mouth to seize the reflection, and dropped the real bone into the water, and could not get it again. Let us adopt my amendment; and if thereafter the other amendment is adopted, mine can then be withdrawn.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

The PRESIDING OFFICER (Mr. WALTERS in the chair). Does the Senator from Alaska yield to the Senator from Oregon?

Mr. GRUENING. I yield.

Mr. MORSE. Mr. President, I wish to submit certain figures in regard to the United Arab Republic. I do not share the interpretation of this amendment by the Senator from Minnesota, for the amendment does not require the President, before extending aid, to make an investigation of all countries aided under the foreign aid program, to determine whether they are engaged in aggression or are preparing to engage in aggression. The amendment simply requires that when it is charged that a country is an aggressor nation or when the President finds that a country is an aggressor or when it is charged that a country is preparing for aggression, the amendment will go into effect.

Let us consider the situation in regard to India: If there were submitted to the President evidence satisfying him that India was in fact preparing for aggression, of course, our aid to India should stop. Similarly in the case of our aid to Pakistan, or Taiwan, or any other country, we should terminate any assistance when it engages in aggression or prepares to engage in aggression. But I think it would be a mistake to assume that the amendment would place on the President the burden of proceeding to conduct an investigation of any country otherwise eligible for aid under our aid program, in order to determine whether that coun-

try was engaged in aggression or was preparing to do so.

In my judgment, if we change one word of this amendment, we run great risk of losing it; but if we keep the amendment just as it is—inasmuch as the House has already voted in favor of this language—it will be nailed into the foreign aid bill, as it should be, for the benefit of the U.S. State Department.

Mr. GRUENING. I thank the Senator from Oregon.

Mr. KEATING. Mr. President, will the Senator from Alaska yield to me?

Mr. GRUENING. I yield.

Mr. KEATING. I hope the Senator will not yield to the blandishments of those who are seeking to change this amendment. As he knows, I have felt very strongly about the propaganda elements involved here; and I had an amendment to add, after the word "military," the words "or propaganda." But I am convinced that we should adopt this amendment in the words in which it is now phrased. If, as the Senator says, the Senator from Minnesota or other Senators wish to submit an even stronger amendment—one cutting off all of our aid to the United Arab Republic—that is something else. But for the time being let us continue with this amendment. The words "preparing for" represent the very essence of the amendment; and without them the amendment would mean very little, because in the absence of those words, such a country would actually have to be engaged in an invasion. The damage would have been done and the invading forces would be sweeping through the country which was under attack, before there could be a finding, under such a provision, that the aid would have to be cut off. How ridiculous it would be to remove the very heart of the amendment; and the words "or preparing for" are the heart of the amendment.

Mr. GRUENING. I could not agree more fully with the Senator from New York. With his newly obtained rockets, Nasser could destroy the little country that is Israel in 1 hour or 2, and at the end of the afternoon the destruction would be complete—long before we in the United States or the free world could do anything about it. However, the fact that Nasser is obtaining ground-to-ground missiles and does have submarines, tanks, and other weapons which are needed only for aggressive warfare is a demonstration that he is preparing for a war similar to the aggression he has conducted in Yemen and the aggression he has conducted elsewhere, and wants clearly to conduct against Jordan, Israel, Morocco, or any country that impedes his plans for being the supreme ruler of the Arab world.

Mr. MORSE. Mr. President, the United Arab Republic has received from the United States from 1946 through 1963 aid which has totaled \$807 million. For fiscal year 1963, alone, it totals \$198.9 million.

Mr. President, I wish to make clear that all of this is economic aid. The United Arab Republic has received no military aid from the United States. She receives most of her military aid from the Soviet bloc.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Who has the floor?

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. I wish to ask the Senator one question, if I may.

Does the Senator have the figures as to the amount of aid which the United States has given to the State of Israel, not only by way of direct aid, but also by way of tax free donations and bonds that have gone into Israel during the same period of time?

Mr. MORSE. I shall be very glad to have the figures I have available placed in the RECORD. I wish quickly to point out, however, that we are not talking about Israel as an aggressor. She has no arms on foreign soil.

As to the other part of the question, I have not the slightest idea what amounts of money have been sent to Israel by way of fund raising. What that would have to do with the issue before the Senate I would be at a loss to understand.

Mr. JAVITS. Mr. President, I am a cosponsor with the Senator from Alaska [Mr. GRUENING] of the amendment. I know that Senators are ready to vote on the amendment. I am anxious to have the Senate vote.

We have two problems. I should like to talk for 5 minutes on those two problems.

First, we must copper rivet that provision in the bill, which we are now doing. I compliment my colleague for the wit to see that we cannot change any part of the amendment if we are to do that first job.

Second, when we have the opportunity to do so, which is now, to impress the State Department with the invalidity of the arguments and the rationale which it has used to continue a policy which is contrary to the interests of the United States, we should do so. We are considering a policy of continuing to give aid to Nasser notwithstanding aggression—not merely preparation to aggress—but aggression in the Yemen, against Saudi Arabia, by infiltration and fomenting revolution in other Near East countries, including threats to assassinate rulers, and now direct interference in the Algerian-Moroccan conflict. Incidentally, though it has not been mentioned, it is entirely documented and boasted about by the leading newspaper in Egypt, Al-Ahram, that Nasser has proudly announced that Egyptian warships and aircraft have gone to Israel.

This is the time and place to explain why we take a very different attitude from that of the State Department, because apparently the State Department seems to rationalize its way out of anything we have done and, I predict, will rationalize its way out of the amendment even if we adopt it, if we permit it.

The whole point or idea—and we have had a couple of clues to it on the floor of the Senate—is that we are going to do

some business with Nasser so that he will not completely depend on the Communists, and so that we may have some effect with him.

The great fallacy in that argument is that it is exactly what Nasser wants. That is exactly what we would place into his hands. He cannot, and he dare not, depend exclusively upon the Communists and still retain his power in his own country. The very thing that is keeping him in power in Egypt is that he passes as the consummately clever Near Eastern ruler to his people to play off the Communists against the United States and receive aid from both. The consummate cleverness which he demonstrates in the eyes of his own people is one of the main elements which keeps him in power. President Nasser in Egypt could not get away with sole dependence on the Soviet Union even if he wanted to, and even if the Soviet Union would help him to the extent that would be required.

So the whole idea out of which the State Department is rationalizing its Nasser policy is wrong. It has been demonstrated to be wrong, because Nasser continues to do everything he possibly can contrary to the interests of the United States. He proceeds against us with the greatest arrogance and the greatest impunity. He receives our aid and then interferes directly with his Egyptian troops in the Yemen war. He receives our aid and keeps the whole Near East in turmoil and ferment, including conspiracies against established governments there. He receives our aid and threatens every day—and he means it—to drive the Israelis into the sea and to eliminate Israel.

We have heard some intimations about the aid that Israel receives by way of voluntary contributions. Who is compelling the arms race in the Near East which is so terribly costly to the tiny country of Israel to which we give no military aid?

So far we have only let them have the privilege of paying in cash for some Hawk missiles purchased from the United States.

The man fomenting that Near East arms race is none other than Nasser. As my colleague from Alaska has properly pointed out, there is nothing the Israelis can do except to escalate their arms preparations to keep pace with him. Otherwise, they are sitting ducks.

He is getting jetplanes of the latest design, and he is getting his pilots trained in Czechoslovakia and other parts of the Communist bloc to operate the planes. He now has battle-trying troops who have been through a Yemenite war. He has submarines and rockets made very largely by ex-German Nazi technicians with material supplied from the Communist bloc. He has the latest tanks and the latest arms which the Communists are capable of giving him. They boast about it. Yet we absolutely shut our eyes to what is creating the most dangerous situation of conflagration in the Near East, which is the escalating arms race.

What is critically important is one fundamental point: There can be no rationalization out of a ruler—and that

is what Nasser is—who proceeds with the greatest arrogance to defy the American policy at the same time that he receives its aid and makes that one of the principle props of his regime. The fact is that his people consider him to be consummately clever because he is receiving aid both from the Communist bloc and the United States as well. He cannot persist in any such ridiculous attitude. Yet that is precisely what the State Department is doing. We must demonstrate beyond peradventure that we will have none of it.

Mr. President, I value the opinion of the Senator from Minnesota. I feel that he has much heart in the idea of preventing this charade by President Nasser as any of us. I believe he is mistaken on one point, and that is in his effort to have the particular language to which we have referred eliminated from the amendment, which would only imperil the whole amendment. At the same time he omits the fact that we entrust the President of the United States with far more weighty decisions than this.

If the President of the United States believed that Khrushchev was preparing for aggression, if he made a value judgment that Khrushchev was preparing for aggression against the United States with the atom bomb, I would expect him to put his finger on the red button. That is a great deal more important than whether to give aid to Nasser or not. Yet under the way our Government is organized we are giving the President that power. He is the only one in our country—and we all know it—who can direct when the country shall react against an aggressor preparing for aggression in such a way that we cannot allow such aggression to occur against us before we react. We are laying bare one of the most trying and difficult responsibilities and duties which the President has. It is almost beyond human comprehension, endurance or will.

And I lay it bare only to answer the argument. This is far less in magnitude, in terms of decision on the part of the President, than the decision with which we entrust him now in the greatest theater of life and death ever known to all mankind.

The President of the United States can very well make this qualitative judgment as to whether, under the amendment, Nasser or any other ruler in the world is actually preparing for aggressive warfare or has engaged in aggression.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. HUMPHREY. I realize the concern of the Senator from Alaska and the concern of the Senators from New York and other Senators about losing the substance of the amendment in conference. I wish I could say that it would not be lost in conference. If I were a conferee, I could give my word of honor that we would not lose it, but I would be only one of the conferees. I know we cannot make any advance pledges as to the result of the conference.

My concern with the amendment is the broadness of its scope, and the fact that it might very well necessitate inter-

nationally embarrassing decisions for our Government. Possibly, it would not.

I have been reading the language on page 1. I read, starting with line 3:

No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954—

Would the Senator agree that language would not deny the right of the Government to engage in famine relief?

Mr. JAVITS. I agree.

Mr. HUMPHREY. I wished to clarify that part of the amendment.

Mr. JAVITS. The Senator knows I agree with him that when it comes to direct relief of starving people, aid could be given even to the Red Chinese, or to anybody.

Mr. HUMPHREY. Exactly. I continue to read:

to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

(1) the United States,

I wish to get the interpretation of the Senator from Alaska. As I understand, under that language the initiative with respect to ascertaining the facts would rest with the President.

Mr. GRUENING. That is correct.

Mr. HUMPHREY. He might or might not, under his own discretion, view the situation as involving preparation for aggression.

Mr. GRUENING. That is correct. He could.

Mr. HUMPHREY. The only obvious point is if there were actual military aggression, the President would not have much discretion. We would not want him to have it.

Mr. GRUENING rose.

Mr. JAVITS. I shall be glad to yield to the Senator who is the author of the amendment whenever he wishes.

The President will have discretion, even as to whether aggression is underway. This is often a qualitative judgment, too. Troops might be marshaled at the border—perhaps a shot has not yet been fired, but the border has been crossed. That would be aggression.

There might be a situation in which planes were in the air but had not actually broken the barrier of the other country. That might be aggression.

This is a value judgment that the President must make. He makes much more serious decisions than this.

I should say, as a part of the legislative history, that one of the reasons why the Senator from Alaska says the amendment is not as strong as it should be—and as a lawyer I agree with him—is precisely this reason. I feel we are right about the fact that if we build the record strongly, as we are trying to do, with facts and figures to copper-rivet the amendment as it stands in the bill, so that it cannot be played around with in conference, on balance we will accomplish more than if we try to toughen it at this point.

Mr. HUMPHREY. Mr. President, my concern with the amendment is not its target or its primary objective. I accept its primary objective of refusing to aid a government, namely, the United Arab Republic, which has consistently

threatened one of our best friends, the State of Israel. My concern is about saying, "No assistance shall be provided under this or any other act." For example, it would knock out the Peace Corps, which I believe should not be involved in some of these tough diplomatic decisions. It would surely knock out the Export-Import Bank transactions, which relate to our own economic well-being.

I regret that there is such a fear over the conference. I repeat, in the committee I offered this particular amendment, and I voted for it in the committee. After we discussed the amendment, I found that there were serious limitations, which have deeply disturbed me. I wish to goodness we could, with one or two modifications, remove the doubts. But I gather the Senators feel that if we do, in conference the State Department will work on us to the point that we will recede to their request or to their advice.

The House of Representatives passed this language, and wants it in the bill. I hope that we can pass this language with one or two things modified, such as removing "any other act" from the amendment, which would not basically change the substance or the thrust of the amendment. We know what the thrust of the amendment is.

It is to prevent the Government of the United States from giving aid to countries committing either direct or indirect acts of aggression, contrary to the interests of the United States and to the objectives of our foreign policy. This is a very good purpose, which I wish to support.

Mr. JAVITS. It is of significance that in this whole debate no word is heard from the State Department. After all, there has been a general declaration in the law that we shall not aid one who is an aggressor, and so forth. This is covered in the "sense" resolution to which the Senator from Alaska [Mr. GRUENING] properly referred. Every effort to obtain an interpretation of that language by the Senator from Alaska [Mr. GRUENING], by me, and by my colleague from New York [Mr. KEATING] has always been frustrated by the rationalization by the State Department away from the position we thought we were adopting.

I say to the Senator, with all respect, that his situation would be much stronger with all of us if we had a declaration from the State Department as to what would be its policy, even under this amendment. We cannot even know that. How can anyone be blamed for wanting to be sure, at least, that we shall have this point to emphasize. About all we have is a license to "holler."

Mr. HUMPHREY. I do not blame the Senator at all. I could bring down from my office some correspondence between the State Department and me on certain matters—Yemen and others—which I believe would reflect as much anger, concern, and dismay over that situation as that of any other Senator.

I am concerned, I repeat, over the scope of the amendment. I know what its purpose is. I like its purpose; and, therefore, I should like to see its purpose preserved. I can understand how the

Senators who sponsor the amendment might feel that the purpose and substance might not be preserved in conference, even though I would surely give my word, if I were on the conference committee—and I might be, as one of the ranking members of the committee—to see to it that the substance was preserved.

Mr. JAVITS. Mr. President, I believe the Senator from Iowa [Mr. HICKENLOOPER] desires to speak; if so, I shall yield to him. I ask unanimous consent that he may speak as long as he pleases and that then I may resume.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. Mr. President, I have a personally arrived at position on this whole situation.

I hold no brief for Nasser or Egypt under the circumstances which have occurred. I have been in serious correspondence with the State Department and the Secretary of State, practically to the point that I believe I will file, for whatever action the Senate may wish to take, a resolution expressing the sense of the Senate that we should withdraw recognition of the state of Yemen.

I believe that the Egyptians have particularly failed to keep their word in connection with the recognition that was given the Government of Yemen. I am not in sympathy with them. We are furnishing probably 50 percent of the food that feeds the people of Egypt. We could have tremendous control over the peccadillos of Mr. Nasser. So I am not waving any flag for Nasser or Egypt.

By the same token, I am not raising any flag for a biased specialized act with respect to any other country. But when we enact legislation, it should be equitable and provide a sensible means of application; and I do not believe this amendment would do that.

I know the House passed the language contained in this amendment. That is the House's decision. I feel that a great many Senators have a position that is sympathetic toward what this amendment seeks to do, but I do not think the amendment will do it.

I did not hear any voices raised when India committed an act of naked aggression against Goa, when it went into that country suddenly, overnight, and by force took away property which had belonged to Portugal for centuries. I did not hear any voices raised against India. That seemed to be all right.

I have not heard any voices raised against the raiding parties from the Congo who go into Angola, raid and destroy and steal, and go back to the haven of the Congo. Yet it has been the policy of this country to give aid to the Congo. Under any kind of interpretation, the amendment would require a decision to dissociate ourselves from aiding the Congo. That is what we would have to do.

I do not approve of what the Egyptian troops are doing in the Yemen. I am quite convinced that Nasser agreed to take his troops out of there. I happened to be not only in Egypt, but in Saudi Arabia, when the negotiations were underway. I know what the proposals

were. I know what the agreement was. It has not been carried out.

But, from a technical standpoint—and I am not defending or supporting him—Mr. Nasser is in the Yemen today at the invitation of a legally constituted government that we recognize.

Under what other circumstances is this country in Vietnam? Under what circumstances did this country land 10,000 troops in Jordan? At the invitation of a legally constituted, recognized, de jure government.

I am only saying that what is sauce for the goose is sauce for the grander. I am not supporting biased legislation. But I will support generalized legislation, and I will support legislation that strengthens the act and tries to accomplish something in Egypt that should be done.

With the House passing the resolution, with the Senate using suitable language which I think can be drafted, if we go into conference I think we can come out with reasonable language that will tend substantially toward the accomplishment of the desired purpose.

Basically, I do not think this language is needed. However, I am willing to go along with some language.

The President has authority to withdraw aid whenever he feels it is in the interest of the United States. He did not hesitate to withdraw it from Peru when there was a coup down there.

Mr. GRUENING. For 2 weeks.

Mr. HICKENLOOPER. I do not care whether it was for 2 weeks or 2 minutes. He had the authority to withdraw it. He has the authority to withdraw aid from the Dominican Republic. He has withdrawn aid from Sukarno and Indonesia. It did not require an affirmative act of Congress to do it. He has the authority to do it if he thinks it is in the interest of the United States.

So I contend that, from a technical standpoint, this language is not necessary. I believe it creates conditions which, if the President meticulously enforced the provisions of the act, would cause a great amount of confusion in various parts of the world, which would not be to the best interest of the United States.

All I am suggesting is that we go into conference, and we will come out with language that will be specifically directed to the purpose which is sought.

Mr. GRUENING. Mr. President, I highly applaud the Senator's suggestion of adopting a sense-of-Congress resolution withdrawing aid from Yemen. While we recognize this so-called legally constituted government, it was done only in connection with Nasser's promise to withdraw his troops if we did so and largely, I regret to say, to propitiate Nasser. It was another one of our tragic mistakes in foreign policy in the Middle East.

Now I am fearful about losing a half a loaf if I consent to modification of my amendment because there is apparently no desire on the part of the executive agencies to curtail Nasser. It should have been done before.

Unless Congress acts, and acts in this way, it is not going to happen, because

the State Department, I regret to say, has many pro-Nasser people in it, and its Middle East policy seems to be to build him up.

Instead of supporting the one oasis of free democratic government in the Middle East, namely Israel, it has done little to encourage its existence and to discourage the efforts to boycott and destroy it.

Now if we modify the amendment in the slightest respect, I fear the State Department will be telling the conferees how disruptive this amendment is going to be, and we will lose it. That is why I prefer to stand by the exact language of my amendment which is identical with the House-passed amendment.

Mr. HICKENLOOPER. It is still the responsibility of the Members who will constitute the conference committee.

Regardless of whether Nasser should have been in the Yemen prior to recognition, our very act of recognizing the government amounts to a de jure recognition of a duly constituted government. I was in both Saudi Arabia and Cairo when this matter was under intense discussion, and when preparations were being made for recognition of the Yemen.

The point is, we were given certain understandings. We were given certain commitments. Those commitments have not been carried out. Mr. Nasser has not carried out the conditions and promises he said he would.

On the contrary, Saudi Arabia has, in great measure, and to all intents and purposes, carried out its share of responsibility for withdrawing.

Mr. GRUENING. That is correct.

Mr. HICKENLOOPER. It could be said that there was a waiver of any commitment of our recognition because we relied on promises which were not carried out. Therefore, I think we should consider withdrawing recognition from the government of Yemen, which cannot sustain itself except with Nasser's troops, and it has gone back on its word that it would rid itself of foreign troops, in exchange for the promise that this country would recognize the newly established government.

That is the way I feel about it. I think this amendment is not a good amendment. I think it will in many ways embarrass us, because there are other ways and means of arriving at a solution. We could draft an amendment which would really be of effect in putting the finger on where the trouble is.

Mr. JAVITS. Mr. President, I wish to yield to the Senator from California [Mr. KUCHEL].

Mr. KUCHEL. Mr. President, I conceive the American policy of mutual security to be, or at any rate it ought to be, designed to promote the cause of man's freedom, rather than to exacerbate the potential intrigues of war. That is the reason why I have supported mutual security in the past. That is why I propose again to vote in favor of it this year, with due regard to the amendments I shall support.

I was prepared to vote, earlier in this debate, had there been a yea and nay vote on the amendment which was adopted without a rollcall, to approve the restrictive amendment with respect to Sukarno and Indonesia.

My judgment is that Senators, taking the position which was taken with respect to that question on aid to Indonesia, indicated that a nation, having received \$670 million, over the years, from the American Treasury, and having thereafter prepared for aggression and having committed it, ought not to be permitted to continue to participate in a program designed for peace and freedom, and not by way of a coverup for aggression or for potential aggression.

The same thing is true of the Middle East. We have given \$863 million to Nasser and the United Arab Republic. Yet the record is clear not simply with respect to Yemen and Israel, but to Jordan as well. Egypt has been guilty of continuing acts of naked aggression.

I repeat what I have said before. If the lights of freedom dim in the Middle East, if the cause of freedom in the one Middle East free government, the democracy of Israel, fails, then this whole, troubled, historic area could lead all the globe toward an obliterating nuclear conflict. Mankind cries out that our great America never, never, never feed the appetite of hate and conflict with American aid which would, thereafter, be channeled into a fanning of the flames of potential conflict.

I raise the question: What is wrong with a congressional statement of policy, which will invest the President with the specific responsibility of determining whether or not nations desiring the assistance of this country to be free and to remain free are deserving; or, to the contrary, may be preparing for acts of aggression? To give aid to Egypt, only to observe Egypt use her own funds to buy instruments of war from the Communist bloc, makes a mockery of America's national security program.

It has been said in the debate that it is difficult for the President of the United States to determine when a country is on the verge of committing an aggressive act. I deny that. The Government of the United States, under this administration or under any other administration, knows full well what countries may be covertly preparing for the commission of an aggressive act and we must not lend ourselves, directly or otherwise, to any aid, of any kind, to any would-be aggressor.

For all these reasons, I have risen for these few moments to say that the Senator from Alaska, the Senators from New York, and the Senator from Oregon have offered an amendment which should be adopted. It is an amendment which the House of Representatives adopted and which, speaking for myself, I shall vote for with enthusiasm when the roll is called.

Mr. JAVITS. I yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I should like to ask the distinguished Senator one or two questions. Did I correctly understand the Senator to say in his colloquy

with the Senator from Minnesota that there is nothing in the amendment which would prevent the obtaining of famine assistance?

Mr. JAVITS. I was asked about famine relief, which we have often given to other nations and distributed through American agencies. I said that I did not see how it would prevent such assistance. Such assistance would not be encompassed in the act.

Mr. MILLER. Through private sources, that is.

Mr. JAVITS. Yes. That is direct aid which we have given even to the Soviet Union.

Mr. MILLER. That answers one question. The next one is this: Suppose there is a situation in which a country is engaging in an aggressive military effort, and the United Nations sends observers, and then makes a finding, on the basis of the reports of the observers, that one of the parties is an aggressor. Is it the intention of the proponents of the amendment that the President shall be bound by that finding?

Mr. JAVITS. The President would not be bound by it. I again speak as a lawyer when I say that this amendment leaves the determination to the President. The President would not be bound by the findings of another agency. These are the very clear words in the amendment, and they are not capable of any other interpretation. The amendment reads: "which the President determines is engaging or preparing for aggressive military efforts."

That means that if the U.N. or any other agency finds that there is aggression, the President may find that there is not.

Mr. MILLER. I thank the Senator.

Mr. JAVITS. I should like to conclude my argument, because I want to vote. I see that the distinguished chairman of the Foreign Relations Committee is preparing to speak.

What is really at stake is the fact that we shall unmistakably incorporate in the bill the proposition, not that we can compel Nasser not to supply troops to Yemen, but that there shall be some penalty, in the eyes of his people, for throwing his weight around. That is why the amendment carries the language as to what will happen when the President determines that a particular country—namely, Egypt in this instance—is engaging in or preparing for aggressive military efforts.

Other countries should know when another country is threatening to push it into the sea, or to invade it, and that this will result in a heavy penalty—in this case for Nasser—and the United States will not be with him, but against him. It is a question of discouraging him from throwing his weight around.

I appreciate very deeply the statement of the Senator from Iowa [Mr. HICKENLOOPER]. It may turn out, in my judgment, that his statement may have more effect than even the adoption of the amendment. What I believe we are suffering from is not any real inability to communicate our intention to the State Department. I believe we are suffering from the fact that the State Department

is acting on its own, without regard to our intentions. The very least we can do—and the debate is as important as the amendment—is to make unmistakably clear what we have in mind. That the amendment will do.

Finally, I hope even if an effort is made to amend the amendment, the Senator will turn it down. The great thing that we can gain here is agreement with the House.

Even though the amendment does not satisfy Senators, on either side of the aisle, at least it is a certain expression of our desire to the President. This is supremely important. Therefore, I hope that the Senate will vote down any proposal to change the amendment and will vote the amendment into the bill, in that way making it a part of the bill and unchangeable in conference.

Mr. FULBRIGHT. Mr. President, I offer a substitute for the pending amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. After line 2 in amendment No. 231 it is proposed to strike out language and to substitute the following:

(f) No assistance shall be provided under this Act to any country which the President determines is either engaging in aggressive military efforts or is primarily engaged in an aggressive military buildup preparatory to aggressive military efforts directed against—

- (1) the United States, or
- (2) any other free country,

until the President determines and reports to the Congress that such military efforts or preparations have ceased. The President may waive this section only:

(a) if he is unable to determine from all of the facts coming to his knowledge whether or not an aggression has occurred or may occur, or

(b) if an aggressive act is reviewed and the facts determined by an appropriate international body, or

(c) if he determines that the national security of the United States would be affected adversely by a determination under this section.

Mr. FULBRIGHT. Mr. President, this is a very difficult matter to deal with. The question of aggression has been struggled with in the United Nations for years, and it has never been defined accurately. It would be difficult for the President to do so.

The substitute amendment would give the President some discretion in administering foreign policy. It amounts to a statement of policy. We are all agreed with the idea that we should not be giving aid to a country which is engaged in an aggressive action. I do not believe anyone disagrees with that statement. The difficulty is in applying it.

I wish to reiterate the points made by the distinguished Senator from Minnesota when he described the difficulty between India and Pakistan.

The amendment further has the virtue of giving the two bodies in Congress an opportunity to reconcile their language into a workable amendment as between the two Houses. The point that if we adopt the pending amendment, there can be no leeway and no discretion, is one of the principal arguments against it. I

do not believe we should pick out any specific country. There must be some respect for the difference in functions between the executive branch and the legislative branch.

I do not believe that all of us can act as Secretary of State. We do not have the ultimate responsibility for the success of this policy, or in the application of the policy. We can determine the broad policy. I believe the broad policy is expressed in the substitute, namely, that we do not wish to support aggression with our aid.

We talk about specific acts of aggression, between Israel and its neighbors, and at the moment we disagree with the disposition of Nasser's troops in Yemen. However, there was a time when we also disapproved of the overt attack by Israel on Egypt.

As a matter of fact, that has been the most serious overt act, as among those countries. We disapprove of that. We went to the United Nations and asked Yemen to stop that particular act of aggression. There are recurrent instances of aggression—that is, of a minor nature—against Israel by her neighbors. On one occasion, at least—perhaps others—the United Nations team in that area found that it was the fault of Israel. On the other hand, they found that the fault was with Egypt. So there have been recurrent conditions.

I do not think that we in Congress should, as a legislative matter, undertake to tie the hands of the President in administering our foreign policy. I think, in spirit at least, this is contrary to the constitutional principles we are supposed to follow in this body. Perhaps the principal difference between my substitute amendment and the amendment itself is that it gives the President some reasonable flexibility in the application of the principle which both of them carry—that we should not aid aggression against any other free country.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. Is there not also—before I deal with the Sinai situation in 1956—a difference between the Senator's amendment and the pending amendment, in that the Senator confines his amendment to this act alone? Therefore other types of assistance would come under other acts—for example, the one mentioned by the Senator from Minnesota, the Peace Corps. This amendment would apply exclusively to the Foreign Aid Act, and no other.

Mr. FULBRIGHT. That is as far as it ought to go. I do not think it ought to apply to the Peace Corps and to other acts. However, I do not believe the President would, by any means, continue even that kind of aid; but I do not think we should try to tie his hands.

What I object to principally with respect to a number of the amendments offered, and others, is that we are attempting to usurp the discretion of the Executive in the administration of foreign policy. We are not merely writing foreign policy; we are going further and seeking to tie the President's hands in the actual administration of it. That is

unwarrantable and could force the President into many embarrassing situations that would be of great harm to our foreign relations in many areas. I think some of the other actions may do that, particularly the criticisms of friendly countries which occurred in the debate on the fishing amendment. I dare say that many of those statements will be repeated in the press of the respective countries referred to and be highly offensive to those countries. When we undertake in public to discuss each of those countries in turn and recount all of their misdeeds, it is a very bad thing. But that is another matter.

—On this particular issue, I hope we will not go so far as to tie the hands of the President without giving him an opportunity to exercise a fair discretion in the administration of the act.

Mr. JAVITS. Mr. President, will the Senator further yield?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. Is it not true that the Senator's judgment is dictated by the fact that the Senator feels that so far, knowing what we have said in the bill, as affecting the President's general power to cut off aid whenever he feels, the State Department and the President have behaved quite properly in respect to President Nasser? Is not the basis for the Senator's argument that we should not tie the President's hands, because he is doing the right thing now, and therefore we should not tie his hands? If he wishes, he can continue to do the same thing?

Mr. FULBRIGHT. I think the President has good reasons for the policy he is following. I think the statement that was made by the Senator from Alaska that our State Department is under the predominant influence of pro-Arabs is wholly unfounded. If the Senator will consider what has been done for the State of Israel during the past years, there is no comparison at all, because we have done infinitely more for Israel than we have for the Arab countries. But that is another subject. I do not wish to labor that point.

We know of the sympathy that exists in this country for Israel, particularly in the Senator's State of New York. I have great sympathy for his position. He is representing his constituents, as all of us represent our constituents. I do not criticize him for that. He is quite within his rights.

On the other hand, the foreign policy of this country should not be completely subjected to any particular interest, no matter how worthy it may be. The making of decisions of this kind should be left to the President as representative of all the United States. We must, and should, trust whatever President is in the White House. We certainly did not try to tie the hands of President Eisenhower in this fashion.

For 8 years the Senator from New York did not seek to tie down the President of his party in this fashion. A foreign aid bill has been before Congress every year, and never before have I seen such an inclination to try to administer the act on so many sides, some of them related, and many of them unrelated. It strikes me that Senators should not

expect this bill to solve all the outstanding difficulties that exist in the world—and there are many of them. This is a very poor vehicle with which to seek to do that.

This subject was discussed once before with the distinguished Senator from Illinois [Mr. DOUGLAS]. I did not disapprove then of the feeling that we should urge Nasser in every possible way to open the Suez Canal; but I did not think the foreign aid bill was a proper vehicle to use in that connection. It was not because I had no sympathy with the views of the Senator from Illinois about the advisability of opening the canal. I still think the canal ought to be open and free to all. But I make the point now, as I made it then, that the foreign aid bill should not be used to solve all the other problems that exist. That is why we have the State Department and the Diplomatic Service. That is why the President has been given the responsibility under the Constitution to administer foreign policy.

Mr. JAVITS. Mr. President, will the Senator yield briefly, to enable me to complete my point?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I am not speaking merely for the record; these are deep convictions of mine.

Mr. FULBRIGHT. I am sure they are.

Mr. JAVITS. For decades, I have demonstrated, both by vote and by advocacy on the floor, that when it is necessary to lead, I am quite prepared to lead. One of the most unpopular positions I ever took was in 1956, when I felt the forces should be withdrawn from Sinai, although there was a tremendous wave of sympathy throughout the world, and quite properly so, for Israel, which had been at the point of destruction, if it had not done what it did. Notwithstanding the fact that the promise made at that time by none other than President Eisenhower that these provocations would stop, they never did, until United Nations forces moved into the Gaza Strip.

But laying that aside, let me ask a precise question: Will the Senator tell us how, if we adopt the substitute, the policy of the President and the State Department will change the relationship to Nasser?

Mr. FULBRIGHT. I cannot speak for the President. It is his responsibility to administer this policy in what he believes to be the best interests of the United States.

I do not think a legislative body, least of all this one, is in a position to administer these laws and apply them. We state the broad policy. We say that this is a policy which we approve. Some Senators think they have information that aggression is about to be committed against the State of Israel. I do not know that. We do know about the Yemen problem. I agree with the viewpoint expressed very clearly by the Senator from Iowa [Mr. HICKENLOOPER] as to the Yemen. This is a different problem. I do not think it is a problem that this amendment is designed to meet. It is a different problem. I do not know what the President will do. But I think

we must trust him, as we trusted President Eisenhower to carry out a policy within his own responsibility, and with the knowledge that he had to deal with a specific case.

We cannot sit here and anticipate all the contingencies that may arise. Under any circumstances, I think even my substitute amendment would be difficult to administer in a really effective way. It would be very difficult to judge who is an aggressor. Every country always contends that the other country is the aggressor; and the other country always says it is only defending itself. I do not know of any case in which a country has admitted it was an aggressor, except possibly Germany in World War I. There are few cases in which a country has made any pretense about being an aggressor. Generally speaking, 99 percent of the time a country says it is only defending itself. They may be taking preventive action. Even if they take overt action, they say it is the other nation that is committing the offense and that they are really anticipating another attack. That is what the Senator was saying about the war in 1956.

Mr. JAVITS. The Senator from Oregon [Mr. MORSE] and I tried during the Eisenhower administration to do exactly what we are trying to do now. We sought to amend or modify the act in order to have anything done at all. Now we have a record of noncompliance by the State Department and the President, and I cannot see them changing their policy unless we change our instructions.

Mr. FULBRIGHT. I do not recall what the Senators did, but since the war in 1956 there has not been any overt aggression in this area, unless it be in the Yemen affair; and I am not sure that that is overt aggression, because they were invited in, as the Senator from Iowa said.

They were invited there, just as we were invited to South Vietnam. So I do not think that could be classed as aggression.

However, for some reason there has been peace there, not overt warfare, except in a few instances, although it was predicted, year after year, that an explosion would occur there.

Mr. DOUGLAS. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. Was the language of the Gruening-Javits-Morse amendment contained in the bill as passed by the House of Representatives?

Mr. FULBRIGHT. It is my understanding that it is in precisely the same language, and that therefore there would be no opportunity for consultation about this matter in the conference.

Mr. DOUGLAS. In other words, it would be adopted.

The language of the amendment of the Senator from Arkansas differs markedly. If it were adopted, would it not be in conference; but, in addition, would it not be possible for the conferees to drop both provisions and leave the conference report completely silent on this matter, just as the bill as reported by the Senate committee is silent in regard to it?

Mr. FULBRIGHT. In my opinion, that could not be done. The conference committee would have to arrive at a reconciliation of the differences between the two versions. The principal difference lies in the giving of discretion to the President, which in my opinion is a very difficult provision to apply.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. Is it not true that this provision could not be dropped, because each House would have adopted an amendment or a provision of the bill to this general effect, and the conference committee would have to deal with them, and therefore some provision of the sort would have to be drafted?

Mr. FULBRIGHT. Exactly. Furthermore, the principle of the two is practically the same. So there could be no justification for dropping the principle in regard to an aggressor. The question is, what would be the circumstances for its application? For example, let us consider the fishing amendment, which the Senate adopted earlier today. In my opinion, all of us agree on its objective, but the difficulty is that the amendment will not accomplish it.

In this case, I think the amendment is much too stringent. It leaves no discretion to the President, and it applies to any other country—which is much too broad a provision. That is my objection to it.

I believe that the Senator's fear that no such provision would eventually be included, as a result of the work of the conference committee, is a mistaken one.

However, I think the President should be given authority to use his discretion.

Mr. DOUGLAS. I know the situation has changed since the days of George Norris, who charged that Congress was composed of three houses—the Senate, the House of Representatives, and the conference committees. Nevertheless, I think the conference committees do have great power.

I am not as experienced in these matters as is the Senator from Arkansas; but I have known conference committees to drop clauses which were included in both the House version and the Senate version, although in different form. Certainly this provision could be emasculated still further, and yet finally be included in such form that it would merely be a statement of pious intent, with no means whatsoever for implementation.

Mr. FULBRIGHT. I assure the Senator that there will be included in the conference report a provision which will adopt the principle of these two different versions, and I can pledge that I will work to have that done. However, if anyone wishes to assume that I would not carry out my pledged word, I point out that the Senate could—if the conference report did not include such a provision—reject the conference report, request a further conference, and provide instructions to the Senate conferees.

I think the Senator from Alabama [Mr. SPARKMAN], the ranking Democrat on the committee, will agree that the

conference report would not omit any such amendment or provision of this sort. I am sure he will speak for himself as to that.

Mr. SPARKMAN. Yes, Mr. President; I strongly believe that under the rules and precedents and procedures in regard to conference committees, the conference report would have to include the essence of this amendment, because it is included not only in this amendment but also in the substitute; and on the assumption that I will be one of the conferees, I can certainly give assurance, for my part, that it will be included in the conference report.

Mr. DOUGLAS. Mr. President, I appreciate the statements made by these two eminent and highly honorable Senators. I am sure they make their statements in good faith—although I know they will be importuned by representatives of the State Department, perhaps with the result that, if the essence of the amendment comes back to us in the conference report, I am afraid it will be, as Lincoln once said, like soup made from the shadow of a crow which had starved to death.

Mr. FULBRIGHT. But I point out that not only will the Senate conferees be responsible to the Senate; the House conferees will be responsible to the House, also.

Mr. DOUGLAS. Mr. President, the Senator from Arkansas is very charitable; and of course the Senate conferees will have their responsibilities, too. The Senator from Arkansas is most persuasive, too.

Mr. FULBRIGHT. Mr. President, the Senator from Illinois is very complimentary, but I do not know where he obtains any justification for his statement that I am most persuasive. In view of the recent developments in this Chamber, certainly I am not persuasive in the Senate.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. Mr. President, I believe presidential discretion should be provided. The Gruening amendment provides:

No assistance shall be provided under this or any other Act, * * * to any country which the President determines is engaging in or preparing for aggressive military efforts.

So that discretion would rest with the President. But I point out that the discretion would be very limited, under this language; for example, the opening word of the substitute are as follows:

No assistance shall be provided under this Act to any country which the President determines is either engaging in aggressive military efforts or is primarily engaged in an aggressive military buildup preparatory to aggressive military efforts directed against—

(1) the United States, or

(2) any other free country, until the President determines and reports to the Congress that such military efforts or preparations have ceased.

The difference between the Gruening amendment and the chairman's amendment is the elimination of the words "under this Act."

In regard to the giving of discretionary power to the President, I ask Senators to consider how much discretion the President would have under the chairman's amendment, as follows:

The President may waive this section only:

(a) if he is unable to determine from all of the facts coming to his knowledge whether or not an aggression has occurred or may occur—

Well, Mr. President, we would expect the President then to make a decision that he did not know what all of the facts were or that he was unable to make a judgment on the basis of those facts; we would expect that under either the amendment or under the chairman's substitute.

The chairman's substitute then provides:

or (b) if an aggressive act is reviewed and the facts determined by an appropriate international body—

In other words, if the United Nations determined that there was no aggression in a specific instance, the President would be permitted, under this proposal, to waive the application of the act. The chairman's substitute does not say he would have to; it says he would be permitted to.

Then it says, as to the President's authority to waive this section:

or (c) if he determines that the national security of the United States would be affected adversely by a determination under this section.

Would any Senator expect the President to apply any act of Congress if he thought the national security of the United States would be adversely affected?

Mr. FULBRIGHT. In relation to the last point, suppose a conflict should break out between India and Pakistan. There would be an instance of the problem. The President would have to take into consideration the geographical situation.

Mr. HUMPHREY. Exactly. I do not feel that the language of the substitute amendment would violate any principle of our determination to resist aggression, to inhibit aggression, or to deny aid to aggressors or would be aggressors. What the chairman has really done through his substitute is merely to provide language which would state that if the President does not have the facts and if he cannot ascertain what the facts are, he ought not to make a judgment. I support this amendment, but if it fails I will vote for the Gruening amendment because I believe that some amendment dealing with the situation presented by the Government of the United Arab Republic is necessary.

Second, if an international organization to which we belong, such as the United Nations, should determine that there is no aggression in an instance in which the President thinks there may be aggression, the President would not be obligated under the act to apply the substance of the act. He still could.

Finally, the President's discretion would be as follows: If the security of the United States should be adversely affected, he would not have to apply the purposes of the act.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I conclude by saying that I join in the statements of the Senator from Alabama [Mr. SPARKMAN] and the Senator from Arkansas [Mr. FULBRIGHT]. I do not see why Senators think that the conferees will be unmindful of the determination of those of us in this body to effect the substance of the amendments agreed to.

I have been a conferee on foreign aid bills for several years. I do not like to be told that I am going to sell out, or that I am going to be unmindful of my obligations, or that the State Department is going to tell me what to do.

I have stood on the floor of the Senate and fought against other Senators on the principle of aid to Poland and aid to Yugoslavia—Communist countries. In one instance, Poland, which is a member of the Warsaw Pact, was involved. The Warsaw Pact causes our country to spend billions of dollars every year.

My principle has been as follows: I am not going to tell the President of the United States that he has absolutely no discretion in relation to how to deal with these situations. The Senator from Minnesota with others who are right now standing alongside of me, has stood up under two administrations in these debates and said, "I am not going to tie the hands of President Eisenhower or President Kennedy and say that because I hate communism worse than I hate Nasserism, he can never deal with Poland or Yugoslavia."

I said, "Not on your life." If the President, as Commander in Chief of the Armed Forces of our country, as our Chief Executive, as the chief spokesman of this country in our foreign policy, and as the only nationally elected officer of this Government, save the Vice President feels he should have some little discretion, I shall give it to him.

I have voted time after time for that kind of policy. I have been accused of being soft on communism because I have done it. I have not been soft on communism. I have been loyal to the Constitution. The Constitution of our country places the foreign policy of the United States, its effectuation and administration in the hands of the President. I merely wish to make clear to my best friends in this body that I am not about ready to run out on a commitment that we make. I am not about ready to let the State Department tell me that we ought to be nice to would-be aggressors or aggressors. But also I am not ready to tell the President of the United States how to answer every single problem in every corner of the world on every issue. I do not think we have the information.

Mr. FULBRIGHT. I wish to endorse what the Senator has said. He is entirely correct in principle.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I wish to ask the Senator about some specific language in his amendment. The proposal of the Senator would permit the continuation

of the benefits of Public Law 480 aid to any country that is engaging in aggression. Am I correct?

Mr. FULBRIGHT. That would be up to the President.

Mr. KEATING. The proposal of the Senator would strike out of the Gruening amendment the prohibition against sales under the Agricultural Trade Development and Assistance Act of 1954 and would be limited to that act?

Mr. FULBRIGHT. The Senator is correct.

Mr. KEATING. I call the Senator's attention to the fact that my information is that 80 to 90 percent of the aid that we are giving to the United Arab Republic is under Public Law 480. So the adoption of the Senator's amendment as a substitute for the meaningful Gruening amendment would mean that this aid would continue to flow to an aggressor under Public Law 480.

Second, I wish to ask the Senator the following question: The language proposed by the Senator states that when the President determines that a country is either engaging in aggressive military efforts or is primarily engaged in an aggressive military buildup preparatory to an aggressive military effort, he must suspend aid. How do you distinguish between a country primarily engaged in an aggressive military buildup as against one that is secondarily engaged in such a buildup? I do not understand the significance of the word "primarily," unless it is intended to give the State Department an "out" so that it can say, "The country is engaged in an aggressive military buildup, but it is not a primary engagement." What is the meaning of the word "primarily"?

Mr. FULBRIGHT. I believe it clearly means "engaged." It is a question of degree. In the beginning I said the principal objection to the amendment of the Senator from Alaska—and to the present proposal, for that matter—is the question of determining the motives and purposes of a country. All countries of any consequence have armed forces. It is almost impossible to determine whether they will use those forces aggressively or defensively. All countries profess that their armed forces are for purposes of defense. The word "primarily" is intended to refer to an aggressive military buildup.

The question is difficult. I did not initiate the amendment. I would not have proposed either amendment. I merely seek to amend the amendment of the Senator from Alaska to make it half-way workable to the point where we would leave with the President his constitutional privileges and responsibilities and not try to change them.

The whole concept of determining and basing a policy upon who is an aggressor is a very difficult one to apply.

All I would say the word means is that it refers to a country that is clearly engaged in a military buildup. I do not think it will be easy to make the determination, even with the proposed language.

Mr. KEATING. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I find the proposed language objectionable. I find the elimination of the proposal to cut off Public Law 480 funds highly objectionable because the amendment would be made virtually meaningless except to the extent of 10 to 20 percent of the aid.

What we have heard sounds like the letters some of us have received from the Department of State under both the present administration and the previous administration. The so-called Douglas-Keating sense-of-Congress resolution was applied to the foreign aid bill under the previous administration. The proposed amendments are administered as badly under one administration as under another.

If the President is unable to determine from all the facts coming to his attention whether or not an aggression has occurred or may occur, he can waive the provision.

I have read to the Senate the language of the Director of AID stating that the operation in Yemen is not aggression at all. It is something of another nature. So can we not hear the answer to an inquiry as to how the law would be administered? We would hear, "We have not cut it off because the President is unable to determine from all the facts coming to his knowledge whether or not an aggression has occurred or may occur." That language would merely give them an "out." It is the "out" that they have sought time and again. It is an "out" that they have used under the existing language. It is in the bill now, and it is an "out" that is not in the Gruening amendment. And I believe it should not be in the act.

I do not propose, as a Member of the Senate, to allow the question of whether our aid should be continued to a country to be determined by the United Nations. That is what would happen under the second provision, "if an aggressive act is reviewed and the facts determined by an appropriate international body." If they reach some other conclusion, we must later give our aid. That, in my judgment, is not sound legislation; and I hope very much that this 11th hour effort to emasculate the Gruening amendment by this substitute will be voted down.

Mr. GRUENING. I regret to say that I feel that the substitute would not merely emasculate my amendment, but would scuttle it. The principal aid Nasser is getting is under Public Law 480. He has everything else. He has a power-plant, silos, housing, irrigation canals, and nearly everything else the imagination can conceive—much of which we have supplied. This substitute amendment subtly—not too subtly—would remove the Public Law 480 provision. So, what would be left?

In addition, if we turn this decision over to the United Nations, Congress might as well quit. The Senate has abdicated enough of its powers without attempting this renunciation of our responsibilities.

I hope this last minute substitute will be defeated, because I can see no prospect of the substitute, if it is agreed to, stopping aggression either by Nasser or any other aggressor.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on the substitute amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I have listened to this debate with great interest. I find no merit in the Fulbright substitute, except that, in my judgment, it is a diversionary tactic which would result in bringing back to the Senate—if anything is brought back to the Senate—an emasculated amendment that would not accomplish the purpose we have in mind.

All we need to know is that the Foreign Relations Committee did not report a bill with this principle in it. The Foreign Relations Committee has demonstrated that the majority of the committee is not friendly to the purpose of the amendment. We start with that. Therefore, I believe it is important to keep it away from them in conference. After all, we have our interests that must be protected, so far as the Senate is concerned.

Next, I point out that we are not interfering with a prerogative of the President of the United States, but we are protecting a prerogative of the Senate, which is to tell the President of the United States how he can spend the taxpayers' money. That happens to be our duty.

All we, as the protector of the country's purse strings are saying to the President of the United States, is that he shall not spend the money under certain fact situations. What are the fact situations? If it is determined that a country is engaging in or preparing to engage in aggressive military efforts, he cannot spend the taxpayers' money. We are not interfering with the President's determinative power. As I said earlier in the debate, the President has several groups of intelligence agencies to advise him. He has the CIA, the "intelligence" in the State Department, and the "intelligence" in the Pentagon.

All I am saying is, "Mr. President, I want you to know that I proceed on the assumption that any President of the United States will always act in good faith in regard to his legislative responsibilities, which the Congress in the exercise of its constitutional rights has imposed upon him."

Mr. President, we are merely saying that if the President finds as a matter of fact that any country is engaging in or preparing to engage in aggressive action, he shall not spend the taxpayers' money by way of aid to that country. That is all there is to it.

Do we want to do it, or not? Do we want to continue giving unchecked power in regard to the taxpayers' money? In my judgment, the time has come when—in a dignified amendment such as we have offered—we should say to the President that if a country is engaging in aggressive action or preparing to engage in aggressive action, we do not want the President to spend any aid money.

Finally, I do not trust the State Department in this field, as I do not trust them in so many other fields. We know

the opposition of the State Department in regard to this matter. We know of the bad-faith actions of the State Department in the past in regard to the Keating-Douglas matter and in regard to the Javits-Morse procedure. We have had nothing in this field from the pro-Arab State Department but bad-faith conduct. They are evasive. They are tricky. They seek to see what they can do to conjure up ways of getting around Congress. It is about time that Congress held the nose of the State Department to the grindstone and made it clear that we intend to exercise our rights under the separation-of-powers doctrine, and that we are determined to see to it that this very important matter is written into law.

Mr. JAVITS. Mr. President, I wish to associate myself with the argument of the Senator from Oregon. We should vote down the substitute and vote in favor of the Gruening amendment. That is the only way to do anything constructive tonight on this matter.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I am glad to yield.

Mr. LAUSCHE. Mr. President, may I ask the chairman of the Foreign Relations Committee whether his amendment meets with the approval of the administration?

Mr. FULBRIGHT. I am not certain of that. I do not believe either amendment meets with their approval. I do not know what their attitude would be. However, I am sure, from what I know about it, that my substitute is more acceptable because it would give them more discretion in administering the act.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT], in the nature of a substitute for the amendment offered by the Senator from Alaska [Mr. GRUENING], for himself and other Senators, to the committee amendment, as amended, in the nature of a substitute. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from South Carolina [Mr. THURMOND], and the Senator from New Jersey Mr. [WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr.

SMATHERS], the Senator from Mississippi [Mr. STENNIS], would each vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Michigan [Mr. McNAMARA].

If present and voting, the Senator from Mississippi would vote "nay" and the Senator from Michigan would vote "yea."

On this vote, the Senator from Missouri [Mr. LONG] is paired with the Senator from Washington [Mr. MAGNUSON].

If present and voting, the Senator from Missouri would vote "nay" and the Senator from Washington would vote "yea."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Wyoming [Mr. McGEE].

If present and voting, the Senator from Louisiana would vote "nay" and the Senator from Wyoming would vote "yea."

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Rhode Island [Mr. PASTORE].

If present and voting, the Senator from Virginia would vote "nay" and the Senator from Rhode Island would vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from California [Mr. ENGLE].

If present and voting, the Senator from North Carolina would vote "nay" and the Senator from California would vote "yea."

On this vote, the Senator from South Carolina [Mr. THURMOND] is paired with the Senator from New Jersey [Mr. WILLIAMS].

If present and voting, the Senator from South Carolina would vote "nay" and the Senator from New Jersey would vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Illinois [Mr. DIRKSEN], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

If present and voting, the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] would each vote "nay."

The results was announced—yeas, 32, nays 46, as follows:

[No. 217 Leg.]

YEAS—32

Anderson	Humphrey	Monroney
Bayh	Inouye	Moss
Burdick	Jackson	Muskie
Byrd, W. Va.	Kennedy	Nelson
Carlson	Lausche	Neuberger
Church	Mansfield	Pell
Clark	McCarthy	Saltonstall
Fulbright	McClellan	Sparkman
Gore	McGovern	Walters
Hayden	McIntyre	Young, N. Dak.
Hickenlooper	Metcalf	

NAYS—46

Allott	Curtis	Hartke
Bartlett	Dodd	Hill
Beall	Dominick	Holland
Bible	Douglas	Hruska
Boggs	Edmondson	Javits
Brewster	Ellender	Johnston
Cannon	Fong	Jordan, N.C.
Case	Gruening	Jordan, Idaho
Cotton	Hart	Keating

Kuchel	Proxmire
Mechem	Randolph
Miller	Ribicoff
Morse	Scott
Morton	Simpson
Mundt	Smith
Prouty	Symington

NOT VOTING—22

Alken	Goldwater	Robertson
Bennett	Long, Mo.	Russell
Byrd, Va.	Long, La.	Smathers
Cooper	Magnuson	Stennis
Dirksen	McGee	Thurmond
Eastland	McNamara	Williams, N.J.
Engle	Pastore	
Ervin	Pearson	

So Mr. FULBRIGHT's amendment, as a substitute for the amendment offered by Mr. GRUENING, for himself and other Senators, to the committee amendment in the nature of a substitute, as amended, was rejected.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MORSE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I call for a vote on my amendment No. 231.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alaska [Mr. GRUENING] for himself and other Senators to the committee amendment in the nature of a substitute, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from South Carolina [Mr. THURMOND], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Mississippi would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Missouri [Mr. LONG] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from Missouri would vote "yea," and the Senator from Washington would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Wyoming would vote "nay."

Talmadge
Tower
Williams, Del.
Yarborough
Young, Ohio

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS] would each vote "yea."

On this vote, the Senator from South Carolina [Mr. THURMOND] is paired with the Senator from New Jersey [Mr. WILLIAMS]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from New Jersey would vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Illinois [Mr. DIRKSEN], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Illinois [Mr. DIRKSEN], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 65, nays 13, as follows:

[No. 218 Leg.]

YEAS—65

Allott	Hart	Moss
Bartlett	Hartke	Mundt
Bayh	Hill	Muskie
Beall	Hruska	Nelson
Bible	Humphrey	Prouty
Boggs	Jackson	Proxmire
Brewster	Javits	Randolph
Burdick	Johnston	Ribicoff
Byrd, W. Va.	Jordan, N.C.	Saltonstall
Cannon	Jordan, Idaho	Scott
Carlson	Keating	Simpson
Case	Kennedy	Smith
Church	Kuchel	Sparkman
Cotton	McCarthy	Symington
Curtis	McClellan	Talmadge
Dodd	McGovern	Tower
Dominick	McIntyre	Walters
Douglas	Mechem	Williams, Del.
Edmondson	Miller	Yarborough
Ellender	Monroney	Young, N. Dak.
Fong	Morse	Young, Ohio
Gruening	Morton	

NAYS—13

Anderson	Hickenlooper	Metcalf
Clark	Holland	Neuberger
Fulbright	Inouye	Pell
Gore	Lausche	
Hayden	Mansfield	

NOT VOTING—22

Alken	Goldwater	Robertson
Bennett	Long, Mo.	Russell
Byrd, Va.	Long, La.	Smathers
Cooper	Magnuson	Stennis
Dirksen	McGee	Thurmond
Eastland	McNamara	Williams, N.J.
Engle	Pastore	
Ervin	Pearson	

So Mr. GRUENING's amendment to the committee amendment was agreed to.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.



Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 12, 1963
For actions of Nov. 8, 1963
88th-1st; No. 181

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HIGHLIGHTS: Senate debated foreign aid authorization bill. Senate subcommittee voted to report water resources planning bill. Sen. Carlson expressed concern over effects of increased beef imports. Senate subcommittee voted to report independent offices appropriation bill. Sen. Muskie urged enactment of legislation for review of grants-in-aid programs. Rep. Findley opposed passage of Cooley cotton bill.

SENATE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 20380-1, 20386, 20389-90, 20393-6, 20403-6, 20407-5, 20455-9). By a vote of 74 to 0, agreed to an amendment by Sen. Javits to establish an Advisory Committee on Private Enterprise in Foreign Aid (pp. 20426-31). By a vote of 74 to 0, agreed to an amendment by Sen. Lausche to prohibit the granting of aid under this Act (but not under Public Law 480) to any Communist country (pp. 20431-2). By a vote of 14 to 55, rejected an amendment by Sen. Lausche to strike out a provision of the bill reaffirming the President's power to continue most-favored-nation treatment to imports from Yugoslavia and Poland (pp. 20432-51). Sens. Morse and Mundt submitted amendments intended to be proposed to this bill (pp. 20374, 20380).

2. WATER RESOURCES. The Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee S. 1111, the proposed water resources planning bill providing for the establishment of a Water Resources Council. p. D882
3. INDEPENDENT OFFICES APPROPRIATION BILL, 1964. A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 8747. p. D882
4. HIGHWAYS. Agreed to as reported S. Res. 217, to authorize a study of a national system of scenic highways by the Public Works Committee. p. 20392
5. SMALL BUSINESS. The Banking and Currency Committee reported with amendment S. 1309, to increase the loan authorizations for the Small Business Administration (S. Rept. 640). p. 20375
6. BEEF IMPORTS. Sen. Carlson stated that there "is every evidence that imports of beef and meat products have reached a high that is depressing livestock prices, and urged studies by this Department and the Tariff Commission of the situation. Sens. Simpson, Symington, and Dominick supported Sen. Carlson's statement. pp. 20484-6
7. STOCKPILING. Sen. Symington defended the investigation into stockpiling activities and reviewed recent stockpiling transactions, stating that the barter of surplus agricultural commodities for strategic materials have saved the taxpayers money. pp. 20381-3
8. GRANTS-IN-AID. Sen. Muskie spoke in support of enactment of legislation to provide for periodic congressional review of future Federal grants-in-aid to States and local governments. pp. 20399-401
9. NATURAL RESOURCES. Sen. Bartlett inserted a recent address by Elmer Staats, Deputy Director of the Budget Bureau, reviewing the Federal role in natural resources development and the budgeting for such development. pp. 20396-8
10. TRANSPORTATION. Sen. Hruska commended ICC issuance of a car service order "designed to alleviate the acute shortage of railway freight cars," and stated there was a serious need for freight cars in the Midwest to move grain. pp. 20459-61
11. RECLAMATION. Sen. Church inserted an address by the Commissioner of Reclamation before the National Reclamation Association reviewing the status of reclamation development in the West. pp. 20386-9
12. EDUCATIONAL EXCHANGE. Received from State a report on the educational and Cultural Exchange Act. p. 20375
13. RECESSED until Tues., Nov. 12. p. 20462

uments as the Commission or such subcommittee may deem advisable. Subpenas may be issued under the signature of the chairman or vice chairman, or any duly designated member, and may be served by any person designated by the chairman, the vice chairman, or such member.

(2) In case of contumacy or refusal to obey a subpoena issued under paragraph (1) of this subsection, any district court of the United States or the United States court of any possession, or the District Court of the United States for the District of Columbia, within the jurisdiction of which the inquiry is being carried on or within the jurisdiction of which the person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the Attorney General of the United States shall have jurisdiction to issue to such person an order requiring such person to appear before the Commission or a subcommittee thereof, there to produce evidence if so ordered, or there to give testimony touching the matter under inquiry; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Commission, upon request made by the chairman or vice chairman, such information as the Commission deems necessary to carry out its functions under this Act.

EXPENSES OF THE COMMISSION

SEC. 8. There are hereby authorized to be appropriated to the Commission, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

Mr. HUMPHREY. Mr. President, I am happy to be a cosponsor of the bill introduced by my colleague from Michigan to establish a Commission on the Application of Technology to Community and Manpower Needs.

This bill is a broad bill, covering the most important facets of automation as it affects the U.S. economy. I would like to comment briefly on one aspect of the bill. Included in its scope is the vital question of the economic consequences of disarmament. Although rapid large-scale disarmament is not likely in the foreseeable future, it is nevertheless increasingly clear that it is a long-range problem of major significance. The constant change in types of military weapons has already caused grave economic dislocations in areas with large defense industries. Even a modest shift from military production to production of civilian goods in these areas would cause major problems—unless the proper preparation is made for conversion.

It was with this purpose in mind that the Disarmament Subcommittee of the Senate Foreign Relations Committee, of which I am the chairman, held hearings and published a report last year on "The Economic Impact of Disarmament."

I discussed this subject at some length in a speech in December 1962 before a symposium on arms control convened in Ann Arbor, Mich.

The test ban treaty has intensified interest in this subject and increased pressure to come up with the facts on this subject. The time is long overdue to focus attention on these problems, to do studies in depth and to make long-

range plans to meet them. This is why I am happy to join with Senator HART in sponsoring this bill.

Mr. HUMPHREY subsequently said: Mr. President, earlier today the Senator from Michigan [Mr. HART] introduced the bill (S. 2298) to establish a Commission on the Application of Technology to Community and Manpower Needs, and for other purposes, which was cosponsored by me. I ask unanimous consent that the bill remain at the desk until the close of business Tuesday, November 12, for additional cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE EFFICIENCY OF CONGRESS IN 1964

Mr. PROXMIRE. Mr. President, I submit a resolution, which I shall read:

Whereas 6 of 14 appropriations bills have not yet been enacted into law on this November 8, although the bills are to provide funds for the operation of Government agencies during the fiscal year 1964 which began last July 1;

Whereas this failure to pass appropriation measures prevents the Congress from determining the size, scope, and limit of the operations of most Government agencies during a major share of the fiscal year for which the appropriations are to be effective;

Whereas many of the major bills to be considered by the 88th Congress have not been considered by either the House or the Senate and some have not even been scheduled for hearings;

Whereas 1964 political conventions scheduled in July and August and the 1964 Presidential and congressional campaign will demand the time of the Congress during much of 1964;

Whereas it is of prime importance that Members of the Congress in the Democratic-Republican tradition take the time in 1964 to report to the people of this country on their stewardship of the Congress prior to the 1964 elections;

Whereas it will be necessary to pass at least 13 appropriations measures for the 1965 fiscal year before the Congress adjourns sine die in 1964 in addition to acting on most of the major and controversial measures introduced in 1963 and all of the other regular legislation that the Congress can expect must be passed during 1964: Be it therefore

Resolved, That the leadership of the Senate confer with the leadership of the House to work out as definite as possible a schedule, for committee hearings, committee markup sessions and floor action so that full consideration of all necessary legislation during 1964 by both the House and Senate, which schedule will provide ample time for Members of the Congress to engage in the 1964 presidential and congressional campaigns.

Mr. President, I ask unanimous consent that the resolution lie on the table.

The PRESIDING OFFICER. The resolution will be received and, without objection, the resolution will lie on the table.

The resolution (S. Res. 224) was ordered to lie on the table.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may have 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, one fact is clear. This Congress is not moving. It should get moving.

Our majority leader has done an excellent job of keeping the Senate calendar clear, certainly the best I have seen in my 6 years in the Senate.

But bills have been moving in House and Senate committees at snail's pace. Without investigation we cannot fix responsibility for this slow progress. We do not know who is to blame and I do not see any reason for trying to fix blame. That would get us nothing but resentment.

But we can, Mr. President, do better from here on in. We certainly will not do better, if we do not plan, if we do not determine how long each piece of major legislation should take us, if we do not make some kind of a schedule and stick to it. If we do not do this, Mr. President, nothing is more certain than that we will find ourselves next year with an incomplete and incompetent legislative performance, frozen here in Washington, and blocked from going to the people of our States to carry the 1964 campaign to them as we have a duty to do it.

For many of us 1963 has been troublesome and inconvenient. Unless we do far better, 1964 is going to be a nightmare for all of us.

To understand the kind of box we are in, Mr. President, consider the record on appropriation bills for this year, which should have been passed by the Senate, after House consideration, by July 1. The Senate Appropriations Committee could not possibly have acted on these bills. Look at the record: the agricultural appropriation bill did not pass the House until June 6; the Legislative bill June 11; the State, Justice and Commerce bill June 18; the Defense bill June 26; the District of Columbia bill July 11; and the Independent Offices bill October 10.

What is to prevent us from having the same kind of disastrous record next year, unless we plan and act now?

Obviously, Mr. President, the greatest, hardest driving legislative genius in the history of mankind could not have secured Senate passage on any of these bills by July 1, with proper consideration.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I do not blame the House. I am sure they did the best and most conscientious job they could, but the fact is that the Congress did not do its job this year on schedule, or nearly on schedule.

Every man and woman here knows that we will not do it next year unless we plan to do it, and stick to those plans. This is why I submit this resolution calling upon the leadership to sit down with the House leaders, work out a definite scheduled timetable, and then fight might and main to stick to that schedule.

The legislative process in this mammoth, growing, complex country of ours has become so immensely time consuming that unless we have definite, thorough plans, unless we schedule our time, and unless we stick ruthlessly to that schedule we are sure—even with the finest leadership in the world—to be swamped by the enormous weight of legislative detail.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I congratulate the able senior Senator from Wisconsin.

On the desk of every Senator is the Senate Calendar. Therefore, I have been somewhat surprised by attacks concentrating on the majority leader. This calendar is at least as clear today as it has been since I became a Member of the Senate.

Legislation cannot be brought to the floor until it has been acted upon by the committees.

The Senator from Wisconsin has made a thoughtful and constructive statement.

Mr. PROXMIRE. I thank the Senator from Missouri.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Wisconsin that the resolution may lie on the table? The Chair hears none, and it is so ordered.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENT (AMENDMENT NO. 315)

Mr. MUNDT submitted an amendment, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

NOTICE OF HEARINGS ON SENATE JOINT RESOLUTION 129, S. 484, AND S. 1675

Mr. SPARKMAN. Mr. President, I announce that the Subcommittee on Housing of the Banking and Currency Committee will hold hearings on Senate Joint Resolution 129, a joint resolution to amend section 702 of the Housing Act of 1954 to increase the amount available to the Housing and Home Finance Administrator for advances for planned public works; S. 484, a bill to provide assistance in acquiring specially adapted housing for certain blind veterans who have suffered the loss or loss of use of a lower extremity; and S. 1675, a bill to authorize the Administrator of Veterans' Affairs to sell at prices which he determines to be reasonable direct loans made to veterans under chapter 37, title 38, United States Code.

The hearings will be held on November 12, 1963, in room 5302, New Senate Office Building, and will begin at 10:30 a.m.

All persons wishing to testify should contact Mr. Dudley L. O'Neal, Jr., chief counsel of the subcommittee, room 5228, New Senate Office Building.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendments of the Senate numbered 1 to 13, inclusive, to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes; agreed to the amendments numbered 15 to 29, inclusive, and amendment numbered 34 to the said bill; disagreed to the amendments of the Senate numbered 14, 30, 31, 32, and 33, and 35 to 40, inclusive, to said bill; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEED, Mr. KIRWAN, Mr. CANNON, Mr. HORAN, and Mr. LANGEN were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 8969) to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 8969) to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act, was read twice by its title and referred to the Committee on Finance.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. MANSFIELD:

Letter on education and sports at the Montana School of Mines, written by John G. McCaslin, associate professor, Montana School of Mines, and published in the Montana Standard of November 5, 1963.

By Mr. RANDOLPH:

Editorial "Buyer Beware," in the August 6, 1963, issue of the Wheeling (W. Va.) Intelligencer.

By Mr. JACKSON:

Editorial entitled "The Lonely Warrior," written by Robert Hotz, published in Aviation Week on October 14, 1963.

By Mr. JAVITS:

Excerpt entitled "A Sketch of Clarence Adler" from the book entitled "Clarence Adler—Fifty Years of Music," written by Fannie Hurst.

By Mr. NELSON:

Editorial entitled "The 100th Ship," published in the Kenosha News on November 5, related to the arrival at the Port of Kenosha of the 100th and 101st foreign ship of the 1963 season.

By Mr. HUMPHREY:

Article entitled "Representative KARTH Urges United States Sell Boosters," published in Missiles and Rockets of August 26, 1963.

By Mr. WILLIAMS of New Jersey:

Column entitled "About Movies Few Americans Will Ever See," written by Lloyd Armour, published in the Nashville (Tenn.) Tennessean on October 13, 1963.

SENATE CONSIDERATION OF THE FOREIGN AID BILL

Mr. GRUENING. Mr. President, this morning's Washington Post has, as its leading editorial, one entitled "Foreign Aid Fracas," which in my view is completely misleading and shows a total lack of comprehension concerning what is happening in the Senate.

That being my view, this morning I sent to the editor of the Post a telegram in reply to the editorial, and in the telegram I presented my view.

The Post editorial reads as follows:

FOREIGN AID FRACAS

Imagine a patient strapped on an operating table while a half dozen surgeons, each brandishing a scalpel, argue whether or not to amputate the arm, the leg, or the head. This is about the way the Senate is working its will on that badly managed patient, the foreign aid bill. In a wild melee worthy of the Keystone Cops, the bill has been carved and recarved on the Senate floor in a string of amendments so confusing that Senators were voting on dollar figures tossed in the air, often with only the most vagrant notion of what was at stake. And the end is not yet.

The best that can be said about the tentative dollar authorization that emerged from the bloody arena is that it could have been far worse. Senators MANSFIELD and DIRKSEN not only kept the slashes to a bare-bones minimum in their amendment authorizing \$3.7 billion. They also kept certain vital organs intact—notably the Alliance for Progress authorization, which was kept to \$600 million as against the House-approved figure of \$450 million.

At the same time, the contingency funds were almost halved. President Kennedy asked for \$300 million and the Senate has shrunk this to \$175 million. Yet these are reserve funds that can enable the President to take swift advantage of unforeseen developments. Who can know what the future will bring? The Senate action is a gamble based on a wish and a guess, a gamble which amounts to less than a vote of confidence in the President. And the Mansfield-Dirksen figures may yet be changed again as the Senate votes on 50 or so pending amendments.

Certainly men of good will can differ on some of these specific aspects of the program. But it seems to us that the process by which legislative decision is reached is capricious and irresponsible. Senators frequently complain that the aid program is haphazardly run. How would they characterize their own legislative behavior?

Like a salami in a slicing machine, thick wedges of the program have been arbitrarily shaved off. First of all the program was cut from \$4.9 to \$4.5 billion following General Clay's report. This figure was drastically reduced in the House and less severely by the Senate Foreign Relations Committee. Now the Senate has chopped its own committee recommendations in votes based less on information than emotion. Congress has called on the Executive to reform the administration of foreign aid. But who will reform the administration of Congress?

I now read a telegram which I sent to the editor of the Washington Post:

EDITOR,
The Washington Post,
Washington, D.C.:

Your leading editorial in Friday's Post, entitled: "Foreign Aid Fracas," is wholly unrealistic and grossly misleading. You compare what is happening in the Senate to the mangling of a helpless patient "In a mild melee worthy of the Keystone Cops" and much more along the same line. Nothing could be further from the reality.

What is happening is an overdue, serious and conscientious effort to reform, improve and strengthen the foreign aid program. Without such reform and strengthening, foreign aid is apt to be rejected by the Congress before long in response to rising public indignation at the program's increasingly manifest shortcomings. By eliminating waste—by ceasing aid to countries which (a) either are so prosperous that they do not any longer need aid but have been continuing to receive it, such as those of Western Europe and Japan; or (b) eliminating aid from thoroughly unworthy aggressors, such as Egypt and Indonesia; and (c) by withdrawing aid from countries of Latin America which do not conform to the agreements of the Punta del Este Conference and the wise prescriptions of President Kennedy calling for self-help, reform, diminution of inflation, and other necessary steps, until they put their houses in order—the program is being saved and will proceed infinitely better, and abler to achieve its desirable objectives.

THE COLD WAR IS NOT OVER

Mr. SYMINGTON. Mr. President, in the November issue of the Reader's Digest, there is a penetrating article by one of the Nation's truly outstanding scholars in the field of national defense entitled "The Cold War Isn't Over," by Senator HENRY M. JACKSON. This article is condensed from the New York Times magazine of August 4, 1963, and is as timely today as it was then.

In the belief that every Member of the Congress will be interested in these words of our colleague, I ask unanimous consent to have the article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE COLD WAR ISN'T OVER

(By HENRY M. JACKSON, U.S. Senator from Washington)

We confront complex issues today, and understandably many of us hope for simple answers. So it is not surprising that convenient but false assumptions work their way into some people's thinking. But if today's assumptions are false and our estimates are too misleading, America will take the wrong turns and end up in the wrong place. Hence it is useful to examine the credibility of certain assumptions about international affairs held by considerable numbers of people.

1. There is the widespread assumption that the Chinese-Soviet quarrel reduces the Communist threat to the West.

A Vietnamese might be permitted some doubts. Or a Nehru. I believe that the truth may be exactly contrary to the reassuring words.

Khrushchev thinks our day has passed. Khrushchev and Mao are not quarreling about whether to bury us. They are quarreling about how. It may be that Mao plans a 12-foot grave and Khrushchev a 6-foot one. In any event, they both seem to have in mind a cemetery.

The Moscow-Peking dispute is being played for very high stakes. The leadership of world communism is involved. So is the fate of men who see themselves as the locomotives of history. Khrushchev and Mao each desperately desires to show that his policy for liquidating the West is best. Each needs victories. The consequences for us may well be a period of rising tensions and dangers, rather than the opposite.

These days, Khrushchev's tactics must be tailored to take into account his troubles

with Mao. But this does not mean his objective of world supremacy has changed. Khrushchev is adept, resourceful and devious in his maneuvers. We have been exposed to his smiling face and his pounding shoe; we have seen him export doves of peace one month and nuclear missiles the next. The point is that whether Khrushchev is the jovial backslapper at a cocktail party or is launched on a harangue at the Berlin wall, he is the same dangerous man. He can turn it on and off again in short order. We can expect that Khrushchev will continue to twist and turn, thaw and freeze, agree and disagree—in pursuit of his ultimate aim, which he openly admits is to bury us. (There is both a lesson of history and a warning for the future in Russia's sudden signing of a non-aggression pact with Hitler.)

2. The assumption is widespread that we can win our way with the Russians by a policy of inoffensiveness.

This is a fallacy held by many good and decent people who let their hearts prevail over their heads. We have all heard arguments that amount to nothing more than "if we trust the Communists, they will trust us." We are told that the United States should take unilateral initiatives to reduce our strength, to set a "good example" and quiet Soviet suspicions.

It is not convincing to say that we won't know whether this policy will work until we try. Some experiments are best left undone.

Just consider India's experience. No state has tried harder than India to find security by a deliberate policy of inoffensiveness. India has had to learn the hard way, as have others including ourselves, that expansionist states do not respect weakness. I am sure Nehru does not relish this on-the-job training program, but it may save others from a similar schooling.

All Americans want peace. The debate is over means. The debate needs to receive our most thoughtful, honest, tough-minded attention. But certainly the weight of responsible opinion lies with preparedness combined with restraint—what Teddy Roosevelt meant when he said we should speak softly and carry a big stick.

The only way to bargain successfully with expansionist states is to maintain the strength to make bargaining attractive to them.

3. There is the widespread assumption that the arms race is leading straight to catastrophe.

A familiar argument goes this way: Arms races have always led to war; the world is engaged in an arms race; therefore, we are heading for a nuclear holocaust.

This argument rings hollow. It was not an arms race that led to World War II. On the contrary, it was the failure of the Western democracies to prepare for war that led to its outbreak in 1939. It was Chamberlain's failure to recognize the danger of a demagogue like Hitler, bent on aggression, that led to Munich. This is the reason Winston Churchill has called World War II "the unnecessary war."

As I read history, international peace and security depend not on a balance of power but on a certain imbalance of power favorable to the defenders of peace—in which the strength of the peacekeeper is greater than that of the peace-upsetter.

An expansionist nation will never be satisfied with this state of affairs. And for this reason arms control is difficult to achieve. A would-be aggressor will not settle for an arms-control agreement that would freeze him in a position of inferior power. On the other hand, an aggressor's objectives are served by an agreement which would permit him to acquire superiority by stealth.

As for the second premise: What arms race are people talking about? The United States is not engaged in an arms race. We could,

if we wanted to, build more weapons and build them faster. But our goal is not an unlimited buildup. Our goal—and we should be frank to acknowledge it—is to create and maintain, in cooperation with our allies, a relationship of forces favorable to peace. The real road to catastrophe would be to permit an unfavorable relationship of forces to arise.

I believe that this is an understandable position—and that our public statements about defense and about arms control or disarmament should be put in this perspective. Too often, however, high officials speak as though a nuclear test ban were mankind's last best hope, or as though the choice we face is between one more concession and catastrophe.

4. There is the widespread assumption that our superiority in conventional forces was the decisive factor in October 1962, in the near collision over Cuba.

This is, of course, wrong, as ought to be apparent.

The strengthening of our conventional forces, which I have strongly supported, is one of the major accomplishments of this administration. Our forces are better balanced than they were and better prepared to meet the contingencies they may face.

But the decisive factor in October was "will"—the evidence that the United States was prepared to take whatever risks were necessary to obtain satisfaction of its demands. It may be that we did not demand enough—but that is another question. We got most of what we asked for. And the reason was that Khrushchev became convinced that our will was firm.

His reply to Communist Chinese criticism was as free of mumbo-jumbo as a statement could be. He said, "The paper tiger has nuclear teeth." And, as Bernard Brodie of the Rand Corp. recently observed, when Khrushchev found that we were not as tolerant as he had supposed, he rushed to get the missiles out "apparently unimpeded with any worries about 'humiliation.'" He was clearly worried less about his face than about his future.

It is important to be very clear about all this, for if conventional superiority was the decisive factor in Cuba, then what now defends Berlin? The answer is that the security of Berlin also depends on our will. I, for one, would not wish to convince Khrushchev that it was our conventional superiority that was decisive in Cuba. Or so to convince our European allies.

The Communists, by virtue of their geographic position, can deploy their forces to achieve conventional superiority at most points along their long boundaries. What deters them is fear that they might start something bigger than they are prepared to risk.

We need strong conventional forces; there is no argument about that. But it would be a tragic error to encourage the Communists to believe that they will meet only these forces so long as they restrict themselves to aggression with conventional means.

THE VARIOUS STOCKPILES AND HOW TO SAVE MORE OF THE TAXPAYERS' MONEY

Mr. SYMINGTON. Mr. President, last Wednesday the distinguished senior Senator from Delaware [Mr. WILLIAMS] inserted in the Appendix of the RECORD an editorial from the Washington Daily News, "Stockpile Ruckus." This editorial commented on certain findings made by the Joint Committee on Nonessential Expenditures with respect to the stockpile program of last June.

I ask unanimous consent that this editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

STOCKPILE RUCKUS

After more than 20 months of noisy complaints, a Senate subcommittee has produced a bill theoretically designed to make some sense of the Government's enormous stockpile program.

This program was begun after World War II in an avowed effort to assure that in event of a new war the country would be supplied with critical materials—instead of having to scrounge desperately for its war needs after hostilities had begun.

The idea was sound, but like so many good ideas it ran into excesses. Senator SYMINGTON, who headed the investigation sparked by President Kennedy, emphasizes charges of what the President called unconscionable profits. But the President also complained that the stockpile had an excess supply, worth \$3.4 billion, which he said astonished him.

The latest report of Congress Joint Committee on Nonessential Expenditures covers the stockpile program for last June. It shows that in this month the overall stocks were slightly reduced.

But in the same month, according to the joint committee, the Government bought more aluminum, bauxite, bismuth, chromite, industrial diamonds, fluor spar, graphite, lead, mica, tantalum, thorium, tungsten, and zinc—although all of these materials already were in excess.

If the stockpile excess were as astonishing as the President and Senator SYMINGTON have been saying, how is it this situation is being corrected by making it worse? What goes on here?

Mr. SYMINGTON. Here are the facts with respect to the materials mentioned in the editorial in question.

During that month, only aluminum was acquired for the Government by cash payment. This acquisition, totaling \$1,392,000, was made under a contract signed in 1955, which contract had no provision for cancellation. The Government lawyers now say it cannot be canceled.

Additional bauxite, chromite, graphite, mica, and thorium were acquired. But these acquisitions were through barter, in exchange for surplus agricultural commodities of an equivalent value. During June 1963, an increase in the quantities of strategic and critical materials of some \$8.3 million reduced the Government's agricultural surplus by an equivalent amount.

In addition, said barter transaction saved the taxpayers some \$538,000 annually, because, whereas the estimated annual storage of the bartered agricultural commodities was \$562,000, estimated storage for the strategic materials acquired is \$24,000.

The increases expressed—but unfortunately not explained—in the joint committee report for this month of June for bismuth, metallurgical grade chromite, diamond stones, fluor spar, lead, phlogopite, block mica, tungsten, and zinc were paper adjustments. They do not represent any new acquisitions. To say the least, this part of the report is confusing.

There are four major stockpiles for metals and minerals: The national stockpile, the Defense Production Act inventory, and the two barter stockpiles; namely, the supplemental stockpile and the Commodity Credit Corporation inventory, the latter ultimately ending up in the supplemental stockpile.

During the month of June, covered by this report, no acquisitions were made for the national stockpile; and disposals from that stockpile totaled \$21.5 million.

For the defense production inventory stockpile, \$1,392,000 of aluminum was acquired by the Government under the previously mentioned contract; but disposals from this latter inventory amounted to some \$2.3 million; so there was a net disposal from this stockpile of \$900,000.

Re the third and fourth stockpiles, the supplemental stockpile and the CCC inventory, as mentioned, because of materials taken in exchange for agricultural surpluses, these barter transactions resulted in heavy savings to the taxpayer in annual storage costs.

It is hoped that in the future, when these reports are issued, they give enough facts to be properly understood.

To those interested in saving the taxpayers' money by eliminating unnecessary expense incident to the various stockpile programs, I suggest that more attention be given to the relatively new and costly emphasis on the importance of upgrading, beneficiation.

In this connection, I ask unanimous consent that the colloquy I had with the Chairman of the Atomic Energy Commission, Dr. Glenn T. Seaborg, at a hearing before the Committee on Foreign Relations on August 14 of this year—pages 259-264—be printed at this point in the RECORD.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

POSSIBLE REDUCTION IN AEC BUDGET

Senator SYMINGTON. Mr. Seaborg, yesterday I referred to the talk the distinguished Senator from South Dakota gave the other day in which he tied in the test ban treaty ratification situation with the possibility of relatively heavy reductions in the military and atomic energy budgets. He made a very cogent and thought-provoking speech.

The Senator suggested that \$4 billion be taken out of the military, and \$1 billion be taken out of the AEC budget.

I asked some questions on this of the Secretary of Defense. He referred them to you. I would read the colloquy, which is short.

Dr. SEABORG. All right.

Senator SYMINGTON (reading):

"Somebody in the General Accounting Office pointed out that most of the construction in the Atomic Energy Commission is over. Also that at one point a very large portion of the AEC budget had to do with construction. But now even though most of the construction is over, the budget seems to stay at the same size—" the budget of the Atomic Energy Commission at the same size.

"For instance, in 1960 the AEC budget was \$2.8 billion; 1961, \$2.8 billion; 1962, \$2.6 billion; 1963, \$3.1 billion; 1964, \$2.9 billion.

"If the premise is true, that construction has been largely eliminated, doesn't that mean you are now increasing nuclear weapons production?"

That was my question to Secretary McNamara. He replied:

"I believe it does, Senator. I believe that Dr. Seaborg would be more authority—speak more authoritatively than I to the Atomic Energy Commission budget."

PERCENTAGE OF AEC BUDGET DEVOTED TO FULFILLING DEFENSE REQUIREMENTS

Do you build weapons and produce materials from the ore in accordance with tailored directives from the Defense Department as to what is required for strategic and tactical nuclear weapons or do you use your own reasoning. If you do the latter, how much is that reasoning affected by those interested in selling the Government the raw product?

Dr. SEABORG. Well, it is a little bit of both, Senator SYMINGTON. But basically we build to the requirements of the Defense Department. Our budgeting process carries the cost of the raw materials, the costs for the conversion of the raw materials to the special nuclear material, and the cost for the fabrication of the weapons from the special nuclear material, and the cost of the research of the weapons laboratories. Those are the four main items that make up this approximately one and a half to 1.8 billion that I have referred to earlier as going into weapons.

Now, I think I can best respond to your question by giving some approximate budget figures.

Our total budget, the total budget of the Atomic Energy Commission for the weapons-oriented costs, and all the other nonweapons things we do—reactor development, physical research, biology research, isotopes research, and training and education, and so forth—was \$2.3 billion in fiscal year 1958, and climbed to about \$2.9 billion in fiscal year, the present fiscal year, 1964.

Now, of the \$2.3 billion in fiscal year 1958, about 66 percent or about \$1.5 billion went into these weapons-oriented costs that I have identified in those four categories; and of the \$2.9 billion in fiscal 1964 that dropped to about 55 percent, so that the weapons-oriented costs are about, maybe, \$1.6 billion. So it is true there is a drop in the percentage there, but not a drop in the cost of the weapons-oriented activities.

Senator SYMINGTON. What you are saying is that it is a drop in percentage but not in dollars.

Dr. SEABORG. That is right.

Senator SYMINGTON. All right.

PERCENTAGE DEVOTED TO OTHER AEC ACTIVITIES

What did you do with the additional money?

Dr. SEABORG. With the other dollars?

Senator SYMINGTON. Yes.

Dr. SEABORG. They went into increased programs in the other fields.

Senator SYMINGTON. Like what?

Dr. SEABORG. For example, in the reactor development field the cost went up from—the program cost went up from—about \$400 million to about, in the present fiscal year, \$670 million.

In the physical research program field, the cost went up from something over \$100 million to something a little over \$300 million. A lot of this is reflected, by the way, in the high cost of high-energy nuclear physics, the cost of these expensive accelerators and the operation of these accelerators, but, of course, there is expansion in other important physical research work. And in the field of biology and medicine that I mentioned this morning, the cost went up from 1958, when it was about \$40 million, to about, as I have indicated this morning, \$75 million this year, and about \$85 million in fiscal—when I said this year I meant fiscal 1963—to about \$85 million in fiscal 1964.

The answer then to your question briefly is that our budget has gone up a little, that

A few official figures put the situation in focus:

In 1957 total imports of processing beef were just under 237 million pounds.

In 1962, the total was more than 942 million pounds—very close to four times as much.

Thus, our imports in 1962 were nearly 706 million pounds higher than 5 years before.

And, for the current year, the import rate is even higher: nearly 482 million pounds for the first 6 months, alone.

The effect upon U.S. ranchers, farmers, and others in our meat industry becomes still more sharply evident from the rise in imports as a percentage of domestic production:

In 1957, processing beef imports amounted to 10½ percent of the boned weight of processing beef produced in the United States under Federal Government inspection.

In 1962, the imports had soared to 60.6 percent.

And, for the first 6 months of 1963: 68 percent.

The damaging effect of these huge and increasing imports falls heavily upon the cattle States, for this reason:

With foreign beef consistently underselling domestic by 5 cents a pound, the packer who uses domestic beef has no choice but to put pressure on the price he pays to the producer.

Packers who bone beef for processing—usually small, independent companies—work on a profit of about one-fourth cent per pound. Obviously, they can't meet the 5-cent differential by cutting profit. The only means is to pay less to the farmer.

The consequence is reduction in the farmer's and rancher's income and the value of his livestock, which is collateral for his loans. Continuation of the depressing effect of cheap foreign meat will force further liquidation of herds and bankrupt many producers, just as it has already bankrupted many small packers.

THE NEEDS

The need is not for total exclusion of foreign meats. They are necessary to meet the demand for processed products.

What we need is a combination of quotas and tariffs that will limit imports to the amount needed to satisfy domestic needs, while assuring a market for domestic products; and will discourage the favoring of foreign meats over domestic.

Mr. CARLSON. Mr. President, there appeared in the Kansas City Star, issue of November 3, an article written by Roderick Turnbull, the Star's farm editor, entitled "Cattlemen Are in a Squeeze," and I quote the following from the article:

Following are some figures which are factual about one group of cattle handled in Kansas this last year. Some of these cattle are to be hauled to the Kansas City market this week.

There were more than 500 head of yearling steers in this lot. They were purchased in Texas last September at 26 cents and actually cost just 27 cents a pound delivered in central Kansas. They weighed an average of 605 pounds and their total cost was \$163.35 a head.

The owner has had the cattle just a year, so figuring interest on the investment (purchase price of the cattle) at 5 percent you get an interest cost of about \$8 a head.

The owner did his best to cheapen his costs so he wintered cattle and then pastured them before putting them on full feed. During the winter phase, from around October 1 until the middle of April, the steers got per head each day 4 pounds of milo, 1 pound of cottonseed meal, some ensilage

and a little alfalfa hay. The wintering cost per head was \$34.

THROUGH VARIOUS STEPS

After wintering, the steers were put on pasture for the summer at a cost of \$20 a head. They went to a commercial feedlot August 1 and now have been fed 120 days. When they went into the feedlot they were pretty fleshy and weighing 950 pounds. Feedlot costs are 68 cents a head each day. In 120 days that adds \$81.60 a head to the total cost. Gains of about 2½ pounds a day apparently are being made. This means the cattle should weigh around 1,250 pounds when they go to market this week. Marketing costs will add another \$7 a head, counting hauling charges.

Adding the original cost, interest, wintering charges, pasture rent, the full feeding and marketing costs you get a total of \$313.95 per head, which the owner told me was just about as accurate a figure as he could get until the cattle actually are weighed and sold.

The owner hopes he will get 23 cents a pound. If he does and the cattle average 1,250 pounds, his gross per head will be \$287.50. With costs at \$313.95, he has lost more than \$25 a head.

There's a possibility, he said, that he might be able to sell the cattle at the feed yards in Kansas at 23 cents.

If he does, he'll save the \$7 in marketing costs and cut his losses to around \$18 a head.

On 500 head, a \$25 a head loss means \$12,500.

I ask unanimous consent to also include as a part of these remarks a table showing the average price for cows and steers in the United States from 1953 to 1963.

This table shows that for the past 5 years there has been a continuous decline in the price of cows and steers at the Chicago market, except for one brief period in 1962 on choice steers. This is a trend that should not be allowed to continue.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 4.—Average prices for cows and steers in the United States, 1953-63

[Per 100 pounds]

Year	Cows, canner and cutter, f.o.b. Chicago	Steers choice, f.o.b. Chicago
1953.....	\$10.86	\$24.46
1954.....	9.67	24.94
1955.....	9.86	24.05
1956.....	10.02	22.75
1957.....	11.96	24.12
1958.....	16.47	27.91
1959.....	16.30	28.58
1960.....	14.39	26.71
1961 ¹	14.25	25.06
1962 ¹	14.06	27.55
1963 (January-June) ¹	13.56	24.38

¹ Preliminary.

Source: Compiled from official statistics of the U.S. Bureau of Labor Statistics.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. CARLSON. I am glad to yield to the Senator from Wyoming.

Mr. SIMPSON. I invite the attention of the Senator from Kansas to the fact that I am a cosponsor of the measure which would set a quota upon imports of meat products and beef into the United States, which measure also would

provide for a tariff above the amount now provided.

I am sure the Senator from Kansas is aware that all livestock associations in the country, including the Wyoming National Cattlemen's Association, are urging that the measure be reported from the committee and brought to the Senate for consideration. I seek the Senator's support for the measure.

Mr. CARLSON. I appreciate very much the comments by the Senator from Wyoming.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. SYMINGTON. I also congratulate the Senator from Kansas for the statement he has just made with respect to cattle prices. Some of the information he has presented was given me by the president of the Kansas City Stockyards, Mr. Jay Dillingham, a friend of the senior Senator from Kansas, and a friend of mine.

When one reads these figures, it is clear that the increased imports of beef—not only from countries which have been shipping to the United States in the past, but also from countries new in the field—is seriously affecting the cattle market of the United States.

I hope all Senators will read the figures presented by the able Senator from Kansas. Something of a corrective nature should be done.

Mr. CARLSON. Mr. President, I know of no one who is more familiar with this situation than is the Senator from Missouri [Mr. SYMINGTON], who is not only close to the Kansas City market but is also close to a large number of cattle feeders and livestock men.

In a portion of my statement today there was a statement by Roderick Turnbull, of the Kansas City Star, which shows definitely that one operator was losing \$25 a head on his feedlot cattle. That is true generally throughout the area. It is a serious situation, and one which should have our attention.

Mr. SYMINGTON. The Senator is kind about my knowledge, which is not comparable to his own.

The Senator has also mentioned one of the true experts, Rod Turnbull.

This problem surely should be given attention by all interested in the agriculture economy of the United States, its strength and progress.

I thank the Senator.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. CARLSON. I am glad to yield, if I have sufficient time.

Mr. DOMINICK. I will not take long. I thank the Senator for yielding.

I was happy to cosponsor the bill introduced by the Senator from Wyoming on this subject. I am glad that this subject has been discussed on the floor of the Senate.

It seems to me the problem is a basic one in connection with permitting other countries to use our markets as a prime source of support for their economies. The more that is permitted, the more it will hurt our own economy.

I am not against the trade situation in general, but certainly it is time to

place restrictions on these imports, so that our own industries based on agricultural production will not find themselves out on a limb with no markets.

I am delighted that the distinguished Senator from Kansas, who is so knowledgeable in this field, has brought this subject before the Senate. I firmly believe we must take some action, or we shall face serious problems in the one area of agricultural production which so far has been highly successful, because it does not operate under Government controls.

Mr. CARLSON. I appreciate the comments made by the Senator from Colorado. When we import as much as 11 percent of the consumable beef products of this Nation, it is time to look at the problem.

Mr. DOMINICK. I thoroughly agree.

THE FOREIGN AID PROGRAM IN TIME OF TROUBLES

Mr. CHURCH. Mr. President, the foreign aid program is undergoing its most severe congressional "time of troubles." Eric Sevareid, the distinguished television commentator and columnist, has written an interesting article on the reasons for congressional resistance to foreign aid which is now occurring. This piece originally appeared in the September 3 issue of the New York Post and was reprinted in the October issue of Current magazine, a carefully edited collection of provocative essays chosen from a variety of sources. Although I believe that Mr. Sevareid overlooks the bipartisan nature of the opposition, his analysis is accurate and perceptive overall. And it is highly relevant to our present discussion of foreign aid. I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOREIGN AID REAPPRAISAL

(By Eric Sevareid)

For the first time, congressional Republicans in an organized, partisan attack have broken with the President on the size of the foreign aid authorization. But there is little reason to think that this is the beginning of the end of political unity on basic foreign policy. It is not even the end of unity on the foreign aid program, which is still accepted in principle on both sides of the aisle.

Nevertheless, the phenomenon contains various implications of consequence, one of which is that there no longer exists in this country a popular consensus about foreign aid. In regard to this matter, as in regard to various domestic reform movements, President Kennedy happened to take office on an ebbing tide. It seems clear that the mood for consolidation and tidying up, symbolized by the relatively placid Eisenhower years, has not yet run its cycle. In any case, there is always a rough order of priorities for the national attention span, and it is not possible for an old, familiar endeavor like foreign aid, no matter how grand in the historical sense, to retain its hold on popular imagination or congressional devotion in the era of a space race and a mass Negro revolt.

In the history of foreign aid, we have reached a middle stage of stocktaking and searching for a second wind. The basic premises are being reexamined. The total result of foreign aid has been just confused and contradictory enough so that any num-

ber of Congressmen feel quite uncertain whether an appropriation cut of even a billion dollars (or, for that matter, an addition of such an amount) would leave the world, the cold war and America's position in any measurably different condition 10 years from now.

It has become very difficult to sell the program any longer as the keystone of American foreign policy, just as it is hard to describe the United Nations convincingly that way—and the same statesmen have used the same label for both institutions. It has become just plausible to describe protection of the American dollar, now threatened by the foreign drain on gold reserves, as the keystone of our policy. All these endeavors sit together; foreign aid has simply been moved a notch above the salt from its position at the policy table.

But the phenomenon in Congress represents—or so this writer thinks—a deeper, if less specifically measurable, shift of feeling by informed and responsible men. It represents the beginning of America's coming to terms with the reality of the world's size and complexity and with the true pace of history. We are adjusting in our sense of time.

We know now that the proposition is not really one of foreign aid at a number of dollars per year or a world collapsing into communism; we know that Soviet economic aid is not everywhere dangerous and undesirable; we know that in some countries—Venezuela, for example—the heaviest American dollar infusions will not guarantee an end to the Communist threat.

We know that the ability of one nation to alter deeply rooted social and class structures in an alien nation is extremely limited. We are beginning to know that the accumulation of capital and skills that required generations in America or Europe cannot be done in semiprimitive societies in a decade, modern science or no modern science. We are a relatively young people and we are only now coming to terms with the true pace of the long pilgrimage of the human race and the immense variety of the human condition. Europeans inherited this knowledge from their total race experience; we have had to learn it for ourselves, the hard way. That is the significant result of these "crash" programs—the result in our own thinking.

And a byproduct of all this, thank heaven, is the realization, at long last, that American inefficiency and bumbling ignorance are not the real reasons why progress in alien lands comes slowly. It is a realization that is going to put a lot of fervent after-dinner speakers and writers of quickie books out of business.

"WAKE UP, AMERICA"—ADDRESS BY FLOYD E. DOMINY BEFORE NATIONAL RECLAMATION ASSOCIATION, SUN VALLEY, IDAHO

Mr. CHURCH. Mr. President, I am sure it is well known to all of us how federally financed reclamation projects, based on the multiple-use principle, have opened the West to rapid development in the past 30 years and have provided the Nation with food and power in abundance. Yet this progress stands in danger of stagnation today. Further development of the Missouri River Basin, solution of the critical water shortage in the Pacific Southwest, and a host of smaller projects—such as Burns Creek in southeastern Idaho—are of great importance. When development projects take 5 to 10 years to execute, we cannot afford to wait until a crisis arises before we act on them.

It is for this reason that I seek to draw attention to an address by Floyd E.

Dominy, Commissioner of Reclamation, before the National Reclamation Association at Sun Valley, Idaho, October 25. Mr. Dominy has focused on the projects which stand waiting, the need for reclamation and power development to go hand in hand, the sustained effort needed to meet future needs.

Mr. President, I ask unanimous consent that the speech "Wake Up, America" by Floyd E. Dominy may be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

WAKE UP, AMERICA

In recent months I have participated in two exchange visits to the Soviet Union. A year ago I was a member of a team headed by Secretary of the Interior Udall which made a hurried but quite extensive inspection of Russian hydropower development. Only a month ago, I headed a team of irrigation experts to the Union of Soviet Socialist Republics. Your own president, LaSalle Coles, was a member of this team.

In aggregate, I have spent approximately 6 weeks in the U.S.S.R. during which I have traveled more than 14,000 miles within its borders. I went as far west as Irkutsk and Bratsk, where the Soviets are working furiously on major hydroelectric installations.

I have stood in the shadow of the Himalayas in the southernmost part of the Soviet Union where there are hundreds of thousands of arid acres very similar to our own Southwest. The big difference is that these lands have available an abundance of water from the high Himalayas. The Soviet engineers are now putting the water to work to develop a large potential that has lain there for centuries virtually untapped.

The Republic of Kazakh in central Asia has the largest irrigation development of any republic in the U.S.S.R. There are some 7,865,000 acres of irrigated land in this area, most of it developed in recent years.

We were told, with obvious pride and strong conviction in one briefing session with Soviet power experts, that by 1980 the installed power capacity in the U.S.S.R., and the transmission facilities to tie them together for maximum efficiency, would exceed that of the United States. This has long been one of the major objectives of the Soviet Government.

In a briefing session on the Soviet plans for irrigation development, we were told that they have programed and expect to achieve the addition of 2½ million acres of new irrigated land each year for the next 20 years.

Then we were shown the great Fergana Valley where they have developed over 3 million acres of irrigated land for food and fiber production.

Their determination to catch up with us in all areas of resource development is clear. Their prospects for success in doing so is another matter. And the answer to that is not unilaterally in their hands—we in the United States don't intend to stand at ease, placid and complacent with our present achievement.

At the present moment in time, their success is not to be measured in millions of acres of new land they are irrigating, but rather, in millions of tons of wheat they are having to buy abroad.

In terms of acres and acre-feet of water they are bringing to their land, the Soviets' growth is stupendous. But in many ways they're like an adolescent who suddenly shoots up from 5-foot-3 to 6-foot-2 in the space of a year or so. Put that youngster in a suit with padded shoulders and he looks like a man—at first glance. But his size doesn't make him an all-American football player. He lacks the muscle, the coordination, the skills, the knowledge. He may

cessful. We must mix a little of the spirit of human kindness, of compromise, of arbitration, into our daily doings.

Let's start thinking positively and cooperatively about our water needs and ways to meet them. I have found Secretary Udall, the administration, and the Congress more than willing to go along with a reclamation program which has a solid foundation and solid backing. Representative WAYNE ASPINALL, the chairman of the House Interior and Insular Affairs Committee, said as much in a recent speech before the Arizona Reclamation Association.

But Congress is not disposed to push for action on any program when there is dissension, opposition, or even plain and simple lethargy in the ranks.

The Frypan-Arkansas project was not authorized until Colorado settled its intrastate dispute and also enlisted outside support. It was necessary for the Upper Colorado River Basin States to compromise their differences before they could hope to undertake a project which will mean so much to them.

In fact, to go back to the organization of this National Reclamation Association, reclamation was at something of a standstill 30 years ago because of lethargy and national indifference. Your organization at that time moved forthrightly and vigorously to generate action.

We are marking, this year, the 30th anniversary of the start of construction of Grand Coulee Dam. There were viewers with alarm in those days as there are today who wanted to talk the project to death for their own private benefit or because they genuinely feared it would be a white elephant. But because of the favorable national public climate created by such organizations as yours, President Franklin D. Roosevelt was able to authorize and direct construction of the dam with a stroke of his pen. Who is there today who will not say that it is one of the wisest investments ever made in behalf of the future of our Nation.

Or how many of you realize today that most of the early reclamation projects were authorized on secretarial findings of feasibility. Congress supported this executive action when it supplied funds to undertake construction.

How the climate has changed. The viewers with alarm, the professional pessimists, the special interests, have centered their opposition on Reclamation to such a degree that it would be politically suicidal to authorize any project by executive action. And because of this same climate, Congress is reluctant to push ahead.

I say it is up to you to reverse this thinking. In my first speech to this organization—as Commissioner of Reclamation—in November 1959, I urged you to speak out in positive terms to emphasize what you are for, to avoid a brand of negativism; positive support from this organization is vital to a continuing reclamation program. It is up to you to keep the Nation informed about reclamation as a wise national investment and as an investment in the peace and prosperity of the world. I say it is not only time to wake up America as to the challenge of the worldwide need for food and fiber—the sinews of lasting peace—but also to wake up National Reclamation Association as to the need of positive thinking about the future of the vital work you organized to sponsor three decades ago.

BUSINESS COMPETITION AS A RESULT OF AID ACTIVITIES

Mr. COTTON. Mr. President, Jack Anderson, who is an associate of columnist Drew Pearson, wrote an article

which appeared in this morning's Washington Post. The statements in the article may have been accurate or not accurate, but I think it is highly important that our friends on the Foreign Relations Committee, through their staff or such men as they have at their disposal, should inform us in the Senate as to the extent to which the allegations in this article are true. To me, they were rather shocking, although I had a vague idea of some of the magnitude of the matters covered. I quote briefly:

Plainly, aid money has built foreign factories which today are forcing American firms out of business and American workers out of work.

Later in the article Mr. Anderson states:

In the last 5 years, foreign aid has built, expanded or modernized 31 pulp and paper plants, 24 chemical plants, 13 aluminum plants, and 22 rubber processing plants. It has given another 27 loans or grants for studies or construction of petroleum refineries.

Our tax money also has built foreign shipyards, plastic plants, pottery works, engineering labs, and industrial research centers.

A reported \$2 billion has gone out of the U.S. Treasury to build or expand 179 foreign steel mills. This American generosity has helped to reduce our share of the world's steel market from 17 percent in 1950 to less than 6 percent.

Result: Our steel mills are operating today at only about 60 percent of their capacity.

Of particular interest to the Senator from New Hampshire, who has been concerned with and fighting for the preservation of the textile industry for the past several years, the writer indicates that shirts from Hong Kong were found on the same counter as American-made shirts that were selling for \$5.95, those shirts having been made with modern machinery and equipment which could turn them out at \$1.99.

Mr. Anderson reminds us that—

In the past 10 years, nearly 4 million cotton spindles have been closed down and 290,000 millworkers have lost their jobs. Another 350 woolen and worsted mills have been closed, putting an additional 105,000 people out of work.

Textile leaders have begged the Government for a little of the aid that has been given to the Japanese industry. But they have been largely ignored.

Mr. President, I am not content to put this article in the Appendix of the RECORD. I have read excerpts from it. I ask unanimous consent that it appear at this point in the RECORD, following my remarks.

I again earnestly and seriously express the hope that the Foreign Relations Committee will, before the termination of this debate, give the Senate the information, and if these allegations are not accurate in their details, give us the accurate statistics, because it is high time, after all these years of bolstering those who needed our help, that we take into consideration the people who are being made jobless at home, before we cast our final vote on the foreign aid bill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AID BUILDS BUSINESS COMPETITION

(By Jack Anderson)

Foreign aid has bubblegummed in Uncle Sam's face, and he's now unhappily picking it out of his whiskers.

But plainly, aid money has built foreign factories which today are forcing American firms out of business and American workers out of work.

This is a development Senators can no longer overlook as they debate this week how much more money to ladle out to needy nations.

For our income tax payments already have helped to build up competitive industries overseas, often providing them with more advanced equipment than our own.

Result: At home, one industry after another has been forced by foreign competition to cut back production, thus adding to our 4 million unemployed and multimillion-dollar gold loss.

Few seriously suggest that foreign aid should be cut off. With two-thirds of the world living on the starvation line and easy prey to communism, the United States in the interests of its own security must continue to help the underdeveloped nations to help themselves.

Yet in the last 5 years, foreign aid has built, expanded or modernized: 31 pulp and paper plants, 24 chemical plants, 13 aluminum plants and 22 rubber processing plants. It has given another 27 loans or grants for studies or construction of petroleum refineries.

GENEROSITY BACKFIRES

Our tax money also has built foreign shipyards, plastic plants, pottery works, engineering labs, and industrial research centers.

A reported \$2 billion has gone out of the U.S. Treasury to build or expand 179 foreign steel mills. This American generosity has helped to reduce our share of the world's steel market from 17 percent in 1950 to less than 6 percent.

Result: Our steel mills are operating today at only about 60 percent of their capacity.

Congressman BOB CASEY points a finger, for instance, at Mexico across the border from his native Texas. In 1960, Mexico exported only 65 tons of steel plate to the United States. Two years later, the figure had risen to 12,000 tons, which has already been more than doubled this year.

"Whose tax money," cries CASEY, "do you think built the 22 Mexican steel mills under our aid program?"

For the textile industry, the aid-pampered competition has been even more disastrous. No one seems able to say exactly how many rival mills Uncle Sam has built around the world.

But South Carolina Congressman ROBERT HEMPHILL has said: "In our efforts to revitalize Japan as a bulwark against communism, we participated technically, financially, and otherwise in creating a Japanese textile industry that today threatens our own with ruin."

SHIRTS AT \$1.99

On a trip to the Orient, HEMPHILL also saw U.S.-financed textile plants in India, Korea, Formosa and Hong Kong. He saw in Hong Kong mills with the latest American looms, far finer than most American mills have been able to afford.

He was hardly surprised later to find, in a South Carolina department store, men's dress shirts from Hong Kong offered for \$1.99 alongside American-made shirts priced at \$5.95. Few consumers are so patriotic that they will pay the extra \$3.96 for an all-American shirt.

In the past 10 years, nearly 4 million cotton spindles have been closed down and 290,000 mill workers have lost their jobs. Another 350 woolen and worsted mills have been

closed, putting an additional 105,000 people out of work.

Textile leaders have begged the Government for a little of the aid that has been given to the Japanese industry. But they have been largely ignored.

An ailing factory apparently can't qualify for U.S. aid unless it is located overseas.

Foreign shipyards built with aid money and cheap foreign steel are pushing our own shipbuilding industry to the wall. Since 1948, more than \$600 million in aid has gone to build or modernize foreign yards. Add the assistance given to foreign steel mills, and American shipbuilders are working under a \$1 billion handicap.

MUSHROOM FROM TAIWAN

Even American mushroom growers have hired a Washington attorney to seek relief from the competition of the U.S.-financed mushroom industry in Taiwan. Uncle Sam's experts looked around for some way to help the economy of Taiwan and decided mushrooms might do the trick. They sent over prize spores, taught the peasants how to cultivate. The new industry literally mushroomed.

The first mushrooms from Taiwan started coming into this country in 1960. Exports doubled the following year, doubled again in 1962. Now Formosan mushrooms account for 25 percent of American consumption of the edible fungi.

It is hard to disagree with those American businessmen who are plaintively asking a rather deaf Uncle Sam: "Isn't it time some charity began at home?"

FOREIGN AID

Mr. JAVITS. Mr. President, the meaning of the Senate's action in adopting amendments banning aid to Indonesia and the United Arab Republic is to place Congress squarely behind the principle that our aid should be used for the purposes for which it is intended; that is, for the achievement of higher living standards, peace, and stability.

When it becomes obvious to the President that our aid is being misused and diverted by the rulers of the above-mentioned or any other countries for aggressive actions and to develop a military potential which threatens the basic objectives of our policy, then Congress has said very firmly that it wants such aid stopped. We cannot succeed in our efforts for peace in a free world if we continue to assist those who are determined to undermine it. And we should not be placed in the embarrassing predicament of giving aid to countries who promptly dissipate it by threatening or engaging in hostilities with each other or with other nations who are also receiving our assistance.

We would thus drive home to those who are misusing our assistance the uselessness of their aggressive actions and the fact that the United States will not put up with a continuation of the abuse of this program. We have put reasonable conditions on our aid to Latin America to insure that our objectives will be met. There is no reason why we cannot expect as much from the application of our assistance to other countries. We must be sure that U.S. assistance is used to support and reinforce peace between the nations who are receiving our aid, and become a resource for the development of higher living standards and greater economic cooperation for peace.

Mr. President, I think it is important, since the Senate took some action yesterday on the foreign aid bill which involved Yugoslavia, Indonesia, and the United Arab Republic, to show the continuity and the unity of policy which the Senate has adopted in that regard.

As I see it, the Senate intended to place itself squarely behind the principle that when this country's aid is being used for purposes for which we did not intend it, we should ask the President to cut it off. And when it becomes obvious to the President that our aid is being diverted to aggressive purposes by those who are ruling in particular countries which we aid, or to develop their military potential, through misuse of the objectives of our policy, we will not aid such countries.

The aid which moves out from this country is unilateral aid. Therefore, I do not consider this as invidious conduct, because we will drive home to those who are using our assistance the uselessness of their aggressive action and the fact that the United States will not put up with a continuation of the abuses which they practice.

We have provided reasonable limitations on use of aid under the Alliance for Progress to make sure that our objectives will be met. There is no reason why we should not expect as much by placing conditions upon our assistance to other countries. We should make sure that our assistance is used for the purposes of bringing about a higher standard of living and for social and economic stability. We must be sure it is not used as a substitute for other resources which are used for aggression, or to buttress rulers who would engage in subversion or threaten to destroy other countries which we are similarly aiding.

So I see a real continuity of policy in respect to the provision which we adopted as to Yugoslavia, Indonesia, and the United Arab Republic.

Since I know it must be implemented by the State Department, I hope the administration will understand our purpose and that it will not be necessary for us to proceed in a condescending way to try to limit what should be the free hand of the President of the United States to deal with the foreign policy of this country.

ORDER OF BUSINESS

Mr. DOMINICK obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield, with the understanding that he will not lose the floor, so as to permit the consideration of bills to which there is no objection? The Senator from Colorado can then be recognized for the full 3 minutes, and more if he needs it.

Mr. DOMINICK. I yield.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 610, S. 2079, and certain other measures to which there is no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

STRIKING OF MEDALS IN COMMEMORATION OF FEDERAL HALL NATIONAL MEMORIAL, CASTLE CLINTON NATIONAL MONUMENT, AND STATUE OF LIBERTY

The Senate proceeded to consider the bill (S. 2079) to provide for the striking of three different medals in commemoration of the Federal Hall National Memorial, Castle Clinton National Monument, and Statue of Liberty National Monument-American Museum of Immigration in New York City, N.Y., which had been reported from the Committee on Banking and Currency, with amendments, on page 3, line 3, after "December 31", to strike out "1973" and insert "1965", and in line 4, after the word "struck", to insert "under the authority of this Act"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in commemoration of three congressionally designated national historic shrines located in New York City, New York, scheduled by the National Park Service of the United States Department of the Interior for official opening during the New York World's Fair, 1964-1965; namely, Federal Hall National Memorial, Castle Clinton National Monument, and Statue of Liberty National Monument-American Museum of Immigration, the Secretary of the Treasury is authorized and directed to strike and furnish to the New York City National Shrines Advisory Board a Liberty Series of three different medals of a grand total of no more than seven hundred and sixty-five thousand medals with suitable emblems, devices, and inscriptions to be determined by the New York City National Shrines Advisory Board and subject to the approval of the Secretary of the Treasury. The medals shall be made and delivered at such times as may be required by the advisory board in quantities of not less than two thousand. The medals shall be considered to be national medals within the meaning of section 3551 of the Revised Statutes.

SEC. 2. The Secretary of the Treasury shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture, including labor, materials, dies use of machinery, and overhead expenses; and security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for full payment of such cost.

SEC. 3. The medals authorized to be issued pursuant to this bill shall be of such size or sizes and of such metals as shall be determined by the Secretary of the Treasury in consultation with such advisory board.

SEC. 4. After December 31, 1965, no further medals shall be struck under the authority of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JAVITS. Mr. President, on behalf of myself and my colleague [Mr. KEATING] I thank the majority leader for bringing up S. 2079, the medal bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 633), explaining the purposes of the bill.

USE OF CERTAIN PROPERTY AT MUSCATINE, IOWA, FOR PUBLIC PARK

The bill (H.R. 5244) to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 636) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of H.R. 5244 is to modify the project for a small-boat harbor and public landing area on the Mississippi River at Muscatine, Iowa, authorized by the River and Harbor Act approved May 17, 1950 (64 Stat. 166), to permit the use of certain property for public park and recreation purposes.

GENERAL STATEMENT

Muscatine Harbor is located on the Mississippi River along the waterfront of the city of Muscatine, Iowa, about 465 miles above the mouth of the Ohio River. The project consists of a small-boat harbor, with a minimum depth of 5 feet, protected by a rockfill breakwater, and an approach area with a depth of 9 feet to a public landing site for freight, commerce, and industrial development. The dredge spoil from the approach area was deposited to create the site for the public landing and an industrial area.

The project was authorized by the River and Harbor Act of 1950, in accordance with the plan of improvement recommended by the Chief of Engineers in House Document No. 733, 80th Congress. One of the requirements of local cooperation was that upon completion of the fill for the industrial site, local interests would provide adequate public terminal and transfer facilities and access roads, open to all on equal terms, and a grain elevator.

Construction of the project was completed in May 1961, at a Federal cost of \$300,680. The commerce envisioned by local interests which would utilize the proposed commercial landing facilities at the completed project has not developed. Local officials at Muscatine desire to use an area of about 10 acres of this land, which is owned by the city, for public park and recreational purposes, in conjunction with the adjacent city park. H.R. 5244 would permit such use, and would further require that local interests provide and maintain at local expense adequate public terminal and transfer facilities open to all on equal terms.

The Department of the Army, as well as local interests, consider that under the circumstances which exist at Muscatine the conditions of local cooperation have been fulfilled to the extent presently possible. The bill contains adequate safeguards to require local interests to provide for development of public terminal and transfer facilities on a portion of the riverfront property if necessitated in the future.

COST

The enactment of H.R. 5244 would involve no cost to the United States.

Mr. MANSFIELD. Mr. President, those are all the bills on the calendar to be taken up at this time.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, for the consideration of the one nomination on the calendar.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

FEDERAL RESERVE SYSTEM

The legislative clerk read the nomination of J. Dewey Daane, of Virginia, to be a member of the Board of Governors of the Federal Reserve System.

Mr. PROXMIRE. Mr. President, Mr. Daane appeared before the Finance Committee yesterday and made an excellent impression. His nomination was unanimously supported by all members of the committee. He is one of the best qualified men ever appointed to the Federal Reserve Board.

I also want to say that his attitude on monetary policies are in conflict with mine, and I believe at least partly with those of the distinguished senior Senator from Illinois [Mr. DOUGLAS].

I make the point because in the future there may be equally qualified men whose attitude may conflict with those of other members of the committee. I hope other members of the committee and of the Senate who may disagree on some aspects of policy will recognize the President's right to appoint qualified men who may have divergent views on monetary policy to the Federal Reserve Board. I hope that other members of the Banking Committee will vote to approve qualified Presidential appointees to the Federal Reserve Board in the future, although those appointees may agree with Senator DOUGLAS and me, and disagree with them.

I hope this nomination will be confirmed.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination? Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask that the President be notified immediately of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. MANSFIELD. I thank the Senator from Colorado [Mr. DOMINICK] for his courtesy.

Mr. DOMINICK. Mr. President—
Mr. GRUENING. Mr. President, is the Senate still in the morning hour?
The PRESIDING OFFICER. The Senator from Colorado is recognized.

FOREIGN AID AND FOREIGN POLICY

Mr. DOMINICK. Mr. President, we have been talking about the foreign aid bill for a few weeks, and I presume the debate will continue for some time. What the bill involves, basically, is whether or not the foreign policies which have been in effect for a number of years have been successful. I have made a number of speeches, not only on the situation in Cuba, but also on other relationships of foreign policy since President Kennedy was inaugurated, and have declared that his foreign policy has been a dismal failure. I still think it has been a dismal failure, and that it will continue to be so long as the present policies are pursued.

The other day I was very much interested to hear an impassioned speech by the distinguished Senator from Minnesota [Mr. HUMPHREY] on the Alliance for Progress, and what a great undertaking the Alliance for Progress is.

I have before me a publication entitled "Pan American Headlines," for September-October 1963, which lists four principal planks of the Kennedy program in Latin America. In 2½ years all four of these Kennedy-accepted policies have either failed or shown their stark unworkability. One of these happens to be the Alliance for Progress.

Yesterday I was extremely interested to read an interesting article published in the Wall Street Journal entitled "Bleeding in Brazil," written by a highly qualified reporter, Henry Gemmill. The article deals with the problems which U.S. private enterprise and the AID program are having in Brazil. The article is so pertinent that I believe I should read an excerpt from it, and then ask that the entire article be printed in the RECORD at the conclusion of my remarks.

Mr. Gemmill writes:

The Brazilian Government, delinquent on around \$100 million of crude oil import bills piled up over the past year, is demanding international oil companies wrap the debt in a pay-later package and stick it in a dark closet. Simultaneously, the Government is insisting the same companies' distributing subsidiaries inside Brazil pay pronto a tax far exceeding their resources. Any company resisting either demand faces the threat of being tossed out of the Brazilian oil business.

This is only in connection with the program so far as the Alliance for Progress is concerned.

I ask unanimous consent that the article, published in the Pan American Headlines, and the one to which I have just referred, published in the Wall Street Journal, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMINICK. In addition, we have seen a complete disarray amongst our NATO allies in connection with our foreign policy. I have before me, under date of October 21, a letter forwarded from Toronto, Ontario, enclosing a copy of an editorial from the Financial Post, which is referred to as "Canada's national weekly of business, investment, and public affairs." The article, published in the October 19 issue of the Financial Post, is entitled "Kennedy to Meany to Hall to Banks." The subhead reads "Alliance, Yes; Holy, No."

This is a really biting article, criticizing this administration in connection with its activities in Canadian labor affairs and labor disputes on the Great Lakes. It shows once more how we are interfering with our own free world allies in an effort, apparently, to satisfy local political pressures in the United States, in an area where we have no right whatever, and in which we are doing nothing at all to guarantee any friendship or cooperation from the Canadians as a whole.

I ask unanimous consent that the article from the Financial Post may also be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

EXHIBIT 1

[From Pan American Headlines, September-October 1963]

KENNEDY POLICIES TOTTERING IN LATIN AMERICA—LEFT-LIBERAL PROGRAM ANNOUNCED IN 1961 NOW SEEN TO BE UNWORKABLE

The crashing fall of Juan Bosch in the Dominican Republic was more than a passing political incident. It rang down the curtain upon the whole unworkable Kennedy plan for Latin America.

Bosch's rule in the Dominican Republic was a keystone of this plan. As Tad Szulc pointed out in the New York Times (September 8), the Bosch regime "has the anxious blessings of the Kennedy administration." Bosch's election last December was greeted by the whole rout of administration leftists as the signal of the success of the left-liberal program for Latin America. This is the program which was sold to President Kennedy in December 1960, before his inauguration, by Adolf A. Berle, Luis Muñoz-Marín, and Arthur M. Schlesinger, Jr.

The signal has now proved to be delusive.

One by one, the Berle-Muñoz-Marín proposals have shattered upon the rock of actuality. Bosch's fall is likely to be the final melancholy chapter.

The ambitious plan which Berle submitted to the President shortly after Inauguration Day, as head of the President's Latin American task force, embraced four main objectives. These were:

1. To bring about the early liberation of Cuba.
2. To rid the hemisphere of all remaining dictators or military governments and to replace them by democracies on the U.S. model.
3. To bulwark these democracies by a wide-ranging program of economic development, principally financed by Washington, and pretentiously named, Alliance for Progress.
4. To use Socialists and crypto-Communists as our shock troops against commu-

nism in the Americas and to back these leftists, when they came to power, with full U.S. support.

In 2½ years, all four of these Kennedy-accepted policies have either failed or shown their stark unworkability.

1. The Cuba liberation which, under 1961 conditions, should have been a quick clean-up job fundered 4 months after Inauguration Day, at the Bay of Pigs, as a result of the President's own irresolution. When, 18 months later, Mr. Kennedy had a second chance, in the October 22, 1962, confrontation, he flunked the test again. Today, Castro's rule in Cuba stands at its strongest peak.

2. The "end dictatorship" project has also come to an unhappy dead end. After the Washington-encouraged fall of Trujillo in the Dominican Republic, only three dictatorships or military governments remained in the hemisphere—Paraguay, Haiti and Nicaragua. Today, their number has increased to six. New accessions—Guatemala, Ecuador, and now the Dominican Republic.

The situation is even more disheartening from the Berle-Muñoz-Marín point of view. Two other powerful nations—Peru and Argentina—have also found it necessary during the Kennedy period to suspend democracy by action of the military in order to forestall the Communists. Both have subsequently restored democratic rule.

The curve of democracy in Latin America has turned steadily downward since 1963. And yet, President Kennedy promised on September 12, 1960, that if elected he would end all dictators in this hemisphere in 3 years.

3. The Alliance for Progress, which was unwrapped at the White House with such fanfare on March 14, 1961, has proved pretty much of a dud. With few exceptions, the Latin American countries, while they still avidly accept the American handouts, are completely disenchanted. Only the well-paid professional staff members, like Mr. Moscoso, still sing its praises.

This jaundiced view also seems to prevail in our own Congress which has just sliced \$150 million off the Kennedy-requested Alliance for Progress appropriations for 1964.

Although the President has now committed \$2,180 million of American taxpayers' money to the Alliance, he himself admitted sadly in August that "we have a long, long way to go, and in fact, in some ways the road seems longer than it was when we started."

4. But dearest to the liberal heart was the "we must support the Socialists" proposal. The liberal advisers who sold Mr. Kennedy this preposterous idea contemplated a chain belt of Socialist and crypto-Communist ruled nations dominating the Caribbean and bisecting South America. The pivot man in this plan was to be Romulo Betancourt, President of Venezuela, whom Mr. Kennedy foolishly hailed in 1962 as "the kind of President the United States wants in South America." With Betancourt's Venezuela as a sort of hub, the liberals envisaged a stretch of leftist countries including Costa Rica, Bolivia, Ecuador and eventually Chile. They would be a powerful, cohesive bloc in the OAS and it was assumed (a farfetched assumption) that they would back the United States more dependably than would the conservative-ruled countries.

Two big setbacks, both executed by the military—first the sidetracking of crypto-Communist Haya de la Torre in Peru, and next the deposition of leftist President Arosemena in Ecuador—wrecked the South American plans of the Betancourt coterie. However, Juan Bosch's triumph in the Dominican Republic gave them an unexpected reach into the Caribbean. Last summer, Betancourt even contemplated a barefaced conquest of Haiti, to add to his satellite

domain. Upon this power plan, the fall of Bosch drops like a knell. The dream of a third force of crypto-Communist countries holding the balance of power in the Americas is now shattered. The American liberals who glowingly supported this idea, are now confounded by the remorseless logic of events.

With this elaborate program of change lying about him in ruins, after only two and a half years, Mr. Kennedy faces some hardnose decisions. Will he continue to press his program now that Latin Americans have so plainly demonstrated that they don't want it? Can he untangle himself from the doctrinaire liberal advisers who are pressuring him to go further with these unworkable experiments? Mr. Kennedy must soon come up with the answers.

[From the Wall Street Journal, Nov. 5, 1963]

BLEEDING IN BRAZIL: LATIN GIANT BEMOANS EXPLOITATION BUT PUTS SQUEEZE ON U.S. FIRMS—LAND DELAYS \$100 MILLION OIL IMPORT PAYMENT BUT INSISTS FIRMS PAY BIG TAX PRONTO—AID DILEMMA FOR WASHINGTON

(By Henry Gemmill)

RIO DE JANEIRO.—Who is draining the life-blood out of whom here?

Foreign trusts—U.S. exploiters worst of all—are bleeding this country, answer many Brazilians. But to many Americans, it looks as if Brazil is bleeding the companies, and the U.S. Government, too.

The Brazilian opinion is widespread. "The country cannot bear the heavy onus on its development entailed by enrichment of privileged groups who unduly appropriate the fruits of Brazilians' labor," says a memo splashed on the front pages of Rio newspapers and signed by President Goulart.

Other politicians agree that Brazil is despoiled by Yankee investors, traders, and even foreign aiders. Communists say the same thing, and so do nationalist tycoons.

Yet Americans in rebuttal can cite these facts:

The Brazilian Government, delinquent on around \$100 million of crude oil import bills piled up over the past year, is demanding international oil companies wrap the debt in a pay-later package and stick it in a dark closet. Simultaneously the Government is insisting the same companies' distributing subsidiaries inside Brazil pay pronto a tax far exceeding their resources. Any company resisting either demand faces the threat of being tossed out of the Brazilian oil business.

FOREIGN AID FRUSTRATION

U.S. foreign aiders have been double-crossed on some Brazilian Government commitments. Sample: Trying to use for good works the local currency from huge gift "sales" of wheat to Brazil, they've had as much as 22 billion cruzeiros blocked in the Development Bank—while a blast of inflation melts the value of this money as if it were butter in an oven. So far the Government bank has let them finance exactly one project, helping a private concern produce synthetic rubber.

Brazil, having gained a host of modern factories by Government lures to foreign corporations during the 1950's, enacted in 1962 a law limiting annual profit remittances abroad to 10 percent of investment. Fair enough in theory, perhaps, and seemingly of little significance since United States and European owners have plowed most earnings back into their businesses.

But in practice, Government paper shufflers have never gotten around to handing the required registrations. For more than a year, remittances—not just profits but interest on loans and even patent license payments—have been held near zero. This tourniquet has cut off a normal outward flow of roughly \$100 million annually.

U.S. POLICY DILEMMA

American policymakers, whether they sit in Washington offices or corporate board rooms, thus face a dilemma. Should they refuse to be bled any longer, and flatly decline to throw good money after bad? Or should they figure they're so badly hooked already that, to protect their investment, they must play along—calculating that Brazil's current course reflects neither the true interests nor the popular will of this great nation, hoping things will change for the better, and fearful of touching off a change for the worse? They find it a tough decision.

To appreciate how tough, look more closely at oil. It's Brazil's biggest import necessity. To ultranationalists here, it symbolizes the nation's struggle with giant foreign "trusts." To the companies concerned, that struggle displays the slashing skill of some of the Brazilian Government's most powerful and radical institutions.

These Government arms include:

Petrobras. This Government oil company monopolizes domestic exploration and production, but fills only a third of the nation's crude oil needs. It does the bulk of all refining. Under Mr. Goulart, executives who knew petroleum have vanished; the outfit is headed by a political general and run by leftists in key posts. Its costs are swollen by inefficiency, payroll padding and apparently the financing of such unrelated things as youth movements. The Reds would like to switch crude imports over to the Soviet, already a secondary supplier.

COUNCIL AND BANK

Conselho Nacional de Petroleo. It rules over the private sector of the oil industry, regulating retail prices and myriad other matters. This council too is infiltrated by by Reds who would like to stamp out capitalism at the filling-station level.

Banco do Brasil. This bank is part of the government financial apparatus which constantly claims to fight inflation while flooding the country with paper money to cover fantastic budget deficits. It also constantly claims to be bringing foreign payments into balance, while rigging exchange rates to subsidize imports and stifle exports.

As for the foreign companies, they play a double role. First, there are the Brazilian subsidiaries of Standard Oil Co. of New Jersey, Texaco, Inc., Atlantic Refining Co., and Shell Oil Co. (Gulf Oil Corp. got out). They buy gasoline and other refined products, mainly from Petrobras. They pay the Government within a required 30 days, and then manage to distribute to the remotest village under tight price ceilings fixed by the Petroleum Council. But now, suddenly, they're not obeying another Government edict.

The council, which has just permitted a price rise of about 30 percent, demands the companies give Banco do Brasil a sum equal to their "windfall" profit on inventories. In effect, the companies, which have already paid the Government once for enormous stocks, are told they must pay for about a third of these all over again. The cash they're asked to hand over comes to roughly 12 billion cruzeiros—more than \$10 million and probably close to \$20 million, depending on which of the variously rigged Brazilian exchange rates is used to translate the cruzeiro figure.

The distributing companies plead that the level of their stocks has been dictated by a council which will not permit sensible inventory trimming, and that a 30-percent price boost is no "windfall" but a belated catchup with inflation, which now has Brazilian labor demanding 100-percent wage boosts. Finally, after years of omitted dividends, they say they don't have the money and can't find a banker who will lend it. Having paid similar cash levies in the past the companies

don't say they are unwilling to pay, but contend they're unable.

The companies say some high Government officials understand the facts and express sympathy, but they have received no assurances they are being believed. In fact, Government regulators, perhaps figuring parent companies can be pressured into bringing down fresh dollars to ransom these Brazilian subsidiaries, or perhaps with a more political purpose, make this threat: Any company failing to fork over will lose its marketing quota. No quota means the company is out of business.

BUYING TACTICS

The crude oil Brazil imports from Venezuela and the Mideast is supplied mainly by producing or trading affiliates of the same four companies. In buying from them the Government, which is so insistent a collector inside Brazil, becomes an elusive debtor.

The chief purchaser is Petrobras. Though Petrobras demands payment in 30 days when selling, it does not consider a bill due until 4 months have passed when it's buying. Then it does pay.

There's one hitch, though. Payment is made by giving cruzeiros to Banco do Brasil which is supposed then to transmit dollars. The bank has been pocketing the cruzeiros and blandly telling oil suppliers it has no dollars.

Now, oil companies are confronted not merely with the prospect of carrying \$100 million of unpaid bills on the cuff, but with a Government request that this embarrassing commercial delinquency be made to vanish for a while by sticking a not-due-till-later label on it and tossing it into storage. The companies have entered negotiations. Any oil executive tempted to stalk out must consider whether he's really ready to give up this market, occupying half a continent.

A TALK WITH THE BOSS

These oil troubles illustrate the sort of battering most businesses experience if they have dealings with Brazil. Variations are innumerable. But inside Brazil the officers of many a U.S.-owned factory say they have had a "helluva" time with bosses back home, and by now the wrangling frequently evolves around whether more dollars should be brought down. Here's the outline one subsidiary officer gives of a typical conversation with his superior in the United States:

"Why should we send more money in when you fellows can't send profits out?"

"Well, this inflation has doubled the working capital we need, and we can only borrow here at more than 40 percent interest, if we can get it at all."

"You're giving everything away to your Commie union. And even that 70 percent boost 4 months ago isn't keeping them from screaming for more."

"I know, but my guys here are OK, and you should try to understand that the way things are going they really do need more money. Anyhow, we have to give it or be shut down."

"How's that nationalization bill stand in congress?"

"Still talking about it, but it looks like we'll squeak by with just price ceilings."

"You call this a case for investing stockholders' money?"

"This is still a great country with a chance for a great future, and anybody who chickens out now may be making a great mistake. But give the word and I'll have a padlock on the gate tomorrow."

"Not so fast."

A General Motors or a General Electric is physically anchored to Brazil by its plants. An American exporter may not be, but if he has a valuable traditional share in the Brazilian market for chemicals or curtain rods balance against a batch of unpaid bills, he

can't escape the problem of whether and when to take his licking and cut his losses.

Even with coffee export prices riding high, one economist says Brazil is like the fellow who overspends and keeps out of bankruptcy by running around paying the mortgage, but stalling the butcher, and fending off repossession of his new car by borrowing an installment payment from a neighbor. The trouble with this comparison is that by 1964 Brazil's balance-of-payments gap is probably going to reach \$800 million. So a horde of creditors will find themselves not just in the same boat but in the same ocean liner.

The Kennedy administration will be in it with them. It, too, has a heavy commitment through the Alliance for Progress plan for uplifting the hemisphere with U.S. aid and Latin self-help. Brazil is crucial to the project. So Washington policymakers grant some aid, hold back on some, strive to get what they give to more useful destinations such as Brazilian state governments, and wonder whether and when more drastic decisions must be made.

EXHIBIT 2

[From the Financial Post, Oct. 19, 1963]

KENNEDY TO MEANY TO HALL TO BANKS

President Kennedy wants to be reelected next year but Canadians don't like being a punching bag in his political warmup.

The American Government is busily engaged in trying to run the affairs of dozens of countries around the world. It wears the robes and halo of sanctity. It is on the side of progress or democracy or freedom or something that sounds good.

Certainly no responsible member of the Western alliance will envy the most powerful nation on earth its responsibilities or deny its generosity or seriously criticize what the Americans stand for in the cold war.

But more and more the habit of pushing other people around is growing on the Kennedys and their clansmen in Washington.

This is frequently and amply demonstrated within the United States. Indeed, terrifying American citizens into behavior pleasing to the Kennedys is currently the political sport of the President's brother, the Attorney General.

Quite a few people and corporations who do not please the Kennedys are now finding that their current and past income tax returns are being reviewed.

And who is there who won't be intimidated by that, even if their income reports are all clean as a whistle? This Attorney General discipline is so intimidating, in fact, that U.S. news media don't write about it.

Now, with their bullying strategy perfected at home, the Kennedys and their cohorts are using it to get what they want abroad.

Take the latest example of outrageous interference—the American pressure against the Canadian Government over the labor union war on the Great Lakes.

Belatedly, the Canadian Government stepped into this mess and the trustee scheme is about to be implemented.

But the spectacle of the White House and the U.S. Secretary of Labor and the whole weighty machinery of the U.S. Government being gassed up to tell the Canadian Government what it can and cannot do about a Canadian problem is, to say the least, unpleasant.

ALLIANCE, YES; HOLY, NO

Here is the cast of charters and here is the play.

Kennedy needs the labor union vote in his presidential contest next year. That means he needs the unqualified support of George Meany, the powerful head of the AFL-CIO.

Meany is shaky in his lucrative job. Quite a few big union leaders are gunning for him, notably Walter Reuther of the Auto Workers.

To protect his hide, Meany needs all the friends he can keep and so he will do anything to please Paul Hall, the very powerful international boss of the Seafarers Union.

Paul Hall, in turn, very much needs the support of Hal Banks—and the money Banks gets out of his Canadian union members.

So when the U.S. Secretary of Labor solemnly makes an official pilgrimage to Ottawa (nobody can recall that happening before) and when he makes public declarations telling the Canadian Government what to do, he is merely doing a chore for Kennedy who wants to do a favor for George Meany, who needs Hall, who needs the notorious Hal Banks.

From Mr. Kennedy's point of view, Canada is quite unimportant. It would, in most respects, be a lot simpler for the White House and the U.S. Government if we didn't exist at all as a separate country.

It is tragic that a man of such great endowments as Kennedy should, with increasing frequency, be revealed as having a serious defect of character. His intellect and conscience too often fail him in assessment of the appropriate and seemly exercise of power.

The proverb, "The end justifies the means" with the Kennedy clan too often becomes "The end justifies any means."

Hal Banks and John F. Kennedy will understand each other completely. As "successful" men, they have good reason to admire each other.

Both Banks and Kennedy are good at kicking people around. Canadians who have not taken the oath of allegiance to the White House and to the U.S. Congress have very good cause for extreme distaste.

TRUTH IN LENDING

Mr. SIMPSON. Mr. President, the next public hearing on the so-called truth-in-lending bill will be held at the end of the third week in November. In the meantime, the battle over the issues of the deceptively labeled measure is continuing on the Senate floor.

My colleague from Illinois, Senator DOUGLAS, has inserted several items in the RECORD of late. So that the official document of these proceedings shall not be overburdened with but a single viewpoint on this important matter, I should like to place in the RECORD a news dispatch from the October 23 Washington Post.

The article points out that, Joseph Valachi notwithstanding, credit transactions in responsible retail establishments are not exorbitant and usurious as some protagonists of the truth-in-lending bill have alleged. As the story explains:

A check of Washington department stores * * * turned up none that charged as much as 3 percent. Most charged 1½, and one charged a 3-percent service charge at the time of purchase—but no interest thereafter.

I imply no inference to the senior Senator from Oregon in discussing this article although the story does make allusions to a statement by the Senator. I call attention to the article so that the RECORD will not imply an indictment of Washington's department stores, whose credit service charges are completely in line with the norms of revolving credit transactions.

I ask unanimous consent, Mr. President, that the story be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MORSE AMENDS ATTACK ON STORE INTEREST RATES

Senator WAYNE MORSE, Democrat, of Oregon, has corrected his charge that an unnamed Washington department store collects 6 percent interest a month on unpaid accounts.

The figure, MORSE told his colleagues, was only 3 percent—or 36 percent a year. He said the mistake arose when he misunderstood his wife's complaints about a charge account she had just canceled.

As other Senators were talking about Gangster Joseph Valachi's loan-sharking activities in Cosa Nostra, Senator PAUL H. DOUGLAS, Democrat, of Illinois, put in a plug for his own "truth in lending" bill.

MORSE then told of his wife's experience with 6-percent interest rates. The next day he corrected the figure to 3 percent, and added that many stores had taken to charging only 1½ percent on the unpaid balance.

A check of Washington department stores yesterday turned up none that charged as much as 3 percent. Most charged 1½, and one charged a 3-percent service charge at the time of purchase—but no interest thereafter.

VETERANS DAY

Mr. SALTONSTALL. Mr. President, throughout the history of our Nation, each generation has been compelled to bear witness to its dedication to the ideals of freedom and peace. Whenever necessary, this commitment has been heroically defended on battlefields around the world. We can never repay our veterans for the hardships they endured and the sacrifices they made during these struggles. However, in recognition of this debt, and as a symbol of our heartfelt gratitude, we observe November 11 as Veterans Day.

Perhaps the most meaningful way in which we can honor these men and women is by reaffirming our dedication to the ideals for which they fought. By meeting firmly the challenge to access to Berlin or the attempts of Castro to spread communism within the Western Hemisphere we are demonstrating our determination to resist encroachments upon fundamental freedoms. By holding out hope and encouragement to those people who today are denied the freedom of choice and initiative which is rightly theirs, and by seeking to create the conditions by which they may join the community of independent, self-governing nations we work toward a fundamental principle of our way of life, that of justice for all.

We are aware that resisting aggression and containing the forces of aggression are not sufficient goals for which our Nation should strive. We know too well that in any future global conflict the only victors would be the forces of destruction and barbarism. We must, therefore, be prepared to take advantage of all opportunities to promote international understanding and cooperation. The constitution of UNESCO states:

Since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed.

In resisting Communist harassment and subversion while pursuing the paths

of peace, we will be paying the finest tribute possible to our veterans.

Thus, on November 11, as we visit the graves of our heroic veterans and salute those who fought in the forces of freedom, let us also reaffirm our dedication to the task at hand. We are challenged by necessity and by deep conviction to work tirelessly for a world order in which there will be no wars or threat of wars.

Veterans Day, then, is a day in which we remember with pride the courage, devotion, and sacrifice of those who have served our country in time of war. It is a day for us to be glad we are Americans and to proclaim our belief in the principles which have guided our Nation. It is a day, too, when we reaffirm our determination to continue the struggle to bring lasting peace to the world.

INVESTMENT FOR THE FUTURE

Mr. BARTLETT. Mr. President, what I consider to be a significant address was made on November 5 at Portland, Oreg., before the Inland Empire Waterways Association by the Honorable Elmer B. Staats, Deputy Director of the Bureau of the Budget. Mr. Staats' thoughtful words deserve the consideration of all Americans and I ask unanimous consent that the text of his speech be printed following my remarks.

I am particularly glad that Mr. Staats delivered this speech before the Inland Empire Waterways Association, which is a western organization devoted to and dedicated to the proper resource development of the great western section of the United States.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

AN INVESTMENT FOR THE FUTURE—RESOURCES DEVELOPMENT

Mr. Chairman, members of the Inland Empire Waterways Association, and guests; it is perhaps symbolic that your association was founded 30 years ago—in 1933—at a time when the Nation was going through the throes of a great economic depression. Our gross national product in 1933, measured in dollars of today's purchasing power, was \$150 billion. Now, 30 years later, it stands at a rate of 588 billion, an increase of 290 percent. Our labor force at that time had 25 percent unemployed. Today, while falling short of the national objective of full employment, the unemployment rate is still only about 5.5 percent.

This association has been a unifying force for the full development of the water and land resources of this area. At the time the association was founded, the population of the Northwest area—Washington, Oregon, Idaho, and Montana—was only 3,575,000. Today this population has grown to 6,214,000, while per capita income has risen from \$814 to \$2,370, again measured in dollars of today's purchasing power.

The growth of this area of the Nation did not come about from chance or accident; it has come about through private initiative, careful planning, and wise cooperation between government and nongovernment groups and among Federal and State and local agencies. This growth has come about because our people have had the vision to develop and to put into productive use the vast resources which nature has provided. But we cannot rest on our laurels.

FUTURE NEEDS

Those of you in business and industry know the importance of careful choices in

the name of America and freedom. Those courageous men and women are with us in spirit and it is their memory that inspires all of us to rededicate ourselves to the cause of human freedom throughout the world.

Mr. President, within the memory of living American war veterans are the fierce battles of San Juan, Santiago, Chateau Thierry, the Meuse, Argonne, Guadalcanal, the Battle of the Bulge, Okinawa, Korea. These names, although causing us to recall the terror and callousness of war, remind us of the valor and courage with which our men fought to defend the liberties of our free society—liberties which we Americans highly treasure and will always defend.

As we consider the contributions and sacrifices of our veterans, we are reminded of the vast amount of legislation we now have affecting veterans and their families. For America has quite properly expressed its gratitude to its veterans through various forms of compensatory legislation. It is only fitting that on this occasion we in the Senate give renewed consideration to the establishment of a Committee on Veterans' Affairs. Unless we have such a committee, we cannot be fully responsive to the need for legislation or the desirability of correcting existing law. The heavy burdens of the Finance Committee and of the Committee on Labor and Public Welfare leave insufficient time for either members or staff to consider the specialized and complex legislation affecting veterans. The eventual loser is of course the public and the veterans, who especially deserve the expertise of a staff familiar with veterans affairs.

In 1959, a special subcommittee to the Committee on Rules and Administration of which I was a member, after hearings and thorough consideration, recommended the creation of a Committee on Veterans' Affairs. Such a committee has the support of over 40 Members of the Senate and still no action has been taken.

After the bugles have blown on Monday, and we have celebrated Veterans Day, we should move to establish a Committee on Veterans' Affairs in the Senate.

Mr. President, I know I reflect the sentiment of all Americans in saluting and extending my highest praise to America's war veterans for their valiant efforts in defending and preserving freedom for America.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

THERE WILL BE NO CIVIL RIGHTS OR TAXATION LEGISLATION THIS SESSION—LET US WORK OUT A GOOD FOREIGN AID BILL

Mr. GRUENING. Mr. President, I wish to commend most highly the able and distinguished junior Senator from

Arkansas [Mr. FULBRIGHT], the experienced chairman of the Senate Committee on Foreign Relations, for the consummate skill with which he has been performing the arduous task of guiding the complicated foreign assistance authorization bill through this Chamber.

My commendation of the Senator from Arkansas is even the greater because he has come to the floor of the Senate with a report, unanimously approved by his committee, pointing to the many shortcomings in the foreign assistance program, and noting that the committee had given serious consideration to discontinuing our foreign aid program and requiring the administration to come before the Congress with an entirely new approach to this problem for fiscal year 1965. That attitude did not prevail and the bill before us continues the same old approach to foreign aid.

Why delay the change?

A realistic appraisal of the parliamentary situation both in the Senate and in the other body will readily reveal that we have plenty of time to do what I have been urging; namely, that we take the time to review, country by country, our foreign assistance program to determine what countries are deserving of receiving our aid and which are not; which countries actually need our aid and which do not; which countries are making a serious and realistic effort to help themselves and which are not, and which countries are making a real contribution to strengthening the free world and which are not.

Let us look at the parliamentary situation.

The Senate Calendar discloses that there are only three items on it which have been placed on it since the last calendar call on November 5, 1963. There is no reason why we cannot at any time lay aside the foreign assistance bill to take up any other matter the leadership feels should be acted upon.

Now there has been some inaccurate talk that our taking sufficient time to debate the foreign assistance bill thoroughly is delaying early enactment of the civil rights bill.

In the first place, the Senate Commerce Committee has not even reported out a civil rights bill. It is awaiting, I understand, the arrival here of a House-passed bill.

What is that status of the House bill? I understand that the majority report will be filed shortly, and that the minority views will be filed about 1 week later.

The House bill will then be referred to the House Rules Committee. I suspect, Mr. President, from all indications, that committee will not act at once. In fact, Mr. President, I would expect considerable delay in obtaining action by that committee. Indeed, Mr. President, the delay may be so long and seem so interminable and hopeless to the supporters of civil rights legislation that they may try to go the discharge petition route.

But, Mr. President, the discharge petition route is full of parliamentary foxholes.

First, a discharge petition cannot be filed until the lapse of 7 legislative days after the bill has been referred to the Rules Committee. Assuming, optimistically, the report is filed today, that means that about the 27th of November a discharge petition can be filed—assuming the other body met every weekday during the interval. I am willing to concede that point, although I have some considerable doubt as to its validity.

Let us now assume that through intense effort on the part of the supporters of civil rights legislation, the requisite number of signatures is obtained in a week. Now this assumption is also subject to grave doubt, because it would then be the long Thanksgiving Day weekend.

But forgetting any doubts as to the validity of my assumptions, this would mean that on December 4, the discharge petition could go on the calendar.

At this point we run into another parliamentary snarl. Again, 7 legislative days must elapse before a Member who has signed the discharge petition can arise in the House on either the second or fourth Monday of the month to call up the bill.

The 7 legislative days cannot elapse between the 4th of December and the 9th of December, which is the second Monday in December. The fourth Monday in December is the 23d of December. We have already been told that the Senate will recess or adjourn on December 20 until January 2, 1964. It would be most surprising if the other body did not follow suit.

Thus, Mr. President, there will be no House-passed civil rights bill during this session of the Congress unless the House Rules Committee gives an almost immediate rule or if the leadership in the Senate changes its announced intention of not bringing in the Senate civil rights bill, now awaiting the filing of the report by the Senate Commerce Committee.

So the debate on foreign aid is not holding up the passage of any civil rights bills.

Neither is it holding up any tax legislation. I understand that with over 100 witnesses to go, it is estimated that hearings will go on until Christmas.

I bring these matters up for a purpose. The Foreign Relations Committee, in its excellent report, had said that it considered seriously writing into the bill a provision for terminating the foreign assistance program in fiscal year 1964 and expecting the AID administrators to present, for fiscal year 1965, a completely new approach. Nothing was written into the bill, but the expectation of a new approach for fiscal year 1965 is written into the committee report.

Mr. President, the beginning of fiscal year 1965 is not very many months away—8, to be exact.

That means that within 3 or 4 months the AID administrators will be before the Foreign Relations Committee presenting the new approach, which I hope has already been worked out, since it will have to be reflected in the President's messages and budget in January.

As I have shown before, long debate on our foreign aid program in the Senate is not delaying any legislation. Let us then go through the foreign assistance program now, on the Senate floor, country by country, program by program, and attempt to give the foreign aid program the new look in foreign aid which apparently everyone is convinced it must have.

The time to do it is now. The program can be greatly strengthened and improved in this, the 1st session of the 88th Congress. By so doing, Congress can measurably improve its record of performance and compensate for its inability to act on civil rights and tax legislation, which perforce have to go over to the second session.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I congratulate the Senator from Alaska for the speech he has just made on the floor of the Senate, under the title "There Will Be No Civil Rights or Taxation Legislation This Session—Let Us Work Out a Good Foreign Aid Bill."

I shall speak at length later this afternoon on some of the procedural problems that confront the Senate in connection with the foreign aid bill. Some of my remarks will be a bit repetitious of what the Senator from Alaska has stated in his able speech.

We are doing exactly what the Senator from Alaska suggested we should do. We are going through the bill section by section, trying to make Senators more fully aware of the facts concerning the foreign aid problem that confronts the country. I would that we were doing it in another way; but we offered the other choice, which was to try to do it on a committee basis again, in consultation with the administration, after it once became clear on the floor of the Senate that the bill reported by the Committee on Foreign Relations was not popular with many of us and ought to be amended. It has been amended already, and I hope it will be amended many more times in the days ahead.

I still plead with my administration, as I did with certain emissaries who were sent to see me yesterday from the administration, that it is still not too late to get together, rather than to be quarreling with one another at distances of blocks.

I shall have something to say this afternoon about a point of view expressed by the very able and wonderful Secretary of State at a news conference this morning—a point of view with which I am in complete and total disagreement. It must be answered on the floor of the Senate today, and it will be answered on the floor of the Senate today. But that does not mean that I have the slightest lessening of affection for this wonderful Secretary of State.

I merely think he was dead wrong in his news conference this morning on the subject of the prerogatives of Congress. He is an able lawyer. I think he knows better. But I can well understand how, with the pressures under which this wonderful man is working, he finds his will thwarted, as it is being thwarted in

Congress, by Congress exercising in its clear obligations to the taxpayers in respect of the foreign aid bill, he might yield to the apparent pique that the news stories, at least, indicate he labored under at the news conference this morning. That will not prevent me from cooperating with him. I would sit down with him in the next hour, talk about our differences, and try to adjust them. But that calls for an attitude of adjustability at the other end of Pennsylvania Avenue as well as on Capitol Hill.

The Senator from Alaska spoke eloquently and wisely in his speech by pointing out that our task now is to proceed section by section and country by country, and let Senators decide whether they want to vote to bring to an end, in some countries, the waste, and in some particulars, corruption, that have come to characterize foreign aid in those countries—not by American administrators, but by the recipients of the aid.

Mr. GRUENING. I thank the Senator from Oregon. In connection with his earlier remarks, his conversation with the Secretary of State, and the difference of opinion, the Senator from Oregon yesterday pointed out—and it is quite true—that the Senate has a duty to watch over appropriations.

The use of large sums of money as an instrument of foreign policy is new in American history. It began with the Marshall plan. Up to that time, it was assumed that the President and the Secretary of State conducted foreign relations, and that the only function of the Senate was to approve treaties by a two-thirds vote and to confirm the nominations of Foreign Service officers. But beginning with the Marshall plan, an entirely new factor appeared; namely, the use of vast sums of money—millions, tens of millions, hundreds of millions, and now billions of dollars—as an instrument of foreign policy. That places a new and great responsibility on Congress.

Therefore, it is entirely fitting and proper that Congress should inject itself into the activities of every one of the countries that are the beneficiaries of these huge appropriations; otherwise we would be delinquent and falling in our constitutional duties. So when the opponents of the effort to fulfill our constitutional duties say that the President is in charge of foreign policy and that Congress has no business interfering, they are not up to date. They do not realize that 20 years ago an entirely new era in foreign policy was ushered in.

I applaud what the Senator from Oregon said, and I echo it: We have a specific duty to watch over the appropriations and the conduct of our foreign aid in every country, because we are being asked to approve huge sums for the pursuance of the foreign aid policy in those countries. That cannot be emphasized too often. Congress now has a new function: to cooperate with the Executive in the whole foreign aid field.

Mr. President, I call up amendment No. 232. I ask unanimous consent that there may be a quorum call without my losing the floor.

Mr. MORSE. Mr. President, will the Senator from Alaska yield, if it is agreed

that he may do so without losing his right to the floor?

Mr. GRUENING. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, earlier today, after a conference with the majority leader, and in order that an amendment might be pending, I called up my amendment No. 306, and it was made the pending question. It is the so-called United Nations amendment. In essence it proposes that no more of our funds shall go to any United Nations country that is able to support itself—which means most of them.

It has now been suggested to me that I cooperate by withdrawing by amendment, which I believe I have a right to do.

However, Mr. President, although I believe I have the right to withdraw my amendment, I now ask whether I may now withdraw it without in any way jeopardizing my right to offer it at a later time.

The PRESIDING OFFICER. The Senator may do so without jeopardizing his right to offer the amendment later.

Mr. MORSE. Then, Mr. President, I now withdraw my amendment, so that the Senator from Alaska [Mr. GRUENING] may offer his amendment.

The PRESIDING OFFICER. The amendment of the Senator from Oregon is withdrawn.

Mr. GRUENING. Mr. President, I thank the Senator from Oregon for his characteristic courtesy and cooperation.

Mr. President, to the committee amendment, as amended, I now offer on behalf of myself, Mr. SIMPSON, Mr. ERVIN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. MORSE, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS, my amendment No. 232, which is designed to establish sound fiscal practice in connection with one very important aspect of our foreign aid.

The PRESIDING OFFICER. The amendment to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, it is proposed to delete, on page 50, lines 8 through 17, as follows:

(6) in the case of loans under part I (except under section 205), shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 per centum per annum during the five-year period following the date on which the funds are initially made available under the loan, and not lower than 2 per centum per annum thereafter, and (B) repayment on an amortized basis, beginning not later than five years after the date any funds are initially made available under the loan, and ending not later than thirty years following the end of such five-year period.

And between lines 3 and 4, insert the following new section:

(6) In the case of loans under part I shall establish terms under which interest shall be at a rate not less than the rate arrived at by adding one-quarter of 1 per centum per annum to the rate which the Secretary of the Treasury determines to be equal to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date the application for the

loan is approved and by adjusting the result so obtained to the nearest one-eighth of 1 per centum.

Renumber the remaining sections appropriately.

Mr. GRUENING. Mr. President, several years ago Congress began to grow impatient over the large number of grants being made to various countries, and requested the Foreign Aid Administration to make loans, so that the recipients of our aid would have a sense of responsibility and would know that they would have to repay the amounts extended to them. That came at a time when retrospectively we felt it had been a great mistake under the Marshall plan to make tremendous gifts to these nations, and decided that we should have made loans, instead, so that these countries, which do not have the large numbers of unemployed that the United States has, would repay the amounts extended to them by the United States. So we then adopted the so-called loan policy. The 40-year loans were made under the following terms: No repayment of either principal or, in some cases, of interest for 10 years, and interest at the rate of three-quarters of 1 percent per annum. But, Mr. President, I submit that such terms are not at all the terms of a loan.

Let us consider what actually happens: I happened to be in Cairo when our Ambassador signed a 40-year loan for \$30 million, for the construction of a powerplant in West Cairo. Of course, a powerplant is a profitmaking enterprise; and from the day when it begins to generate power, Mr. Nasser can charge the consumers whatever rate he wishes to charge. The terms of the so-called loan were, as in the case of practically all our development loans, no payment of principal for the first 10 years, and interest at the rate of three-quarters of 1 percent.

No payment during the first 10 years means that during that time the people of the United States will be borrowing the money from themselves, through bond sales, at a rate of approximately 4 percent interest. Four percent of \$30 million is \$1,250,000 a year. As a result, during each of the 10 years we shall be going into the hole by making a concealed grant of \$1,250,000, and at the end of the 10-year period we shall have paid out \$12,500,000 before the loan mechanism starts to function; and for the remainder of the 30-year period we shall be paid interest at the rate of only three-quarters of 1 percent per annum. Certainly that is the poorest kind of business in the world.

My contention is that if there are in the world—as undoubtedly there are—peoples who are so poor that they cannot pay the rate of interest which we require in connection with loans to the American people, we should return to the making of grants. But I submit that in the case of the powerplant to which I have referred, there was no such need. Nevertheless, all of the so-called loans we have made to these countries have been made on such ridiculous terms; and to date we have made development loans on these "soft" terms to the ex-

tent of \$1,300 million. Even if we assume that the loans will be repaid—which is extremely doubtful in many cases—we shall have to pay out, under such concealed grants in connection with these "loans," \$870 million. That is utterly fantastic.

The House of Representatives and the Senate have shown some sense of recognition that the three-quarters of 1 percent interest rate is not realistic. So it has tinkered with this arrangement, but its tinkering is not at all realistic. The House version of the bill provides that in no event shall the rate of interest be less than 2 percent per annum. The Senate committee did a much better job; it provided that the three-quarters of 1 percent rate would continue for the first 5 years, and thereafter the rate would be 2 percent. But actually, we would thus be doing exactly what we did before: We would be making so-called loans which would not be loans, and we would be going into the hole to the extent of millions and millions of dollars before the loans would be repaid.

My amendment provides that we should ask, as terms for our loans, exactly the interest rate it costs the American people to borrow money. The Treasurer of the United States can inform us whether we are borrowing money at 3½ or 4 percent; and we should add to that 1 percent, as a carrying charge.

This is a just amendment, and I hope it will be adopted.

Mr. President, at this time I wish to suggest the absence of a quorum, if I may do so without losing the floor.

The PRESIDING OFFICER. Is there any objection?

Mr. MUNDT. Mr. President, will the Senator from Alaska withhold that suggestion for a few minutes? I seek the floor, to address the Senate.

Mr. GRUENING. I shall be glad to yield to the Senator from South Dakota, if it is agreed that following his remarks, I shall still have the floor, and may then suggest the absence of a quorum.

Mr. MUNDT. That is perfectly acceptable to me.

Mr. GRUENING. Mr. President, will that be possible?

Mr. MUNDT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alaska yield to the Senator from South Dakota?

Mr. GRUENING. Yes; with the understanding that I shall not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President, will the Senator from Alaska yield briefly to me? Under an agreement with the Senator from South Dakota [Mr. MUNDT], he has kindly offered to yield 3 minutes to me.

Mr. GRUENING. I am happy to do so.

Mr. KEATING. I thank the Senator from Alaska and the Senator from South Dakota.

The PRESIDING OFFICER. Without objection, the Senator from New York may proceed.

AID TO ISRAEL

Mr. KEATING. Mr. President, there has been some criticism of the continuing U.S. assistance program in Israel.

Critics argue that Israel has achieved a rapid rate of economic growth, that its gross national product has risen over the past several years, and that it is anticipated this growth will be maintained. This is a very good record and, since much of the criticism of foreign aid has been directed to the fact that it has sometimes failed to accomplish its objective, we should be congratulating ourselves that our aid to Israel has produced such gratifying results.

Since our aid to Israel has been a success, as every Senator who has visited that country can testify, I would counsel against any abrupt or radical change in that program that would retard the progress that has been made and that would cancel out past achievement.

Some critics assert they are not opposed to lending money to Israel. But they contend that the economic facts of life make it clear that "our loans to Israel should be made only on a businesslike basis, and not through the soft money route which has been set up for aiding the truly underdeveloped countries of the world." Extensive tables showing the interest rates on loans to Israel have been included in the RECORD. Here it should be noted that on many of these loans the interest rates have been set at conventional levels, and I understand that the rate to be charged on loans during the current fiscal year is 3½ percent.

Now, Mr. President, I think it is oversimplification to examine our aid program to Israel solely in economic terms. We cannot be satisfied with a fiscal view of the problems of security and survival in the Middle East. All of us may be very happy that Israel has made dramatic and dynamic economic progress. But I am sure that the realities in the Middle East cannot but dilute optimism about future predictions.

The unfortunate fact which we cannot overlook is that the balance of military strength has been gradually shifting against Israel. And we must bear in mind that our country has not granted military aid to Israel, even though she is surrounded by nations which threaten her with extermination and which acquire modern Soviet weapons to carry out those threats. If we had been supplying Israel with grant military assistance during this period, it might be argued that all of our loans for economic development should be made on conventional interest rates.

It is a fact that our Government is now making the Hawk available to Israel in order to enable her to defend herself from low-flying supersonic Soviet bombers. But this is not a grant. We are loaning Israel the money to buy this defensive weapon and she is being charged 3½ percent interest on a 10-year loan.

We must be concerned about Israel's security. If we cannot persuade the Soviet Union to stop shipping deadly weapons to Egypt and if we cannot persuade the former Nazi scientists who are building ground-to-ground rockets for Egypt to abandon this deadly effort, then

we must realize that Israel is in peril. We cannot afford to dismantle an economic aid program which helps to preserve Israel's existence.

We must bear in mind also that the United States and other Western nations have been providing generous economic aid to Egypt and other Arab countries. Of course, it is argued by some officials that we are simply providing economic aid to these countries and that we are not responsible for the fact that this makes it possible for them, indirectly, to acquire additional weapons from the Soviet Union, as well as to hire former Nazi scientists, as well as to deploy troops in Yemen and in Algeria. But I do not accept that reasoning.

We must not delude ourselves into believing that the Arab threat to Israel is not real. They may move to carry out those threats when they are strong enough. For that reason it is essential that the arms balance be maintained. If we are not ready to put Israel into our grant military aid program, as we do in the case of many countries, then we must be ready to maintain economic aid to that country.

Now, what has Israel been doing? Even though she has been threatened by hostile forces and must therefore divert much of her budget for defense, she has been able to carry on her magnificent open door policy. She has continued to admit refugees from lands where they have suffered discrimination—many of them in fact have managed to escape to freedom from lands behind the Iron Curtain.

Immigration into Israel rose in 1962 to a peak figure. In the last 2 years, Israel has taken in approximately 110,000 people, which is more than 1,000 a week. This has been made possible because the Israelis themselves have gone deeply into debt to finance development, to underwrite their immigration program, and to insure security.

The Israelis pay heavy taxes. Every economist will agree that large outlays for defense and for immigration do not produce foreign exchange. Accordingly, it is difficult to pay for such expenditures with loans which require high interest rates. Most countries which acquire weapons for defense have been able to get them without paying anything at all. And so while it is quite true, as has been said that Israel's foreign exchange holdings have risen during the last few years, her reserves are not high in relation to her trade deficit. Her foreign debt is also very high. It was estimated at \$768 million just a year ago. Early this year, the Israel budget showed that the average Israeli will pay \$422, or 56½ percent, of his GNP per capita, for the cost of government.

This year, Israel began to pay off the first Israel bonds. It has paid off the last installment of the \$100 million Export-Import Bank loan which the administration granted Israel in 1949. That was the first expression of American assistance—and this repayment is another demonstration of the soundness of our aid program to that country.

Israel's reserves are a security chest and they are essential because Israel is

in an exposed military position. War could devastate, not only Israel's economy but her people, overnight.

It is strange indeed to look at our aid program in any one of these Middle East countries without recognizing the political problems that exist there and the military circumstances which jeopardize security. No one who looks at this program can be unaware of the fact that it is essential to maintain Israel's strength in order to prevent war and to preserve what little stability there is. Surely, it would be a disastrous blunder if there were to be a precipitous reduction in our aid to Israel and if this were misinterpreted. We cannot permit any nation in the Middle East to gain the impression that American interest in Israel has receded and that we are indifferent to what happens there.

MIDTOWN PLAZA IN ROCHESTER, N.Y.

Mr. KEATING. Mr. President, last Sunday's Washington Star carried a story by Robert J. Lewis titled "A New Downtown." It describes the beautiful new Midtown Plaza in Rochester, N.Y. This shopping center, in the middle of the downtown area, was designed to attract shoppers back into central Rochester by providing a unique and unusual setting.

Without a penny of Federal aid, private businessmen and the city government cooperated to construct a glass-enclosed air-conditioned town square surrounded by attractive shops.

Midtown Plaza now includes two large department stores, 30 retail shops, 13 floors of office space, a post office, a hotel, an auditorium, a sidewalk cafe, a restaurant with a 10-mile view, a central bus terminal, and an underground parking garage for 1,843 cars.

The author of the Star article considers this Rochester project a model for other cities seeking to rejuvenate their downtown areas—particularly Washington, D.C. So that all my colleagues can become familiar with what Rochester has done, I ask unanimous consent that the article to which I have referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A NEW DOWNTOWN (By Robert J. Lewis)

Rolling into Rochester from the airport, the cabdriver tells you: "It brought the city back to life. Yeah, it saved the downtown. They got that underground parking and you drive right into it. You'll see it in a minute. See there, up ahead. See it stick up in the air." Jutting in the distance is a shining office tower, symbol of Midtown Plaza, the Nation's most spectacular center-city revival project.

On the spot a half hour later, jostled by a swarm of frenzied shoppers, you begin to share the cabbie's enthusiasm. This city of 320,000 in upstate New York has created something no other downtown possesses anywhere in the world—a "town square" under glass, a focal point leading to more than 40 air-conditioned acres of floor area. In the square are two big department stores, 30 retail shops, 13 floors of office space, the city's busiest post office branch, a 78-room

hotel (perched on four floors atop the office building), an auditorium, a sidewalk cafe, a floating restaurant-bar with a 10-mile view, a central bus terminal, and underground parking for 1,843 cars.

In the year and a half since this \$35 million magnet of commercial excitement was unveiled, Rochester has made a discover of interest to Washington and every other city aiming at downtown renewal: Give the people convenient in-town transportation; a place to hide their cars; exciting new things to look at; an open place to assemble, meet, sit, and stroll about; ways to combine shopping and pleasure—plus all the acknowledged advantages of downtown diversity—and they'll come in droves, stay for hours, buy like mad, and go back to their suburban homes reluctantly.

The most amazing fact about this humming new center is that it went ahead without a penny of Federal aid.

Key to the beginning of the eight-acre transformation smack in Rochester's counterpart of Washington's 14th and F Streets was a decision by the city in 1958 to spend \$12 million, mostly on public improvements it intended to carry out even before the Midtown was proposed. This money went to finance the three-level public parking garage beneath the plaza, partially close two narrow streets, and extend another street to channel in more traffic. The improvements were designed to attract private investment.

With this expenditure agreed to, the owners of two big Rochester enterprises—McCurdy's, a department store, and Forman's, a ladies specialty shop—formed a development corporation, assembled 17 parcels of land at a cost of about \$5 million, and told architect Victor Gruen to do his ingenious best.

Fresh from designing changes for downtown Fort Worth that never got beyond the blueprint stage, the Viennese-born architect proposed a modern version of the traditional European town square to enliven downtown Rochester. The square, naturally lighted and air-conditioned, would be the centerpiece, with ground-level and balcony-level stores fronting on it. Three similarly air-conditioned arcades radiating from the plaza also would have stores. Ground rights for the parking garage were to be leased to the city for \$1 a year.

The site picked for the town square was behind the two big stores. Mr. Gruen proposed to remodel and enlarge the existing two stores, open their rear to the glassed-in plaza and fill in the spaces on all four sides with buildings for competing specialty shops, among them an airline ticket office, a barber shop, a realty firm, a travel agency, and a beauty shop. A bank was also planned.

Placing an 18-story hotel-and-office building at one end of the enclosed plaza and a smaller office building at another end—and linking the whole complex with elevators, stairways, pedestrian arcades, and escalators to the below-ground parking—was all part of the scheme to attract big crowds and keep them there, inside, out of the weather, and shopping to their heart's content.

That's exactly what happened. Now, as you stroll inside Midtown Plaza, the place is crowded, day and night. Some stores, including McCurdy's, stay open from 9:30 a.m. to 9 p.m., but even after closing time, people cluster in the plaza, sitting on benches, talking, reading, as people have done in town squares for centuries. Lights stay bright, doors remain open, and escalators keep running to below-ground parking all night long.

"Public acceptance has been simply amazing," Gilbert J. C. McCurdy says. He is 68, a Phi Beta Kappa graduate of Williams College, and heads the department store founded by his father in 1901. It was his initiative that led to forming the Midtown Plaza

development firm, which he serves as president.

But Mr. McCurdy's move to improve downtown Rochester came only after his department store had taken the defensive step of opening a suburban branch a decade ago.

"We had a number of friends in the branch business and we thought we would build one and see what happened," he says. "Our suburban branch was very profitable. But we soon discovered it's impractical to build branches of sufficient size to represent a store like ours. So we determined our next move would be to do our utmost to make downtown more attractive than any suburban shopping center could be."

Mr. McCurdy carefully emphasizes the Midtown Plaza project was designed with all downtown Rochester in mind. (His firm and the Forman company are 50-50 partners in the venture.)

Other storekeepers largely agree that whatever helps Rochester's central core should help them, too. But there is no question that some downtown merchants have been put at a competitive disadvantage by the shiny new midtown development, with its own captive audience arriving effortlessly by escalator, hour after hour, from the subterranean three-level parking garage.

Yet Sibley's and Edwards'—Rochester's other big department stores—also benefit from large, above-ground municipal parking garages, completed before Midtown Plaza was started. And, unquestionably, some shoppers park at midtown primarily to visit other nearby shops and stores in Rochester's compact downtown. But Vicki Newton, 22, a junior at the University of Rochester, is not not one of these.

"I used to go down one side of Main Street and up the other," she tells you. "Now I shop in Midtown all the time, constantly. And in the wintertime it's marvelous. I never go outside except to Sibley's." (Sibley's, across Main Street from Midtown, is upstate New York's largest department store.)

Older shoppers, too, are entranced. "My grandmother loves it," one youngster said. "She likes to sit and watch the people, and says to me: 'You run and do something and I'll sit here and look at the flowers.'" Alfred (Alfie) Valentine, 76, a retired music teacher, likes to visit Midtown once a week to meet up with friends. "This place was a Godsend to old people," he says. "Now they come here and see everything. It's an entirely new world." Gus Karner, 70, retired proprietor of Rochester's Nurenberger Hof restaurant, adjusts his straw hat, stomps his cane, and says: "I come in every single day—I live just down the way, across from the Knights of Columbus."

Far from worrying over the center's non-shopping attractions for older persons, Angelo Chiarella, a youthful architect who is Midtown's general manager, likes it that way. "Some do sit on the benches a long time," he says. "But we figure if they like what's going on here we must have struck just the human note that cities need."

One of the town square's attractions is its clean-lined architecture. Another is the sunlight flooding in from 12-foot-high clerestory windows surrounding the 60-foot-high ceiling. A third is the ever-changing throng of dressed-to-kill Rochesterians so obviously enjoying themselves. ("Ogling pretty girls is also a pastime," suggests an official of the Rochester Planning Commission.) But by far the most fascinating of the plaza's allurements is the Clock of the Nations—an artful \$35,000 creation in the center of the square. It stops all traffic every hour and half hour as it puts on a puppet show to the tempo of folk dancing tunes of a dozen foreign nations.

"That clock gave the best value per dollar spent on anything," says General Manager Chiarella. The Gruen architects had it spe-

cially made in Beverly Hills after unsuccessfully searching through Europe for someone to do the job.

Midtown Plaza's big lesson for cities seems to be that downtown business districts need enlivenment, however it is done. It demonstrates the importance of separating automobile traffic from pedestrian traffic (special underground ramps and surface loading docks are provided for delivery trucks servicing stores). It points out quick, easy means of transportation to shopping areas are needed (a subway station, for example, could complement onsite parking in a development like this).

In Rochester, an argument still simmers over how best to meet the changing downtown needs of cities. Mr. McCurdy, who spearheaded this notable project during the tenure of Republican Mayor Peter Barry, says it would have been impossible under Federal renewal procedures. The city's new mayor, Henry E. Gillette, a Democrat, fought the project in its planning stages, now concedes: "It does make Rochester more attractive." But he quickly adds:

"It's very unlikely any other city will attack the problem in this same manner because of the insufficiency of city funds. Cities will have to resort to the Federal urban renewal concept, using Federal, State, and municipal money."

However, that argument is settled, the people of Rochester are sure of one thing: They like Midtown Plaza. It makes the city more lively. As Mrs. Rae Ojalvo, a Rochester housewife, says: "It's something wonderful. It's beautiful. It's a meeting place for everyone."

The PRESIDING OFFICER. The Chair recognizes the Senator from South Dakota.

THE FREEDOM ACADEMY AND FOREIGN AID

Mr. MUNDT. Mr. President, while I am a member of the Senate Committee on Foreign Relations, due to unavoidable circumstances I was not able to attend the closing series of meetings at which the aid bill was finally marked up, nor have I participated up to the present time in the debate on the floor of the Senate. However, I have availed myself of some unexpected leisure time to read each day's issue of the CONGRESSIONAL RECORD so as to follow the debate in the Senate very carefully. First, I congratulate the Senate for the fact that, for the first time in my experience, the Senate has really measured up to its responsibilities on foreign aid legislation and gone into the issues item by item and paragraph by paragraph to try to register its collective judgment in the improvement of a program which everyone knows has fast been going to pot during the past few years.

I especially congratulate my distinguished colleague on the Senate Committee on Foreign Relations, the Senator from Oregon [Mr. MORSE], for assuming leadership in opposition to accepting the results of the findings of the Senate Committee on Foreign Relations without scrutiny, and without amendment. The Senator from Oregon insisted that the Senate spend sufficient time on the subject so that all Senators might be fully conversant with the facts involved, so when they cast their votes they would be voting their independent judgment and the wishes of their constituents in-

stead of merely following the recommendations of the committee report. I think the proposed legislation is important enough to justify that kind of consideration.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MUNDT. I am happy to yield.

Mr. MORSE. I thank the Senator from South Dakota for his remarks. But I wish also to thank the Senator from South Dakota for the assistance he has been to all of us who share that common point of view in our work on the Foreign Relations Committee. The Senator was of great help during the hearings and during those sessions of the markup when it was possible for him to be present.

For example, the Senator will recall that it was the Senator from South Dakota who made the final motion by way of compromise in the committee on the contingency fund, about which he and I have been critical for many years, including what we consider to be a misuse of the contingency fund in some instances.

I thank the Senator for the great assistance he has been to those of us who feel that we owe to the American taxpayers the course of action we are following in the Senate on the bill.

Mr. MUNDT. I am indeed grateful to the Senator. What he has said brings to mind a statement he made one day on the floor of the Senate while I was absent in the hospital. He commented on what I felt was one of the most astonishing statements I have read in Washington newspapers in 25 years. Some columnist, whose name I have forgotten, chided the entire Senate because it was even debating the foreign aid bill, and suggested that such debate was a pure waste of time. I thought the Senator from Oregon, in his typical able manner, put that particular reporter in the spot in which he definitely deserved to be placed. I got a "kick" out of reading the remarks.

Up to now most of our discussion has dealt with the funding of the Foreign Assistance Act and with the way in which the program has operated in specific areas.

I wish to devote the body of my remarks today to a discussion of one of the basic reasons why I think the foreign aid program has fallen into such bad repute around the country. I think it is not primarily the size of the job which we have undertaken or the cost, but the fact that the failures at the end of the line and in the field are now so apparent that Americans generally are rightfully insisting that Congress dedicate itself to correcting such conditions.

I recall that a week ago today the Senator from Missouri [Mr. SYMINGTON] took occasion in the course of the Senate debate to point out the need for more adequate training for the American officials who are responsible for the administration of the American programs abroad, and for carrying out the American foreign policies. I support completely the point of view which he expressed. One reason why so much of the \$100 billion we have spent in this

area has been nonproductive, or perhaps, to use a favorite State Department phrase, even counterproductive, is that we have not had the trained personnel who clearly understood the scope of their jobs and the nature of the Communist menace which we are attempting to resist by the foreign aid program.

I share the skepticism of the Senator from Missouri [Mr. SYMINGTON] about our merely making multimillion-dollar appropriations for foreign aid while we in the Congress continue to fail to establish the training facilities for our officials which is necessary to enable them to implement the foreign aid programs effectively and produce the results which the country expects from them.

I have voted for far more foreign aid than I have opposed. I speak as one who has introduced several bills to provide for adequate training for those who represent America overseas. I speak as the coauthor of the legislation which the Senate enacted in 1960, moving toward that goal, but which unfortunately has not even yet been voted upon by the House of Representatives.

The best way to express the need for this type of legislation, and the potential for strength which is embodied in the Freedom Academy proposal, of which I am a cosponsor, is to repeat the greatly impressive statement in the report of the Senate Committee on the Judiciary, Report No. 1689, of the 86th Congress.

I read from page 5 of that report, as follows:

The Communists have conquered a billion people during a period when their sphere was markedly inferior in industry, technology, science, and military capabilities—in fact, inferior in almost everything except power-seeking know-how. The Soviets have been able to expand their empire during this period of inferiority, because they have developed a science of protracted conflict in which they are able to gradually increase their relative power position, using a well-integrated combination of political, economic, and military methods while avoiding a sufficient provocation to invite massive retaliation. Central to their science of protracted conflict is their skill in political and economic warfare.

Soviet capabilities in political and economic warfare are not inborn. They are the result of a massive development and training program extending over several decades. This formidable program has given them a huge fund of political warfare knowledge, an effective operational science, and large numbers of highly trained cold-war professionals.

I continue to read, from page 6 of the report of the Committee on the Judiciary:

There are grave deficiencies in this country's preparation to defend itself and the free world in this unitary, total, unending war to the finish. At the top of the list, and underlying our other failures, is our failure to institute an adequate cold-war development and training program.

Mr. President, since the Senate is considering the present multibillion-dollar foreign aid proposal, it is a good time for Senators again to ask themselves the question, "Why is it that for 15 years, during which there has been an expenditure of over \$100 billion, we have so miserably failed to provide the essential training devices so that our cold war

operatives abroad can function as professionals and experts instead of as the giddy-eyed amateurs they are so demonstrably today?"

Mr. President, I continue to read from page 6 of the committee report, made in 1960:

1. No concentrated, systematic effort is being made to develop an integrated operational science from our side which will meet the entire Soviet attack and work toward our long-range national objectives in a coordinated manner utilizing every area of potential strength in the public and the private sectors. We have not thought through all of the short- and the long-range methods and means which freemen can properly use when faced with a Soviet-type challenge, and we have not integrated these methods and means into a broad strategic plan. This is especially true in political and economic warfare. Bits and pieces of the problem are being worked on within the Government and at some universities, and a part of this development work is of a high order, but the total effort falls far short of seeking an integrated, operational science and it does not begin to develop our true potential.

2. Nowhere today can Government personnel or private citizens receive broad spectrum training in cold war, especially in the large and highly complex field of political and economic warfare. Not only do we lack top-level schools, we do not even have intermediate or lower level schools. There is no place where the bits and pieces are pulled together and taught in concentrated form.

I understand that the Senator from Connecticut [Mr. DONN], a great and courageous Senator, was the author of the subcommittee report on which the Judiciary Committee report was based. The Senator from Connecticut is a coauthor of the current Freedom Academy bill, S. 414, which a number of us have been energetically trying to have approved by the Committee on Foreign Relations, approved by the Senate, and sent to the House of Representatives in time so that the House may approve it this year.

I wonder how far the Appropriations Committee of the Senate, of which I am a member, would get if it came to the Senate to recommend an appropriation of \$500 million, or \$1 billion, for some aspect of nuclear science—perhaps development of an improved Polaris, or development of an improved delivery system for utilizing nuclear warheads abroad—in similar circumstances. How successful would we be if it came to the Senate, as the Committee on Foreign Relations has come to the Senate, to ask for \$3 billion, if, in connection with the appropriation we asked the Senate to provide, we told Senators candidly and honestly, as the Foreign Relations Committee virtually tells the Senate today, "If you give us the money, we will spend it, but you should be forewarned as to the fact that we do not have any experts in the field to utilize the money. Give us the money for nuclear warheads. Give us the \$500 million for an experiment in connection with nuclear warfare, and we will pick up some fine, idealistic, patriotic, unskilled amateurs who do not know a warhead from a mountain, and who do not understand anything about the basic science of nuclear physics. We will proceed, with those amateurs, to spend the people's money in our national defense."

I believe the Senate would unanimously reject such a request, if made by our Committee on Appropriations. If the Senate did not reject it unanimously, I suspect that the people at home would reject the Senators who voted for that kind of unconscionable squandering of the people's resources.

Yet that is precisely the situation in which we find ourselves as Senators today. The Committee on Foreign Relations is asking the Congress to approve more than \$3 billion of additional money to fight a cold war, and says, "Give us the money. We will see that it is spent. We will get some fine, patriotic, idealistic unskilled people to go overseas, and they will spend the money, even though they are complete amateurs in the entire cold war concept, even though they have never spent a single month in a training facility learning what the Communist apparatus is all about, how it operates, how it functions, and the devious tactics it employs. We will send these amateurs out with "star dust" in their eyes, with billions of dollars of American taxpayers' money in their pockets, to do battle against expert Communist professional operatives functioning in the same field, who have been trained for years in one or more of the six Soviet institutions set up specifically to train the cold war operatives functioning for communism."

Do Senators wish to know why there has been so much trouble with this foreign assistance bill? As I sat in the hospital and in my office reading the debate of days that I was absent it did not conjure up any mysteries in my mind. It did not cause me to seek out obtuse reasons why the debate continues day after day and week after week, as indeed it should. The reason is obvious.

The people of America have finally caught up with Congress, and have pointed the finger of responsibility at each of us. They say, "What gives? After spending \$100 billion, you want \$3 billion more for the same kind of enthusiastic inadequately prepared amateurs to squander overseas, trying to resist, to defeat, to turn back trained, skilled, professional Communist operatives who defeat us in the areas in which we come in contact with them."

I should like to talk about that fact. Now is the time to resolve to do something about it. Nothing has occurred since 1960, when the Senate passed the Freedom Academy bill overwhelmingly, to change the minds of the supporters of the bill or to change the minds of members of the committee. Our need for specifically trained personnel to win the cold war overseas is precisely today what the committee said it was in 1960.

S. 414, which was introduced on January 22 of this year, and which is basically the same as our Freedom Academy bill of 1960 has, as its cosponsors, in addition to the Senator from South Dakota who is now addressing the Senate, the Senator from Illinois [Mr. DOUGLAS], the Senator from New Jersey [Mr. CASE], the Senator from Connecticut [Mr. DONN], the Senator from Florida [Mr. SMATHERS], the Senator from Arizona [Mr. GOLDWATER], the Senator from Wisconsin [Mr. PROXMIER], the Senator from

Hawaii [Mr. FONG], the Senators from Iowa [Mr. HICKENLOOPER and Mr. MILLER], the Senator from New York [Mr. KEATING], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Pennsylvania [Mr. SCOTT].

Nobody can type that group of Senators, Mr. President. I defy anybody to label them as "a conservative bloc," "a liberal bloc," "a nationalistic bloc," or "an internationalistic bloc."

They are Senators who represent the whole spectrum of ideological, economic, political, and philosophic differences in the Senate.

But they agree on one thing, namely, that we cannot win a war against professionals if we are relying on amateurs. This does not mean that the amateurs are evil. This does not mean that the amateurs are bad. It merely means that golf tournaments are not won, either, when amateurs are playing against professionals. It means that football games are not won when amateurs are playing against professionals. It means that baseball world championships are not won by amateurs playing against professionals. And wars are not won that way. They are not won by arraying amateurs against professionals when the wars are hot. They are not won that way either when the wars are cold.

This continued squandering of the people's resources, now representing an expenditure of well over \$100 billion, has miserably failed to achieve its optimum results, because contests are not won with that kind of matching of unskilled and inadequately trained amateurs against highly trained professionals.

So, of course, the debate on foreign aid drags on. Of course, amendment after amendment is added to what the Committee on Foreign Relations brought before the Senate. And, of course, when it comes up for the second round, when appropriations must be made—remember, we are talking about an authorization bill only now—it is a foregone conclusion that additional sharp reductions can, and should, be made in those proposed expenditures. Such reductions will be sizable and substantial.

Certainly, these reductions will take place unless by that time the Senate has before it some type of Freedom Academy bill, assuring the American people, at long last, that we are going to train specialized people who will be able to do the job, just as we do in military matters, just as we do in the atomic energy field, just as anyone does in any area of activity whenever one is out to win. And, unless we have the desire to win the cold war, we are stupid indeed to sacrifice so much of our national resources on a formula of failure.

The original position of the administration and of the State Department with respect to our Freedom Academy proposal was indeed a rather curious one. It was said that the kind of training proposed by the Freedom Academy was unnecessary, and that this kind of legislation was not needed. In their enthusiasm, members of the administration even said that that kind of training was already being provided by a few lectures and very short-time, cursory

courses, by which newcomers to Government oversea service were indoctrinated and briefed.

However, after the country rejected that sanctimonious position, the State Department was compelled to change its tactics. After a commission had been appointed by the President to obtain the facts and verify the position of the State Department that it was doing the job, and that no changes and additional training facilities were needed, and after the Commission brought back evidence that the State Department was failing to do the job, that something new was needed, and that the proponents of the Freedom Academy were correct in labeling them as inadequately equipped amateurs who were being sent out to fight against professionals—after that adverse report came back and surprised the administration, the State Department changed its tactics. It countered the great and growing support for the Freedom Academy by proposing a very modest expansion of the present mission of the Foreign Service Institute. It proposed to change its name to something more grandiloquent. It proposed to construct a fine new physical establishment to carry on the Foreign Service Institute program.

The State Department proposal completely fails, however, to grapple with the basic problem which would be met in the Freedom Academy bill. One need look only at the budgetary proposals for the two institutions to see this. The present Foreign Service Institute budget totals around \$6 to \$7 million, including payments from other agencies, to the extent that it is able to train people in foreign language proficiency, to teach them the routine method by which cables are sent back and forth between State Department functionaries and those who are overseas, to teach them to maintain what I hope are adequate security arrangements—although what we read in the newspapers recently leads me to some skepticism as to whether they are doing that job very well—to train people how to act at cocktail parties overseas, and how to greet foreign visitors at embassies with a broad smile and a good hand-clasp; in these highly limited areas of training, the Foreign Service Institute renders a useful service.

The new Academy proposed by the State Department would have a budget of something like \$8 or \$9 million annually. Let us contrast that with what we propose in the Freedom Academy bill, wherein we seek to do the job of fully meeting the problems we face, and of training personnel in the hard-nosed techniques required in order to beat off the seductions and subversions and programs of the Communists, with a minimum budget of from \$35 to \$50 million annually to train the people to do the job.

That is a pretty modest proposal when we stop to think that these are the people who, along with their predecessors, have spent \$100 billion. These are the people who are now calling upon us to give them another \$3½ billion so they can spend it during the remaining of this fiscal year.

Certainly, a training program of \$35 to \$50 million a year to equip and to train properly the people who are going to spend these astronomical amounts is a very modest safeguard in making sure that the money is well spent.

The State Department's shifting from one type of position to another in order to fit into the climate of public opinion deserves to be remarked upon a little further.

First it was said that no training was needed. Then the Department, under pressure, under the severe criticism of its own commission, which it had hoped would pat it on the back, but which, instead, kicked it in the pants, when it got the evidence, reluctantly admitted that the training program was not adequate.

Then the Department moved to confuse and befuddle the issue by advancing a proposal to substitute for the Freedom Academy bill a substitute which, in reality, proposes only to expand, to a very modest degree, what the Department is already doing at its Foreign Service Institute.

For the information of the Senate and the country at this time, I ask unanimous consent to have printed in the RECORD the full text of S. 414, the Freedom Academy proposal.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 414

(In the Senate of the United States, January 22 (legislative day, January 15), 1963, Mr. MUNDT (for himself, Mr. DOUGLAS, Mr. CASE, Mr. DODD, Mr. SMATHERS, Mr. GOLDWATER, Mr. PROXMIRE, Mr. FONG, Mr. HICKENLOOPER, Mr. MILLER, Mr. KEATING, Mr. LAUSCHE, and Mr. SCOTT) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations:)

A bill to create the Freedom Commission and the Freedom Academy, to conduct research to develop an integrated body of operational knowledge in the political, psychological, economic, technological, and organizational areas to increase the nonmilitary capabilities of the United States in the global struggle between freedom and communism, to educate and train Government personnel and private citizens to understand and implement this body of knowledge, and also to provide education and training for foreign students in these areas of knowledge under appropriate conditions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Freedom Commission Act".

CONGRESSIONAL FINDINGS AND STATEMENT OF POLICY

SEC. 2. (a) The Congress of the United States makes the following findings and statement of policy:

(1) The United States in preparing to defend its national interests in coming years faces grave and complex problems in the nonmilitary as well as military areas.

(2) First and foremost are the problems raised by the unremitting drives by the Soviet Union and Communist China seeking world domination and the destruction of all non-Communist societies. The Communist bloc and the various Communist parties have systematically prepared themselves to wage a thousand-pronged aggression in the nonmilitary area. Drawing on their elaborate studies and extensive pragmatic tests, Communist leaders have developed their

conspiratorial version of nonmilitary conflict into an advanced, operational art in which they employ and orchestrate an extraordinary variety of conflict instruments in the political, psychological, ideological, economic, technological, organizational and paramilitary areas enabling them to approach their immediate and long-range objectives along many paths. This creates unique and unprecedented problems for the United States in a conflict that is being waged in student organizations, peasant villages, labor unions, mass communication systems, in city and jungle, and institutions and organizations of every description, as well as in the world's chancelleries. Recognizing that nonmilitary conflict makes extraordinary demands upon its practitioners, the Communists, for several decades, have intensively trained their leadership groups and cadres in an extensive network of basic, intermediate, and advanced schools. The Sino-Soviet conflict capacity has been immeasurably increased by the mobilization of research, science, industry, technology, and education to serve the power-seeking ambitions of Communist leaders rather than the needs of their people.

(3) Second, the problems of the United States are complicated by the emergence of many new nations, the unstable or deteriorating political, social and economic conditions in many parts of the world, the revolutionary forces released by the rising expectations of the world's people, and other factors, all of which increase the difficulties of achieving our national objectives of preventing Communist penetration while seeking to build viable, free, and independent nations.

(A) The nature of the Sino-Soviet power drive, the revolutionary and fluid world situation, the emergence of the United States as the major leader of the free world and the need to deal with the people of nations as well as governments, has compelled the United States to employ many new instruments under the headings of traditional diplomacy, intelligence, technical assistance, aid programs, trade development, educational exchange, cultural exchange, and counter-insurgency (as well as in the area of related military programs). To interrelate and program these present instruments over long periods already requires a high degree of professional competence in many specialties, as well as great managerial skill.

(5) However, the United States has fallen short in developing and utilizing its full capacity to achieve its objectives in the world struggle. Not only do we need to improve the existing instruments, but a wide range of additional methods and means in both the Government and private sectors must be worked out and integrated with the existing instruments of our policy. Otherwise, the United States will lack the means to defeat many forms of Communist aggression and to extend the area of freedom, national independence, and self-government, as well as to attain other national objectives. However, this will require an intensive and comprehensive research and training effort first to think through these additional methods and means, and, second, to educate and train not only specialists, but also leaders at several levels who can visualize and organize these many instruments in an integrated strategy, enabling the United States to approach its national objectives along every path in accord with our ethic.

(6) There has been a tendency to look upon strategy as a series of discrete problems with planning often restricted by jurisdictional walls and parochial attitudes and too much piecemeal planning to handle emergencies at the expense of systematic, long-range development and programing of the many instruments potentially available to us. While there has been marked improvement in such things as language training

at agency schools, and while university centers have made significant progress in area studies, nowhere has the United States established a training program to develop rounded strategists in the nonmilitary area or even certain vital categories of professional specialists, particularly in the area of political, ideological, psychological, and organizational operations and in certain areas of development work. Nor has the United States organized a research program which can be expected to think through the important additional range of methods and means that could be available to us in the Government and private sectors.

(7) In implementing this legislation the following requirements for developing our national capacity for global operations in the nonmilitary area should receive special attention:

I. At the upper levels of Government, the United States must have rounded strategists with intensive interdepartmental training and experience who understand the range of instruments potentially available to us and who can organize and program these instruments over long periods in an integrated, forward strategy that systematically develops and utilizes our full national capacity for the global struggle.

II. Below them, Government personnel must be trained to understand and implement this integrated strategy in all of its dimensions. Through intensive training, as well as experience, we must seek the highest professional competence in those areas of specialized knowledge required by our global operations. Government personnel should have an underlying level of understanding as to the nature of the global conflict, the goals of the United States, and the various possible instruments in achieving these goals to facilitate team operations. We should seek to instill a high degree of elan and dedication.

III. Foreign affairs personnel at all levels must understand communism with special emphasis on Communist nonmilitary conflict technique. It is not enough to have experts available for consultation. This is basic knowledge which must be widely disseminated, if planning and implementation are to be geared to the conflict we are in. (The present two weeks seminar offered at the Foreign Service Institute is entirely too brief for even lower ranking personnel.)

IV. The private sector must understand how it can participate in the global struggle in a sustained and systematic manner. There exists in the private sector a huge reservoir of talent, ingenuity, and strength which can be developed and brought to bear in helping to solve many of our global problems. We have hardly begun to explore the range of possibilities.

V. The public must have a deeper understanding of communism, especially Communist nonmilitary conflict technique, and the nature of the global struggle, including the goals of the United States.

(8) The hereinafter created Freedom Academy must be a prestige institution and every effort should be made to demonstrate this is a major effort by the United States in a vital area.

(b) It is the intent and purpose of the Congress that the authority and powers granted in this Act be fully utilized by the Commission established by section 4 of this Act to achieve the objectives set forth in subsection (a) (7) of this section. It is the further intent and purpose of the Congress that the authority, powers, and functions of the Commission and the Academy as set forth in this Act are to be broadly construed.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Commission" means the Freedom Commission established by section 4 of this Act; and

(2) The term "Academy" means the Freedom Academy established by section 6 of this Act.

ESTABLISHMENT OF THE FREEDOM COMMISSION

SEC. 4. There is established in the executive branch of the Government an independent agency to be known as the Freedom Commission which shall be composed of six members and a chairman, each of whom shall be a citizen of the United States. The Chairman may from time to time designate any other member of the Commission as Acting Chairman to act in the place and stead of the Chairman during his absence. The Chairman (or the Acting Chairman in the absence of the Chairman) shall preside at all meetings of the Commission, and a quorum for the transaction of business shall consist of at least four members present. Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all decisions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote. Action of the Commission shall be determined by a majority vote of the members present. The Chairman (or Acting Chairman in the absence of the Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons, or the public, and, on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct. The Commission shall have an official seal which shall be judicially noticed.

MEMBERSHIP OF THE COMMISSION

SEC. 5. (a) Members of the Commission and the Chairman shall be appointed by the President, by and with the advice and consent of the Senate. Not more than four members, including the Chairman, may be members of any one political party. In submitting any nomination to the Senate, the President shall set forth the experience and qualifications of the nominee. The term of each member of the Commission, other than the Chairman, shall be six years, except that (1) the terms of office of the members first taking office shall expire as designated by the President at the time of the appointment, two at the end of two years, two at the end of four years, and two at the end of six years; and (2) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The Chairman shall serve as such during the pleasure of the President, and shall receive compensation at the rate of \$20,500 per annum. Each other member of the Commission shall receive compensation at the rate of \$20,000 per annum. Any member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

(b) No member of the Commission shall engage in any business, vocation, or employment other than that of serving as a member of the Commission.

ESTABLISHMENT OF THE FREEDOM ACADEMY; PRINCIPAL FUNCTIONS OF THE COMMISSION AND ACADEMY

SEC. 6. The Commission shall establish under its supervision and control an advanced research, development, and training center to be known as the Freedom Academy. The Academy shall be located at such place or places within the United States as the Commission shall determine. The principal functions of the Commission and Academy shall be:

(1) To conduct research designed to improve the methods and means by which the

United States seeks its national objectives in the nonmilitary part of the global struggle. This should include improvement of the present methods and means and exploration of the full range of additional methods and means that may be available to us in both the Government and private sectors. Special attention shall be given to problems of an interdepartmental nature and to problems involved in organizing and programing the full spectrum of methods and means potentially available in the Government and private sectors in an integrated, forward strategy that will systematically develop and utilize the full capacity of the United States to seek its national objectives in the global struggle, including the defeat of all forms of Communist aggression and the building of free, independent, and viable nations.

(2) To educate and train Government personnel and private citizens so as to meet the requirements set forth in section 2(a)(7) of this Act. The Academy shall be the principal Government interdepartmental, educational, and training center in the nonmilitary area of the United States global operations. Authority is also granted to educate and train foreign students, when this is in the national interest and is approved by the Secretary of State.

(3) To provide leadership in encouraging and assisting universities and other institutions to increase and improve research, educational, and training programs attuned to the global operational needs of the United States.

(4) To provide leadership, guidance, and assistance to the training staffs of Government agencies handling United States global operations, including training programs conducted at overseas posts.

(5) To provide a center where officers and employees of Government agencies, as well as private citizens, can meet to discuss and explore common and special elements of their problems in improving United States capabilities in the global struggle.

STUDENT SELECTION; GRANTS; ADMISSION OF FOREIGN STUDENTS

SEC. 7. (a) Academy students, other than Government personnel, shall be selected, insofar as is practicable and in the public interest, from those areas, organizations, and institutions where trained leadership and informed public opinion are most needed to achieve the objectives set forth in section 2(a)(7) IV and V. Persons in Government service coming within the provisions of the Government Employees Training Act may be trained at the Academy pursuant to the provisions of said Act. All agencies and departments of Government are authorized to assign officer and employees to the Academy for designated training.

(b) The Commission is authorized to make grants to students and to pay expenses incident to training and study under this Act. This authorization shall include authority to pay actual and necessary travel expenses to and from the Academy or other authorized place of training under this Act. The Commission is authorized to grant financial assistance to the dependents of students who hold no office or employment under the Federal Government during the time they are undergoing training authorized under this Act. Grants and other financial assistance under this Act shall be in such amounts and subject to such regulations as the Commission may deem appropriate to carry out the provisions of this Act.

(c) Foreign students selected for training under this Act shall be admitted as nonimmigrants under section 101(a)(15)(F) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(F)) for such time and under such conditions as may be prescribed by regulations promulgated by the Commission, the Secretary of State, and the Attorney Gen-

eral. A person admitted under this section who fails to maintain the status under which he was admitted, or who fails to depart from the United States at the expiration of the time for which he was admitted, or who engages in activities of a political nature detrimental to the interest of the United States, or in activities in conflict with the security of the United States, shall, upon the warrant of the Attorney General, be taken into custody and promptly deported pursuant to section 241, 242, and 243 of the Immigration and Nationality Act (8 U.S.C. 1251, 1252, and 1253). Deportation proceedings under this section shall be summary and findings of the Attorney General as to matters of fact shall be conclusive. Such persons shall not be eligible for suspension of deportation under section 344 of such Act (8 U.S.C. 1254).

INFORMATION CENTER

SEC. 8. The Commission is authorized to establish an information center at such place or places within the United States as the Commission may determine. The principal function of the information center shall be to disseminate, with or without charge, information and materials which will assist people and organizations to increase their understanding of the true nature of the international Communist conspiracy and of the dimensions and nature of the global struggle between freedom and communism, and of ways they can participate effectively toward winning that struggle and building free, independent, and viable nations. In carrying out this function, the Commission is authorized to prepare, make, and publish textbooks and other materials, including training films, suitable for high school, college, and community level instruction, and also to publish such research materials as may be in the public interest. The Commission is authorized to disseminate such information and materials to such persons and organizations as may be in the public interest on such terms and conditions as the Commission shall determine.

DISCLOSURE OF INFORMATION

SEC. 9. Nothing in this Act shall authorize the disclosure of any information or knowledge in any case in which such disclosure (1) is prohibited by any other law of the United States, or (2) is inconsistent with the security of the United States.

SECURITY CHECK OF PERSONNEL

SEC. 10. (a) Except as authorized by the Commission upon a determination by the Commission that such action is clearly consistent with the national interest, no individual shall be employed by the Commission, nor shall the Commission permit any individual to have access to information which is, for reasons of national security, specifically designated by a United States Government agency for limited or restricted dissemination or distribution until the Civil Service Commission shall have made an investigation and report to the Commission on the character, associations, and loyalty of such individual, and the Commission shall have determined that employing such individual or permitting him to have access to such information will not endanger the common defense and security.

(b) In the event an investigation made pursuant to subsection (a) of this section develops any data reflecting that the individual who is the subject of the investigation is of questionable loyalty or is a questionable security risk, the Civil Service Commission shall refer the matter to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the Civil Service Commission for its information and appropriate action.

(c) If the Commission deems it to be in

the national interest, the Commission may request the Civil Service Commission to make an investigation and report to the Commission on the character, associations, and loyalty of any individual under consideration for training at the Academy, and if the Commission shall then determine that the training of such individual will not be in the best interest of the United States, he shall receive no training under this Act.

(d) In the event an investigation made pursuant to subsection (c) of this section develops any data reflecting that the individual who is the subject of the investigation is of questionable loyalty or is a questionable security risk, the Civil Service Commission shall refer the matter to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the Civil Service Commission for its information and appropriate action.

(e) If the President or the Commission shall deem it to be in the national interest, he or the Commission may from time to time cause investigation of any individual which is required or authorized by subsections (a) and (c) of this section to be made by the Federal Bureau of Investigation instead of by the Civil Service Commission.

GENERAL AUTHORITY OF THE COMMISSION

SEC. 11. (a) In addition to the authority already granted, the Commission is authorized and empowered—

(1) to establish such temporary or permanent boards and committees as the Commission may from time to time deem necessary for the purposes of this Act;

(2) subject to the provisions of subsection (b) of this section, to appoint and fix the compensation of such personnel as may be necessary to carry out the functions of the Commission;

(3) to conduct such research, studies, and surveys as the Commission may deem necessary to carry out the purposes of this Act;

(4) to make, promulgate, issue, rescind, and amend such rules and regulations as may be necessary to carry out the purposes of this Act;

(5) to make such expenditures as may be necessary for administering and carrying out the provisions of this Act;

(6) to utilize, with the approval of the President, the services, facilities, and personnel of other Government agencies and pay for such services, facilities, and personnel out of funds available to the Commission under this Act, either in advance, by reimbursement, or by direct transfer;

(7) to utilize or employ on a full-time or part-time basis, with the consent of the organization or governmental body concerned, the services of personnel of any State or local government or private organization to perform such functions on its behalf as may appear desirable to carry out the purposes of this Act, without requiring such personnel to sever their connection with the furnishing organization or governmental body; and to utilize personnel of a foreign government in the same manner and under the same circumstances with the approval of the Secretary of State;

(8) to acquire by purchase, lease, loan, or gift, and to hold and dispose of by sale, lease, or loan, real and personal property of all kinds necessary for, or resulting from, the exercise of authority granted by this Act;

(9) to receive and use funds donated by others, if such funds are donated without restrictions other than that they be used in furtherance of one or more of the purposes of this Act;

(10) to accept and utilize the services of voluntary and uncompensated personnel and to provide transportation and subsistence as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons serving without compensation;

(11) to utilize the services of persons on a temporary basis and to pay their actual and necessary travel expenses and subsistence and, in addition, compensation at a rate not to exceed \$50 per day for each day spent in the work of the Commission.

(b) The personnel referred to in subsection (a) (2) of this section shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with the Classification Act of 1949, as amended, except that, to the extent the Commission deems such action necessary to the discharge of its responsibilities, personnel may be employed and their compensation fixed without regard to such laws. No such personnel (except such personnel whose compensation is fixed by law, and specially qualified professional personnel up to a limit of \$19,000) whose position would be subject to the Classification Act of 1949, as amended, if such Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under such Act for positions of equivalent difficulty or responsibility. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee.

GENERAL MANAGER OF THE COMMISSION

SEC. 12. The Commission is authorized to establish within the Commission a general manager, who shall discharge such of the administrative and executive functions of the Commission as the Commission may direct. The general manager shall be appointed by the Commission, shall serve at the pleasure of the Commission, shall be removable by the Commission, and shall receive compensation at a rate determined by the Commission, but not in excess of \$18,000 per annum.

ADVISORY COMMITTEE

SEC. 13. (a) To assure effective cooperation between the Freedom Academy and various Government agencies concerned with its objectives, there is established an advisory committee to the Freedom Academy (referred to hereinafter as the "Committee"). The Committee shall be composed of one representative of each of the following agencies designated by the head of each such agency from officers and employees thereof: The Department of State; the Department of Defense; the Department of Health, Education, and Welfare; the Central Intelligence Agency; the Federal Bureau of Investigation; the Agency for International Development; and the United States Information Agency.

(b) Members of the Committee shall elect a member to serve as Chairman of the Committee. The Chairman shall serve for such a term of one year. The chairmanship shall rotate among the representatives of the agencies who comprise the membership of the Committee.

(c) No member of the Committee shall receive compensation for his services as such other than that received by him as an officer or employee of the agency represented by him. Each member of the Committee shall be reimbursed for expenses actually and necessarily incurred by him in the performance of duties of the Committee. Such reimbursements shall be made from funds appropriated to the Freedom Commission upon vouchers approved by the Chairman of the Committee.

(d) The Committee shall—

(1) serve as a medium for liaison between the Freedom Commission and the Government agencies represented in the Committee;

(2) review from time to time the plans, programs, and activities of the Freedom Commission and the Freedom Academy, and transmit to the Commission such recommendations as it may determine to be necessary or desirable for the improvement of those plans, programs, and activities;

(3) meet with the Freedom Commission periodically, but not less often than semi-annually, to consult with it with regard to the plans, programs, and activities of the Freedom Commission and the Federal Academy; and

(4) transmit to the President and to the Congress in January of each year a report containing (A) a comprehensive description of the plans, programs, and activities of the Commission and the Academy during the preceding calendar year, and (B) its recommendations for the improvement of those plans, programs, and activities.

(e) The Committee shall promulgate such rules and regulations as it shall determine to be necessary for the performance of its duties.

(f) The Commission shall furnish to the Committee without reimbursement such office space, personal services, supplies and equipment, information, and facilities as the Committee may require for the performance of its functions.

APPROPRIATIONS

SEC. 14. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

Mr. MUNDT. Mr. President, these tactics of the State Department, dilatory in nature, doubtful in wisdom, can wear down some of the proponents of reform who operate independently of tax support.

The State Department is a permanent fixture. Its array of individuals can continue to do nothing and get paid for it, whereas those who advocate doing something in the field of thoroughly training our oversea personnel must do it at their own expense. The State Department receives its appropriation annually. Operating income is no problem. A delay of several years works against the continuing ability of persons working for reforms from the outside. Their assets are limited, and they can last only so long. The utter frustration of trying to move the immovable must surely seem completely futile.

Symbolic of this frustration is the recent announcement of the dissolution of the Orlando committee, at Orlando, Fla. After working hard for 13 years, the committee has been dissolved. I believe that all Americans should read the statement issued by the committee on its dissolution. I ask unanimous consent to insert at this point in the CONGRESSIONAL RECORD, in its entirety, that statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The Orlando Committee for the Freedom Academy is disbanding today and will no longer actively seek passage of the Freedom Academy bill, S. 414, H.R. 5638.

Several reasons lay behind the decision unanimously approved by the committee Thursday night (October 11, 1963).

First, the administration, and in particular the Department of State, is now actively opposing the bill. This means there is little chance of passing the legislation in a form acceptable to the committee.

Second, we have reluctantly concluded that even if the bill is passed, it is unlikely this administration, as presently oriented, will establish the type of Academy envisioned by the Orlando committee and described in its "Green Book" and the supplement thereto. The State Department has developed a nar-

row, inhibited, and essentially defensive strategy in the global conflict. It has shown little interest in exploring the whole new range of methods and means by which we could seek our global objectives and has been satisfied to leave the Communists uncontested on much of the political, ideological, and organizational battlegrounds. State has proven especially inhibited, defensive, and even uninterested in the extraordinary opportunities for providing Academy training to foreign nationals, toward exploring the unlimited and exciting possibilities for private sector participation in the global conflict, or even toward providing true professional training for its own people in the new forms of struggle. State does not even seem to understand why the training it is providing at the Foreign Service Institute is grossly inadequate. Unfortunately, the State Department's attitude has permeated the administration, and as long as this attitude and lack of interest prevails, it would likely be reflected in appointments to the Freedom Commission and Freedom Academy. The Freedom Academy cannot succeed unless there is appreciation of the nature of the research and training gap and a driving desire to close it.

Third, the State Department has put out grossly inaccurate interpretations of the Freedom Academy bill well calculated to mislead the Congress and public. Certain officers at State have even suggested the Freedom Academy is the product of the far right-wing. This is most discouraging to the Orlando committee which has been carefully bipartisan and has enlisted the support of outstanding liberals, moderates, and conservatives. It has made it difficult to debate the bill on its merits.

Fourth, although the Orlando committee has made available extensive briefing material spelling out the cold war research and training gap and explaining the bill, few have studied this. Until more people do their homework, there can be no adequate debate on the merits, and the Congress and the country cannot be alerted to the research and training gap which is undermining our entire effort in the global struggle.

Finally, the 13-year effort to establish the Freedom Academy has exhausted the personal finances of key members of the Orlando committee, and it is now mandatory they return full time to their professions and businesses.

The committee believes the need for the Freedom Academy is more urgent than ever. We do not believe the United States can either contain or defeat the Communist drive for world domination, much less achieve other objectives, unless we systematically develop our full national capacity to compete in the new forms of struggle along the lines suggested in the "Green Book."

Our committee believes it has done about all it can. The bill is now pending before the Senate Foreign Relations Committee and the House Committee on Un-American Activities. It is now up to these committees and the House Foreign Affairs Committee to determine what type of bill, if any, is reported out.

What is really needed, however, is a major policy change by this administration. As long as our leadership is satisfied to leave the Communists uncontested on much of the political, ideological, and organizational battlegrounds, as long as they are content to pursue our global objectives, using only a small percentage of the instruments potentially available to us, as long as they persist in responding to the Soviet challenge on a piecemeal, ad hoc basis, as long as they are satisfied to oppose professional conflict managers with untrained and often unmotivated amateurs, as long as they persist in unilateral disengagement in the nonmilitary conflict to mollify our enemies, then there can be no Freedom Academy.

Someday this Nation will recognize that global nonmilitary conflict must be pursued with the same intensity and preparation as global military conflict. With that realization, the Freedom Academy may come into being. We can only hope it is not too late.

The committee wishes to emphasize that the administration's bill to establish a National Academy of Foreign Affairs is most inadequate and in no way should be considered a substitute for the Freedom Academy. The committee has outlined its objections to this bill at the Senate hearings and in supplement No. 1 to the green book.

The committee wishes to thank the House and Senate sponsors and in particular Senators MUNDT, DODD, and DOUGLAS who carried the load in the 86th, 87th, and 88th Congresses, and SYD HERLONG and Walter Judd, who introduced the original bill in the House in February 1959. We also wish to thank the many newspapers and organizations who endorsed the bill and the editors of Life, the Reader's Digest, and Saturday Evening Post, who gave editorial support, and Roscoe Drummond, for a series of fine columns. Our thanks also to the Senate-Judiciary Committee for its report of June 1960, calling the Freedom Academy bill "one of the most important bills ever introduced in the Congress."

Locally, we wish to thank the many individuals and organizations who contributed time, money, and moral support.

THE ORLANDO COMMITTEE FOR THE
FREEDOM ACADEMY.

Mr. MUNDT. Mr. President, at this discussion of the future of the foreign aid program, the administration and the State Department are forced to meet the moment of truth. Finally they have found out that while they have been able to dissuade those of us who through the years have been trying to establish an efficient and sufficient training academy, while they have been able to resist efforts of fine, independent groups, like the Orlando committee, various posts of the American Legion, and many other organizations and groups who have been urging Congress to do something toward the establishment of the Freedom Academy, and while they have been able to stop anything from developing, they now confront the ugly fact that Americans are losing confidence in the whole foreign aid concept.

Their bill has hit a roadblock for the first time in the Senate. Senators who unthinkingly went along year after year, Senators who complainingly went along, feeling that they owed it to the State Department, and that they should do it as a matter of party loyalty, are now in open rebellion against the kind of program that they have been asked to support and espouse in recent years.

Finally, the country as a whole, and Members of Congress realize the futility of adding additional billions to what we have already spent. Everyone knows that we cannot win a war with amateurs against professionals. Still, the State Department lamely continues its opposition and refuses to do anything substantial in the direction of equipping and adequately training Americans who serve the Government overseas, at least with a modicum of the kind of training that is given extensively to the Communist opponents whom they must confront and whom it is their job to try effectively to resist.

First it was the country that rose up in arms against trying to win a decision with dollars alone, when we did not have the trained personnel to spend the money wisely. Then it was the House of Representatives, where, surprisingly, and gratifyingly, some substantial cuts were made in the foreign aid authorization bill. Now the bill is before the Senate.

The pushover Senate is not to be pushed over any more. We, too, are accountable to the public. We, too, have seen the evidence. We, too, know that we will not win unless we try, and that the first step in trying is to have our personnel carefully, completely, and specifically trained to bring about victory.

It seems to me that it is increasingly observed that there are, very possibly, evil consequences to be suffered by this country and its interests by reason of our continuing to add more money to be spent for some undesirable things to be done in the same ineffective way, and by the same people with the same lack of background training, from which they have already suffered for too long.

It is highly desirable in the Senate action on the pending bill that the foreign aid authorization be sharply curtailed, to show the State Department that the Senate recognizes the fact that the unplanned programs of economic aid and the cold war contest being conducted by untrained personnel have already been demonstrated to be futile.

Even the report from the Senate Committee on Foreign Relations, which rather unenthusiastically urges the Senate to approve its recommendations, points out that the committee also believes that the program should be curtailed and changed, and perhaps eliminated by the end of the next fiscal year, and that something should be evolved in its place. Therefore Congress should reduce the appropriations.

I join those who say that we need to write into the bill a terminal date for foreign aid in order to open the entire question, so that next year there will be before Congress the product of studies which should begin now, to determine how best to exercise our leadership and meet our responsibilities in world affairs.

We all recognize that we cannot pull out of the world. The neutrals and our friends need our support and assistance overseas. Many need our guidance. We must continue our efforts to curtail the aggressive acts of international communism and restore freedom to the areas which it has already enslaved.

The world and the American taxpayer both deserve a program which is effective, which is implemented by personnel who are trained and competent. They need a program which is planned and implemented by professionals, and not merely proposed and promoted by enthusiastic, well-intentioned but inadequately trained amateurs.

The only course to follow in communicating with this see-no-evil, hear-no-evil, feel-no-evil State Department group charged with the implementation of our foreign policy, whose only solution is always, "Give us money, give us billions, and our amateurs will do the job,"

is to bring the present program to a halt, to stop it; and, having stopped it, to write a new type of program, which will encourage countries to help themselves by utilizing the techniques and talents made available to them, to learn to do for themselves by doing, instead of continuing a program under which we try to do things for them, the doing of which in many cases is not prudent or proper, and frequently not even necessary.

Above all, we need the type of trained American personnel operating abroad that the operation of an American Freedom Academy can provide.

As we evolve a new program which can work, we shall be training the workers who can make it succeed, we shall be substituting manpower for money, we shall be substituting professionals for amateurs, and we shall be looking to the development of victory, instead of the perpetuation of defeat.

We should reduce appropriations sharply, so that the voice of Congress can finally be heard at the other end of the avenue. We should write in a terminal date, which will make the administration come forth with something better—not a terminal date to try to shoulder off our responsibility of world leadership, but one which will put us into the cold war contest with trained personnel and with a program which makes sense, which concentrates on the target, which ceases to waste the public funds, and which will begin to win victories around the world.

One reason why I voted for the recommitment of the bill a week ago today, and why I shall continue both in the authorization bill and in the appropriation bill, where, as a member of the Committee on Appropriations, I anticipate even more gratifying results, to press for reductions in the excessive expenditures provided by the foreign aid bill, is to help to improve our program, which is deteriorating before our eyes, for reasons that are so apparent that we could discover them at midnight, in the basement of a house, with the lights turned out. We know the evidence; we know the reasons; and so does the country generally.

We are only continuing, as we have done in the past, a program which constitutes a complete violation of our responsibility in the Senate and a confession of our failure to meet the needs of our time. Our constituents have a right to expect from us something more consistent, something more constructive, than the perpetuation of a failure and the provision of additional funds for those who have demonstrated their inability to spend the previous hundred billion dollars wisely—not with bad intentions, but because they have not been sufficiently and specifically trained for the job because our Government has completely failed to provide something like a Freedom Academy to train them. The report of the Committee on Foreign Relations itself recognizes the failure of the foreign aid program.

Mr. President, I ask unanimous consent to have printed at this point in

the RECORD excerpts from pages 4 and 5 of the committee report.

There being no objection, the excerpts from the report (Rept. No. 588) were ordered to be printed in the RECORD, as follows:

In the past the committee has been disappointed by certain aspects of a foreign aid program. There have been instances of failure and inefficiency in the field, administrative and organizational shortcomings, imbalance in the kinds and amounts of aid expended to certain countries, overgenerosity to some recipients and the neglect of other, more deserving recipients, the proliferation of aid programs—especially military aid programs—to an ever-growing number of countries, and inexplicable delays in terminating assistance to countries which no longer need it or which have failed to make productive use of it.

The committee is less impressed with the case made by the executive branch for the maintenance of U.S. aid programs, even on a small scale, in virtually every underdeveloped country in the free world and in a few developed or relatively developed countries. The committee sees little merit in aid programs whose sole or major justification is the maintenance of a U.S. "presence" or the demonstration of U.S. "interest." It is equally unenthusiastic about aid programs, both military and economic, whose major purpose is to provide an alternative to Soviet bloc aid.

Mr. MUNDT. Mr. President, the committee report concludes that our best step from here is to continue to proceed to finance existing failures while trying to continue to improve the program. I disagree with the language of the report and the opinion of members of the Committee on Foreign Relations who approve it. I believe we serve America poorly and jeopardize our leadership around the world by following the counsel of those who say, "Although the program is failing, let us give it additional billions of dollars so that the failures can be more widely heralded and the program can fail more emphatically."

The State Department ought to be working with Congress to evolve a training system and to develop training facilities so that there will be at least the possibility of success.

No other measure is awaiting immediate consideration on the Senate floor. I serve on the Committee on Appropriations. The Senate has thus far passed five appropriation bills. All the appropriation bills should have been approved by July 1, which is the beginning of the fiscal year. Eight appropriation bills remain to be passed. No one has put pressure upon me as a member of the Committee on Appropriations to hurry and mark up bills or to attend conferences between members of the two Houses. Time rolls along.

As a Member of the Senate who feels that already too much money is being spent, and spent too rapidly, I am perfectly content to let the appropriation bills wait until next March.

I am the author of language in our Appropriations Committee report which provides that some economy is being involuntarily effectuated every day we wait, because the increases cannot be spent except on the basis of the time remaining in the fiscal year. So if no one in the administration is in a hurry to

have appropriation bills passed—and no one appears to be—it is not necessary to worry about spending a little extra time debating what to do about foreign aid. Surely, our legislative calendar is far from crowded.

Peace is our most cherished goal. The hazards of failure in the cold war are our most significant problem. I am glad we are working at this task on the Senate floor and are taking sufficient time to do it.

It seems to me that we should take steps on the Senate floor, even at this late date, to make certain that the program is turned in the right direction and that it is hereafter designed to reach the targets expected of it.

I ask unanimous consent to have printed at this point in the RECORD an article entitled "The Real Red Threat," written by Drew Middleton, and published in the New York Times of November 8, 1963. The article emphasizes the fact that if we are to win the cold war—which we must win if we are not to fight a hot one—we will win it because of the political successes which we have overseas, the economic successes, and our victories in the cold war, rather than by merely providing a constantly increasing number of armaments to rival countries so that they can shoot it out with one another in little, localized wars, which ultimately we will be called upon to settle either with our manpower and military might or by our counsel and our guidance.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE REAL RED THREAT—SOME IN EUROPE SEE IT AS POLITICAL AND SAY THE UNITED STATES OVEREMPHASIZES ARMS

(By Drew Middleton)

PARIS, November 7.—Which face of communism is the bigger threat to the West? The Soviet general with his finger near the "go" button or the party agitator with a pocketful of plans for economic revolution? A dispute over whether the military or the political danger is the graver has arisen at the meeting of members of parliaments of countries in the North Atlantic Alliance. The difference of opinion seems to be more than a squabble over East-West trade, or whether there should be an Atlantic Assembly. The latter, an American proposal, would organize the present group of parliament members into a representative body for the North American Alliance.

Much of the criticism of U.S. willingness to discuss outstanding military issues with the Soviet Union, and even of the nuclear test ban treaty arises from this difference over which aspect of communism is the true and immediate danger to Europe.

Washington is criticized for being too interested in the military side of the Communist problem. Such criticism includes the administration's readiness to discuss with Moscow such issues as the prevention of surprise attack and a nonaggression agreement between the Atlantic Alliance and the Warsaw Pact Powers of the Soviet bloc.

One legislator said the United States was obsessed with the question of troop strength in Europe.

ITALIAN AND FRENCH PROBLEMS

The critics come mainly from countries such as Italy, which has a Communist political problem, or France, where there is danger of a re-creation of a popular front representing the Communist and Socialist movements.

Acute apprehension is shown by Mediterranean members of the alliance over the trend in Greece. The feeling is that communism may have spent its political force in the United States, Britain, Canada, West Germany, Norway and Denmark, but that it is alive and kicking—and dangerous—in the Mediterranean.

The United States, it is said, takes the political health of Europe for granted.

Washington tends to think, the critics say, that in prosperous Europe the Communists represent parties of protest rather than of revolution. In their view this is exactly what the Communists want the United States to believe.

"But let a Communist Party gain power, or even share power in a coalition," said one member of a parliament, "and you Americans will be quickly reminded of the true aims of communism. All the divisions or Polaris submarines in Europe won't prevent the Communists from taking that country out of NATO."

CONTRIBUTIONS CITED

Some may suggest that putting forward this emphasis on communism's political potential is a way of avoiding fulfillment of military commitments to the North Atlantic Treaty Organization.

But Italy is participating in talks on formation of a mixed-manned force.

Greece, which is sitting in on these talks, makes a contribution to the treaty organization's conventional forces is straining her resources.

Those who criticize American policy are not seeking relaxation of the defense effort in Europe. What they want is recognition by Washington that discussions with Moscow on easing military tension are likely to strengthen the Communist parties where those parties are a conceivable alternative to present governments.

Mr. DOMINICK. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I am happy to yield to the Senator from Colorado.

Mr. DOMINICK. I join the Senator from South Dakota in the views he has expressed concerning the Freedom Academy, particularly.

Mr. GRUENING. Mr. President, I am glad to yield to the Senator from Colorado. I have the floor.

Mr. DOMINICK. I beg the Senator's pardon; I appreciate his courtesy.

This phase of our foreign policy has been neglected for so long that it seems to me to be imperative that we give it serious consideration if we are to get back on the right track in our overall war on communism and do something toward establishing a Freedom Academy.

In the 3 years that I have been a Member of Congress, I have been a supporter of a foreign service academy designed to enable the State Department and all other branches of the Government which have overseas operations to obtain qualified personnel, capable of handling the work to which they are assigned, whether it happens to be in the Federal Aviation Agency, the Department of Commerce, or any other branch of the Government. The theory is that people so trained, particularly when they are on a borderline, close to the Communist conspiracy, are just as much subject to Communist problems as they would be in the State Department, in the foreign aid program, or any other field.

I testified before the subcommittee on behalf of the bill which was considered

and revised, the so-called Kennedy expansion of the Foreign Service Institute. At that time, the chairman of the committee, the distinguished Senator from Missouri, indicated that he also felt that the Freedom Academy and the Foreign Service Academy were institutions which ought to be considered by the Senate, but that because of opposition from the Department of State and the administration, he was required by party loyalty to use only the recommendations that were made through the State Department. It seems to me that that is ardent nonsense, so far as the State Department is concerned. We are trying to improve the quality of the personnel who will be called upon to handle these programs, rather than to diminish it. We are trying to enhance the prestige of the State Department, throughout the country, which prestige, frankly, in my opinion, could not be any lower than it is now. We must take some steps to establish a Freedom Academy; and if there is anything I can do to support the distinguished Senator from South Dakota, I shall be glad to do it.

Mr. MUNDT. I appreciate the Senator's statement, and I appreciate even more his assurances of support, because I know that his support on any project or program is something of real substance and significance.

I recall the Senator's brilliant testimony before the committee. We were dealing with the general subject of improving personnel and providing expanded training facilities for those who serve this country overseas.

I share with the Senator from Colorado the regret that nothing along that line has occurred. It is much more important that we convince the State Department that it cannot win the cold war without such trained personnel, whether we appropriate \$3 billion or \$30 billion, more or less, in the foreign aid program for the future.

As I said earlier, I speak as one who has voted for far more foreign aid than I have opposed, starting with the point IV program. But I shall vote against the current authorization bill, when the final rollcall vote is taken. I shall vote against it because I know of no other way in which I can express an effective and clearcut opposition to continuing a program of spending billions of dollars overseas for programs which have not been synthesized or targeted together or coordinated, and for the administration of which we have entirely failed to meet the challenge of providing an updated, coordinated, completely adequate training facility so those who serve us overseas can be equipped with the proper tools and skills.

I may vote in favor of the foreign aid appropriation bill, when it comes before the Senate, for I am not opposed to the foreign aid concept, if by that time we can get from the State Department instead of having it sulk in its marble tepee—an understandable and acceptable king-sized training program. In that case, I may vote, and may try to influence other Senators on our Appropriations Committee to vote, in favor of appropriate foreign aid funds.

But I shall vote against the pending

authorization bill, because I know of no other way by which to demonstrate my determination not to have the United States continue to throw away such large sums of the money of the American people, particularly when that program frequently renders us a disservice, rather than a service.

Mr. President, let me make my position crystal clear. What this country badly needs is a Freedom Academy in which our oversea Government personnel, private citizens, and, on occasion, freedom-supporting people from other lands can be trained in depth and in detail about the whole concept of cold war strategy and how to defeat communism by means short of war.

Communist Russia operates six well-established training institutes to train its own nationals and many visitors from other lands in the techniques the Communists employ in undermining and in weakening freedom wherever it prevails. Here in the United States we have totally failed to develop and utilize a single institute or training facility to provide those on our side of this cold war with equal competence and know-how and with compensatory training in the best techniques for defeating the Communist thrusts against freedom and in making some positive moves of our own.

We have our splendid service academies for the Army, the Navy and the Air Force. Surely nobody advocates closing up the training facilities provided at West Point, Annapolis, and Colorado Springs. We have our War College to train and equip our military leaders and to keep them current on the needed know-how. But in our effort to win the cold war, I repeat Mr. President, we have failed completely to tool up our training facilities to meet the modern, peacetime challenges of communism.

We need such a training facility as the Freedom Academy. We have needed it for years. We desperately need it now. We cannot win our cold war against communism with dollars alone. This Senate and this Congress should insist that the State Department and the White House recognize the realities of the world in which we live and help develop the training facilities which we so badly need.

Mr. DOMINICK. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I am glad to yield to the Senator from Colorado.

Mr. DOMINICK. I point out that a recent item on the news ticker states that the Secretary of State has severely criticized the Senate for its action in connection with the foreign aid authorization bill, particularly for the restrictions it has placed on aid to Indonesia and Yugoslavia.

The question is, What will the Senate do to determine the kind of foreign policy the United States should have? It seems to me there could not be a better forum than this in which to express the irritation of the Senate and of the American people in general about giving U.S. aid to countries which in many cases are not in favor of the United States and are in favor of our enemy. I believe this is the best place in which to express our opinion on that score.

Mr. MUNDT. Mr. President, I am much interested in that news ticker item, because it is clear evidence that the State Department is now forewarned of our intent.

I recall sitting as a member of the Foreign Relations Committee—whether in open session or in executive session makes no difference, in this respect—at a time when I said to Secretary Rusk, "You had better get busy training some personnel and leadership and establishing an overall training organization in depth or you will have trouble when the bill comes up on the floor of the Senate." I remember that the Senator from Oregon and the Senator from Missouri said the same thing. However, the State Department officials decided to "bull it through"; their attitude was, "Why change? We have spent \$100 billion of the money of the American people, up to now; and surely we can get another \$3 or \$4 billion at this time." But, Mr. President, they cannot do it that easily any more. Congress is beginning to live up to its responsibility.

Mr. GRUENING. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. GRUENING. In connection with the comment about criticism by Secretary Rusk, he does not realize that before the Marshall plan was established, it was understood that the function of the Senate in connection with foreign affairs was merely to give its advice and consent to treaties and to the nominations of Foreign Service personnel, and nothing else; but today Congress also has a definite responsibility to decide how the foreign aid funds are to be spent. It is both our legislative duty and our constitutional obligation to debate these matters, and the Secretary of State should realize that.

Therefore, I think the action taken yesterday by the Senate, although it was overdue and was taken belatedly, was very necessary; and I hope we continue to watch where such large amounts of the taxpayers' money go, in connection with our foreign aid program.

Mr. DOMINICK. Mr. President, I thoroughly agree with the Senator from Alaska.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I do not believe the personnel in our Foreign Service are untrained. The Foreign Service personnel I have met are exceedingly well trained, better trained than some of their critics. I do not believe we shall provide for a better Foreign Service by establishing a Foreign Service Academy.

I have long protested, in connection with the Foreign Service, what we call the Ivy League clique. It seems to me it would be a good idea to have in the Foreign Service people from all parts of the country who have a genuine appreciation of American life and its many facets and different cultures.

For example, I believe that the American University, in the Nation's Capital, with its school of international relations, prepares people very well for the Foreign Service. Likewise, I do not believe that all the good generals grad-

uated from West Point. Many of them came from VMI or Texas A. & M. or from colleges with ROTC units. I believe that the Georgetown University Foreign Service School is one of the great foreign service schools in the world; and I believe that Leland Stanford University graduates some fine people who are trained for the field of foreign service.

So I do not believe we do our country any service by alleging that those who work in the State Department are incompetent and incapable of doing their jobs. They are extremely competent. Some of them may not be as competent as we would like them to be, but certainly the same may be said of any office which any one of us manages or of any business in which any of us may be engaged.

I would support a program for the establishment of an academy for training in Foreign Service. I have said so many times. But I do not believe it would answer all our problems—not by a long shot.

Furthermore, I do not believe that in connection with requesting the establishment of an academy for training in Foreign Service, Senators needs to "downgrade" those who are now in the Foreign Service. There are many good people in our Foreign Service, and I do not believe it is a good idea to spread across the world statements to the effect that the State Department wastes billions of dollars because of incompetent personnel.

In the Foreign Service there are men who have given their lives and also the lives of their families to their country. In fact, when the Government hires a Foreign Service officer, it generally gets two for one—both the Foreign Service officer and his wife; and the wives of our Foreign Service officers lead voluntary organizations and do excellent jobs in carrying the philosophy of this country to many parts of the world.

I know what is happening to the foreign aid authorization bill. We can cut it or we can defeat it; and apparently there is among the Members of this body a passion to do something to the foreign aid authorization bill to change it drastically. Some think the foreign aid program should not even be permitted to continue.

Be that as it may, Mr. President, I do not believe that in the process of amending the bill we are required to "run down" the Foreign Service public servants. If I were a Foreign Service officer, I would deeply resent such an attack. Some of the Foreign Service officers go to parts of the world where a Senator would not be willing to go, even if he were paid 10 times his present salary. The Foreign Service officers go to their posts like soldiers; and I am not going to remain silent when attempts are made to rip the Foreign Service to pieces—to downgrade and attack and criticize it unfairly.

I want Senators who criticize it to name the Foreign Service officer who is charged with wasting money. I ask the Senator from South Dakota to give me a bill of particulars. What Foreign Service officer is wasting money? Is the Senator from South Dakota talking about Secretary of State Acheson or

Secretary of State Dulles or Secretary of State Herter or Secretary of State Rusk? About whom is the Senator from South Dakota talking? What Foreign Service officer does he mean?

If a Senator is going to criticize, instead of criticizing a whole class of Government employees, he should name the ones to whom he refers. However, I do not think Senators can name very many responsible Foreign Service officers who have "sold out" this country or have been guilty of mismanagement or misconduct or are incompetent.

In the last few years we have done a great deal to elevate the Foreign Service and to improve and raise the standards.

I have a son who hopes to enter the Foreign Service. At this time he is studying for the Foreign Service; and I resent having the Foreign Service criticized in such fashion. I do not believe that is the way to recruit good people for the Foreign Service. I do not want my son to read, in the CONGRESSIONAL RECORD, charges that the Foreign Service is incompetent and wastes millions of dollars.

I demand a bill of particulars. When the Senator can show me the names of the individuals, and show me the people who have been guilty of the colossal waste charged because they were incompetent or stupid or untrained, I shall be willing to buy the argument. Until then I resent it. I think it is an unfair argument.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. GRUENING. Mr. President, I call up my amendment No. 232.

The PRESIDING OFFICER (Mr. Nelson in the chair). The amendment of the Senator from Alaska has been offered and stated, and is now pending before the Senate.

Mr. MUNDT. Mr. President, I think I still have the floor.

The PRESIDING OFFICER. Does the Senator from Alaska yield further to the Senator from South Dakota?

Mr. GRUENING. Mr. President, I am glad to yield to the Senator from South Dakota. I hope his remarks will be brief.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Who has the floor?

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. FULBRIGHT. By what right does the Senator yield?

Mr. GRUENING. By unanimous consent I yielded to the Senator from South Dakota.

The PRESIDING OFFICER. Is there objection to the Senator from Alaska yielding further to the Senator from South Dakota?

Mr. FULBRIGHT. I object.

Mr. MUNDT. Mr. President, the objection comes about an hour too late. By unanimous consent the Senate has already agreed that the Senator from

Alaska would yield to me so that I could present my position, and after I had concluded, the floor was to revert to the Senator from Alaska. I have not concluded because I wish to respond to the Senator from Minnesota. The objection of the Senator from Arkansas would have been highly appropriate an hour ago, but not now.

The PRESIDING OFFICER. The Parliamentarian has advised the Chair that the Senator from Alaska has the floor. Unanimous consent is required to enable him to yield to the Senator from South Dakota. The Senator from Arkansas has objected to the request by the Senator from Alaska.

Mr. MUNDT. I should like to know by what parliamentary device the Senator from South Dakota's original understanding with the Senator from Alaska has been vitiated.

The PRESIDING OFFICER. The Parliamentarian has advised the Chair that the Senator from Alaska reasserted his right to the floor when the Senator from South Dakota had concluded his remarks. He now has the floor. Unanimous consent is required for the Senator from Alaska to yield to any other Senator the privilege of the floor.

Mr. GRUENING. Mr. President, the pending business before the Senate is my amendment No. 232.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield.

Mr. MORSE. I assure the Senator from South Dakota that later he will have any time he desires.

Mr. MUNDT. I appreciate that very much. I merely wished to say to my friend, the Senator from Minnesota, that I welcome him in the ranks of those who support the Freedom Academy approach, even though he damned it with faint praise, and even though understandably he opposes some of the arguments which I have presented.

I regret that the Senator from Minnesota was not present during the entire discourse I made on the subject. Quite obviously he has based some of his observations on a misapprehension. First, I have never said that the Senate Department people are not trained. They are not trained in the appropriate tactics and techniques of the cold war.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Who has the floor?

Mr. MUNDT. I think the Senator from South Dakota has the floor.

Mr. GRUENING. The Senator from Alaska has not yielded the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alaska.

Mr. MUNDT. I will be back.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRUENING. Is there a rule that prohibits a Senator from yielding the floor to another Senator without his giving up his right to the floor?

The PRESIDING OFFICER. If a Senator calls for the regular order, the Senator may yield only for a question.

Mr. GRUENING. I am glad to yield to the Senator from Oregon for a question.

Mr. MORSE. Mr. President, would the Senator be willing to yield the floor temporarily, so that I can see if I can obtain the floor in my own right to put into the RECORD some information that the State Department has just sent me, and make a brief comment on it?

Mr. GRUENING. I would, with the understanding that objection will not be raised and that, as a result of my courtesy in yielding to the Senator from South Dakota, I would not lose my right to the floor.

Mr. MORSE. I did not ask for that. I think we can do business in a somewhat different way. I think the Senator can obtain the floor. I suggest that we try it and see how it works.

The PRESIDING OFFICER. Does the Senator from Alaska ask unanimous consent that he may yield the floor?

Mr. FULBRIGHT. Mr. President, he need not ask unanimous consent to yield the floor.

Mr. GRUENING. Mr. President, I ask unanimous consent that I may yield to the Senator from Oregon with the understanding that I do not lose my right to the floor.

Mr. FULBRIGHT. I object.

Mr. GRUENING. Objection is heard.

Mr. President, my amendment which is cosponsored by the Senator from Wyoming [Mr. SIMPSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Utah [Mr. MOSS], the Senator from Nevada [Mr. CANNON], the Senator from Colorado [Mr. DOMINICK], the Senator from Oregon [Mr. MORSE], the Senator from Texas [Mr. YARBOROUGH], the Senator from Nevada [Mr. BIBLE], and the Senator from Florida [Mr. SMATHERS], is designed to make a realistic loan of the so-called development loans.

Two or three years ago objection was raised and heard in Congress that we were making grants recklessly, wildly and extravagantly. It was argued that we should have loans instead, the thought being that people would then have a sense of responsibility for paying the loans.

Actually the loans turned out to be a kind of fraud on the American people. What were the terms of those loans? Usually 10 years with no payment of either principal or sometimes of interest, and then for the balance of the loan three-quarters of 1 percent.

No such loans were ever known on such a scale before. In the course of that period of generosity we loaned \$1,300 million under the development loan program, the cost of which—even assuming that the loan would be repaid, which is not a certainty—was \$870 million in concealed grants.

I illustrate what I am speaking about by stating a specific example. I was in Cairo last February. While I was there, I was present at the signing by the American Ambassador of a \$30 million loan to Mr. Nasser to build a powerplant in west Cairo. A powerplant is a money-making enterprise. From the time it starts generating and delivering its power the dictator can charge his consumers—his electricity users—any rate that

he wishes. Yet the loan provides that for 10 years he shall make no payment whatsoever. Meanwhile we are borrowing money from the American people at about 4 percent, so that in each of those years it is costing us \$1.25 million, which is the difference between no payment on the part of Nasser and what we have to pay. So in the first 10 years, even before he starts repaying the loan, the Treasury will be out \$12.5 million.

Appreciation of the fact that that procedure is all wrong and is an unsound financial practice is reflected in a couple of rather feeble efforts on the part of the committee to change the situation. The House has provided in section 105 that in no event henceforth, after the bill is enacted, shall the loan be at less than 2 percent per annum. The Senate committee did not go quite so far. The Senate version is a kind of fusion of the two methods. The Senate committee amendment provides that for the first 5 years the rate shall be three-quarters of 1 percent, and then annually thereafter it shall be 2 percent. I argue that that does not meet the situation at all. We may not be going into the hole quite as deep, but we are still going into the hole. I think it is entirely proper that the amendment, which merely provides that we shall exact the going rate, whatever that rate may be at the time the Treasury Department can inform us—whether it be $3\frac{3}{4}$ percent or 4 percent, plus one-quarter of 1 percent as a carrying charge—henceforth those loans will be valid loans and not at usurious rates of interest.

That is exactly what it costs the American people. That would not only be sound, but it would save the Treasury million of dollars in the course of the next few years.

The argument will be made that some countries are so poor and conditions are so bad that they cannot afford to pay 4 percent. In those situations we should frankly decide whether or not a grant is justifiable. I would rather have a grant at any time than a phony loan which is both a grant and a loan. In the case of the powerplant there was no excuse whatsoever for making that kind of loan. It should have been a loan from the Export-Import Bank or the World Development Bank on a sound business basis.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, earlier today I expressed concern about the ticker tape report of the press conference of the Secretary of State, and said I would discuss it later.

I have received a transcript of the Secretary of State's press conference, accompanied by a letter from a very able State Department representative of whom we are all fond, the liaison officer of the Secretary with the Congress, Mr. Dutton, in which he says:

I understand you are interested in Secretary Rusk's comments at his press conference this morning in relation to the foreign aid bill pending before the Senate. A copy of the first 10 pages of the transcript is attached. It contains the remarks relevant to foreign aid. The rest of the transcript will be sent to you as soon as it is mimeographed.

I shall read what the ticker said. Then I shall read what the Secretary of State said at the press conference. Then I shall make comments on the two.

The UP ticker item reads as follows:

Secretary of State Dean Rusk tore into Congress today for trying to alter the course of the administration's foreign policy.

In unusually blunt terms, he said "Congress is trying to 'legislate foreign policy,'" and said the President will get the blame if things go wrong.

Rusk told a news conference that he is "very much disturbed * * * very much concerned" about what he said was a tendency of Congress "to try to build into law attitudes on foreign aid." He said the lawmakers are not held to blame if foreign policy goes sour and "I hope very much Congress will hold its hand."

Rusk particularly criticized Senate attempts during current debate in the legislation, to write restrictions into the pending foreign aid bill to limit or deny assistance to countries such as Yugoslavia, Egypt, and Indonesia.

Referring to moves in the Senate to cut foreign aid outlays drastically, Rusk said, "This is no time to quit. There is too much unfinished business ahead of us."

I shall now read what the Secretary of State actually said, so that the Senate will have not only statements out of context but also statements in full context.

The first part of the press conference did not deal with foreign aid, but dealt with the wheat negotiations. Then the Secretary was asked:

Mr. Secretary, could you give us your appraisal of the situation now in Vietnam?

The Secretary discussed the Vietnam matter. After he finished discussing the Vietnam situation, the following occurred in the press conference:

Question. Could you give us your thoughts on the views in the Senate to restrict aid to Yugoslavia, Egypt, and Indonesia?

Answer. Well, I must say that I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries. The legislative cycle moves a year at a time. The world moves very fast. It is not possible for the Congress to anticipate in advance what the circumstances are going to be in any given situation, so I am very much concerned about the tendency to try to build into law attitudes in the use of our aid program, for example, with regard to particular countries.

These are responsibilities carried by the President of the United States. They are very heavy responsibilities. The President is the one whom the country will hold responsible if things go wrong. So I am very much concerned about the loss of flexibility, the loss of any ability to move to protect and forward the interests of the United States wherever they might be engaged anywhere in the world. So I would hope very much that the Congress would withhold its hand and not try to legislate in detail about the application of an aid program to a particular country.

Question. Mr. Secretary, on the larger view of the foreign aid situation, the Congress is in the process of tearing it to shreds; and this is only the authorization. The news is going to be a lot worse when you get to appropriations; this is quite clear.

Now how do you respond to this? You are getting a message, at least they say on the Hill, which tells you, the administration, the Congress is fed up with foreign aid, as it is now being operated.

What do you propose to do about it?

Answer. Well, we are in daily, sometimes hourly, contact with the Congress about this

matter. I must say that I don't understand the tendency to cut back on our foreign aid program as deeply as is now being discussed in the Congress. The large and dangerous questions are still in front of us, whether it is Berlin, or Cuba, or Laos, or Vietnam, or whatever it may be.

There is no detente in the sense that there is a general easing of relations between the free world and the Communist world. There have been some limited and specific agreements, some of them have been important, such as the nuclear test ban treaty. There have been explorations of the possibilities of agreements on other subjects.

But this is no time to quit. There is too much unfinished business ahead of us. The United States has almost a million men outside of the continental limits of the United States, ashore and afloat. We must support those men. They are out to do a job for the free world. And I think they are entitled to have us support them by trying to get the job done without committing them to combat, if possible.

Now we spend gladly—we spend gladly—about \$50 billion a year in our defense budget. I don't see why we can't spend 10 percent of that, if necessary, to get the job done without war, if possible. So I am very much concerned about the general attitude that somehow we can relax, we can cut back on our foreign aid, we can become indifferent to what is happening in other parts of the world. The world is not in that shape at the present time, and effort is still crucial to getting the great job done on behalf of freedom.

The press conference then turned to other subjects. That was all that was said in the press conference in respect to the foreign aid bill.

Although I disagree with some of the points of view of the Secretary, about which I shall comment momentarily, and although I disagree with the conclusions he has reached in connection with foreign aid, he expressed nothing at the press conference this morning that he has not expressed for some time. That has been his position right along, and I respect him for stating it. I do not feel that he "tore into Congress."

This great Secretary of State has a difference in point of view from those of us who do not believe the foreign aid bill will accomplish many of the desired purposes and who believe that the foreign aid bill proposes to continue waste, extravagance and inefficiency, and may promote corruption in some parts of the world.

We have known that this has been the point of view of the Secretary of State for some time. He presented his point of view at the press conference with great dignity, great sincerity, great dedication to his task as he sees his obligations.

Although I am, as the Secretary knows, in great disagreement with him in regard to the position of the State Department and the White House on certain phases of foreign policy, I have nothing but high respect for the Secretary of State's service and for the answers he gave to the press this morning in his typically objective and fair manner, though I disagree with the conclusions in some of his statements.

I shall express myself now on some of the disagreements. The Secretary of State has great responsibilities. He has

obligations to the President. A multitude of problems confronts the United States in the field of foreign policy. The Secretary has a tendency to become a little annoyed because his executive functions must be carried out within the framework of our constitutional checks. I have felt this in connection with his testimony; I have felt it in connection with his briefing before the Foreign Relations Committee; and I feel it in connection with the statement he made to the press this morning in his press conference.

It might be much easier for the executive branch of Government to proceed unchecked in the field of foreign policy if it did not have to deal with Congress. We are an annoying element, to be sure. It happens to be our duty to be annoying if we think the executive branch is following a policy that is not in the best interest of the country. We have the responsibility of viewing and reviewing policies of any executive, at any time, in connection with the question of whether or not there is a wise expenditure of the American taxpayers' dollars and an expenditure of the American taxpayers' dollars for purposes that can be justified.

At that point the Secretary of State has his greatest difficulty in adjusting to the American system of checks and balances, because there is a great tendency on the part of members of the executive branch of Government to take the position that it can have any foreign policy it desires, and that we should not annoy or restrict them or ask too many questions, at least in detail, and that we should not suggest that the public interest calls for the placing of restrictions upon foreign policy.

The interesting thing about the separation of powers doctrine is that the checking powers of Congress are limited, also. We cannot write foreign policy, in the sense that we cannot diplomatically negotiate. We cannot make treaties; we can only approve them. We cannot enter into executive agreements. But we can follow a good many checks, if executive agreements are entered into that we do not think are in the best interest of the public, by exercising our power over the purse. Executive agreements become empty agreements unless they can be implemented.

I feel, and have felt, that way; and my view has not been changed by the press conference of the Secretary this morning. He has merely set forth the differences between the Secretary and certain Members of Congress. He does not have a comprehension of what our duty is as Senators with respect to the granting of authority to implement a foreign policy function. It boils down to the fact that the administration has sent to Congress a bill for foreign aid and asks money for a great variety of purposes. We say, "We will take a look at your purposes. We are going to examine your purposes in detail and in depth, and we are not going to grant you the money unless we think your purposes are in the public interest."

That is the check. To say that the Congress of the United States has no au-

thority in the field of foreign relations is quite unrealistic.

As the Senator from Alaska said earlier, great changes have taken place in foreign policy, worldwide, in the last 20 years. Twenty years ago we were never in such a complex and complicated international situation as we are now in.

When billions of dollars of the American taxpayers' money are thrown around, I say, most respectfully, to those in Congress that they cannot escape their responsibility to evaluate foreign policy in respect to their duty to determine how much money to allow for the various foreign policy proposals.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. Do I correctly understand that the Senator is stating that the Secretary of State has no respect for the principle of checks and balances?

Mr. MORSE. I have not said that at all. Quite to the contrary, I said that I do not think the Secretary of State shares the point of view of the Senator from Oregon as to how far the system of checks and balances goes in respect to congressional authority in the field of foreign policy.

Mr. FULBRIGHT. Will the Senator yield further?

Mr. MORSE. Certainly.

Mr. FULBRIGHT. I thoroughly disagree with what the Senator says. I think this Secretary of State has been more than responsive to the views of the committee, certainly and has been more than willing to come at any time to consult with the committee. When the Senate begins to bring into a foreign aid bill measures to regulate in an irrelevant field, such as the fishing industry, or the Israel security problems, and to legislate on specific problems, it is going quite beyond the normal responsibilities of a legislative body and is usurping the executive functions, rather than the reverse.

Mr. MORSE. I wish to reply, good-naturedly and respectfully, that I do not know with whom the Senator from Arkansas disagrees. I doubt, if he reads the transcript of what I said, that he disagrees with the Senator from Oregon. If he does, that is all right with me. I only repeat my thesis that, in my judgment, in his press conference this morning the Secretary of State did not give the same weight to our system of checks and balances as does the Senator from Oregon in regard to the authority and duty of the Congress in respect to appropriation of money for the implementation of foreign policy proposals of any administration.

When the administration sends to Congress a foreign aid bill, asking for the expenditure of hundreds of millions of dollars, Congress has the duty of looking into how the money is to be spent in relation to foreign aid programs. The Secretary said:

Well, I must state that I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries. The legislative cycle moves a year at a time. The world moves very fast. It is

not possible for the Congress to anticipate in advance what the circumstances are going to be in any given situation, so I am very much concerned about the tendency to try to build into law attitudes in the use of our aid program, for example, with regard to particular countries—

He must face the fact that we have the duty of seeing what kind of attitude the administration seeks to build in our relations with other countries. So when the Secretary says, "These are responsibilities carried by the President, I quite agree, but the President of the United States is not free to adopt any policy he desires, without any check, under the doctrine of separation of powers. If that were done, there would be a dictatorship. Our Constitutional Fathers were careful to see that there was not vested in a President of the United States dictatorial power. I know of no President, including President Kennedy, who would want to exercise such power, or any Secretary of State, including Secretary Rusk. But when the Secretary says the President is the one the country will hold responsible if things go wrong, I point out that he is one whom the people will hold responsible. But I say to Members of Congress that the people will not fail to hold them responsible for their mistakes.

Having entered this new era of foreign relations which the Senator from Alaska discussed earlier today, not one of us, in either the legislative branch or the executive branch, can escape being held responsible if the American foreign policy goes wrong. We should not be allowed to escape it, either.

The Secretary of State continued:

So, I am very much concerned about the loss of flexibility, the loss of any ability to move to protect and forward the interests of the United States wherever they might be engaged anywhere in the world. So I would hope very much that the Congress would withhold its hand and not try to legislate in detail about the application of an aid program to a particular country.

Note that the Secretary wants to have that put on the basis of leaving more flexibility. What does he mean by "flexibility"? If he means following a course of action which we are satisfied is not in the public interest, now is the time for us to put restrictions in the bill. That is what we have been doing. That is completely in keeping with our authority to check any administration with respect to the expenditure of funds for implementing any foreign policy with which we find ourselves in disagreement.

The Secretary was asked the question:

Question. Mr. Secretary, on the larger view of the foreign aid situation, the Congress, is in the process of tearing it to shreds; and this is only the authorization. The news is going to be a lot worse when you get to appropriations; this is quite clear.

Now how do you respond to this? You are getting a message, at least they say on the Hill, which tells you, the administration, the Congress is fed up with foreign aid, as it is now being operated.

What do you propose to do about it?

Answer. Well, we are in daily, sometimes hourly, contact with the Congress about this matter.

He certainly has. I do not know how we could have a more cooperative Secretary of State than Secretary Rusk. He continued:

I must say that I don't understand the tendency to cut back on our foreign aid program as deeply as is now being discussed in the Congress. The large and dangerous questions are still in front of us, whether it is Berlin, or Cuba, or Laos, or Vietnam, or whatever it may be.

I consider that a complete non sequitur. What has that to do with whether or not the Senate decides that it is in the best interests of this country to adopt the amendments that have been adopted, such as the Humphrey amendment? I helped the Senator from Minnesota to draft it. It was added to the Mansfield amendment, which was finally adopted. It was a good amendment. Obviously, the Secretary of State does not like it. He has respectfully and with dignity told us that, as he has a right to do.

That in no way should justify subjecting Congress to criticism, because we do not agree with the Secretary of State. The authority vests in Congress, and the duty vests in Congress—I wish to stress both—the authority and the duty—to exercise our judgment as to the amount our Government should spend for these projects.

As I said earlier, I believe the Secretary of State would like it better if he were given a free hand. He has not been given it, and he should not be given it.

The Secretary continued:

There is no detente in the sense that there is a general easing of relations between the free world and the Communist world. There have been some limited and specific agreements, some of them have been important, such as the nuclear test ban treaty. There have been explorations of the possibilities of agreements on other subjects.

But this is no time to quit.

That is an interesting implication. I do not believe that it is meant or intended in any literal sense that one should say it is subject to the interpretation that we are proposing to quit foreign aid. The Secretary of State knows that. If we end with a foreign aid bill anywhere above \$3 billion, we shall have made a vast outlay for foreign aid. If we cut the cloth of the foreign aid program to a \$3 billion piece, thereby eliminating a great many countries that ought to be eliminated from the foreign aid program, it will still be a huge amount.

Those countries fall into two main classifications—first, those that are able to support themselves. They should not receive funds. Second, there are countries in which we are spending money in a completely wasteful way. It would be impossible to spend enough money to be of any assistance to them. They are complete sinkholes. We shall never be able to fill up those sinkholes; and we must recognize that we cannot spend enough foreign aid money to be of any material assistance in certain areas of the world in which we are now sinking a great amount of Federal money.

I know how things happen in press conferences. The use of the word "quit"

might cause some to seek to give the interpretation that the Secretary of State thinks we are quitting foreign aid. We are not quitting foreign aid. Congress is trying to strengthen foreign aid. We disagree on how best to strengthen it. However, we have a duty to the taxpayers of the country to see that the money is spent in a manner as to give them their money's worth, which they are not now getting. They deserve a foreign aid bill that will strengthen our spending in the world and not weaken it.

The Secretary continued:

There is too much unfinished business ahead of us. The United States has almost a million men outside of the continental limits of the United States, ashore and afloat. We must support those men.

Who says we do not want to? Who says that we are not? I say again, as I said earlier in the debate, that these are the men who are saving the areas of the world which are endangered, and not the military personnel of the indigenous populations of those areas of the world. If anyone thinks that the South Korean Army is saving South Korea, that is utter nonsense. South Korea is being saved by some 50,000 boys in uniform, whom we have stationed there, by the 7th Fleet, and by the availability of the U.S. Air Force. That is what is saving South Korea.

The statement of the Secretary of State will be interpreted by some as meaning that we must continue to give all the aid that we have been giving to South Korea, because if we do not do so, we will not support the American boys overseas. That does not follow. It is an illogical conclusion to draw.

The Secretary then states:

We must support those men. They are out to do a job for the free world. And I think they are entitled to have us support them by trying to get the job done without committing them to combat, if possible.

I say to the Secretary of State: "What has that to do with our wasting hundreds of millions of dollars of foreign aid money?" The trouble is that my good friend the Secretary of State has been reluctant to face what is the unanswerable fact; namely, that if we are to have a strong foreign aid program, we must reform the program. Some of us have been telling him that for many months. Congress has suggested that there be some consultations to revamp the foreign aid bill. We have been taking that position for months. We have been saying the same thing that the committee says in the report. The only difference between those of us who oppose the bill and the majority of the committee is that the opponents think we ought to do it now. We think this is the time to do it. Of course, if the Secretary of State's statement is subject to the interpretation—I do not believe it would be a particularly fair interpretation, although he should amplify the statement—that he ought to have it as is, that does not offer much hope for implementing the committee's recommendation for the improvement of foreign aid. If we are to reform foreign aid, it must be done in

Congress. We shall have to adopt new policies moneywise, and say, "This is what you are getting it for, and that is all you are going to get."

The Secretary said:

Now we spend gladly—we spend gladly—about \$50 billion a year in our defense budget. I don't see why we can't spend 10 percent of that, if necessary, to get the job done without war, if possible.

If ever there was a false conclusion, that is it—namely, that the foreign aid program is intended to prevent war. There is no cause-to-effect relationship between those two premises. The State Department officials like to create the impression that if we give them all the money they request for foreign aid, it will not be necessary to go to war.

It is my opinion that if Congress provided all the foreign aid that is asked for in the bill, so many tensions would be created in so many parts of the world, and so many problems would develop in so many parts of the world, that peace would not be encouraged, but more tension and more trouble would result, instead.

I do not say that reducing foreign aid will reduce the chances of war. There is no proof whatsoever that granting the Secretary of State all the money he wants for foreign aid will avoid war. Quite to the contrary. In my judgment, we would help to lessen the chances of war if we drastically cut military aid out of the foreign aid bill. I am sorry I am not getting from the Secretary of State the support that he ought to be offering with respect to foreign aid.

The military aid provisions of the bill are shocking in their amount. In my judgment, the committee did not begin to cut it enough. We ought to cut it in connection with NATO.

As I have said previously, we ought to bring home at least four of our six divisions in Germany. If Senators will talk with the chairman of the Committee on Armed Services, they will find no dispute with him about the fact that six divisions are not needed in Germany to protect Germany—and Germany knows it. Furthermore, we ought to bring those divisions home until our NATO Allies start to fulfill their commitments in respect to their NATO obligations. Not a single one of them has done so yet, including West Germany. It may be that because there is full employment in West Germany and a great deal of unemployment in the United States, there are those who do not want to bring our divisions home. But I believe that Germany has an obligation to fill her NATO ranks.

Nevertheless, she is a wonderful ally on this score, compared with France.

France, obviously, has no intention of fulfilling her NATO obligations. On the floor of the Senate the other day, I called attention to a classified document, invited Senators to examine it, and then returned it to the Committee on Foreign Relations, where I invited Senators to go to look at it. The sad fact is that most of our allies do not even want to commit themselves to fulfilling their commitments on M-Day. It is all right for the Secretary of State to hold a news

conference and engage in a series of non sequiturs with respect to foreign aid and war or no war. But I say to him, most respectfully: "You will greatly strengthen the military posture of the United States and the defense of the United States if you will cooperate with us in trying to bring about some economy in connection with the terrific military cost."

The two most dangerous forces in the world, so far as peace is concerned, are the Russian and the American military. I vote to maintain our forces, so far as our national defense budget is concerned. If the mad, insane armaments race is continued, history will repeat itself, and the result will be war. At the same time, we should bide our time and keep ourselves so strong that Russia will understand, day and night, that she, too, has everything to lose and nothing to gain by nuclear war. That is why I voted more money for defense than was recommended by any one of the four Presidents under whom I have served as a Senator. There were times when I voted more money for defense than any of those Presidents recommended, because I was literally gambling, so far as our domestic defense was concerned, on providing too much rather than too little.

But I will not waste the taxpayers' money on foreign governments which will not assume their defense obligations.

So I say to the Secretary of State: "I do not take offense at your news conference this morning. I believe you expressed your sincere, honest judgment. I have respect for it. I disagree with some of it."

What I feel bad about is that the State Department has not seen fit to face the reality of the situation that exists in this country with respect to foreign aid and to try to arrive at an adjustment of the differences that exist in this body over foreign aid, while there is still time. It could be done in the long weekend ahead. I assure the administration that Senators who are opposed to the bill are ready and willing at any time to try to adjust our differences. But that does not mean that we will ever agree to a continuation in the foreign aid bill of many of the weaknesses and evils in the present foreign aid bill, which we will seek to rectify by a series of 40 or 50 amendments.

While I am on my feet, commenting on the differences I have with the Secretary of State, I wish to make a comment or two on some differences I have with the New York Times. Senators who are opposed to the bill do not have the media of information to support them that the proponents of the bill have. We do not have the great propaganda force of the American press, which, by and large, is functioning as a huge lobby for the administration in connection with this wasteful foreign aid bill. We must work very hard to keep up with the activities of the research staff of the Department of State, the Pentagon, and the White House, which are constantly feeding into this Chamber their memorandums and other information that they think they can use to counter our opposition.

But when the kind of attack takes place to which the senior Senator from Oregon was subjected in the New York Times this morning, all we can do is to state, patiently, goodnaturedly, and tolerantly, what we believe to be the facts in answer.

There is an interesting editorial in the New York Times this morning. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SENATOR MORSE'S PERFORMANCE

Senator WAYNE MORSE, of Oregon, is displaying much of his considerable talent in attacking the foreign aid bill. His knowledge of parliamentary procedure, his skill at expressing indignation, and his seemingly indefatigable ability to engage in exhaustive soliloquies—characteristics that have been employed by him so often in the past—are now being used in an all-out effort to reduce the extent of foreign military and economic aid to the developing nations.

Some of Mr. MORSE's criticisms are justified. The rich industrialized nations of Western Europe are not contributing a fair share of the costs of NATO's defense forces; funds have been wasted in Turkey, Pakistan, and other countries; and it may well be true that "the United States pays the salaries of more generals in Chiang Kai-shek's army than the total number of generals in the entire U.S. Military Establishment."

But Mr. MORSE does not confine his wrath to obvious shortcomings. His claims that the American public is being "rooked," that aid to Latin America has "caused more harm than good" and that foreign aid is hurting the domestic economy, only help the enemies of the whole program. Mr. MORSE may protest that he is a supporter of foreign aid while exercising his critical faculties against this particular bill; but his unrestrained performance leaves the impression that he is more interested in reducing the overall amount of aid than in making sure that the program is operated more efficiently.

Mr. MORSE. Mr. President, I shall ignore the first part of the editorial, which deals with personal reference to the Senator from Oregon. Whenever I find someone starting out even with faint praise, I am on my guard. I am never taken off my guard by gloved compliments. I was pleased that the New York Times did say:

Some of Mr. MORSE's criticisms are justified.

That was a refreshing admission, coming from the New York Times. The editorial continues:

The rich industrialized nations of Western Europe are not contributing a fair share of the cost of NATO defense forces.

I appreciated that statement, too. I hope the Senate will keep that in mind when, later today or tonight, it acts on the Morse amendment dealing with NATO, whereby I propose to end all U.S. aid to NATO countries that are self-sufficient.

I am glad the New York Times agrees that the rich industrial nations of Europe are not contributing a fair share of the cost of maintaining NATO's defense forces. I am glad the New York Times recognizes, from the evidence we have adduced and put into this RECORD for several weeks, now, that funds have been wasted in Turkey, Pakistan, and other countries.

I thought it was interesting that the New York Times commented that:

It may well be true that "the United States pays the salaries of more generals in Chiang Kai-shek's army than the total number of generals in the entire U.S. Military Establishment."

The Times can strike from the editorial the words "it may well be true," because it is true; it is true that Chiang Kai-shek's army has in it more generals than does the entire U.S. Military Establishment, and I do not understand how anyone can dispute the fact that Chiang Kai-shek's army is dependent upon the U.S. Treasury.

I read further from the New York Times editorial:

But Mr. MORSE does not confine his wrath to obvious shortcomings.

Mr. President, perhaps it is wrath; but if it is, I wish to state that my adrenal glands show no evidence of being empty. However, throughout this debate, although I have spoken with deep conviction, I have spoken with more sorrow than wrath. I am rather sorrowful that we are in this plight in connection with foreign aid. I am sorrowful that this administration sent to Congress the foreign aid bill in the form in which it came to us. I am sorrowful that the administration did not take note of the criticisms of foreign aid that are set forth in the committee's report, and did not do something about them before it sent the bill to us. The administration knew that such criticisms are based on conditions which have existed for the last few years; nevertheless, the bill was handed to us again. That is why I am not moved by the suggestion that all we should do is to slap the administration on the wrist, and then say, by way of warning, "If you do not do something about reforming your foreign aid bill by next year, you will be in trouble."

So I think we should let the administration realize that it is in trouble now, and that if these criticisms are sound, the reforms should be forthcoming now. I say most respectfully to the Secretary of State that he should use the next few days to consult with the Senate Foreign Relations Committee, to determine what can be done to give assurance now about needed reforms, before the Senate proceeds next week with further consideration of the bill.

The New York Times editorial also states:

He claims that the American public is being "rooked."

Mr. President, I think that is a very apt description of what is happening. The American people are being rooked; The American public and the American taxpayers are being taken for an economic ride by way of the vehicles of waste in the foreign aid program; and we should stop such waste. The word "rooked" is an accurate and apt description of what is happening to the American taxpayers.

The New York Times editorial also states:

And that aid to Latin America has "caused more harm than good."

Mr. President, if Senators will examine the context of the speech from which that statement is taken, they will find that I pointed out that our military aid to Latin America has caused more harm than good. There has been some waste in our economic aid; but my criticism about "doing more harm than good" related particularly to our military aid. Before this debate is concluded, the Senate will have to deal with amendments on that score. But the New York Times should take note of the fact that I joined the Senator from Minnesota [Mr. HUMPHREY] in trying to restore a substantial amount of the authorization that the so-called "powerhouse amendment," offered by the two leaders in the Senate and their associates, sought to take from the Alliance for Progress program. The Senator from Oregon, in cooperation with the Senator from Minnesota, said, "We think you have gone too far in cutting the authorization for the Alliance for Progress program, insofar as our economic aid is concerned"; and, as chairman of the Subcommittee on Latin American Affairs, I was pleased to join the Senator from Minnesota in urging the Senate to restore \$75 million to the authorization for the Alliance for Progress program—thus increasing it to \$600 million. The Senate did so because the Senator from Minnesota was in a position to inform the Senate that although those in charge of the program did not like that cut and would prefer not to have it made, yet, when talking to him about the program, they said that although they would like a larger authorization, they could live with this one. Particularly in view of the lapse of time, that was a fairly good rehabilitation, for we are rapidly approaching the next fiscal year, and it will not be long before the new program will be before Congress.

I hope that by that time more than eight Latin American countries will have submitted their plans for cooperation in connection with the Alliance for Progress program. The other day I pointed out, and so stated for the RECORD, that only eight Latin American countries have submitted such plans, and Argentina and Brazil are not among them, although Argentina and Brazil have been heavy recipients of millions of dollars out of the President's contingency fund. I am convinced that not one dollar should have gone to them out of the contingency fund. This is noted because it is easy for the New York Times to leave the impression, by means of its statement in the editorial that "aid to Latin America has 'caused more harm than good,'" that the Senator from Oregon is opposed to the Alliance for Progress program.

I am opposed to much of the military aid program, and shall have some suggestions to make as to how it could be modified into a program similar to the program of the U.S. Army Engineers, whereby military aid funds could be used for the building of roads, dams, and other great public works developments. If such a program is called military aid, there will be no complaint from me. But

military aid for the acquisition of Sherman tanks, submarines, and other heavy military equipment has no place in Latin America. On the other hand, if the military aid is confined to items necessary for internal security—to expenditures for small arms, such as pistols, machineguns, rifles, tear gas, and equipment necessary for the handling of riots and the type of coups the Communists could stage, I will not complain about aid of that kind.

But that does not require any such figure as the Foreign Relations Committee is recommending to the Senate. I wish to make that comment in regard to that very misleading editorial.

It states further:

And that foreign aid is hurting the domestic economy, only help the enemies of the whole program.

Mr. President, it is hurting the domestic economy. It is hurting the domestic economy in many ways, for it is resulting, in effect, in the exportation of a great deal of our economic potential. What we ought to be doing is saving whatever we can and using the money to develop our own underdeveloped areas in the United States and to meet our own unemployment problem. We should do something about our schools, our water level, money for medical care, for the aged, for arthritis research, heart research, and cancer research.

We must start paying closer attention to our domestic economy. The New York Times is absolutely right in that comment in its editorial. I say that foreign aid is hurting the domestic economy. But the editorial states that by making those arguments, all I am doing is helping the enemies of the whole program.

That is more nonsense. Now that we have been forced into the position of writing the bill on the floor of the Senate as though the Senate were a committee of the whole, we have a duty to bring out the evidence that we have been bringing out.

I will tell Senators what I believe disturbs some editors, including editors of the New York Times, the Washington Post, and others. They do not have any answer to the evidence that we have been putting into the RECORD for several weeks. I started putting that evidence into the RECORD several months ago. I spoke almost daily for weeks on that subject until the time of the test ban treaty debate. Then I laid aside my speeches on foreign aid. I knew that the foreign aid authorization bill would be before the Senate. I could see what was going to happen in the Foreign Relations Committee. Several months ago I started to make the RECORD, and it is a factual RECORD. I have put in factual data in speech after speech as to how foreign aid has operated in country after country. It is in the RECORD for future reference. No Senator can say that he did not have the facts available to him. If he did not read them, that is not the fault of the Senator from Oregon.

The editor, using a typical journalistic device of downgrading, then stated:

Mr. MORSE may protest that he is a supporter of foreign aid while exercising his

critical faculties against this particular bill; but his unrestrained performance—

If a Senator undertakes to make the record in detail, it is alleged that he is engaging in an "unrestrained performance."

We must not take the time of the Senate to make the record. That somehow is not supposed to be in accordance with the rules of the game. But the Senate should not be operated on the basis of its being a game. I happen to think that when the Senate has before it a matter vital to the welfare of the people of our country, Senators ought to exercise their rights and have the courage to exercise their rights and to make the record, no matter whether some editor who wishes to downgrade a Senator may call it "unrestrained."

So the editorial states:

But his unrestrained performance leaves the impression that he is more interested in reducing the overall amount of aid than in making sure that the program is operating more efficiently.

How could one get a more false conclusion from the record that the Senator from Oregon has made over many weeks in the Senate? I have said before that although I wish to cut the bill in money amounts, I want a good foreign aid program, a program that will accomplish its legitimate objectives. I want an efficient foreign aid program, a foreign aid program that will help us, in this great contest between totalitarianism and freedom, in winning the minds of millions of people over to the side of freedom.

The burden of my argument has been that this program is not doing it. That kind of attempted personal downgrading on the part of the New York Times is no answer to the facts put into the RECORD. The New York Times editor ought to be devoting himself to answering the criticisms that we have made of foreign relations by answering the factual information that we have put into the RECORD.

I have one other comment on another facet of this general problem. The Senator from Alaska [Mr. GRUENING] has talked about an editorial that appeared in this morning's Washington Post. I share every comment that he made about it. The Washington Post editor also belabors the idea that apparently we should not be discussing this subject on the floor of the Senate. We ought to let a steamroller roll over us. Senators should not exercise their rights and their duties to make the record. There is much concern because there are 50 pending amendments, but the concern is that it will take time to consider the 50 pending amendments. I wish the editor of the Post would express some concern about the fact that a bill came to us in such condition that sincere and dedicated Senators—as sincere and dedicated as those on the other side of the issue from us—feel that it is necessary in the public interest to offer some 50 amendments. That is what ought to confront the editor of the Washington Post. He ought to give his readers an analysis of the reasons why it became necessary to offer the amendments on the floor of the Senate.

Then the editor said:

Certain men of good will can differ with some of these specific aspects of the program, but it seems to us that the process by which legislative decision is reached is capricious and irresponsible.

I ask "Why?" What is capricious and irresponsible about it? Is it capricious and irresponsible if sincere and dedicated men who disagree with the administration and the administration spokesmen in the Senate say, "We are going to make our record in opposition and let the Senate be the judge."

What the editor impliedly confesses, although he would deny it if we put the question to him, is that he does not think we ought to make the record. He does not think we ought to take the time to make the record. He does not think that this should be a great debating forum. He does not believe that we ought to protect the Senate so that we can truly say that it is the greatest parliamentary body in the world. But it will not be a parliamentary body if it is merely a meeting place for Senators to assemble in order to cast votes.

The Washington Post editor, like the New York Times editor, has, as we say, "let his slip show." He has unknowingly confessed what rankles him. What he is really rankled about is that a thorough debate on a foreign aid bill that he knows cannot stand a thorough debate without a great many of its deficiencies being shown up is taking place in the Senate.

I say to my colleagues on my side of the issue, "Prepare for more of this. It will become more and more pointed and bitter as the days go by." By next week they will be writing editorials on asbestos paper.

We have not heard anything yet, so far as concerns the unkind things which will be said to us if we hold our ground.

I say to the editor of the Washington Post, "Go ahead. Fill up your bottle of invective. We can take it. We are going to talk about this bill until we think we have made the full record."

The editorial further states:

Senators frequently complain that the aid program is haphazardly run. How would they characterize their own legislative behavior?

Is that not a nice bit of psychological escapism? They cannot meet the argument, so they make an ad hominem argument. There is no reply to the charges that in many instances the foreign aid program is wasteful and inefficient—so the question is asked, "What about the Senate of the United States?"

We can have some support from this editor, after we dispose of this problem and come to grips with some procedural changes needed in the Senate. I hope it will not give him a heart attack if he happens to find himself on the same side of that issue with the senior Senator from Oregon.

Like a salami in a slicing machine, thick wedges of the program have been arbitrarily shaved off.

That is more nonsense. We have not reduced the bill at a single point, except upon the basis of the factual case we

have made to justify a cut. In keeping with our Senate processes, a majority of the Senate agreed with us on each one of those cuts. Why does the editor not say, "I do not like it, because I do not believe the cuts should have been made."

Why should he use such descriptive terminology?

First of all, the program was cut from \$4.9 to \$4.5 billion following General Clay's report.

That is correct. Is there any objection to that?

This figure was drastically reduced in the House, and less severely by the Senate Foreign Relations Committee.

That is true.

Now the Senate has chopped its own committee recommendations in votes based less on information than emotion.

That is another bit of psychological escapism on the part of this editor. He did not proceed to answer the arguments we presented. He did not deal with the objective data we put into the RECORD.

Congress has called on the Executive to reform the administration of foreign aid. But who will reform the administration of Congress?

That is a nice way to meet an issue, is it not? What makes this editor believe that the administration would reform foreign aid any more this time than it has in past years, though we have patiently, from the Committee on Foreign Relations, pointed out the deficiencies in the program which should have been reformed and were not?

What this editor does not want to face is the fact that some of us are "fed up" and we are seeking to put reforms into operation now.

I have one more comment to make in respect to the Secretary of State. He made a comment about Egypt, which deals with the amendment the Senator from Alaska [Mr. GRUENING] and the Senator from New York [Mr. JAVITS], so ably piloted through the Senate last night. There has been some comment in the Senate with respect to the amendment dealing with the matter of fishing rights. The implication was that approval of that amendment is supposed to be a terrible intervention on our part in American foreign policy.

The point the Secretary of State and others are overlooking is that we are merely saying to these countries, in connection with these amendments, "It is our money. You do not have to take it. But if you are to take it you will have to take it on certain terms and conditions."

What is incorrect about that? Certainly there is nothing wrong about it, so far as the innate power of Congress is concerned.

It happens to be the right of Congress, which has charge of the purse strings of the Government, as a check upon the Executive, to say, "We are not going to allow the money, unless the recipient countries are willing to agree to certain conditions."

That is what is sorely needed in connection with the entire foreign aid program. That is why I shall press next

week for my amendment in regard to the contingency fund.

I want the President to have unlimited power to meet a national emergency overnight, but I believe we must put strings on the contingency fund with respect to permitting a President to exercise an unchecked discretion in making millions of dollars available to Argentina and Brazil for balance-of-payments problems, for budget support, for making more money available to them so that they, in turn, may use some of it to pay off American creditors. American taxpayers' money should not be used for that purpose. If used for that purpose, it ought to be done with the specific approval of Congress, rather than by an unchecked exercise of discretion on the part of a President of the United States.

That is why I believe we must adopt an amendment to place the contingency fund within some definitive limits.

The President should not be handcuffed in the slightest in his ability to act quickly in regard to an American emergency, but I shall not remain silent any longer in connection with such uses of the contingency fund. I put data in the RECORD on that subject the other day. The data show that the contingency fund has been used, not only by this President, but also other Presidents to shore up the budgets of other countries, such as Brazil.

In my judgment, Brazil has yet to act in good faith in relation to the United States in trying to do something about inflation. Brazil goes through a series of so-called token gestures, but the fact is that apparently Brazil is of the opinion that she can come back to get more money to shore up her monetary policy after each inflationary runaway. She has obtained large sums from the contingency fund, and should not be allowed to have more.

Mr. President, I have made these comments on the position of the Secretary of State, and on the two editorials. I say to the Secretary of State, "Although you and I disagree, Mr. Secretary, to the extent I have brought out in this speech, my admiration for you remains unabated. You are still one of the greatest Secretaries of State in my time, and you will go down in American history as a truly great Secretary of State. But you, too, Mr. Secretary, must be brought under the checking power of the Congress of the United States in respect to your policies. Mr. Secretary, you must not be allowed to do whatever you care to do and take the position that the Congress must give you the necessary money to do what you want to do. The purpose of the bill is to get an authorization for what you want to do."

This is an authorization bill. An authorization bill involves a review of the policy that is proposed by the administration for the expenditure of taxpayers' money. After we have taken a look at the proposals, from the standpoint of policy, we render the decision on whether or not to authorize that policy by recommending the expenditure of taxpayers' money in sufficient amounts to carry out the policy.

So I say, "Mr. Secretary, you and I have a difference as to the degree of congressional authority in authorizing funds in relation to policy." Funds are directly related to policy. The Secretary must ask for authorization of funds for a given set of policies, and some of us find ourselves in disagreement—and in some instances the majority find themselves in disagreement, as the votes in connection with the bill show—with some of these policies. Therefore we are trying to persuade the Senate not to authorize money to carry out those policies, which means that if the Secretary does not get the money those policies must necessarily go down the drain—and that is where they belong.

I yield the floor.

Mr. GRUENING. Mr. President, the pending business is my amendment No. 232.

I suggest the absence of a quorum.

Mr. HUMPHREY. Mr. President, will the Senator withhold that suggestion?

Mr. GRUENING. I do, provided I do not lose the floor.

Mr. HUMPHREY. The chairman of the committee [Mr. FULBRIGHT] momentarily stepped out of the Chamber. While he is away, I want to make available for the RECORD the views of the executive branch on this amendment.

I am sure my colleagues know the former President of the World Bank, Mr. Eugene Black. He wrote to the committee earlier this year in reference to this particular amendment. He wrote to the chairman of the committee and offered us some very good advice. He is a reputable banker, one who has gained for himself an outstanding reputation because of the fine services he has rendered to the World Bank. He wrote:

DEAR MR. CHAIRMAN: I understand that proposals have been made in the Foreign Relations Committee to harden the loan terms for AID development lending to less developed countries.

Later, he stated:

The problem is that many developing countries have a need for and ability to make use of outside capital which is in excess of their ability to service conventional loans. A number of countries already are at or close to the point beyond which they cannot prudently assume increased foreign debt in view of their already heavy debt service obligations. To refuse them low interest loans with long maturities and generous grace periods for their development programs would be to frustrate their development efforts and to deny them opportunity for increased foreign exchange earnings from which to service their external debt at a later stage.

Mr. Black continued:

It is for these reasons that the International Development Association was created in September of 1960 as an affiliate of the World Bank lending on unconventional terms at a standard rate of three-fourths of 1 percent service charge with 50-year maturities and a 10-year grace period.

I want my colleagues to note that that affiliate of the World Bank has as good a record of financing as any I know. The International Development Association provides what it calls unconventional terms at a standard rate of three-

fourths of 1 percent, with 50-year maturities and a 10-year grace period.

I continue to read from the letter:

Similarly, when AID was established in 1961, the executive branch sought and Congress wisely authorized the extension of AID development loans on terms as low as three-fourths of 1 percent over 40 years, with a 10-year grace period on repayment of principal. It is for those reasons also that the World Bank, the U.S. Government, and other bodies have been encouraging foreign governments to lend on softer terms to the less-developed countries.

While I believe that AID's lending policy should be flexible enough to adjust the loan terms to the particular circumstances of the various countries and that terms should be hardened for a number of countries as AID Administrator Bell has done in recent months, I believe it would be a matter of grave consequence if AID's minimum lending terms were forced upward beyond their present level.

I ask unanimous consent that the entire text of Mr. Black's letter be printed in the RECORD, along with a copy of a letter from the Secretary of the Treasury, Mr. Douglas Dillon, addressed to Chairman FULBRIGHT, and dated September 25.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y.,
August 1, 1963.

HON. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that proposals have been made in the Foreign Relations Committee to harden the loan terms for AID development lending to less developed countries, setting a minimum figure as high as 2 percent for 30 years with a 2-year grace period. My deep concern over the effect of such proposals if adopted moves me, at the risk of intruding upon your deliberations, to submit this letter for your consideration and that of your distinguished colleagues.

The problem is that many developing countries have a need for and ability to make use of outside capital which is in excess of their ability to service conventional loans. A number of countries already are at or close to the point beyond which they cannot prudently assume increased foreign debt in view of their already heavy debt service obligations. To refuse the low-interest loans with long maturities and generous grace periods for their development programs would be to frustrate their development efforts and to deny them opportunity for increased foreign exchange earnings from which to service their external debt at a later stage, when they should be much more able to bear it. To encourage countries, in effect, to borrow on hard terms is to lead them into a foreign debt service obligation they cannot bear and possible eventual default on their loans.

It is for these reasons that the International Development Association was created in September of 1960 as an affiliate of the World Bank lending on unconventional terms at a standard rate of three-fourths of 1 percent service charge with 50-year maturities and a 10-year grace period. Similarly, when AID was established in 1961, the executive branch sought and Congress wisely authorized the extension of AID development loans on terms as low as three-fourths of 1 percent over 40 years, with a 10-year grace period on repayment of principal. It is for these reasons also that the World Bank, the U.S. Government, and other bodies have been encouraging foreign governments to lend on softer terms to the less developed countries.

While I believe that AID's lending policy should be flexible enough to adjust the loan terms to the particular circumstances of the various countries and that terms should be hardened for a number of countries as AID Administrator Bell has done in recent months, I believe it would be a matter of grave consequence if AID's minimum lending terms were forced upward beyond their present level. Therefore, I strongly hope that your committee will not revise the wise decision it made with respect to AID loan terms 2 years ago.

Once again I ask your understanding for the spirit and concern in which these views are offered, and I extend to you and the members of the committee my continued esteem and best wishes.

Sincerely,

EUGENE R. BLACK.

SEPTEMBER 25, 1963.

HON. WILLIAM J. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR BILL: I am writing you because of my deep concern over any final action by the Congress which would move in the direction of requiring a general hardening of loan terms under the Foreign Assistance Act at the present time. In addition to the recent action of the House of Representatives to raise significantly minimum AID loan repayment terms, I understand that there are proposals before your committee which would have a similar effect. I wish to suggest some reasons why these moves are untimely and to express my strong support for retaining the flexibility of the present law.

The repayment terms which have generally been adopted under the present Foreign Assistance Act—a long period of repayment up to 40 years, grace periods up to 10 years, and with a three-fourths of 1 percent credit or interest charge—are no less essential now than they were only 2 years ago when your committee approved the new program. A move now to harden generally this aspect of our lending program would be contrary to the realities of the financial situation of most of the less-developed countries and would not be in the interests of international financial stability. We rightfully are relying under the new AID program more heavily on loans than grants and now require dollar rather than local currency repayment. There are some cases where loans by AID with harder repayment terms make financial sense, and I can assure you that where they do, these harder terms are required. But to require higher interest rates generally or shorter grace periods and maturities would, in my view, seriously reduce the overall contribution of the program to development. It would also impede our efforts—which have recently shown signs of real success—to persuade other AID donors to soften their terms.

In the meantime, it would not really help the United States and it would be self-defeating to the purpose of our AID program to add to the burdens of the developing country's budget or its balance of payments by setting an increased artificial floor to the interest rate than can be charged, decreasing the grace periods or reducing the maturities in which loans are to be repaid. Such a step would, in most cases, retard progress that many of these countries might otherwise make toward self-support and thereby prolong the time when they might be expected to rely on conventional sources of financing and the World Bank. While we seek to improve the ability of the borrowing country to service its debts through progress in development, we should take care that the burden of debt service should not be such as to impede that progress.

It is significant that studies within the past year by international institutions such as the World Bank and the OECD show that the need is growing for the kind of terms

that the United States has been providing. A recent staff study of the International Development Association concluded that the foreign debt service burden for the less developed countries has been becoming rapidly heavier in relation to export earnings, output, savings, and many other key indicators of the seriousness of their debt servicing problem. Very liberal repayment terms were found needed where determined development efforts were being progressively jeopardized by decreasing creditworthiness for loans on conventional terms.

It is to me significant that the terms used by AID are similar to those pioneered by the World Bank for lending by the International Development Association. These were adopted by the IDA after long and thorough international discussion under the leadership of Eugene Black. Recent actions by representatives of both the developed and less developed countries on the future of the IDA confirm their confidence in this organization and in its sound lending policies.

I should also point out that the loans made by AID are tied to U.S. procurement and represent the supplying of U.S. goods and services rather than dollars. In this way, any adverse impact of our foreign assistance programs on the U.S. balance of payments is kept to the minimum, and, in fact, loans so given add to output and jobs at home.

While I hesitate to intrude upon the proceedings of your committee, I thought it might be of some help to give you my views on the importance of retaining the present flexibility in AID repayment terms.

With best wishes,

Sincerely,

DOUGLAS DILLON.

Mr. HUMPHREY. Mr. President, as Senators know, the committee responded to the demand for improved, or harder, terms on loan policy. As I recall, we shortened the term of the loan from 40 to 35 years. The amendment the committee adopted reads as follows:

In the case of loans under part I (the administrator) shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 per centum per annum during the 5-year period following the date on which the funds are initially made available under the loan, and not lower than 2 per centum per annum thereafter and (B) repayment on an amortized basis, beginning not later than 5 years after the date any funds are initially made available under the loan, and ending not later than 30 years following the end of such 5-year period.

In layman's language, it means that during the grace period of 5 years the rate of interest shall be three-quarters of 1 percent, and for the next 30 years the interest rate shall be at not less than 2 percent.

This contrasts with what was the policy, and what is the policy today, of three-quarters of 1 percent for 40 years.

So we have toughened the loan policy, and terms and interest rates. The Senator from Ohio, the Senator from South Dakota, the Senator from Iowa, and the Senator from Tennessee, as well as other Senators, made a very strong recommendation for tighter and stronger loan terms. The committee adopted the recommendations, and has incorporated the new terms into the bill, and we have what we think is a sound proposal.

With due regard and respect for my colleagues, when it comes to banking and financing, the position of Mr. Eugene Black might well be given thoughtful consideration. Mr. Black has

been heralded in this body for his unusual qualities and qualifications as an international finance expert. Mr. Black has advised the committee to maintain a reasonable, soft loan policy. He has hesitated even to advocate the firmer terms or more stringent terms that we are suggesting or asking for as an amendment in the bill before the Senate.

I think we ought to recognize, also, that the loans, under the foreign aid bill, are not designed to make money for the U.S. Treasury. They are intended to serve our foreign policy interests. The difference between the interest rate charged under the bill as reported by the committee and the cost of the money should be looked upon as a security or foreign policy expenditure or cost.

If we are to engage in a moneymaking business, we have a bank called the Export-Import Bank, which has earned rather substantial profits. This program is directly related to commerce. It finances U.S. exports. It has rates of interest and terms of maturity that reflect the money market. But the Development Loan Fund was not put in the foreign aid bill to take away business from the commercial banks or from the World Bank. It is an addition to those normal, conventional types of financing, and it is, in a very real sense, a foreign policy program and a national security program, and not a banking or moneymaking enterprise. We should keep that in mind.

The low interest rates we are recommending are higher than before, and repayment is provided in dollars. It is a much sounder program than we had for many, many years, before we began the loan program with repayment in dollars.

I conclude by saying that rates of interest of the type proposed in the amendment offered by the Senator from Alaska are actually higher than those in many European countries. They are higher than many of the British loans, higher than many of the recent German loans, and higher than French assistance, which is largely grants.

What we are attempting to do is to persuade countries to bring down their rates of interest. Many of the underdeveloped countries that are obtaining these loans are able to use this soft type of loan as a means of buttressing their economy so as to be able to maintain a credit structure at the World Bank and with private commercial banks, and at the same time have a rising standard of living.

We should understand clearly that the development loans are a part of our foreign policy. It is designed to strengthen our security. We have continued this program on the basis of low rates of interest, but this year we are recommending a sizable increase in the interest rate, from three-quarters of 1 percent to a minimum of 2 percent. Senators should note that this is a minimum, and that the administrator can and does make higher interest terms applicable. Senators should also note that the maximum period is 35 years. The term can be shortened. The development loan fund is a financial instrument, and ought to

be looked upon as a part of our overall national security policy.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the chairman of the Foreign Relations Committee.

Mr. FULBRIGHT. I wish to emphasize the point that we have not intended, and it is not now intended, to have this fund operate as a moneymaking banking institution. It is, as the Senator has said, a tool in our foreign policy. The original Marshall plan, as most people believe, was a successful operation. It was never considered to be a moneymaking operation. When we look back on it now, perhaps it would have been wise if the program had been based on soft loans—that is, loans requiring repayment with low interest—because we would be very fortunate indeed with such loans coming due at this juncture.

At the same time, we know that a small percentage of the original program was in the form of loans, and we are now receiving an average of \$300 million a year in repayment on the part of the program which was in the form of loans.

Therefore the lending part is quite sound, and the committee and the Congress have gone along with it.

On the judgment of the best authorities I know in this field, if we put the minimum as high as the Senator from Alaska would have it, for all practical purposes it will, in effect, price us out of the market. The underdeveloped countries are much less likely to be able to bear that kind of loan with a high interest rate than the original Marshall countries would have been able to do if we had imposed it at that time.

I therefore hope that the Senate will not further emasculate the bill by adopting this amendment.

Mr. MOSS. Mr. President, I support the amendment offered by the distinguished Senator from Alaska [Mr. GRUENING]. I do so because I think it represents sound economics for this country, and reasonable loan repayment terms for recipient nations.

Very simply, the amendment provides that governments which receive foreign assistance development loans from the United States must pay the same rate of interest on these loans as our Government had to pay to borrow the money in the first place.

I realize that the Foreign Relations Committee has made some progress in this respect. Under the term of H.R. 7855, as reported, the interest rate on development loans has been set at three-fourths of 1 percent for the first 5 years of the loan, and 2 percent thereafter. This is an improvement over the present method, which gives the administration the discretion to set interest rates at even lower, long-term levels. But it still leaves the American taxpayer digging down in his pocket to pay a considerable difference. Our Government is borrowing the money it lends at the rate of 3 percent plus. In any way one figures it, there is a gap of from 1 to 3 or 4 percent which must be made up. This is costing us millions of dollars which could be well used in our own country.

The amendment would remove the gift element from development loans. It would take out the subsidy—the subsidy for which the American people are now picking up the tab. It would differentiate more sharply between our loan and our grant programs in foreign assistance. It would make the loan program faithful to its name, and give the American people some assurance of getting back all of the money they put into it.

The adoption of the amendment would not, as some have suggested, make us look like Uncle Shylock, and blur the image we have so carefully and painstakingly built up. Instead, it seems to me, it would only cement the picture of a good friend who is willing to help out over the rough places—who says, "Sure, I'll loan you the money, but I'll have to borrow it first myself. I don't want anything extra for my trouble. All I ask is to be covered in costs and the amount of the loan itself."

Who could ask a friend to do more?

Mr. President, we are currently facing our largest public debt in history, and a long-continued imbalance of international payments has brought our gold reserves to their lowest reserve level since 1939. I am sure there is not a Member of the Senate who does not agree that we must retrench wherever possible, and who is not seeking ways to do so.

In the past 3 years, we have done much to set our economic house in order—particularly in foreign assistance. For example, we have reduced the amounts of grants to foreign governments, while still giving them aid for mutual benefit. We have set the pattern of more and more lending of aid rather than giving it away. The share of development loans in foreign assistance programs has increased by \$450 million between 1961 and 1964, while development grants have increased \$100 million. During this time, supporting assistance has been reduced by \$600 million. This is all encouraging, but it is not enough.

I feel that the report submitted by the Committee on Foreign Relations on H.R. 7855 is one of the most remarkable in the history of the foreign assistance program. I compliment the distinguished chairman, Senator FULBRIGHT, and the members of the committee on it. The frankness with which the entire foreign assistance program is discussed will undoubtedly lead to further improvements in it.

I was pleased, of course, that the committee made the recommendations it did on the rate of interest on development loans. I am glad the members agreed that this is an area in which action should be taken. But, in my opinion, the committee did not go far enough.

I must disagree with the thinking, expressed in the report, that by continuing "soft" loans, the United States will encourage other European nations to reduce interest rates and lengthen maturity of foreign aid loans. Why is not the reverse more likely to be true? Why would it not be easier to get Western European nations to assume an even larger share of foreign aid lending if they could be given assurance that recipient nations would be paying back the full costs of

making the loan as well as the amount of the loan itself. None of this country's experiences with Western European nations would indicate to me that their leaders are not good businessmen, seeking first of all to strengthen their own financial structure, so that they can continue to improve their positions in the world.

The argument has also been offered that many of the recipient countries, particularly those whose economic growth is vital to the United States, cannot take on the added financial burden of increased interest rates. I have been told that their debt servicing capacity cannot sustain it. If I remember correctly, the same argument was made when the development loan program itself was first inaugurated—that the underdeveloped countries could not undertake at this time to pay back many loans, no matter how long term they were. Yet there is no question that the development loan program has been a signal success, and is admittedly one of the most salutary changes in the foreign aid program since its inception. Surely underdeveloped countries that are finding in the loan program a solution to many of their pressing problems will not discard it—or us—because we ask them to pay as much themselves for the money as it costs us to get it for them.

As Senators know, I have long been a supporter of the foreign aid program. I agree with it both in principle and in philosophy. I am convinced that it has been, from the beginning, a program which is in our own self-interest; and I know in my heart that it is in our great American humanitarian tradition.

But I do feel that as we vote to continue it, we should consider from every angle the current condition of our own people and the current condition of our own financial resources, and should give them first call. We must trim our foreign assistance program whenever and wherever we can without endangering its objectives. The adoption of this amendment is one concrete way to do this.

In conclusion, let me stress that we must not attempt to profit from the economic conditions of the lesser developed countries, but by the same token we should not provide a subsidy at the expense of our own economy, and at a time when we can ill afford to do so.

I strongly urge the adoption of the amendment offered by the Senator from Alaska.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. I ask that the roll be called on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alaska [Mr. GRUENING] to the committee amendment. The yeas and nays having been ordered the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Connecticut [Mr. RIBICOFF], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Georgia [Mr. TALMADGE], and the Senator from South Carolina [Mr. THURMOND] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from West Virginia [Mr. BYRD]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from West Virginia would vote "nay."

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Indiana [Mr. HARTKE]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Indiana would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from South Carolina [Mr. THURMOND] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Minnesota [Mr. McCARTHY]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from Oklahoma [Mr. EDMONDSON] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Florida would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLD-

WATER], the Senator from Kansas [Mr. PEARSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

If present and voting, the Senator from Massachusetts [Mr. SALTONSTALL] would vote "nay."

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 30, nays 44, as follows:

[No. 219 Leg.]

YEAS—30

Allott	Fong	Moss
Beall	Gruening	Mundt
Bible	Hruska	Simpson
Burdick	Jackson	Symington
Cannon	Jordan, Idaho	Tower
Curtis	Lausche	Walters
Dodd	Magnuson	Williams, Del.
Dominick	McClellan	Yarborough
Eastland	Mechem	Young, N. Dak.
Ellender	Morse	Young, Ohio

NAYS—44

Aiken	Hayden	Monroney
Anderson	Hickenlooper	Morton
Bartlett	Hill	Muskie
Bayh	Humphrey	Nelson
Boggs	Inouye	Neuberger
Brewster	Javits	Pastore
Carlson	Jordan, N.C.	Pell
Case	Keating	Prouty
Church	Kennedy	Proxmire
Clark	Kuchel	Randolph
Cotton	Mansfield	Scott
Dirksen	McGovern	Smith
Douglas	McIntyre	Sparkman
Fulbright	Metcalf	Williams, N.J.
Hart	Miller	

NOT VOTING—26

Bennett	Hartke	Ribicoff
Byrd, Va.	Holland	Robertson
Byrd, W. Va.	Johnston	Russell
Cooper	Long, Mo.	Saltonstall
Edmondson	Long, La.	Smathers
Engle	McCarthy	Stennis
Ervin	McGee	Talmadge
Goldwater	McNamara	Thurmond
Gore	Pearson	

So Mr. GRUENING's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. HUMPHREY. Mr. President, I move that the vote by which the amendment to the committee amendment was rejected be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

PRIVATE ENTERPRISE ADVISORY COMMITTEE FOR FOREIGN AID

Mr. JAVITS. On behalf of myself, the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Alaska [Mr. GRUENING], I offer to the committee amendment, as amended, the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 42 of the committee amendment, as amend-

ed, between lines 11 and 12, it is proposed to insert the following:

(b) At the end of section 601 add the following new subsection:

"(c) (1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under Part I of this Act, who shall appoint the Committee.

"(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor, and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

"(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred in attending meetings of the Advisory Committee.

"(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than December 31, 1964, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

"(5) There is hereby authorized to be appropriated such sum as may be necessary to enable the Advisory Committee to carry out its functions."

On page 42, line 12, strike out "(b)" and insert "(c)".

On page 42, line 16, strike out "(c)" and insert "(d)".

On page 43, line 12, strike out "(d)" and insert "(e)".

Mr. JAVITS. Mr. President, the Senate Foreign Relations Committee report on H.R. 7885 clearly indicates that the foreign aid program needs major reorganization and reorientation. It is my considered view that nothing less than the assignment of a major role for private enterprise in foreign aid will save this vital program from successive even deeper appropriation cuts. Since 1958, I have been urging the Senate to take the lead in studying specific proposals for the introduction of American business into the aid program. Many of my proposals have been accepted. Properly applied foreign economic aid is so essential to our national interest that we must use every available resource including U.S. private enterprise as well as the organs of our Government in the endeavor to make it effective.

What is required is the marshaling of the private U.S. economy in a major and imaginative manner behind the development effort.

My amendment, which calls for the establishment of an Advisory Committee on Private Enterprise in Foreign Aid would begin to accomplish this purpose. The purpose of this Committee would be to make recommendations to the Administrator of the aid program for achieving the most effective utilization of private enterprise in carrying out the objectives

of the Foreign Assistance Act of 1961, as amended. The Committee would consist of not more than nine members—men and women of stature from the business and professional world, the universities, foundations, and persons with extensive experience in government. During the life of this Committee, it would make continuous recommendations in close cooperation with the head of the agency and with those actually charged with carrying out the private enterprise activities of the agency. The Committee would cease to exist at the end of 1 year.

The amendment springs from a suggestion of William S. Paley, chairman of the board of CBS. He aptly characterized the lack of close relationship of private enterprise to our aid program during the course of an address on foreign aid before the 49th National Foreign Trade Convention on October 20, 1962:

An obvious weakness of our aid program is the continuous failure to harness American private enterprise effectively to the development task. Each year language stressing this need is piously included in the aid legislation. But year after year the matter remains deadlocked; Government on the one side skeptical of giving private interests special advantages; and private business on the other side unprepared to use stockholders' money without greater guarantees or inducements than are now offered.

What is needed is a formula, or mechanism, or set of ground rules, which will harness the colossal power, imagination and experience of American business and finance to the foreign development task. For several years leaders from various branches of American life have stressed this need and have proposed plans—for new credit devices, new kinds of guarantees, new forms of contracts, new patterns of business-government collaboration. But few of the ideas that have been put forward have been translated in action.

It is my considered view, and this view has widespread support in the business world, including Mr. Paley, that only through the high level advisory group that I propose can we revitalize and make a lasting success of our aid effort.

The time has arrived to recognize that the potential for the most dramatic contribution to the economic development of the free world lies in creating opportunities for the citizens in the developing nations to apply their own skill and resources in partnership with the private enterprise of the United States and other aiding nations and without unjustifiable interference and restraint by governments. In my view, the U.S. foreign aid program should be made the primary vehicle to demonstrate the great force of private enterprise for creating conditions for human opportunity and dignity and the evolution of stable and democratic institutions.

Although there has been notable progress in broadening the private enterprise activities of AID; namely, in the area of investment guarantees, support to local development banks, investment surveys, dollar and local currency loans to private business and the Foreign Assistance Act of 1963, now before us, lends further emphasis to encourage and facilitate

participation by private enterprise, the potential of private enterprise in the aid program has not been developed.

The foreign aid program has profited from infusion of new ideas from American business, universities, foundations on numerous occasions in the past, with major and beneficial results both in terms of specific legislation and new emphasis in terms of the national interest of the United States. The recommendations of the Harriman committee in 1947 resulted in the guidelines which served as ground rules for the Marshall plan; the Randall Commission in 1954 made a series of recommendations which in turn had major legislative consequences in the area of military aid, on the issue of loans versus grants, the formulation of projects supported by aid, and so forth; the Fairless committee in 1957 made recommendations regarding the greater utilization of private enterprise through foreign aid, pointed out the need for long-range economic development planning, reaffirmed the need of military aid expenditures and collective security; the Boeschestein committee in 1959 made a series of constructive proposals regarding development loans, investment guarantees, taxation and antitrust action; the report prepared in 1959 by Ralph I. Straus as special consultant to the Under Secretary of State for Economic Affairs pursuant to section 413(c) of the Mutual Security Act of 1954, as amended—an amendment which I proposed in 1958 and which was then accepted—further strengthened the role of the private sector in foreign aid by calling for the greater use of tax policy in stimulating foreign investment, the greater use of investment guarantees in lieu of direct loans; the creation of credit insurance for exports, direct Government dollar and Cooley loans to private enterprises abroad; and requested specific steps in the application of our antitrust laws to foreign investment.

The Clay Committee, in its March 1963 report, made a series of proposals regarding the entire program, a good many of which have been reflected in the bill reported out by the Senate Foreign Relations Committee, including a provision prohibiting assistance for Government-owned manufacturing, utility, merchandising or processing enterprises abroad; reductions in the overall authorization for the fiscal year 1963 program, and harder terms for development loans. The Senate Foreign Relations Committee's report on the fiscal year 1963 bill also calls for a greater concentration of U.S. aid in the future as well as the increased channeling of U.S. aid through multilateral agencies, further reflecting the Clay Committee's recommendations.

Some may say "Why have another advisory committee with the Clay Committee still in office?" I believe that there are at least three specific reasons why an advisory committee specifically charged to make continuing recommendations regarding the effective utilization of private enterprise in the foreign aid program is essential now:

First. The Clay Committee created by the President on December 10, 1962, is not authorized by statute or an Executive order; the amendment I propose would authorize an advisory committee by the Congress to do a specific job for a specific period;

Second. While the Clay Committee is charged to look into all U.S. Government's foreign operations programs in the economic and military fields, the advisory committee I propose would devote itself specifically to improving the private enterprise operations of the program. The Clay Committee, given its broad task, cannot be expected to deal with such a specific problem on a continuing basis.

Third. I have discussed my proposal with AID Administrator Bell, who favors it as an important aid to the program.

The Senate by its actions this week has clearly indicated that unless the aid program is recast, the entire foreign aid program may be lost next year. This advisory committee would play a major role in the reshaping of this vital aid program so that by its more effective functioning it could assure its own continuance.

I am gratified that the amendment has found favor in the eyes of Senators who are opposed to many parts of the program—such as the Senator from Oregon [Mr. MORSE], who has been leading the opposition, and the Senator from Alaska [Mr. GRUENING]—and that it has also found favor in the eyes of Senators who very strongly favor the program, such as the Senator from Minnesota [Mr. HUMPHREY]—and also that the amendment is acceptable to the administrator of the program, Mr. Bell.

Mr. President, one thing on which all can agree is that there must be a better way. One of the great failures of the program has been the failure to tie it in directly with the U.S. private enterprise system, so that our corporations—both in regard to the aid side of the program and in regard to the technical assistance side—could themselves carry out whole sections of foreign aid, which essentially is a business operation.

For years, I have been convinced that this could be done more cheaply, more effectively, and with greater credit to our country and more impact on the countries which receive our aid if much of it were carried out by the U.S. private enterprise system.

I find it very interesting to note that in the bill it is proposed, for the first time, that use be made of the machinery of the International Bank for Reconstruction and Development, to channel loans.

Mr. SCOTT. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. SCOTT. I am glad the Senator from New York has offered the amendment, for I believe it has a meritorious aspect. I believe it most important that private enterprise be utilized to the maximum extent possible in connection with the administration of our foreign aid. So I hope the amendment will be accept-

ed by the Senator in charge of the bill, and I am very glad to support the amendment.

Mr. JAVITS. Mr. President, I appreciate very much the support of the Senator from Pennsylvania.

Mr. FULBRIGHT. Mr. President, will the Senator from New York yield briefly to me?

Mr. JAVITS. I am glad to yield to the distinguished Chairman of the Foreign Relations Committee.

Mr. FULBRIGHT. Mr. President, I have discussed the amendment with the able Senator from New York. As Senators know, for a long time he has been giving his attention to the problem of increasing participation by private enterprise in this field. I think the amendment is a good one, and I am very glad to accept it, for I believe it will make a definite contribution to improved administration of the bill.

Mr. JAVITS. I thank the Senator from Arkansas, and I am very appreciative of his support.

Mr. MORSE. Mr. President, will the Senator from New York yield briefly to me?

Mr. JAVITS. I yield.

Mr. MORSE. I am very glad that the distinguished Senator in charge of the bill, the chairman of the Foreign Relations Committee, will accept the amendment and will take it to conference. I believe it important that there be a yeas-and-nays vote on the question of agreeing to the amendment, for the benefit of the conferees. So, Mr. President, on the question of agreeing to this amendment to the committee amendment as amended, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, if the Senator from New York will yield further to me, I believe several points should be stated for the RECORD, for the assistance of the conferees.

Mr. JAVITS. In a moment I shall be glad to yield for that purpose to the Senator from Oregon.

Mr. President, this amendment springs from a speech made by William S. Paley, chairman of the Columbia Broadcasting System, on October 20, 1962, to the 49th National Foreign Trade Convention. Incidentally, I point out that he headed one of the major committees in the material resources field, which also, in its way, some years ago aided the Government.

I took up the proposal with the AID, and in that connection we have been attempting to find a plan by means of which this proposal would work. The Agency favors the amendment, particularly in view of the fact that it calls for an operation very much in line with a similar operation in connection with the USIA which has been very successful.

It is clear that it is most important that segments of the U.S. private enterprise system be utilized in order to carry this out.

Mr. President, as the chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT] so kindly said, having worked in that field for so many years, it is very gratifying to me that we have finally come to the point at which the mechanism is ac-

cepted as an essential way in which to operate this great program.

I ask unanimous consent to have printed at this point in my remarks comparisons prepared by the AID of its own private enterprise activity, which demonstrates how very essential it is that a

mechanism such as the Advisory Committee on Private Enterprise would prepare should be introduced into the whole foreign aid program.

There being no objection, the comparisons were ordered to be printed in the RECORD, as follows:

Comparisons of AID private enterprise activity commitments or authorization basis, fiscal years 1963 versus 1962

[In millions of dollars]

	Fiscal year 1963	Fiscal year 1962
1. All U.S. economic assistance.....	1 2,427.1	2,617.1
(a) Of which development loans (including PSP).....	1,188.0	1,097.0
2. Development loans authorized with primarily private impact:		
(a) Direct to private undertakings (#).....	2 167 (14)	(2)
(b) Nonproject commodity loans.....	3 531.7	575.5
(c) Loans to development banks (#).....	4 95.5 (13)	69.5 (8)
3. Investment guarantees issued:		
(a) Specific risk coverage issued (#).....	214 (131)	5 367 (95)
(b) Specific risk outstanding June 30.....	884 (462)	796 (362)
(c) Extended risk coverage issued (#).....	(6)	
(d) Extended risk outstanding June 30.....	(6)	(6)
(e) LA housing coverage issued (#).....	7 1 (1)	
(f) LA housing outstanding June 30.....	1 (1)	
4. Cooley loans (Public Law 480, 104(g) authorized (#)).....	8 45.4 (38)	8 26.7 (43)
5. Investment surveys approved (#).....	10 0.348 (24)	0.002 (1)

¹ Total is for all AID commitments (using authorization for development loans), excluding Inter-American Development Bank trust fund but including PSP loans under development loans.

² Total of 14 loans for \$167 million includes fiscal year 1962 overlap of loans made by AID from its formation Nov. 4, 1962.

³ Development loans for purchase of commodities, components, machinery, and parts to sustain industrial production are considered to have primarily a private impact. Of the totals for fiscal year 1963 and fiscal year 1962, for example, nonproject loans to India alone totaled \$240 million and \$243 million, respectively, of which over 85 percent is estimated to have supported private industrial and commercial enterprises. Commodity loans financed by supporting assistance commitments (\$333 million and \$395 million in fiscal year 1963 and fiscal year 1962, respectively) may have comparable private impact, but differing primary purposes, are not included.

⁴ Loans to development banks facilitate relending to private activities in industry, agriculture, and housing. By June 30, 1963, AID and its predecessor agencies had authorized 57 dollar loans totaling \$372 million (net) for such institutions in 32 developing countries. Counting local currency loans, the United States has supported 85 such institutions in 46 countries with over \$1 billion in dollars and local currencies.

⁵ Total issued includes DLF all-risk guarantee extended in August 1962 to VALCO project.

⁶ All-risk guarantees issued by DLF are carried in specific risk totals.

⁷ As of September 1963, 7 extended risk guarantees have been authorized totaling some \$33 million for self-liquidating pilot housing projects in Latin America, and 4 others totaling some \$25 million are under intensive review.

⁸ Equivalent.

⁹ Between Jan. 1, 1962, and June 30, 1963, AID approved 68 Cooley loans amounting to \$61.2 million. During fiscal year 1964 AID approved the largest loan made to date—\$17.5 million equivalent in Indian rupees for a joint United States-Indian fertilizer plant which is receiving dollar financing from the Export-Import Bank. Currently some \$148 million of Cooley funds in 24 different countries are available.

¹⁰ As of September 1963, over 50 investment surveys costing an estimated \$1.3 million were being undertaken by potential private U.S. investors and operating companies in some 18 less developed countries. Surveys cover possible investments in such fields as papermaking, prestressed concrete, food processing, and plastics. The United States may bear up to half of survey costs, but only if investment does not result.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. KEATING. I wish to express my strong support for the amendment offered by my colleague. It would be a constructive and effective addition to the bill. I compliment the Senator on the initiative and farsightedness of the proposed language.

I know that a recommendation has been made in the committee report that more aid be granted through international organizations. This may raise serious questions since under existing law U.S. firms provide 80 percent of the goods used under the program. If international institutions were used, U.S. firms would have no preference. Contracts might even go to Communist countries for equipment paid for by U.S. dollars. It seems to me that one of the things which the Advisory Committee, which would be established under the amendment of my colleague, could well do, would be to look out for the interests of American enterprise and American workers in connection with any change in the focus or method of giving aid to international organizations. On this point, as on others, I feel that the leaders of American business and labor should have a voice, and the amendment offered by the

Senator will give them an opportunity to be heard.

Mr. JAVITS. I am very grateful to my colleague.

Mr. MORSE. Mr. President, I wish to speak for the purpose of clarifying the record for conference reference. Many of us have frequently been in conference when we have been asked by the conferees to show them the basis for the action taken by the Senate. The Senator from New York deserves great credit for the work that he has been doing in that field, particularly in connection with the wonderful work that he has been doing in New Mexico. He has gone to New Mexico several times and has talked with business groups in connection with the object of trying to arrive at an arrangement whereby a private segment of our economy would play a great role in carrying out our foreign aid program.

In recent years I have spoken before on various occasions to U.S. Chamber of Commerce groups in various Latin American countries and other American businessmen's groups not associated with the U.S. Chamber of Commerce abroad. I have always discussed in those speeches, in part, the need for considering our American businessmen and organizations abroad as American economic

ambassadors working with the State Department.

I speak only of Latin America because I do not know what the situation is in other countries, but I suspect that it is no different. At least in Latin America there is a very great feeling on the part of our American business interests that they have not been taken into a cooperative partnership arrangement with our State Department and with our foreign aid Administrator in connection with the administration of our foreign aid program. Great sums of money could be saved. Responsible and reliable business interests abroad would consider this an opportunity for great public service on their part, patriotically motivated.

I should like to cite an example or two. First, I refer to the housing program in Latin America. We are working hard to export to Latin America a system of building and loan associations. It is true that the National Organization of Building & Loan Associations has been cooperating with us. For example, it has made available to us some of their men. To mention two, there is Mr. Gordon, and Mr. Courshon, who have worked with my committee not only in Latin America but they have worked for the State Department in Africa in connection with the building and loan concept. That kind of housing program should not be administered by AID at all, except that AID should be in the seat of overseeing—with the position of, shall I say, a regulator. But the actual administering of that part of the program should be done entirely by the private segment of the economy under such rules, regulations, and policy restrictions that we can justifiably impose.

That is not the only segment of the private economy that can be put to work under the AID program. We are trying to be of assistance in Latin America in connection with the building of some basic industry.

For example, I have been in a couple of great steel plants in Latin America built by American concerns. One is in Argentina and another is in Brazil. Both were built by the McGee Construction Co. of Ohio. The McGee Construction Co. of Ohio—at least their executives, their policymakers—and other companies in the heavy construction industry, such as the McGee Construction Co., ought to have turned over to them, under the supervision of the AID program, a very important administrative job in connection with the developing of heavy industry under the AID program.

We might go on down the line. The Senator from Kansas [Mr. CARLSON] is present in the Chamber. In connection with the first item mentioned, namely, the matter of housing, in his State there is a company that could make a great contribution in the field of housing, not only in connection with the building program itself, but also with the know-how that ought to be brought to work in connection with the administration of the whole housing program under AID.

What we are pleading for is a delegation of authority, under reasonable su-

pervision, to segments of the private economy best qualified to administer the program.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Kansas.

Mr. CARLSON. I heartily concur with the pending amendment. I think it is most important to begin to develop as rapidly as we can, full cooperation between the Alliance for Progress in Latin America and private industry. We are making progress. But I believe that there is still plenty of room for more. The distinguished Senator from Oregon mentioned housing. I am proud of the fact that the Garvey Corp. in Wichita, Kansas, has built some homes in Peru. They are attempting to build some in Colombia and other Latin American states. That is a project of private industry. I believe that is the way we should proceed. That is one way to improve the situation in that area.

Mr. MORSE. Mr. President, the last point in making the legislative record, before I take my seat, is that I believe the proposal will prove to be the most beneficial effect of our program in Latin America. I will confine myself to Latin America. This would also be true of other parts of the world. What are we really trying to do under our Alliance for Progress program? We are attempting to establish a system of economic freedom for the benefit of all the people of Latin America.

It is not easy to establish such a system. It is necessary to export the institutions which have the technology and the know-how to create the industries and the businesses which will produce the jobs which will make men economically free. What we really are attempting to do is to export the form of economic freedom, as we implement economic freedom, called the private enterprise system.

If we cannot sell the private enterprise system in Latin America we can forget about political freedom in Latin America. We must get the horse before the cart, instead of the cart before the horse. That is what has been wrong with much of our Latin American policy for many years. We have been trying to talk to those people in terms of political reforms, which has been a waste of our time and our money. We must talk to them and act with them in relation to our economic forms. Then they will achieve political freedom.

It is necessary to establish building and loan associations, to build heavy industries, not on a government-to-government basis but on a project-to-project basis, so that the private segment of the American economy can be the economic ambassadors and administrators representing the U.S. Government—under fair regulations. Then economic freedom will be established; and we shall not have to worry about political freedom.

I could take more time—but I shall not—to list one type of industry and business after another which needs to be established in Latin America so that political freedom can be made secure.

Consider the question of finance. Consider the small business operation. Why should it not be done by a direct relationship between representatives of American business and representatives of Latin American business? The bureaucrats may be hesitant about that, but if it should result in diminishing an already overpopulated bureaucracy in connection with foreign aid, so much the better for the Javits amendment.

There were many long discussions in the Committee on Foreign Relations about the overmanning of the foreign aid program. It is overmanned. We could save great sums of money by cutting into the surplus personnel of foreign aid around the world.

Many complaints have been made to us by people who have gone to various parts of the world and have found a surplus of personnel in the foreign aid program. This amendment would help in that regard.

If wisely used and developed, this proposal could help to decrease some waste in foreign aid, and to decrease personnel as well.

The important thing is that the amendment would give us a great opportunity to export our system of private enterprise. Until we can make that available to the masses of the people in Latin America, we shall not have an opportunity to make political freedom secure there.

Mr. President, I yield the floor.

Mr. JAVITS. Mr. President, I shall complete the argument, and then the Senate can vote. I wish to mention two things which I consider to be quite important.

If we are to do this, and do it honestly and well, there is required a revised view on the part of AID and the State Department. This has been one of the real problems in respect to cooperation between private enterprise and the Government, in that there has been a mutual suspicion. It is to be hoped that the committee will be high level enough and representative enough to dispel that suspicion. That is important, Mr. President.

I started representing business when I was a young man, and later represented big business. I know it from being closely associated with it. I know how important this consideration is.

Secondly, the efforts of well-intentioned men, like the Senator from Oregon [Mr. MORSE] and other Senators who feel deeply that something is wrong with the aid program, are inevitably frustrated because no alternatives are proposed for our consideration.

I should like to have the legislative history show that if the committee is to be worth its salt—and its record is yet to be made—it must help us by providing alternatives, so that those who have a deep disquiet about this program may have something else to which to turn, for which to put up a case. As we stand now, we do not have that.

I hope very much that the Senate will approve the amendment.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. ALLOTT. I believe the amendment of the Senator from New York is praiseworthy. However after watching the operations of the State Department over the past few years, I must say that nothing reminds me more of their actions as the little signs I have seen in country stores all over my own State and in small offices elsewhere, bearing the whimsical expression, "Don't confuse me with the facts—my mind is already made up." I do not ask my questions humorously. I am serious.

Does the Senator believe the State Department will pay any attention to the report of this commission? I do not question that the commission could make a contribution, but what attention does the Senator believe the State Department would pay to it?

Mr. JAVITS. One of the things we have been short of is affirmative alternatives. Frankly, I do not know whether the State Department will pay any attention to the report or whether the State Department will treat it as a pleasant boondoggle which I and other Senators have engaged in.

I believe it will be supremely important in giving us some kind of text from which we can argue, from which we can suggest alternatives. That is what we are really short of.

The State Department has the staff, the equipment, the facts, and the figures it requires. Although we know there is something wrong, all that we can do is to cut the program to ribbons. That is the only alternative we have. I should like to have another choice.

I hope the State Department will give this question the attention and devotion which it deserves. If it does not, at least we shall have something upon which we can base a policy—with some knowledge, some facts and some background—instead of being bereft, as we are today, of proper alternatives.

Mr. ALLOTT. I should like to ask the Senator another question in all seriousness. We have witnessed the confiscation of property in many countries; such has occurred in the past few days.

Does the Senator believe that a Commission could stop such confiscation of property? This is an important matter, because until assurance can be given, businessmen will not invest in Latin America. Anyone who invests there now, generally speaking, I would consider to be quite foolish.

What can the Senator say with respect to how his amendment might affect what seems to be a generally uniform policy in Brazil, Peru, and other places to nationalize industries and to confiscate American property and American goods of the American businesses who have gone into such countries to do exactly the job the Senator wishes to have done?

Mr. JAVITS. In the first place, there is nothing universal about the situation in Latin America. On the contrary, the tide has turned in Argentina and in Peru. There is a much better situation in Venezuela. There is a good situation in Colombia. Mexico is unique in achievements in Latin America.

My first answer is that there are positions of strength in Latin America which

can be buttressed and sustained, which should not be let go the way of others.

Second, the American business community is heavily involved in Latin America today. If my memory serves me correctly—and I believe I am correct—the figure for American investment in Latin America now is between \$8 billion and \$9 billion, with thousands of Americans employed. There is a constant reinvestment of earnings, though the net investment now is only some \$200 million a year, which is very small and one of the real disasters Latin America has faced. So there is a big stake, and there are involved many persons who can accomplish constructive ends.

Third, it is conceivable that this program might be accomplished by private enterprise acting as an agency of the Government, carrying out Government contracts. There would be a great saving overhead for a bureaucracy, and there would be available the capability of persons who do not have to be trained for the job and who could be employed in the foreign aid program.

For all those reasons, much as I join with the Senator in deprecating the way certain Latin American countries commit economic suicide when they destroy the climate for investment by private enterprise, I still think there remains an area and an opportunity for this kind of program to be effective.

Mr. ALLOTT. There is in this area an opportunity; but I would not, by my silence want it understood that I believe the list of countries the Senator has cited is an accurate list. The Senator apparently has been reading different books and receiving different mail and has different friends from those I have in Latin America, because I cannot go along with him in that respect.

While I am reluctant to support additional boards and bureaus, I shall support the pending amendment because we must explore the area; we must get something done. However, I have some question about whether the State Department will cooperate.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Vermont.

Mr. AIKEN. Can the Senator estimate the cost of the amendment?

Mr. JAVITS. I hesitate to state a minimal figure, but I would say not more than \$50,000. No compensation is provided for members of the committee; it is strictly a housekeeping arrangement.

Mr. AIKEN. What advantage would this committee have over Standard Oil of New Jersey, Anaconda Co., Grace Line, and other powerful corporations that are already doing business there? If I really wanted to obtain information or advice on these out-of-the-way places, I think I could obtain more information by going to one of those corporations than by going to a Government agency. What is the advantage of getting this advice?

Mr. JAVITS. It is not a Government committee; it is a private enterprise committee entirely. It will give out pooled advice. Various segments of private industry will also debate the ques-

tion with each other, checking the advice against each other. Incidentally, many of these people will not meet with one another now for fear that somebody is going to charge them with violation of the antitrust laws.

In addition, it will introduce other elements into the area, such as labor and educational institutions—it is not a very big committee; it has a limitation of nine—in an effort to do the job.

Mr. AIKEN. If a committee of businessmen doing business in foreign countries were to get together, the antitrust laws would not apply to their findings. Is that correct?

Mr. JAVITS. It would not if they confined themselves to the mandate of the law, namely, how foreign aid can best function in the private enterprise area.

Mr. AIKEN. The Senator does not think they would do anything else?

Mr. JAVITS. I think we would have enough Government officials around to guarantee against that.

Mr. MORSE. Mr. President, I think the Senator from Colorado has raised a good question. Next week we shall have an amendment or two to broaden the Hickenlooper amendment with relation to nationalization of industries in Latin America. I think it needs to be broadened.

In regard to this amendment, the question was raised as to whether the State Department would pay much attention to it. Judging from the way it has ignored suggestions in the past, one would think the answer should be "No." However, things have since changed. I have the lurking suspicion that since the debate on the bill and the changes made in it, this being the first time such changes have been made, it may dawn on the State Department that Congress means business in regard to the foreign aid program. I would not be surprised if the State Department cooperated with us in putting into effect the objectives of the amendment.

Mr. HUMPHREY. Mr. President, I am happy to cosponsor this amendment with the senior Senator from New York. The Javits-Humphrey amendment could do much to strengthen the foreign aid program; it could do much to win widespread support for the aid agency within the business and professional community in this country.

The Senator from New York has done much to strengthen and increase participation by the American private enterprise sector in the foreign aid program. I am happy to be associated with Senator Javits in the joint effort growing out of the NATO Economic Committee to strengthen the private enterprise sector in Latin America. I refer to the work of the Atlantic Community Development Group for Latin America.

I believe that the inclusion in an advisory committee of leading representatives from the fields of business, labor, and the professions can prove invaluable to those charged with administering the AID program.

The Senate Foreign Relations Committee has recommended for consideration by the executive branch, a number of changes in the direction of the for-

eign aid program. In considering these recommendations, a highly qualified advisory committee should be of invaluable assistance.

The PRESIDING OFFICER (Mr. McINTYRE in the chair). The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS], for himself and other Senators, to the committee amendment, in the nature of a substitute, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Connecticut [Mr. RIBICOFF], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Georgia [Mr. TALMADGE], the Senator from South Carolina [Mr. THURMOND], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the aforementioned Senators would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kansas [Mr. PEARSON] and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

If present and voting, the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kansas [Mr. PEARSON] and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "yea."

The result was announced—yeas 74, nays 0, as follows:

[No. 220 Leg.]

YEAS—74

Aiken	Fulbright	Monroney
Allott	Gruening	Morse
Anderson	Hart	Morton
Bartlett	Hayden	Moss
Bayh	Hickenlooper	Mundt
Beall	Hill	Muskie
Bennett	Hruska	Nelson
Bible	Humphrey	Neuberger
Boggs	Inouye	Pastore
Brewster	Jackson	Pell
Burdick	Javits	Prouty
Cannon	Jordan, N.C.	Proxmire
Carlson	Jordan, Idaho	Randolph
Case	Keating	Scott
Church	Kennedy	Simpson
Clark	Kuchel	Smith
Cotton	Lausche	Sparkman
Curtis	Magnuson	Symington
Dirksen	Mansfield	Tower
Dodd	McClellan	Walters
Dominick	McGovern	Williams, N.J.
Douglas	McIntyre	Williams, Del.
Eastland	Mechem	Young, N. Dak.
Ellender	Metcalf	Young, Ohio
Fong	Miller	

NAYS—0
NOT VOTING—26

Byrd, Va.	Holland	Robertson
Byrd, W. Va.	Johnston	Russell
Cooper	Long, Mo.	Saltonstall
Edmondson	Long, La.	Smathers
Engle	McCarthy	Stennis
Ervin	McGee	Talmadge
Goldwater	McNamara	Thurmond
Gore	Pearson	Yarborough
Hartke	Ribicoff	

So Mr. JAVITS' amendment to the committee amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. KEATING. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LAUSCHE. Mr. President, I have sent an amendment to the desk, which I now offer.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 47, between lines 12 and 13, it is proposed to insert the following:

(4) The second sentence of subsection (f), as amended by paragraph (3), is amended by inserting a period after the word "Act" and striking out the remainder of such sentence.

On page 47, line 13, redesignate the paragraph beginning on such line as paragraph (5).

Mr. LAUSCHE. I shall speak for not more than 5 minutes.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, is the Senator's amendment printed?

Mr. LAUSCHE. No; it is not.

I direct the attention of Senators to page 63 of the report, subsection 620(f). That is the subsection with which my amendment deals. Subsection (f) specifically declares:

No assistance shall be furnished under this act, as amended (except section 214(b)), to any Communist country.

Section 214(b) deals specifically with some hospital aid to Poland.

Subsection (f) further provides:

This restriction may not be waived pursuant to any authority contained in this act.

To that extent the language in the act will remain as it is, except that a period will be placed after the word "act." There will be stricken from that subsection the language:

This restriction may not be waived pursuant to any authority contained in this act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism.

My amendment would absolutely bar the granting of aid under the Foreign Assistance Act, but not under Public Law 480, to any Communist country. The following language would remain in this section as it is:

For the purposes of this section, the phrase "Communist country" shall—

Mr. MORSE. Did the Senator say that paragraph (g) would remain as it is?

Mr. LAUSCHE. No. What I shall read now would remain as it is:

For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

On page 68 of the report the countries which are now known as Communist countries are specifically identified. This specific identification does not preclude the administrator from declaring other countries to be Communist. The specific identification includes Poland and Yugoslavia.

The Proxmire amendment, adopted yesterday, specifically prohibits the granting of foreign aid to Yugoslavia. My amendment would specifically prohibit the granting of foreign aid, but not aid under Public Law 480, to any of the countries identified in this measure.

Mr. MORTON. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield to the Senator from Kentucky.

Mr. MORTON. The Senator's amendment would be in consonance with the action taken by the Senate yesterday in adopting the Proxmire amendment, by making his amendment apply to all Communist countries.

Mr. LAUSCHE. That is correct.

Mr. MORTON. Is the Senator certain that his amendment would not preclude Public Law 480 relief?

Mr. LAUSCHE. Yes; because my amendment relates to aid "under this act." I do not say "under this or any other act."

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. AIKEN. I assume that the Senator's amendment is, perhaps, aimed not only at Yugoslavia, but also at Poland and all other Communist countries. Can the Senator tell us how much of the land in Yugoslavia is publicly owned?

Mr. LAUSCHE. It is claimed that substantial parts of the land in Yugoslavia are privately owned and not collectivized; but the fact is that there is indirect collectivization through the imposition of huge taxes.

Mr. AIKEN. Such as in the United States?

Mr. LAUSCHE. And through the exaction of other tribute. In theory, the land is privately owned; in fact, it is collectivized.

Mr. AIKEN. Can the Senator from Ohio tell us who owns the electric lines in Yugoslavia?

Mr. LAUSCHE. They are government owned.

Mr. AIKEN. Who owns the railroads?

Mr. LAUSCHE. The government owns them.

Mr. AIKEN. Is the Senator certain of that?

Mr. LAUSCHE. Yes; the government owns everything in Yugoslavia except, possibly, some paltry shoe shop or barber shop, or operation of that type.

Mr. AIKEN. Does the government own most of the shops and enterprises in Yugoslavia?

Mr. LAUSCHE. Yes; except the small enterprises, such as I have mentioned.

Mr. AIKEN. How does it happen that Yugoslavia has laws pertaining to bank-

ruptcy and other activities, such as we have in the United States?

Mr. LAUSCHE. I cannot answer that question. Yesterday the Senate adopted the Proxmire amendment, which dealt with Yugoslavia. I desire to make the law applicable to all Communist countries alike.

Mr. AIKEN. I agree with the Senator from Ohio that if the law is applied to Yugoslavia, it should apply to all other Communist countries, as well. But does the Senator undertake to make the law apply to shipments under Public Law 480?

Mr. LAUSCHE. I do not.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. CHURCH. Is it not correct that at the present time, having adopted the Proxmire amendment, we are confronted with the anomalous situation of requiring the President to make certain findings respecting our national security, which findings, if made, would permit aid to be given to such Communist countries as the Union of Socialist Soviet Republics and Red China themselves?

Mr. LAUSCHE. The Senator is correct.

Mr. CHURCH. But not to the one Communist country, Yugoslavia, which has given evidence of being less dominated by the international Communist conspiracy than any other? Is not the Senator, by his amendment, seeking to apply the prohibition equally to all Communist countries, instead of selecting Yugoslavia for more onerous treatment than would be given any other such country?

Mr. LAUSCHE. The Senator from Idaho has described the situation accurately.

Mr. CHURCH. I commend the Senator for offering his amendment.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. FULBRIGHT. I am perfectly willing to accept the amendment. The Senator has already explained it. I desire to add one comment. No aid is provided in this bill for any Communist country. While the words of the amendment make certain the understanding that such aid will not be granted, I did not want the implication to be left that the administration was preparing to dole out billions of dollars to Communist countries.

Mr. AIKEN. Mr. President, will the Senator from Ohio yield once more?

Mr. LAUSCHE. I yield.

Mr. AIKEN. Inasmuch as the amendment adopted yesterday applied to Yugoslavia, which, in my opinion, is the least Communist country of the Eastern Europe group, it should apply also to other Communist countries. Therefore, I have no objection to the amendment.

The PRESIDING OFFICER. Did the Senator from Ohio ask for the rescinding of the order for the yeas and nays on his amendment?

Mr. LAUSCHE. No.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio [Mr. LAUSCHE] to the committee amendment in the nature of a substitute. The yeas

and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Connecticut [Mr. RIBICOFF], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Georgia [Mr. TALMADGE], the Senator from South Carolina [Mr. THURMOND], and the Senator from Tennessee [Mr. WALTERS], are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the aforementioned Senators would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kansas [Mr. PEARSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

If present and voting, the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kansas [Mr. PEARSON], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "yea."

The result was announced—yeas 74, nays 0, as follows:

[No. 221 Leg.]

YEAS—74

Aiken	Fulbright	Monroney
Allott	Gruening	Morse
Anderson	Hart	Morton
Bartlett	Hayden	Moss
Bayh	Hickenlooper	Mundt
Beall	Hill	Muskie
Bennett	Hruska	Nelson
Bible	Humphrey	Neuberger
Boggs	Inouye	Pastore
Brewster	Jackson	Pell
Burdick	Javits	Prouty
Cannon	Jordan, N.C.	Proxmire
Carlson	Jordan, Idaho	Randolph
Case	Keating	Scott
Church	Kennedy	Simpson
Clark	Kuchel	Smith
Cotton	Lausche	Sparkman
Curtis	Magnuson	Symington
Dirksen	Mansfield	Tower
Dodd	McClellan	Williams, N.J.
Dominick	McGovern	Williams, Del.
Douglas	McIntyre	Yarborough
Eastland	McChes	Young, N. Dak.
Ellender	Metcalfe	Young, Ohio
Fong	Miller	

NAYS—0

NOT VOTING—26

Byrd, Va.	Holland	Robertson
Byrd, W. Va.	Johnston	Russell
Cooper	Long, Mo.	Saltonstall
Edmondson	Long, La.	Smathers
Engle	McCarthy	Stennis
Ervin	McGee	Talmadge
Goldwater	McNamara	Thurmond
Gore	Pearson	Walters
Hartke	Ribicoff	

So Mr. LAUSCHE's amendment to the committee amendment, as amended, was agreed to.

Mr. LAUSCHE. Mr. President, I move that the vote by which my amendment to the committee amendment was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. LAUSCHE. Mr. President, I call up and offer, to the committee amendment, as amended, my amendment No. 294.

The PRESIDING OFFICER. The amendment of the Senator from Ohio to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 52 of the committee amendment, as amended, beginning with line 15, it is proposed to strike out through line 5 on page 53, as follows:

SEC. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87-794, approved October 11, 1962) is amended as follows:

(a) Insert "(a)" before the words "The President shall".

(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a), when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

On page 53, in line 6, it is proposed to strike out "SEC. 403" and insert in lieu thereof "SEC. 402".

Mr. DIRKSEN. Mr. President, will the Senator from Ohio yield briefly to me?

Mr. LAUSCHE. I yield.

Mr. DIRKSEN. I wish to ask the majority leader about the schedule for the remainder of today.

Mr. MANSFIELD. Mr. President, I am glad this question is raised, because there have been some queries as to what will be the business of the Senate for the rest of the evening.

It is my understanding that the disposition of the pending amendment to the committee amendment will conclude the business of the Senate for today.

ORDER FOR RECESS TO TUESDAY, AT NOON

Mr. MANSFIELD. Mr. President, I now ask unanimous consent that when the Senate completes its business this evening, it stand in recess until 12 o'clock noon on Tuesday next.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DIRKSEN. Mr. President, let me inquire whether the Senator from Ohio expects to have final action on his amendment taken this evening.

Mr. LAUSCHE. Yes, for I shall not speak for more than 5 minutes in discussing the amendment.

Mr. MORSE. Mr. President, on the question of agreeing to the Lausche amendment to the committee amendment, as amended, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LAUSCHE. Mr. President, I think my amendment will be best understood by referring to page 81 of the report. The amendment deals with the Trade Expansion Act of 1962.

The provision deals with section 231, which in the unitalicized lettering contains the language of the present law. The present law reads as follows:

SEC. 231. PRODUCTS OF COMMUNIST COUNTRIES OR AREAS

(a) The President shall, as soon as practicable, suspend, withdraw, or prevent the application of the reduction, elimination, or continuance of any existing duty or other important restriction, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under this title or under section 350 of the Tariff Act of 1930, to products, whether imported directly or indirectly, of any country or area dominated or controlled by communism.

The material which my amendment would strike is set forth in italicized letters on page 81. That italicized language gives the President discretion under certain circumstances to grant favored-nation treatment, notwithstanding the language contained in the existing law. If the amendment were adopted, that italicized language would be stricken, and the law as it is now written would continue in existence. The President would be required, as soon as practicable, to suspend and remove favored-nation treatment from Communist countries. No Communist country would be excepted. All countries would come within the provisions of the law. The difference between my amendment and the amendment upon which the Senate last voted is that the preceding amendment was primarily and completely related to the Foreign Assistance Act. My amendment deals with the Trade Expansion Act of 1962.

I am prepared to answer any questions that Senators wish to ask.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. LAUSCHE. I yield.

Mr. CURTIS. In order to clarify what is involved, I should like to ask the Senator a question. Under the existing law the most-favored-nation treatment is not accorded to Communist countries. Is that correct?

Mr. LAUSCHE. That is correct.

Mr. CURTIS. If the amendment of the Senator from Ohio is agreed to, will the existing law continue in effect?

Mr. LAUSCHE. That is correct.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. FULBRIGHT. The action last year in relation to the Trade Expansion

Act has not been put into effect, but is pending the outcome of the action of the Senate. Yugoslavia has had most-favored-nation treatment since 1881.

The significance of the proposal is that if we do not reject the amendment of the Senator from Ohio, that provision will go into effect and the most-favored-nation treatment will be withdrawn. But it has not yet been withdrawn.

Mr. LAUSCHE. The Senator has accurately described the situation. But I also feel that my answer to the question of the Senator from Nebraska [Mr. CURTIS] is accurate. Under the law as it now reads, the President is required, as soon as practicable, to terminate export and import trade with Communist countries. The act was passed in 1862, but not up until the present time has the President deemed it to be practical to terminate the most-favored-nation treatment.

Mr. CURTIS. In order to make the situation clear, if the amendment of the Senator from Ohio is adopted, most-favored-nation treatment cannot be continued to Yugoslavia?

Mr. LAUSCHE. Or to any other Communist country. That is correct.

Mr. CURTIS. It applies to Yugoslavia or to any other Communist country.

Mr. FULBRIGHT. That is correct.

Mr. CURTIS. "Most-favored-nation treatment" means that the recipient country of most-favored-nation treatment can receive the lowest tariff or have granted to it the lowest import restrictions that are granted to any country in the world.

Mr. LAUSCHE. The Senator is correct.

Mr. CURTIS. If a country should not receive the most-favored-nation treatment, it would operate under our ordinary tariffs that are in existence.

Mr. LAUSCHE. That is correct.

Mr. CURTIS. If a country does not have the benefit of most-favored-nation treatment, its goods are not necessarily barred from our country.

Mr. LAUSCHE. The Senator is correct.

Mr. CURTIS. No additional penalties are imposed.

Mr. LAUSCHE. That is correct.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. DOUGLAS. I should like to address a question to the Senator from Ohio and possibly also to the Senator from Arkansas. Is not the term "most-favored-nation" something of a misnomer? A nation which is said to be given "most-favored-nation" treatment is not given an exclusive privilege is it, but it is not merely given the same rights which other countries receive under that clause. In other words, the country is given equality of treatment and not a special or unique favor. Is that not true?

Mr. LAUSCHE. That is true with respect to all nations that come within that category, but I would say that the term "most favored nation" does not mean that one particular nation has preferential treatment over and above all others.

Mr. DOUGLAS. I thank the Senator. Is it not true that there are in effect most-favored-nation agreements with approximately 44 countries, including all the countries inside GATT, and also including some of the countries outside GATT?

Mr. LAUSCHE. The Senator is correct.

Mr. FULBRIGHT. That is correct.

I should like to make a comment with particular reference to the question asked by the Senator from Nebraska to illustrate the effect of the amendment. The Senator has said that the amendment would not bar any trade; it would not legally or theoretically. But in practice it would. For example, I call attention to some of the items that we import from such countries.

Consider the item of bristles. Under the most favored nation agreements the tariff is 2 cents a pound. That would be increased to 3 cents a pound, which would be a 50-percent increase.

Chicory root would be increased from 1 to 2 cents.

Cherry juice would be increased from 17 cents a gallon to 70 cents a gallon.

For all practical purposes we would make those items, and others, so competitive that the countries involved could not trade with us.

One of the larger items is willow bags and baskets, on which the present tariff is 22½ percent. That percentage would be increased to 50 percent if the amendment is adopted.

Tobacco is one of the larger items. The tariff would be increased from 12¾ cents a pound to 35 cents a pound. In that field there is competition with Turkey and Greece, because the tobacco they produce is needed by manufacturers in our country to blend with our domestic tobacco.

I have in my hand a three-page letter, which I shall not read, from the Tobacco Institute, in which a strong case is made by the Tobacco Institute against the position of the Senator from Ohio. The Tobacco Institute wishes to retain the existing treatment of trade with Yugoslavia for the benefit of our own tobacco manufacturers.

I also have a similar communication from the largest beer manufacturer in this country, Anheuser-Busch, which is located in St. Louis. They buy hops. According to that manufacturer, the amendment would play "hops" with their business. It would disrupt their business.

Mr. CURTIS. Mr. President, will the Senator from Ohio yield so that I might ask the Senator from Arkansas one further brief question?

Mr. LAUSCHE. I yield.

Mr. CURTIS. What is the date of the trade agreement with Yugoslavia, what was the territory called at the time the agreement was made, and what was its form of government?

Mr. FULBRIGHT. The original treaty was with Serbia in 1881, and the succeeding government includes Serbia, which was the largest element in the area. The new country succeeded to that treaty, and it has been so treated since Yugoslavia's creation. There has been no interruption in that relationship.

Mr. CURTIS. But there has been no additional treaty?

Mr. FULBRIGHT. No.

Mr. CURTIS. It is contended that the Tito government should have the most-favored-nations treatment by reason of a treaty made with Serbia in 1881?

Mr. FULBRIGHT. The country has had the benefit of the agreement all during the period since. The agreement has never been abrogated.

Mr. CURTIS. I know that that is the administrative finding of the State Department.

Mr. FULBRIGHT. That is a fact. The treaty contains a provision that on a year's notice it may be abrogated. But the question is not whether or not it can be abrogated. There is no doubt that we could take such action. I am not arguing that this necessarily is a violation of a treaty.

I only say that it involves a treaty. The question at issue is the wisdom of doing this. I did not mean to leave the impression that in any case it would be illegal, or ultra vires, or anything else. It is a question of wisdom.

Several Senators addressed the Chair.

Mr. LAUSCHE. Mr. President, I have the floor.

There are other segments of our economy which take a position contrary to the position taken by those who have written the letters received by the chairman.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I wish to reinforce what the distinguished chairman of the committee [Mr. FULBRIGHT] and the distinguished Senator from Illinois [Mr. DOUGLAS] have said. This procedure does not extend a preferential treatment. What has happened, in effect, is that a repository has been carried over from the time of the Austro-Hungarian Empire, in the latter part of the last century. The later repository was the Government of Serbia, for the Government of Yugoslavia.

That really is not of great importance, except politically. If this procedure which has been recommended by the committee is not agreed to, we shall be shifting Yugoslavia more toward Moscow and more away from the West. By following the procedure recommended by the committee, there will be a chance to keep them moving more toward us.

Mr. FULBRIGHT. I believe that it will have great political significance so far as the future is concerned, not only with respect to Yugoslavia, but also with respect to all countries of Eastern Europe. They do not have such a position now, but I believe it is the policy of all of us that it is to be hoped that sooner or later the relations of those countries with the Kremlin will be loosened. If there is any way in which that can be accomplished, it is through the developing of some trade with them.

Mr. MANSFIELD. How much of the trade of Yugoslavia is now with the West? I believe the figure is 70 percent.

Mr. FULBRIGHT. The trade of Yugoslavia with the West is now be-

tween 75 and 80 percent. Most of that trade is with Western Europe. Our trade with Yugoslavia is not great.

Mr. MANSFIELD. That is correct. As I understand the situation, if Yugoslavia is not given the most-favored-nation treatment—which is not a special privilege—the trade perhaps will change to a formula of 30-70, going in the other direction.

Mr. FULBRIGHT. Yugoslavia could be forced into that position.

We can look at the list of products involved, and the shift in the amount of tariff which would be involved. They could not possibly compensate for that tariff.

There are many other people who are interested. I did not wish to bore the Senate by listing them all.

Considering that such a large jump would be involved, it would be quite unusual if Yugoslavia could sell anything, under that kind of burden.

Mr. JAVITS. Mr. President, will the Senator yield on that point?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. The absolutely decisive argument against the amendment is that the trade of Czechoslovakia, Bulgaria, and Rumania is completely oriented to the Soviet Union. That is what we would drive Yugoslavia into doing, if we were to take away the little inducement provided to keep some link with the West. I can think of nothing which would be more disastrous in terms of holding onto Central Europe and nothing which would be more helpful to Khrushchev than driving Yugoslavia exactly where economics has taken Czechoslovakia, Bulgaria, and Rumania. Once driven there, they will stay, because of the need for parts and machinery and all other things. The umbilical cord cannot be cut, once the direction is changed.

I hope very much that the Senate will not make such a colossal blunder.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. The Senator from Ohio has the floor.

Mr. SYMINGTON. Mr. President, will the Senator from Ohio yield to me?

Mr. LAUSCHE. First, I should like to make a statement.

By granting the most-favored-nation treatment, we are helping to perpetuate the Communist government in Yugoslavia. We are enabling that government to compete with our workers, with our manufacturers. We are giving encouragement to socialized operations, through contributions made by the businesses of the United States and the workers in the United States.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. SYMINGTON. We are the bankers of freedom in Europe, the Middle East, and the Far East; and if all our allies are trading, to the extent that they actually are trading—for example, Canada, a half billion dollars of gold in the sale of wheat to Communist China; a half billion dollars of gold for the sale of wheat to Russia—how can we continue a situation where we continue the banking of the physical defenses of the free world unless we allow our private

enterprise companies to trade with Communist countries on a basis at least reasonably comparable to that of our friends and allies?

Mr. LAUSCHE. Frankly, I have never subscribed to the philosophy or the principle that because somebody else does a thing which I believe is wrong I am justified in doing it. If we look at the facts, since World War II we have followed a policy of not giving aid in the perpetuation of communism by dealing with such countries.

Mr. SYMINGTON. We are not talking about aid now. We are talking about business trade.

Mr. LAUSCHE. We are talking about dealing with them.

Mr. SYMINGTON. Yes. The next question I ask relates to our continuing to lose a great deal of gold. Most people believe this loss of gold gives us an increasingly serious problem, as our gold continues to diminish. As I remember, the figures are some \$3 billion for offshore military expenditures in the banking of freedom, plus at least a billion dollars in aid. This gives a net unfavorable balance of \$4 billion for those two categories plus a tourism unfavorable balance of \$2½ billion. That is some \$6 billion-plus of an unfavorable balance of trade to start with. If this unfavorable balance continues, we automatically continue to lose gold.

If we do not permit our American private businessmen to trade with these countries, and our allies trade with them to their hearts' content, I do not see how we can do other than increase this serious unfavorable balance of payments. The latter, of course, cannot go on indefinitely, because our currency is expressed in gold and backed by gold.

Mr. LAUSCHE. I have read the articles which show that we are supposed to have a preponderance of exports over imports—let us say from Yugoslavia. None of the writers has pointed out that in calculating the total amount of our exports we do not include only the goods sold for dollars but also include Public Law 480 sales as if dollars had come in.

To illustrate what I have in mind, I have in my hand a letter of December 31, 1962, in reply to questions I asked about Yugoslavia. This letter came from Frederick G. Dutton, Assistant Secretary of State. It reads in part:

I am pleased to furnish you with the additional information requested in your letter of December 17, 1962, addressed to Mr. Lee. Of the \$153.9 million of U.S. exports to Yugoslavia in 1961, the \$80.9 million were for Public Law 480 shipments. This sum included \$64 million under title I and \$16.5 million under title III.

Senators will not believe this, but we have 312 billion—

Mr. AIKEN. Million?

Mr. LAUSCHE. Billion dinars; 312 billion.

Mr. SYMINGTON. The Senator will agree, will he not, that if the amendment is adopted this unfavorable balance of payments can only increase?

Mr. LAUSCHE. No. I believe that if we wish to liberate the Yugoslav, Hungarian, Polish, and Czechoslovak people from communism we must stop

giving aid to the governments, by which they perpetuate themselves.

Mr. SYMINGTON. This is trade, not aid.

Mr. LAUSCHE. I understand that this is trade.

Mr. SYMINGTON. We are talking about trade only.

Mr. LAUSCHE. But trade is aid.

Mr. SYMINGTON. I do not wish to belabor the point, but believe we must consider the state of our own economy as of today. A great many of our friends and allies are not only trading with the Russians, private business, but at the same time are also trading heavily, for gold, with the Communist Chinese. We have reached the point today where we must borrow money from foreign countries in order to handle our foreign aid program, through the International Monetary Fund and through the sale of bonds to central banks abroad. Under those circumstances, how can this economy continue to exist successfully if we not only use more money in the aid program—and I heard the Senator say the other day he did not think the aid program should be cut below what it was the other night—but also we do not allow our private corporations to trade with these countries? While the private companies of other countries trade freely. I think this could guarantee economic catastrophe.

Mr. LAUSCHE. Yes, but when we sell to those foreign countries, those countries also sell products to us. I predict that at the 1964 Trade Conference, which is to be held in Geneva, we shall suffer a reversal that will be shocking, because GATT will be ruined and Red Russia will be wanting to sell to us and every other country will be wanting to invade our market.

I yield now to the Senator from Idaho [Mr. CHURCH].

Mr. CHURCH. I wish to state my reasons for opposing the amendment. I think it is gentlemanly of the Senator from Ohio to allow me to do so on his time.

I voted a moment ago in favor of the amendment by the Senator from Ohio which dealt with aid being given to Communist countries under the foreign-aid program. I voted against granting such aid. I voted against it the two or three times it has come up in recent years. I commend the Senator for his amendment.

However, we must make a distinction between the question of aid, whether it involves loans or grants under the foreign aid bill, and the question of normal commercial trade on a quid pro quo basis. We sell tobacco; we get back gold. We do not enter into the exchange unless we think it profits us to do so. Obviously, to the extent that we can promote exports, we are helping to adjust the serious balance-of-payments problem that the Senator from Missouri has referred to.

Moreover, I think it should be pointed out that the export licenses required under our laws, dealing with ordinary commercial trade, preventing the export of any kind of strategic material that

might contribute to the war power potential, or any other material that might strengthen the Yugoslav Communist regime, in any way that is considered to be inimical to the interest of the United States, remain intact. Control over trading in strategic items remains undisturbed.

What the committee was trying to do was encourage normal trade with Yugoslavia in nonstrategic commodities, because the committee felt strongly that this was in the national interest of the United States.

Do we want Yugoslav's trade oriented toward the Western World, or do we want it cemented in the Communist world? Do we want to encourage Tito's regime to augment its independence, or do we want to so root Yugoslavia's trade inside the Communist countries so as to leave it forever cemented within the Communist bloc?

If we are to look at all of the Communist lands as they are painted red on the map, we are conceding that the Communist empire is going to remain intact, and that we are going to deal with one monolithic entity forever more. But if we are to deal realistically with the situation and look at the differing national conditions that exist from one end of the Communist empire to the other, then we naturally should try to encourage the schism that is developing with respect to Yugoslavia and the rest of the Communist world. This is obviously in our national interest.

That is the reason why the committee is trying to strike down the prohibition which would prevent us from extending ordinary commercial relations to Yugoslavia. The real question is whether we want to do this in our own interest, or whether we want to lead Mr. Tito into Mr. Khrushchev's hands and glue him there forever?

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I support the committee with respect to this amendment. A few weeks ago, with the Interparliamentary Delegation of the United States, I had the privilege of being in Yugoslavia and having a conference with the officials that correspond with our Cabinet. They made it clear that they did not wish any more aid; that they were self-sufficient in agricultural commodities; that they were self-sufficient in other aspects of their economy. We saw a prosperous country filled with our products bought by their earnings from exports to the United States.

We were told they tremendously appreciate purchases, under Export-Import Bank financing, of the new type of diesel locomotives that power their railroad systems. They have bought several million dollars' worth of our transport equipment. They have bought factory machinery. We saw U.S.-built computer machines, which certainly are not the product of a suspect Communist organization, inside that Communist country. Many of our large corporations have gone into that country and have been licensed to do business there.

The men with whom we talked represented the equivalent of the Secretary of the Treasury, the head of their parliament, and the head of their state department. They explained why it is important to become a part of the most favored nation group, because they have oriented 75 percent of their trade toward the West, because they wanted to pay us in dollars for our exports, and because they thought the products that they had bought from us were the best in the world.

They said that had been so since they broke from the international trade pact with Communist Russia in 1958, and intended to continue that way, because they liked to trade with the West. We asked why? The answer was that the only way we could trade with the Soviets was to let them have the choice products they produced and that the Soviets needed, and the Yugoslavs would be offered surplus products that the Soviets and their Communist neighbors had in abundance, and for which the Yugoslavs had no use.

Mr. President, this is the way to penetrate the Iron Curtain. This is the way to show what freedom-loving America can produce and sell on the world market, if we give it a chance. We have cut out aid to Yugoslavia. We would be doing ourselves a great disservice, and doing freedom a great disservice, if we said we were going to have no trade with that country. We would force her to look to the East and reject the West. Perhaps the Government of Yugoslavia does not love us, but certainly the people of Yugoslavia do. They have many relatives in this country. They want to trade with America and sell us shoes and their carved woodenware. But, with the threat that this restriction is to be applied and they are not to receive the favored nation treatment, this trade has already decreased by 25 percent.

Mr. President, I think it is high time to take an adult stance in world trade. As was pointed out, an export license cannot be obtained to export anything of strategic value to such countries. Let us be adult. The Red Kremlin does not give us a free ride or a sanctuary anywhere in the world without seeking to penetrate our trade areas. It is high time we were realistic. We have an opportunity to establish our trade in this area, where a strong Communist nation has maintained its independence from Russian trade treaties and the Russian military organization. I think it is high time to extend to this country that which we extend to almost every other nation except the Communist-controlled countries that are a part of the Moscow conspiracy. I think they ought to have a chance to buy American products and compete with the rest of the world on an even basis, to be given an opportunity to obtain dollars to buy goods from this country.

Mr. LAUSCHE. The Senator from Oklahoma has presented very effectively an argument that is applicable to what the Communist countries, and especially Yugoslavia, want, but in December of 1962, Tito went to Moscow. He conferred with Khrushchev. Khrushchev made statements. Tito made statements,

redeclaring the fidelity of Communist Tito to the worldwide Communist cause.

Subsequently, Khrushchev went to Belgrade, and in Belgrade Tito and Khrushchev rededicated themselves to the cause of communism. Khrushchev went so far as to say to the Communists:

How can you argue that Tito is not a Communist? How can you say that, when practically everything is socialized?

In Moscow and in Belgrade this redeclaration was made to destroy capitalism and our country.

All that Tito has to do is honestly reorient himself to the West, which has done so much to help him—\$2,500 million of our money has gone to Tito. Less money, of course, has gone to Poland. Three hundred eighteen billion dinars are now in our possession.

Mr. SYMINGTON. What is a dinar worth?

Mr. LAUSCHE. That is an interesting question. The Senator's hair will stand up when I tell him. In 1955 when we initially began selling under Public Law 480, the dinar was worth 300 to the dollar. The last transaction of which I have a record shows that the dinar was worth 750 to the dollar. With a 750 to \$1 dinar Yugoslavia is paying off the 300 dinar to \$1 value of the 1955 debt. Our agreements provide for repayment in dinars. Most of the agreements provide for that.

Mr. MONRONEY. On trade?

Mr. LAUSCHE. On Public Law 480 transactions.

Mr. MONRONEY. We are talking about trade.

Mr. LAUSCHE. I am talking about Public Law 480. That is included in our trade.

Mr. MONRONEY. It is not included in the most-favored-nation trade.

Mr. SYMINGTON. If the money is scheduled to be used in that country, we receive less because of the automatic inflation of the currency, assuming the Senator's figures are correct, as I am sure they are.

Mr. LAUSCHE. Yes; they are correct.

I do not know the name of the Communist who made the statement:

Borrow money, sell to them. See to it that it is repaid in zloties or dinars. Zloties, cruzeiros, or dinars will become cheaper in value, and in that way you will pay off debts with reduced zloties, cruzeiros, dinars, and other paper money.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. SYMINGTON. The Senator is making statements which have to do with the aid program. I am talking trade and remind the Senator that West Germany, France, Britain, Canada, all the other countries in the free world are operating their economies, in the main most successfully, under the nuclear umbrella of the United States. If these countries, some of which now have greater prosperity than we have, and certainly more prosperity than they ever had, continue to let their private companies deal with countries behind the Iron Curtain, while our country in effect, furnishes them their defenses, how does the Senator expect corporations in this

country to live, if we so stifle their chance for trade? Everyone who has been in business knows that that last 10 percent of volume obtained nearly always is the difference between making a profit or suffering a loss.

Mr. LAUSCHE. Mr. President, the best way in which to insure the life of our companies is not to strengthen the enemy who wants to destroy the very business which we are praising and wish to help. There is only one purpose that the Communist countries have, and that is to destroy the business we have. I am not one who is going to give them aid to destroy that which I want to preserve. I reject absolutely and positively the principle that because if someone has done something, we should do it. That is erroneous. That is one of the weaknesses of what is happening in Congress; because someone has done something, we should do it also.

Mr. SYMINGTON. The Senator is speaking ideologically—I am talking about the health of the American economy.

Mr. LAUSCHE. For a moment I was afraid the Senator was going to say idiotically.

Mr. SYMINGTON. No.

Mr. LAUSCHE. No; I am only jesting.

Mr. SYMINGTON. But if the Senator carries his argument to conclusion, the next development would be to demand that all the alliances we have with other countries in the free world—the French, West Germans, British, and Canadians—should be broken off, unless they follow the Senator's recommended program. That would apply to our relations with NATO itself, and would result in little organized free world resistance to communism.

Mr. LAUSCHE. That does not follow at all.

Mr. SYMINGTON. In my opinion, the amendment of the Senator would make it impossible for any American manufacturer to compete successfully with a Canadian or British or French or West German manufacturer.

The reason I got into this colloquy originally with my good friend from Ohio is that I am becoming increasingly worried about the loss of U.S. gold, the steadily increasing unfavorable balance of payments against this country.

As I see it, the Senator's suggestion, in his amendment, can only end in a serious situation for American business.

Mr. LAUSCHE. My final answer is that the Senator was a member of the Truman administration, and that administration found that the granting of economic aid and the indulgence in business with Communist countries were inimicable to the security of our Nation. I have presented my case.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. AIKEN. If the Senator's amendment should become law, and the customs duties on Yugoslav products were raised 300 percent, would the American consumer still be able to get Yugoslav products of the kind that we have been using?

Mr. LAUSCHE. If the Yugoslav Government can sell at a price below ours,

we will still be able to buy Yugoslav goods, but we will not give them a special benefit in tariffs and duties.

Mr. AIKEN. The Senator means that if the Yugoslav prices were lower than the prices at which we could purchase the articles from some other country, including the higher duty, we could bypass them. Since Yugoslav business is 75 percent oriented to the West, the major customers of Yugoslavia are West Germany and Italy. Could we perhaps buy Yugoslav products through West Germany and Italy?

Mr. LAUSCHE. I suppose that might be done. I am not prepared to answer the Senator's question. The Senator believes they could circumvent the rule I am proposing to have adopted.

Mr. AIKEN. They have been doing a pretty good job to date of buying American products, processing them, and selling the end products to Communist countries. Is there any reason why they could not buy from Communist countries and resell to us, provided they could sell at a little lower price than the American consumer would have to pay if she bought directly and paid the higher tariff?

Mr. LAUSCHE. I suppose that is true.

Mr. AIKEN. I am beginning to wonder.

Mr. LAUSCHE. The Senator has brought up a thought that I think ought to be explored; that is, Communist Yugoslav aid to African and Asian countries. But I am probably getting into a different subject.

Mr. AIKEN. Yes.

Mr. LAUSCHE. But Yugoslavia is getting material from us, and what it is getting from us, it is sending, in part, to India, Pakistan, the Far East, and African countries.

Mr. AIKEN. If the Senator's purpose is to reduce the Yugoslav economy, we would also have to apply those rules to the other countries that handle Yugoslav products and sell to the West.

Mr. LAUSCHE. I suppose one could reach that conclusion.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. KEATING. I wish to ask a question or two of the Senator from Ohio, or perhaps the chairman of the committee on a phase of the amendment which has not heretofore been discussed.

As I understand, if the language which the committee has recommended is not adopted, another country, namely, Poland, would also be adversely affected.

Mr. LAUSCHE. It involves not only Yugoslavia and Poland, but all Communist countries.

Mr. KEATING. That is stated theoretically in the language; but as a practical matter, does it not relate largely to Yugoslavia and Poland?

Mr. LAUSCHE. As a practical matter; yes.

Mr. KEATING. The Senator from Arkansas has given some interesting figures, showing that as a practical matter, trade with Yugoslavia will virtually be cut off if we do not permit this relief. Does the Senator have comparable figures for Poland? The reason why I ask the question is that I was in Poland last

year. The Senator from Ohio knows that I have no more use than the Senator has for the regimes that control those countries. But, after all, there is a great reservoir of friendship and good feeling among the people of this country toward the Polish people. Through the centuries the people of Poland have had to contend with foreign tyrannies imposed upon them. Yet I am convinced that the people of Poland retain their enduring love of liberty and their deep affection with the people of the United States. That mutual good will is something which I think is well to retain and to cherish. The people of Poland are not Communists at heart and I would hate for their Communist government to be able to say the United States has broken its historic ties of friendship with the people of Poland. Do the figures indicate, in the case of Poland, that the practical result would be the same as in Yugoslavia?

Mr. FULBRIGHT. It would be, with this variation: That there is a larger percentage of Polish exports to this country, exports on which there is no tariff. Those exports would not be affected to quite the same degree.

However, from Poland, for example, we get bentwood furniture, on which there would be an increase from 25½ to 42½ percent; bristles from 2 to 3 cents; calf hides, wet salted, from 4 to 10 percent; glass Christmas tree ornaments, from 25½ to 60 percent and so forth. The same is true of poppy seed and wicker baskets.

Mr. KEATING. Can the Senator inform us the extent to which imports from Poland are not subject to duty in the United States?

Mr. FULBRIGHT. The increase in tariff rates resulting from withdrawal would affect more than \$5 million of trade.

Mr. KEATING. Of a total of how much?

Mr. FULBRIGHT. Forty-five million dollars.

Mr. KEATING. It is not so serious a matter, with respect to actual practice.

Mr. FULBRIGHT. It is the same principle, but not to the same degree.

Mr. KEATING. It is just as serious so far as the psychological effect is concerned. I do not know to what extent that information is known to the people generally, but certainly the Communist government of Poland can be relied upon to put the United States in as bad a light as possible. I think it is not worth it, and I therefore feel that it is unwise not to permit, under proper protective provisions, such as are included in the committee amendment, the extension of this treatment in the case of those countries. No other Communist countries are involved at the moment, are they?

Mr. FULBRIGHT. These are the only two to which this principle has ever been extended since the war. I know of no intention whatever on the part of anyone to do it. However, I am in accord with the statement of the Senator from Oklahoma [Mr. MONRONEY]. Suppose a situation developed in which the Hungarians or the Rumanians desired to trade with us, and they made a good proposal, one that was considered to be

in our interest. I would certainly say that we should develop that trade. But such a situation has not occurred.

Mr. KEATING. The language requires that the President must find that the trade would be in the national interest and would promote the independence of such country from domination or control by international communism. The President would report that determination to Congress, and if the Congress believed he had made an incorrect determination, I feel certain that there would be strong protests.

Mr. FULBRIGHT. The Senator is absolutely correct.

In the case of Poland, President Eisenhower made just such a finding in 1960.

When the Senator asked me about what could happen, I said that if such conditions occurred in regard to one of the other countries, I would follow the procedure the Senator has mentioned. I would hope that it would happen. I do not mean that I hope it would happen improvidently or speedily, but that there would be genuine reasons for doing so. But those reasons have not developed yet.

Mr. DOUGLAS. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. DOUGLAS. I wanted to ask a question of the chairman of the committee.

Mr. LAUSCHE. Mr. President, I yield the floor.

Mr. DOUGLAS. I should like to ask for confirmation or rebuttal of the point which the Senator from Idaho [Mr. CHURCH] and the Senator from Oklahoma [Mr. MONRONEY] made; namely, whether export licenses would still be required on commodities which we would ship to Yugoslavia or Poland.

Mr. FULBRIGHT. This particular provision has nothing whatever to do with export licenses; it would not affect them.

Mr. DOUGLAS. Would export licenses continue for those countries and for other countries inside the Communist bloc?

Mr. MORSE. For strategic and combatant goods.

Mr. FULBRIGHT. That is another matter; but it is my information that they are required on the same kind of goods. But that is handled under the Export Control Act, and this provision would not affect that situation.

Mr. DOUGLAS. I understand. This then would be trade primarily in consumer goods, not trade in capital goods or war materiel. Am I correct?

Mr. FULBRIGHT. The Senator is correct. I have a list of all our imports. I believe I also have a list of our exports.

Mr. DOUGLAS. In the case of Poland, I think I can supply the chief items of imports: Polish ham and Polish sausage.

Mr. FULBRIGHT. They are the primary ones; and that is why there is a difference in the relative effects of the tariff.

Mr. President, in order that the record may be complete, I ask unanimous consent to have printed at this point in the RECORD a memorandum prepared by the committee staff, which contains the

material from which I have been quoting. It is given in more detail and states the exact amount of the effects.

I also ask unanimous consent to have printed at this point in the RECORD a telegram I have received from four gentlemen of Polish extraction who are the mayors of four American cities.

There being no objection, the memorandum and telegram were ordered to be printed in the RECORD, as follows:

U.S. TRADE WITH YUGOSLAVIA—POSSIBLE EFFECTS OF WITHDRAWAL OF MOST FAVORED NATION

Nature and extent of trade: Yugoslavia's current patterns of trade are Western oriented. In recent years more than 70 percent of its total trade has been with free world countries. In 1962 this figure had risen to 77 percent. The United States is one of Yugoslavia's most important trading partners.

Trade between the United States and Yugoslavia has traditionally been based on most-favored-nation treatment of the two trading parties. Most-favored-nation benefits were mutually accorded each other by the United States and the Kingdom of Serbia in a Treaty of Commerce and Navigation of 1881 and this treaty has remained in effect ever since between the United States and the government at Belgrade whatever the form of the latter.

In 1962 the United States was a leading exporter to Yugoslavia and Yugoslavia's third largest market. The following table indicates the recent pattern of United States-Yugoslav trade:

United States-Yugoslav trade
[In millions of dollars]

	1960	1961	1962
U.S. exports (including U.S. aid shipments).....	85.7	153.9	154.1
U.S. imports (for consumption).....	40.2	39.2	47.8

Effect on Yugoslavia of denial of most-favored-nation treatment: Denial of most-favored-nation treatment will have a severe impact on Yugoslavia's trade and will consequently influence Yugoslavia's ability to pay off her debts to the United States. Yugoslav payments to this country in 1963 will amount to an estimated \$10 million. Annual payments to the United States during the period 1964-67 are expected to be between \$10 and \$11 million on the basis of the amount of Yugoslavia's outstanding indebtedness as of December 31, 1962. Any increase in total indebtedness since that date would naturally increase the amount of Yugoslav payments.

Also noteworthy in this connection are the claims of U.S. nationals against Yugoslavia for the nationalization and other taking of property which have arisen subsequent to July 19, 1948, the date of the last claims settlement. Approximately 400 claims are involved, and the amount claimed by the claimants is about \$25 million. Denial of most-favored-nation to Yugoslavia is very likely to affect adversely Yugoslavia's disposition to reach a satisfactory settlement with the United States in regard to these claims since Yugoslavia's ability to earn dollars in trade with the United States will be most seriously jeopardized.

Yugoslavia has developed a substantial trade in products which enjoy the same reduced tariffs as those of other friendly countries. Denial of most-favored-nation now means that rates on these products return to the high tariffs established in the restrictive Tariff Act of 1930. Of the total Yugoslav exports to the United States, more than 90 percent would be subject to an increase in duty. Some of the principal products on which the rates of duty will increase are:

Description	Most-favored-nation rates of duty now paid by Yugoslavia	Higher duty Yugoslavia will pay under 1930 Tariff Act	Imports 1962 (thousands of dollars)
Nails	2½ cent per pound	3½ cent per pound	2,340
Aluminum sheets and plates	2½ cents per pound	7 cents per pound	879
Aluminum rods and bars	do	do	288
Furniture	10½ percent	40 percent	3,172
Hops	10½ cents per pound	24 cents per pound	2,554
Lead pigs and bars	1¼ cents per pound	2½ cents per pound	5,731
Sheep and lamb leather	10 percent	25 percent	448
Brass rods and bars	2 cents per pound	4 cents per pound	527
Tobacco	12¾ cents per pound	35 cents per pound	4,505
Willow bags and baskets	22½ percent	50 percent	1,622
Zinc pigs and blocks	0.7 cent per pound	1¾ cents per pound	480
Barytes ore	\$2.55 per ton	\$4 per ton	425

Effect on United States of denial of most-favored-nation treatment: The effects of withdrawing most-favored-nation treatment will hurt both Yugoslavia and ourselves. First, our own sales to Yugoslavia will undoubtedly be substantially cut, since Yugoslavia's ability to earn dollars to pay for them would be drastically reduced. A fourfold increase over present rates of duty would price Yugoslav goods completely out of the American market, particularly since the same products from other countries would continue to pay the lower rates of duty. Indirectly, the American worker, producer, and consumer would all suffer in some degree as a result of this action. And, as previously noted, Yugoslavia's ability to repay its financial obligations to the U.S. Government and to U.S. citizens would be impaired.

Effect on U.S. policy toward Eastern Europe: The withdrawal of most-favored-nation treatment from Yugoslavia would do serious damage to our relations with that country. It would require the denunciation and abrogation of the treaty of 1881 which has been of fundamental significance in the character of our relations with the governments at Belgrade since the treaty was concluded. It would lead the Yugoslavs to re-examine and revise their policy toward the United States and turn a more responsive ear to Moscow. It would discourage the pro-Western elements in Yugoslav society and injure ties with many of the Yugoslavs that have been built up over the years. It would diminish the opportunities to maintain and increase the American presence and influence in that country.

The denial of most-favored-nation treatment to Yugoslavia and Poland would have a larger effect than in each of these countries alone. The impact would extend to Eastern Europe generally, affecting our relations with the whole area and prejudicing the security interests of the United States. To deny most-favored-nation treatment to these two countries now would threaten the U.S. policy of more than a decade which has sought to keep alive active relations with the peoples of Eastern Europe in economic, political, and cultural fields. It would cripple our objective to decrease the dependence of these countries on the U.S.S.R. and to make it possible for a nation under a Communist government to achieve independence from Soviet domination. It would weaken those measures which can contribute ultimately to the freedom of these people from the Communist yoke.

By taking discretion away from the President to grant most-favored-nation treatment section 231 deprives the U.S. Government of a tool in carrying out a positive policy toward Eastern Europe. Retention of section 231 works for the abandonment of the existing constructive policy of contact with the countries of Eastern Europe and for its replacement by a policy of withdrawal from the area. The effect of section 231 is to suggest that we are no longer interested in offering the countries of Eastern Europe an alternative to dependence on the Soviets. Such a retreat from our previous objectives would occur at the very time when diversity and assertions of independence and national interest are increasing in Eastern Europe. When new op-

portunities for a policy of engagement in Eastern Europe are opening up we would opt for a negative and defeatist course. Our quarrel after all is not with the peoples of Yugoslavia and Poland but with communism—an alien political system which presently controls their governments. Cutting off the President's authority to extend most-favored-nation treatment only reduces our capacity to deal with Eastern European governments in ways that can benefit the people and serve free world interests.

WILMINGTON, DEL.,
November 4, 1963.

Hon. J. WILLIAM FULBRIGHT,
U.S. Senator,
Washington, D.C.:

We urge your full support of proposed legislation to assure the President discretionary power to grant most-favored-nation tariff treatment to Poland. We are four American mayors of Polish descent who have just recently returned from extensive 3-week tour of Poland. We went to Poland to see how the country is progressing, to compare administration of cities, to meet with the Polish people, and to visit the homes our parents left when they came to the United States. We were impressed with the fact that the spirit of Polish unity and the great tradition of language, art, and the church, that held the Polish people together for over 1,000 years still lives and flourishes despite great handicaps imposed by the Government. There is no doubt that the Polish people who know are grateful for the aid the United States has extended to them. We suggest that American representatives in Poland be permitted to apprise the people of Poland of the extent of U.S. aid in return for most-favored-nation treatment. We were most impressed with the tremendous amount of good will and good feeling that the people of Poland harbor for the people and the Government of the United States.

We feel that every effort should be made to enhance United States-Polish relations and to help the Polish people move toward greater freedom and independence. Most-favored-nation tariff treatment for Poland is essential ingredient in such an effort.

MAYOR JOHN E. BABIARZ,
Wilmington, Del.
MAYOR VICTOR C. WARYASZ,
Poughkeepsie, N.Y.
MAYOR ALEX P. SMEKTA,
Rochester, Minn.
MAYOR CHESTER KOWAL,
Buffalo, N.Y.

Mr. DOUGLAS. Mr. President, will the Senator from Arkansas yield further?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Arkansas yield to the Senator from Illinois?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. Is it not true that there is rigid embargo on the exportation to the Communist-bloc countries of machinery and materials which might be, potentially, war materials?

Mr. FULBRIGHT. Yes. I am sure the Senator from Illinois is referring to the Battle Act.

Mr. DOUGLAS. Yes. Would that act still apply?

Mr. FULBRIGHT. Yes. This amendment would not affect any of the applications of the Battle Act or the Export Control Act.

There is nothing new about this amendment; it would only restore the status quo; and any requirements for export licenses or any prohibitions would still apply; the amendment would not disturb them.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I point out that industrial goods of the type mentioned by the Senator from Illinois do not go to these countries, but go from the United States to Western Europe, and from there, many of such goods go to the satellite countries and to the Soviet Union. Furthermore, the trade between those countries of Western Europe and the satellite countries and the Soviet Union is in excess of \$3 billion; but, so far as the United States is concerned, its export trade in such goods is less than one-tenth of that amount.

Mr. FULBRIGHT. Yes. In short, we have been "holding the sack." In my opinion, we really have been stupid in preventing American concerns from participating in this trade while all of our allies, particularly West Germany—and this is one of the reasons why West Germany is so prosperous—and the other nations of Western Europe have been participating in this trade. So it seems to me it is time for us to stop that policy.

Mr. JAVITS. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I was appointed by the committee to make a special inquiry into this matter. I did so, and at the end of 1961, I wrote a report on this subject. Western Europe has both export trade and import trade in excess of \$5 billion with the Soviet bloc countries, whereas, according to the present figures, U.S. firms do approximately \$200 million worth of such business.

Furthermore, in connection with that research, consideration was also given to the trade with Poland; and this brings up an interesting psychological point. As my colleague [Mr. KEATING] pointed out, they consider themselves written off, insofar as Gomulko is concerned and insofar as Yugoslavia's alleged independence is concerned. What an awful price to pay.

The Senate has felt free to adopt various amendments to the foreign aid authorization bill, and those amendments are supported by many reasons which have accumulated over the years. However, this item has nothing to do with foreign aid; it merely happens to be before the Senate because this loose end needs to be tied up.

Our action in this connection is most important, because we could make a fatal mistake—one which the President is striving to avoid, and one which could greatly damage us irretrievably, because

then Khrushchev would realize that we were so stupid as to deny ourselves any chance of dislodging the Communist control of these countries.

Mr. FULBRIGHT. I agree with the Senator from New York.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the value of U.S. exports of domestic and foreign merchandise to Poland in the calendar year 1962.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Value of U.S. exports of domestic and foreign merchandise to Poland in calendar year 1962

[Thousands of dollars]

Commodity groups:	Value
00 Animals and products, edible-----	8
0 Animals and products, inedible-----	
1 Vegetable products, edible-----	4,410
2 Vegetable products, inedible-----	47,332
3 Textile fiber and manufactures-----	6,723
4 Wood and paper-----	21,942
5 Nonmetallic minerals-----	44
6 Metals and metal manufactures-----	483
7 Machinery and vehicles-----	1,085
8 Chemicals and related products-----	3,000
9 Miscellaneous-----	1,067
Total-----	8,311
	94,405

Source: "U.S. Exports of Domestic and Foreign Merchandise," 1962 annual, FT 420, U.S. Department of Commerce.

Mr. FULBRIGHT. Mr. President, in connection with the other point the Senator has mentioned, in order to avoid any conflict of jurisdiction or any question about this matter—and I think I have avoided it—I submitted the amendment to the chairman of the Finance Committee; and the Senator from Virginia [Mr. BYRD] submitted it to the Finance Committee, because of the origin of this matter, and he did consider it.

I ask unanimous consent to have printed in the RECORD the letter I received from the Senator from Virginia [Mr. BYRD], the chairman of the Finance Committee. The letter is dated August 15, 1963.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE COMMITTEE ON FINANCE,
August 15, 1963.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: On June 20, 1963, at the request of several members of the Committee on Finance, I wrote you concerning section 402 of the Foreign Assistance Act of 1963, S. 1276, which would amend section 231 of the Trade Expansion Act of 1962, by permitting the President, if he so determines, to extend most-favored-nation treatment to Yugoslavia and Poland. I pointed out that legislation amending the Trade Expansion Act of 1962 is under the jurisdiction of the Committee on Finance, and, therefore, requested that the Committee on Foreign Relations refrain from taking any action with respect to this particular section of S. 1276.

On June 26, 1963, you replied by suggesting that "as in the case of matters which may involve the jurisdiction of both our committees, the Finance Committee consider the matter from the standpoint of its juris-

diction and advise the Committee on Foreign Relations its views."

In executive session today, I called this question up for consideration. After a thorough discussion, it was agreed that the proposed amendment was not inconsistent with the action taken by the Senate Committee on Finance on section 231 of the Trade Expansion Act of 1962, as described in the following excerpt from the Senate Report No. 2059:

"CHAPTER 4—NATIONAL SECURITY

"Section 231. Products of Communist countries or areas:

"Section 231 provides that, as an exception to the most-favored-nation principle, the President shall, as soon as practicable, refrain from applying any reduction, elimination, or continuance of any existing duty or other import restrictions, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under title II of the bill or under section 350 of the Tariff Act of 1930 to products, whether imported directly or indirectly, of the Soviet Union, Communist China, and any other country or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement. It is contemplated that this provision will permit the President, if he so determines, to continue most-favored-nation treatment to Yugoslavia and Poland."

Therefore, the amendment to section 231 of the Trade Expansion Act of 1962, as proposed in section 402 of the Foreign Assistance Act of 1963, S. 1276, was approved by the members of the Senate Committee on Finance and the chairman directed to so advise your committee.

With kindest regards, I am,
Faithfully yours,

HARRY F. BYRD,
Chairman.

Mr. FULBRIGHT. Mr. President, I shall read only the last sentence of this 2-page letter; the summary there set forth is as follows:

Therefore, the amendment to section 231 of the Trade Expansion Act of 1962, as proposed in section 402 of the Foreign Assistance Act of 1963, S. 1276, was approved by the members of the Senate Committee on Finance and the Chairman directed to so advise your committee.

With kindest regards, I am,
Faithfully yours,

HARRY F. BYRD,
Chairman.

I believe that takes care of that point.

Mr. MORSE. Mr. President, I shall be brief.

I shall support the committee language here, as I did in the committee. One of the chief reasons why I supported it in the committee was the action taken by the Finance Committee and the letter from the chairman of the committee, the Senator from Virginia [Mr. BYRD]. As I recall, we were then told that that action by the committee was unanimous.

Mr. FULBRIGHT. The letter does not so state, but I was present. I sent letters to the Senator from Virginia, and he invited me there; and, as I recall, all those present were unanimous. At least, I heard no objection—although I did not hear any poll taken of the members.

Mr. HARTKE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. HARTKE. I thank the distinguished Senator from Oregon for yielding.

Mr. President, I am a member of the Finance Committee. For the record, I state that I did not support the committee on this proposal, and I do not support it now.

I am opposed to giving these countries any special consideration. At the time, I was told there was a favorable balance of trade with them. There is, when we consider the public programs, such as those under Public Law 480 and the development loan funds. But if we take the Government-sponsored funds from the trade balance, there is no favorable balance of trade; in fact, in that event we run about \$15 million short.

There is no question that this country is Communist controlled and is competing with our labor, by reason of the absence of controls upon its prices or its labor scales. It sets the price, and then ships the goods to the United States, where they compete against goods produced by Americans.

I would not mind that in the case of a country which was one of our allies; but I do not know whether these people are allies of ours or not. I have seen them take foreign trade from us in the African nations, and at the same time spread their philosophy and the notion that their system is the best, and use their technical people to try to teach the people of Africa to go the Communist way of life, when we are supposed to be giving them special consideration.

I have no sympathy for them. I have supported the foreign aid bills through the years, and I intend to do so this time; but in all good conscience I can see no connection or similarity between the situation of this nation and that of Hungary, Czechoslovakia, or other countries which are under the control of these people.

They say they have broken away from the Communist philosophy, and that this matter of trade encourages better relations with this country. Well, Hungary went through that process, at one time. Perhaps such things are weakening; but, as I said in discussing the wheat deal, we have no assurance that this will solve the problems.

Then came the autobahn incidents and the Khrushchev threats and his statements to the businessmen that he is determined to take us over; and recently we have seen Tito make a complete turn-about. At one time he was trying to export the Communist philosophy; but whenever it became expedient for him to change, he changed; but now he is back in that camp. Where will he be tomorrow?

I was talking with my 12-year-old son about this matter; and he said to me:

Daddy, I guess we are going to help build them up, so they can turn around and kill us.

Perhaps he is mistaken; but I see no reason for giving special treatment to nations with this brand of ideology, until we see in them a complete change of heart.

As for the claim that they want to trade in the way that Czechoslovakia and Hungary have, those people once thought they would change and that the Communist control would ease up; but the Rus-

sian tanks made them hold the Communist line.

Some say there is a weakening insofar as Italy is concerned; but we must remember that this same man was the greatest exponent and the real life blood of spreading communism throughout the world. He did it in the true Communist-Chinese fashion.

Personally, I think he is not deeply steeped in any philosophy; I think probably he is just a dictator, pure and simple. But certainly he is not my kind of guy.

Mr. MORSE. Will the Senator tell me how many members of the Finance Committee shared his view?

Mr. HARTKE. I cannot say at the present time. I know there were more than myself. I wish it clearly understood that the action was not unanimous.

I know that what I have said is contrary to the opinion of some of my older advisers. They counseled and told me that I should not do this, that I had the wrong idea. I hope I am in error.

Mr. MORSE. The letter of the Senator from Virginia [Mr. BYRD] at least represents the majority opinion of the committee.

Mr. HARTKE. There is no question about that. It represents a substantial majority of the committee.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the majority leader.

Mr. MANSFIELD. First, the proposal of the committee would not give any special or preferential treatment.

So far as the balance of trade is concerned, I would refer to the remarks of the distinguished Senator from Oklahoma [Mr. MONRONEY], who, as a representative of this body, was in Yugoslavia only a few weeks ago. He told us what the effects of American imports into that country were.

I also point out that, as contrasted with other satellite countries, there is not a Russian soldier on Yugoslavian soil. Yugoslavia is not a member of the Comicon organization, nor is it a member of the Warsaw Pact.

This is a coldblooded proposition. Do Senators desire that Yugoslavia veer toward us or go toward Moscow? Do Senators want the 70 percent of Yugoslavia's trade with the West retained or increased, or do they want to reverse the percentage? That is all. Senators must make up their minds on that question.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. MORSE. I wish to make a brief statement and then I shall yield the floor. We are greatly indebted to the Senator from Ohio for bringing up the amendment because, in my judgment, this is the first time, within my memory, we have really had the question clarified in debate in the Senate. I believe that we now understand the issue as we never understood it before.

Although there was a very helpful discussion in the Foreign Relations Committee, I understand it here even better than I did in the Foreign Relations Committee.

I point out to my friend the Senator from Ohio that we have taken care of

Tito in the amendments already adopted as far as AID is concerned. The Senator's amendment offered yesterday in regard to Communist nations handles the AID matter. We are dealing with a question of trade and not aid. There is all the difference in the world between the two. I cannot see how we can take the position that we should trade with Russia in wheat, with Hungary in corn, and other nations behind the Iron Curtain, and then support the amendment.

I support that kind of trade for several reasons. I wish to mention two very important ones now.

First, I supported the wheat program, and I shall support the corn program with Hungary because I think we should stop cheating the American people. That is exactly what we would do if we did not enter into trade relations, because either the wheat of some other nation, or, in many instances, our own wheat or corn, would reach them anyway, though not sold by us. We know that a good deal of it is converted into flour by our allies and sold behind the Iron Curtain, and we do not benefit as a result of the process.

So from the standpoint of merely the materialistic trade features involved, I do not think we can justify cheating the American people out of trade behind the Iron Curtain in nonstrategic, noncombatant goods.

Second, we are not aiding Tito. We are trying to get to the Yugoslav people. We are trying to demonstrate to them the superiority of our system of economic freedom to their system of economic enslavement. In the long run that is the way we must whip communism if we are to do so. That is the way we need to do it. The arguments that were advanced here today by the Senator from Idaho [Mr. CHURCH], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Missouri [Mr. SYMINGTON], the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], the majority leader, the Senator from Montana [Mr. MANSFIELD], and others, have almost put us in an unanswerable position in support of the committee amendment.

I shall support the language of the committee for the reasons stated. But I wish to stress that we have made it perfectly clear to the world that we are not supporting Tito. We have made it clear to the world that we have faith in our system of economic freedom manifested by our private enterprise trade.

Imagine the good that we do when we get our goods behind the Iron Curtain. What do Senators suppose those people do? They do not take the goods mutely. They talk about them. They arouse a good deal of discussion. This process leads to a recognition of the superiority of our economic system over others.

Furthermore, as was pointed out by the chairman of the committee, we have had the trade-treaty relationship for a long time. As the Senator from Illinois [Mr. DOUGLAS] has said, we are not giving anyone any preference. No preference is involved. No nation would get any advantage. We are continuing a long existing so-called favored-nation-clause program, which will prove to be of

benefit to peoples. It is the people that we ought to be interested in, so long as we place in the bill the necessary checks upon Soviet governments themselves. And we are doing a pretty good job of that.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio.

Mr. LAUSCHE. Mr. President, the issue has now resolved itself into the responsibility of determining where Tito stands. I wish to read to the Senate statements made by Tito and Khrushchev at their latest meeting of the Supreme Soviet of the Russian Republic on December 11, 1962. Khrushchev declared:

Someone started to assert that Yugoslavia is not a socialistic country. May we please ask one question. If Yugoslavia is not a socialistic country, what kind of country is it?

That was Khrushchev speaking. He continued:

We know that there are no feudal landowners nor capitalists in Yugoslavia. We know that Yugoslavia has no private capital, no private enterprise, no big landowners, and no private banks.

I am reading Khrushchev's statement about Yugoslavia. Still speaking, Khrushchev said:

We see that the Communist Party of Yugoslavia and its leaders are directing their efforts toward economic development with the final goal of solidifying—

What?—

the institution of socialism.

Khrushchev went beyond that to state:

Therefore, if we start from the impartial laws of Marxist-Leninist theory, it is impossible to deny that Yugoslavia under today's regime is not a socialistic country. This fact is a starting point in our politics, and on this fact we base our relations with Yugoslavia as a socialistic country.

Though I stand alone, and every Senator continues to argue that Yugoslavia is not socialistic, I will not change my position.

All I ask is that Senators consider the evidence presented by Khrushchev at that meeting of December 11, 1962, in Moscow.

I delve a bit further into the statements of Khrushchev made at a Communist Party meeting in East Germany in January 1963. At that meeting Yugoslav delegates were considered persona non grata, but as active members with equal rights their speeches were greeted with special warmth.

The meeting of January 1963 followed the December meeting of 1962 in Moscow. At the meeting in East Germany in January of 1963 Khrushchev stated:

We believe that it would be in the interest of our parties and in the interest of international communism to reestablish the unity of the Communist Party of Yugoslavia with its brother parties in ideological problems on a Marxist-Leninist basis. Our duty—

This is Khrushchev speaking—

is to help a party which has made an error or has deviated from the principles of international communism as set forth by Marx and Lenin. We should help such a party understand its error and, when correction has been made, this party should again be

given a dignified place in the family of brother parties.

The Senator from Indiana [Mr. HARTKE], with all his humility, and his objective to decide this question on the basis of what he believes is a course in the best interest of the United States, has refused to be dominated by immediate expediency and has refused to be duped by the words of Khrushchev and the words of Tito.

What is the arrangement between Khrushchev and Tito? I will give my understanding of it. It is that Tito shall have some semblance of independent liberty within Yugoslavia, and that he shall not be obligated directly to Moscow by what is done within Yugoslavia. But from that point on there is a different picture. Tito's responsibility is to go to Africa, to the Far East, to the Caribbean, and to South America, and there to state, "We are a neutralist, nondependent nation of Red Russia, and we urge you to adopt our system of government." The ultimate end will be socialization in South America, in Africa, in the Middle East, and in the Far East. And after a brief pilgrimage into a socialistic era there will come an era of communism inescapably.

Looking at the Tito-Khrushchev relationship from the other side, we can see that in return for his absolute subordination to Soviet interests and for his obedient service Tito is given partial autonomy in internal affairs.

In support of what I said a moment ago I wish to quote Khrushchev. This is what Khrushchev said:

It is understandable that between us there can be no perfect congruence in our answers to all the questions we meet in our Communist Party work. Since the problems in the struggle to build the new socialistic society differ in each country, different approaches and methods are necessary in practical life.

These words were spoken in December 1962 at the Moscow meeting between Khrushchev and Tito.

What did Tito answer at that same meeting to the words of Khrushchev? He said:

We agree with Comrade Khrushchev's report on the relationship between our countries. We aim toward the same goal, to build a new socialistic society first and then a Communist society.

Senators who argue that there is no purpose to build a Communist society in the world are stretching their thinking and speculating without taking into consideration the words either of Khrushchev or of Tito.

I quote further the words of Tito:

Because world peace is a condition for the attainment of our goals, our positions on all international problems are identical.

That is Tito speaking, declaring that the positions of Red Russia and of Yugoslavia are identical on all international problems.

On all the problems which are serious troublemakers in the world, such as peace, peaceful coexistence, disarmament, colonialism, and Germany, our points of view are identical.

I ask Senators how, by any stretch of the imagination, it can be said that there

is a separation between the thinking of Tito and of Khrushchev, between the Communist Party of Yugoslavia and the Communist Party of Red Russia?

On one thing they are in agreement; that is, they wish to block the establishment of the center of communism in Peiping instead of in Moscow. That fight, of course, is serious. I believe it is a fight which will eventually inure to our benefit.

If we take all the foregoing statements into consideration, how can an argument be made that Yugoslavia is different, that Yugoslavia does not want a Communist nation in the world? My answer is that it cannot be that way.

Mr. DOMINICK and Mr. HARTKE addressed the Chair.

Mr. LAUSCHE. I yield first to the Senator from Colorado.

Mr. DOMINICK. I appreciate the courtesy of the Senator from Ohio in yielding to me. I wish to add my voice to what he said on the relationship between Tito and Khrushchev. I do not believe there is any doubt of that, if we examine the historical documents.

I should like to go a little further than that in connection with the pending amendment, if I may.

The amendment is not designed to affect our export trade in any way whatsoever. It would not stop our export trade in any way whatsoever. It would provide that the President may not give special tariff concessions for imports into this country from a Communist country.

Since when has the United States adopted a position of writing into its laws special tariff concessions for Communist countries? That is what we shall be doing unless we adopt something similar to the amendment offered by the Senator from Ohio.

This procedure would not cut trade. It would not affect the basic situation. If the amendment should be adopted, all it would do would be to say that we will not give to the Communist countries special tariff concessions.

It seems to me that there has been no explanation given—neither our imbalance of trade nor anything else—which bears on this point. If we should increase our imports from Communist countries we would not help in respect to our loss of gold and we would not help in respect to our balance-of-trade problem. All we would do would be to make them worse.

It seems to me that the least we can do is to say that although we may trade with the Communists we are not going to give them special concessions, to make sure that they can expand and grow.

I thank the Senator from Ohio.

Mr. McGOVERN. Mr. President, if the Senate were to pass the amendment offered by the Senator from Ohio to cut off our trade with Yugoslavia and Poland, it would be a major disaster of American foreign policy. I can think of nothing that would make the Kremlin happier than for us to drive Poland and Yugoslavia closer to Moscow and away from the West.

I do not approve of the regimes in Poland and Yugoslavia, but if we are ever to encourage the cause of freedom in

Eastern Europe, it will not be by isolating these countries from the West.

I ask unanimous consent that background material on this subject prepared by the State Department and an article by former Secretary of State Christian Herter be printed at this point in the RECORD.

There being no objection, the background material and article were ordered to be printed in the RECORD, as follows:

THE U.S. INTEREST IN MOST-FAVORED-NATION TREATMENT FOR YUGOSLAVIA AND POLAND

INTRODUCTION

Since World War II the United States has been faced with a critical choice of two tenable alternative lines of policy in dealing with the problem of Eastern Europe. The first was to assume that the Soviet Union and the countries under its domination constituted a permanent monolithic bloc—a bloc so cemented together with the dogma of militant communism that all hope of weaning the Eastern Europeans away from Soviet domination was hopeless. The consequence of such a policy decision would be to throw in the towel, to abandon the peoples of Eastern Europe to the mercies of a Soviet tyranny and limit ourselves to pious platitudes about our confidence in their ultimate independence and freedom.

The other course was to assume that the instinct for freedom runs strong in the hearts of men everywhere and that by keeping alive and expanding our contacts with the Eastern European countries we could encourage their inherent national and individual aspirations and leave open to them the road to the West. This was a difficult and complex course to follow, for among other things it required that we approach the subject peoples through their authoritarian governments. But it is the choice we made, and the history of Eastern Europe in recent years gives ample evidence that it was the right choice.

As Secretary of State Rusk pointed out in a statement before the House Foreign Affairs Committee on April 5, 1963:

"Trends toward diversity—and fragmentation—are evident in the Communist movement generally. Trends toward 'destalinization' are visible in all the Eastern European Communist states except perhaps Albania. Nationalism remains a vigorous force in Eastern Europe—a force which we need to take into full account in our own attitudes and policies."

Today, however, the pursuit of such a policy is threatened by a new development of our own making—a clause in the Trade Expansion Act of 1962. Section 231 of that new legislation instructed the President of the United States as soon as practicable to deny trade agreements benefits to any country "dominated or controlled by communism." Under this law the "most-favored-nation" treatment which we had hitherto granted to Yugoslavia and Poland would now have to be withdrawn.

What is MFN treatment?

Under the most-favored-nation (MFN) policy the United States extends to all countries any tariff concession which has been negotiated with a single country or a group of countries, provided they do not discriminate against us. MFN treatment has been a cornerstone of the nonrestrictive trade policy of the United States since 1934. A nation which is denied such treatment by us is at a considerable trade disadvantage in relation to all other nations which deal with us on an MFN basis.

Under U.S. law since 1951 the Soviet Union, Communist China, and all Soviet-dominated countries have not received MFN treatment. However, under a determination made by President Eisenhower in 1960, MFN

treatment was restored to Poland as an element of our determined national policy to increase that country's ties with the West. Yugoslavia and the United States extend MFN treatment to one another under an 1881 treaty.

To deny MFN treatment to Poland and Yugoslavia now would threaten the U.S. policy of more than a decade which has sought to keep alive active relations with the peoples of Eastern Europe in economic, political, and cultural fields. It would cripple our objective to reduce the dependence of these peoples on the U.S.S.R. and to make it possible for a nation under a Communist government to achieve political independence from Soviet domination. It would sap those measures which can contribute ultimately to the freedom of these peoples from the Communist yoke.

If, on the other hand, we keep these links open, there will be a continuing opportunity to develop good will for this country, encourage the growing assertion of nationalism in Eastern Europe, and increase the margin for action independent of Moscow. Let us look at some of the results of this positive policy in both Yugoslavia and Poland and the danger posed to those results by this new restrictive aspect of the trade legislation.

YUGOSLAVIA

The 1948 break

In 1948 Yugoslavia refused to submit to the discipline of the Soviet-dominated international Communist movement and broke with the Cominform. Until then the world had been led to believe that the Soviet bloc was monolithic, sharing the same aims, purposes, methods, and ideas. Yugoslavia's action shocked the Soviet world and gave hope and strength to nationalist forces inside the Soviet bloc. Yugoslavia's determination to run its own Government in its own way encouraged greater independence of Moscow

among other members of the Communist bloc and has continued to act as a divisive influence. The uprisings of 1956 in Poland and Hungary, Albanian defiance of the Soviet Union, and disputes between the U.S.S.R. and Communist China all have been influenced by Yugoslavia's independent action.

The results

Let us examine some of the effects within Yugoslavia of that country's independent course.

English has replaced Russian as the most widely taught foreign language. American and other free-world books are freely available. A wide variety of American newspapers and magazines are also available on newsstands and in libraries. Voice of America broadcasts are not jammed. In 1953 a law attempting to normalize relations between church and state provided for state assistance to religious communities, which are thriving. Church ceremonies following civil marriages are now permitted. Only 12 percent of the farms were socialized; the rest remained in private hands. Private co-operatives similar to those of the West, rather than Soviet-style collective farms, are being formed to increase farm size and efficiency.

The regime in Yugoslavia, of course, continues to be Communist. But there are important differences from the Soviet-style communism. Yugoslavia is not insulated or isolated from the West. It permits a measure of freedom unknown to the Soviet Union. Significantly, it is not part of the international Communist conspiracy. Intensely nationalistic itself, it encourages nationalism elsewhere among the captive peoples and has also cautioned other nonaligned countries against becoming too dependent upon the U.S.S.R.

Trade with the United States

Yugoslavia's current patterns of trade are Western-oriented. In recent years more than

70 percent of its total trade has been with free-world countries. In 1962 this figure had risen to 77 percent. The United States is one of Yugoslavia's most important trading partners. In 1962 the United States was the leading exporter to Yugoslavia and Yugoslavia's third largest market. The following table indicates the recent pattern of United States-Yugoslav trade:

United States-Yugoslav trade

(Millions of dollars)

	1960	1961	1962
U.S. exports (including U.S. aid shipments).....	85.7	153.9	154.1
U.S. imports (for consumption).....	40.2	39.2	47.8

Effect of denial of MFN treatment

There can be no doubt that the denial of most-favored-nation treatment will have a severe impact on Yugoslavia's trade and will consequently influence Yugoslavia's ability to pay off her debts to the United States. Yugoslav payments to this country in 1963 will amount to an estimated \$10 million. Under our mutual MFN agreement Yugoslavia has developed a substantial trade in products on which the United States has made tariff reductions to other countries in trade agreements. Denial of MFN now means that rates on these products return to the high tariffs established in the restrictive Tariff Act of 1930. Of the total Yugoslav exports to the United States of \$39.2 million in 1961—the most recent year for which the complete figures are available—the rate of duty will be increased on 94 percent; the rate will remain the same on only 6 percent. Some of the principal products on which the rates of duty will increase are:

Description	Unit	MFN rates of duty now paid by Yugoslavia	Higher duty Yugoslavia will pay under 1930 tariff act	Imports, 1961	Description	Unit	MFN rates of duty now paid by Yugoslavia	Higher duty Yugoslavia will pay under 1930 tariff act	Imports, 1961
				Thousands					Thousands
Bristles.....	Cents per pound..	2	3	\$307	Sheep and lamb leather.....	Percent.....	10	25	\$455
Chicory root.....	do.....	1	2	306	Straw bags and baskets.....	do.....	19	50	359
Cherry juice.....	Cents per gallon..	17	70	304	Tobacco.....	Cents per pound..	12½	35	4,100
Copper tubes and tubing.....	Cents per pound..	5.2	11	257	Willow bags and baskets.....	Percent.....	22½	50	1,356
Furniture.....	Percent.....	10½	40	2,865	Zinc pigs and blocks.....	Cents per pound..	0.7	1½	766
Hops.....	Cents per pound..	10½	24	1,716	Zinc sheets.....	do.....	1	2	300
Lead pigs and bars.....	do.....	1½	2½	6,202					

We will be hurt too

The effects of withdrawing MFN treatment will hurt both Yugoslavia and ourselves. First, our own sales to Yugoslavia will undoubtedly be substantially cut, since Yugoslavia's ability to earn dollars to pay for them would be drastically reduced. A fourfold increase over present rates of duty would price Yugoslav goods completely out of the American market, particularly since the same products from other countries would continue to pay the lower rates of duty. Indirectly, the American worker, producer, and consumer would all suffer in some degree as a result of this action. And, as previously noted, Yugoslavia's ability to repay its financial obligations to the U.S. Government and to U.S. citizens would be impaired.

A second consequence of this action will be the grave effect to be expected in Yugoslavia itself. At the same time we profess to be trying to encourage Yugoslav nationalism and independence from Moscow, we would be withdrawing the economic means which makes this possible. We would, in effect,

be driving the Yugoslavs closer to the Soviets, who are eager for an opportunity to break Yugoslavia's ties with the West and draw that nation back into the Soviet orbit.

POLAND

Encouraging independence

Out of upheavals in 1956 in Eastern Europe, the Gomulka regime came to power. While loyally Marxist and a full participant in the Soviet bloc, the Polish leadership sought a measure of independence in internal policy and also sought to develop closer relations with the West. President Eisenhower, faced with the policy choice of ignoring this trend or seeking to encourage these nationalist efforts, chose to give them limited support. As a result, from 1957 to 1959, we provided \$61 million to Poland through the Export-Import Bank as credits to purchase raw materials, agricultural commodities, and machinery. Under our Public Law 480 from 1957 to 1963 we made it possible for Poland to purchase \$477 million worth of our surplus agricultural commodities. Finally, in December 1960 we granted Poland MFN tariff treatment.

How successful?

Clearly, it is necessary to look on our Polish policy as a calculated risk similar to that we took in regard to Yugoslavia. The results of this policy could, in time, greatly further U.S. and free world interests. So far, we have achieved considerable success. The United States operates an information program in Poland. American books, films, and magazines can circulate. The Voice of America broadcasts are not jammed as they are in the Soviet Union. We maintain free contact with the people of Poland; the number of Polish visitors to the United States has risen from a few dozen in 1955 to almost 2,000 during 1962, many times the number of visitors from the other European Soviet-bloc countries. About 10,000 Americans visited Poland during 1962.

Polish agriculture has not been extensively collectivized. Actually only about 13 percent of the land has been put into state farms, and much of this land had not earlier been in peasant hands.

Basic freedom of worship is possible for Roman Catholics, who make up 95 percent of the population. Religious education for

children as well as a Catholic university and seminaries are permitted. A number of religious holy days are observed as national holidays.

To an extraordinary degree Poles young and old freely and openly express their sympathy for the West, for Western culture with which Poland has abiding links, and they enunciate those aspirations for freedom which have inspired the Polish people for centuries.

One indication of the effectiveness of our policy in Poland may be gleaned from the outraged reaction of the Russians. Premier Khrushchev on April 19, 1957, viewed our policies in these terms:

"Poland is now being wooed like a bride. Why? Because the woosers want something. They want to find elements in Poland that can be used against the people's government,

against the building of socialism, against the Soviet Union."

Probable effect of MFN withdrawal

Since most of Poland's exports to the United States are products on which the rates of duty have not been lowered in trade agreements, removal of MFN treatment would affect a relatively small percentage of Poland's sales to us. An analysis of Polish trade with the United States in 1961, the first year since the restoration of MFN treatment to Poland, indicated that about 12 percent of Poland's sales to the United States would be affected. This does not reflect accurately, however, the trade Poland has continued to build up in 1962, for which only preliminary figures are available. The percentage of Poland's exports to be affected would therefore be somewhat higher.

The following table indicates the volume of United States-Polish trade in recent years:

United States-Polish trade
[Millions of dollars]

	1960	1961	1962
U.S. exports (including U.S. aid shipments).....	143.1	74.8	94.5
U.S. imports (for consumption).....	38.7	41.2	45.6

An increase of tariff rates resulting from withdrawal of MFN treatment would affect over \$5 million of trade. Following are the principal things we buy from Poland on which duties would be increased, and the higher 1930 rates that would apply.

Description	Unit	MFN rates of duty now paid by Poland	What Poland will pay under 1930 Tariff Act	Imports, 1961	Description	Unit	MFN rates of duty now paid by Poland	What Poland will pay under 1930 Tariff Act	Imports, 1961
				Thousands					Thousands
Bentwood furniture.....	Percent.....	25½	42½	\$261	Miscellaneous flax fabrics.....	Percent.....	10	40	\$417
Bristles.....	Cents per pound.....	2	3	213	Poppyseed.....	Cents per pound.....	0.08	0.32	251
Calf hides, wet salted.....	Percent.....	4	10	327	Willow baskets and bags.....	Percent.....	22½	50	411
Glass Christmas tree ornaments.....	do.....	25½-40	60	852					

Withdrawal of most-favored-nation treatment from Poland will not have as marked an effect on Polish trade with the United States as is the case with Yugoslavia. But its effects will nonetheless be serious. The granting of most-favored-nation benefits to Poland in December 1960 followed upon an agreement by Poland to pay \$40 million over a 20-year period to American nationals whose property was nationalized in Poland. With other obligations to us, Poland's payments reach almost \$11 million annually. The capacity to pay these dollars to us depends on Poland's

ability to obtain dollars, and trade earnings are the source. Additionally, the granting of most-favored-nation treatment did underwrite our faith that Polish nationalism could intensify and develop. Withdrawal is not only a financial but a psychological blow to such hopes.

About Polish hams

Sale of Polish hams in the United States has been much publicized. Our imports from Poland in 1961 amounted to \$41.2 million. Of this amount, canned hams and other canned pork products accounted for \$26.1

million, or 63 percent. But no tariff concession has ever been made on the ham products, and the tariff rate on Polish hams would not be increased even though most-favored-nation treatment is denied. The following chart presents an interesting analysis of U.S. pork and ham production, and the relation of our purchases from other countries. The quantity of Polish hams imported into the United States in recent years has been about 10 percent of total U.S. ham production. All canned hams and other canned pork products coming into the United States have to pay a duty of 3½ cents per pound.

	1960		1961		1962			1960		1961		1962	
	Million pounds	Million dollars	Million pounds	Million dollars	Million pounds	Million dollars		Million pounds	Million dollars	Million pounds	Million dollars	Million pounds	Million dollars
Total U.S. pork production.....	11,600.0	(1)	11,400.0	(1)	12,000.0	(1)	Total imports of ham.....	113.0	86.0	115.0	86.0	131.0	87.0
Total imports of pork.....	171.4	114.4	173.8	115.0	(1)	(1)	From Denmark.....	35.5	27.8	38.9	29.6	48.9	37.4
Total U.S. ham production.....	299.5	(1)	299.6	(1)	(1)	(1)	From Poland.....	32.0	26.0	31.0	24.0	30.0	21.0
							From West Germany.....	2.6	1.8	1.4	1.0	1.2	.8
							From the Netherlands.....	38.2	26.9	38.5	29.9	43.5	30.5

¹ Not available.

CONCLUSION

U.S. security interests demand that we not write off the countries of Eastern Europe. Rather, it is in our basic national interest to seek to further the U.S. presence and influence there wherever possible. If we are to do so, the President must have at his disposal various foreign policy tools and discretionary authority to use them. Until now we have relied primarily on economic assistance, with cultural contacts and trade as subsidiary tools. Aid, however, is of rapidly diminishing importance in our relations with Yugoslavia and Poland. As President Kennedy said in his foreign assistance message of April 2, 1963, "It is my conviction that trade and other forms of normal relations constitute a sounder basis than aid for our future relationship with these countries." The only assistance programed for either Yugoslavia or Poland, apart from Public Law 480 sales in the current year, will be U.S.-held Polish currency in support of a privately sponsored children's hospital

project in Poland. We anticipate that Public Law 480 assistance, too, will diminish sharply in the future, as these countries become increasingly able to buy our agricultural commodities on commercial terms.

Our ability to develop and maintain normal commercial trade relations with Yugoslavia and Poland is essential if we are to preserve the gains of our past policy toward these countries and to continue to advance U.S. objectives in Eastern Europe. If the President is denied discretionary authority to extend MFN treatment to Yugoslavia and Poland, we must anticipate rapid deterioration of our relations with these two countries and the loss by the United States of its position there. There is little doubt that the forces for freedom in both countries would be seriously damaged, as these countries are abandoned to the Soviets.

The alternative to our present policy of engagement in Eastern Europe can only be one of withdrawal. Such a negative and defeatist policy cannot serve U.S. interests. Our quarrel after all is not with the people

of Poland and Yugoslavia but with communism—an alien political system which presently controls their Governments. Cutting off the President's authority to extend MFN treatment only reduces our capacity to deal with these Governments in ways that can benefit the people and serve free-world interests.

Christian Herter, former Secretary of State and currently President Kennedy's special representative for trade negotiations, stated the danger in this manner in a recent article in the New York Times: "Surely this is not the time to walk away from the competition. I can think of few actions on our part that would be more welcome in Moscow than that. If I were Mr. Khrushchev, I would surely heave a sigh of relief if I knew that Poland's and Yugoslavia's windows to the West were being bricked over. Never have the signs of internal disarray been more obvious within the Soviet empire than they are today. Never have the forces of autonomy and independence been more evident."

YUGOSLAVIA'S FOREIGN TRADE SYSTEM AND THE ECONOMIC EFFECTS OF WITHDRAWING U.S. MOST-FAVORED-NATION TREATMENT FROM YUGOSLAVIA

EVOLUTION OF THE YUGOSLAV ECONOMY

Ever since it broke with Stalin and withdrew from the bloc in 1948, Yugoslavia has been moving away from centralized direction of its economy toward a system in which market forces play a predominant role. This has meant a progressive shift from the economic practices that prevail in the Soviet Union. Today it is clearly evident that the Yugoslav economy, which incorporates a number of capitalist features and allows for the increased play of market forces, has significantly evolved away from the Soviet bloc model.

Until recently the evolution of the Yugoslav internal economy was not reflected in the international economic policies pursued by the Yugoslav Government. During the postwar period Yugoslavia insulated its economy from the outside world by a complicated system of multiple exchange rates and quantitative controls.

Early in 1961, however, the Yugoslav Government began a series of major reforms, designed to integrate its economy more closely with the cost and price structure of the world market. These reforms were in the best tradition of liberal trade. They were intended to increase efficiency by exposing Yugoslav production to the progressively increasing pressure of international competition.

This process of reform is by no means completed. However, it has already led to a unification of the Yugoslav exchange rate at a settlement rate of 750 dinars (equal to U.S.\$1) and has resulted in a significant reduction in quantitative import restrictions, trade discrimination, and bilateralism.

In contrast with the system of total import controls imposed before 1961, about 25 percent of Yugoslav imports now enter the country free of controls. As in the case of Western European countries after World War II, Yugoslavia can remove the remaining quantitative controls only gradually, because of its low line of foreign exchange reserves and high debt repayment obligations. In these respects it also reflects the general problems of a developing country.

The Yugoslav Government has reduced the number of its bilateral trade and payments agreements, and it is seeking, where possible to replace clearing arrangements under those agreements with agreements to settle in convertible currencies. It has eliminated state monopolies from its foreign trade system, and there is substantial competition between enterprises to buy and sell in the most advantageous markets. In all of these respects, Yugoslavia has committed itself to a policy of gradual trade liberalization on the pattern of free world countries.

THE YUGOSLAV TARIFF

As a major step in its reforms, Yugoslavia adopted a provisional system of tariffs based on the Brussels nomenclature. This provisional tariff structure is a reasonable one and not exceptionally high as compared with those applied by other developing countries. Under it, approximately 36 percent of total 1961 imports entered Yugoslavia duty free. Most of the balance was subject to duties ranging from 10 to 40 percent.

PROVISIONAL GATT MEMBERSHIP

Yugoslavia is thus in an intermediate stage in the process of trade liberalization. The reforms it has taken so far has been supported and endorsed by the International Monetary Fund, of which Yugoslavia is a full member. Since May 1959, it has been consulting with the members of the General Agreement on Tariffs and Trade (GATT). On November 13, 1962, Yugoslavia was granted provisional accession to GATT. This action was taken in recognition of the liberal-

ization of the Yugoslav trading system which had already been achieved on condition that the system be further liberalized and that Yugoslavia accept GATT obligations. Those obligations, of course, include the commitment to remove quantitative import restrictions as soon as balance-of-payments obstacles are removed.

In our judgment, Yugoslavia has made commendable progress in moving toward full participation in the liberal world trading system envisaged by GATT. Its progress has followed the general pattern of Western European countries during an earlier stage of the postwar period. It has shown a far greater determination to liberalize than most other less developed countries.

Since it broke with the bloc, Yugoslavia has looked to the West for its commercial opportunities. Over the past decade, it has conducted three-fourths of its foreign trade with the free world. Assuming a continuance of MFN policies on both sides, Yugoslavia is likely to continue to maintain around 70 percent of her total trade with the free world.

NATURE OF YUGOSLAV TRADE

Today the United States is free to compete on equal terms with other free world countries for the Yugoslav market. This market, while not of major dimensions, is still a useful outlet for our exports.

Over the past several years our trade with Yugoslavia has been as follows:

Value of U.S. trade with Yugoslavia

[Millions of U.S. dollars]

	1960	1961	1962
Value of U.S. imports for consumption	40.2	39.2	48.3
Value of U.S. commercial exports	41.8	57.6	222.8
U.S. Government-financed exports ¹	44.2	96.3	131.3

¹ Estimated value of shipments under AID programs (including DLF), Public Law 480 (all titles), and Export-Import Bank loans (over 77 percent of the funds authorized under these sources of financing during the last 4 fiscal years (fiscal year 1960-fiscal year 1963) represent loans.)

² The effects of the 1961 foreign trade reform as well as the effects of successive droughts on agricultural production, produced a severe balance-of-payments deficit, which led in 1962 to a 6-percent reduction of total Yugoslav imports, excluding U.S. Government-financed commodities.

U.S. trade reflected in these statistics has been built on the basis of a reciprocal extension by each country of most-favored-nation treatment to imports from the other. Our commercial exports to Yugoslavia have consisted primarily of general industrial machinery and parts, and of metalworking machinery.

If we withdraw MFN treatment for Yugoslav goods, we would dry up a needed source of foreign exchange for Yugoslavia and would impair her ability to repay her debts to the United States. The repayments scheduled over the next several years will run in excess of \$10 million.

Moreover, if we were to withdraw MFN treatment from Yugoslav goods, Yugoslavia would almost certainly refuse any longer to extend MFN treatment to our goods.

What would this mean in trade terms?

EFFECT ON YUGOSLAV EXPORTS OF WITHDRAWAL OF MFN TREATMENT BY UNITED STATES

Termination of most-favored-nation treatment to Yugoslavia by the United States would mean that the tariff rates on most products that Yugoslavia exports to the United States would return to the rates established in the Tariff Act of 1930. A study based on trade data for 1961 has shown that—but for MFN treatment—94 percent of the total value of Yugoslav exports to the United States in that year would have been subject to increased rates of duty. The increased rates would have doubled the rates of tariff on about 20 percent of Yugoslavia's exports to the United States and would have

raised those rates by 250 to 400 percent on the remainder of the affected items.

Tariff increases of this magnitude would undoubtedly price most Yugoslav exports out of the U.S. market, since the same products from other countries would continue to pay the lower rates of duty. With the consequent loss of dollar earnings, Yugoslavia would certainly reduce its purchases of U.S. products. It would be forced to conserve any direct dollar earnings it still might be able to realize from exports to the United States in order to make its scheduled debt repayments to this country. Most probably, it would have to draw upon its earnings of other convertible currencies to meet those payments.

EFFECT ON U.S. EXPORTS OF WITHDRAWAL OF MFN TREATMENT BY YUGOSLAVIA

The Yugoslav tariff provides that most-favored-nation treatment will be extended to all countries extending most-favored-nation treatment to its exports. Nations receiving MFN treatment pay Yugoslav tariffs at rates about 40 percent lower than would otherwise be the case. There are over 300 duty-free items included on the most-favored-nation country tariff list, but only 17 such items on the standard list. If U.S. goods were subjected to the full Yugoslav tariff, our exports to Yugoslavia would drop to a very low figure. It is clear that our exports will be replaced with the goods of other countries.

GENERAL CONSEQUENCE OF WITHDRAWAL OF MFN TREATMENT

The consequences of withdrawing most-favored-nation treatment to Yugoslavia should not be overstated. Such action on our part would not by itself reverse the Yugoslav trend toward a system of economic administration approaching that of the free world economies. The Yugoslavs have learned—in great part as a result of their relations with the West over the past decade—that rigidly planned Soviet-type economies have their built-in inefficiencies.

At the same time, our withdrawal of MFN treatment would certainly discourage those elements in Yugoslav life that are moving the country toward Western ideas. The Yugoslavs today tend to think and look toward the West—particularly the younger generation. They are anxious to play a role in the free commercial life of the free world. Given a chance, the prospect is that they will liberalize their economy as fast as their improving balance-of-payments position permits and will become a useful member of GATT.

Yet today the Yugoslavs are beginning to wonder whether they have a commercial future with the West. They are not members of the European Common Market, and the establishment of a common external tariff may prove a serious impediment to the expansion of their traditional trade with the Community countries. If we add more pressure on their economy by severely restricting access to our market for their exports, we shall be reinforcing the argument of the Soviet Union that independence from the bloc does not pay.

The Department feels there are hopeful signs of movement within several of the satellite countries and that it is important to encourage this movement. But we shall be severely limited if the United States forecloses the Western option for Yugoslav trade and creates an economic climate which compels the Eastern European countries to seek their commercial opportunities with the bloc.

DEPARTMENT OF STATE, October 1963.

MOST-FAVORED-NATION PROVISION IN FOREIGN AID BILL

The foreign aid bill contains a most important provision amending the Trade Expansion Act of 1962 to allow restoration of

nondiscriminatory trade (most-favored-nation treatment) for Yugoslavia and Poland. This amendment was approved with bipartisan support by the Senate Finance Committee as well as the Foreign Relations Committee. It would not, of course, change existing law prohibiting trade in strategic materials.

Senate approval of the pending provision is sought for several important reasons:

1. Trade, not aid: Nondiscriminatory trade with these two countries will allow the United States to carry on its strategic objective of seeking to turn them increasingly toward the West. This will be done through commercial ties based on the free interplay of market conditions in which the United States is strong and which we have traditionally believed will lead to a more open society.

The opportunity for business transactions with Yugoslavia and Poland on the same basis as with other nations will allow the United States to continue to strengthen our relations with those two countries while shifting from aid to trade. Existing AID projects in Yugoslavia are being brought to a conclusion, and no new ones started except assistance financed principally from available Public Law 480 funds in connection with the Skopje earthquake. No AID projects have been undertaken in Poland except for a children's hospital in Krakow. Public Law 480 sales of surplus agricultural commodities will still be possible; but the increasing emphasis will be on commercial trade.

2. Increasing Western economic ties: Both Yugoslavia and Poland have repeatedly demonstrated their desire to expand commercial ties with free world countries. While Poland is part of the Communist trade bloc, it has persistently sought to expand its trade and ties with the West, thereby loosening its dependence on the Soviets. Poland now carries on over 35 percent of its trade with free world countries. Yugoslavia has come to have about three-fourths of its foreign trade with the free world and ever since the break with the bloc in 1948, it has been moving away from centralized direction of its economy toward a system in which market forces play a dominant role. Since 1961, it has begun a major series of reforms to integrate its economy with the world market and has adopted a provisional system of tariffs based on the Brussels nomenclature.

To deny most-favored-nation treatment will likely curb the efforts of these two countries to strengthen their Western economic ties. Over 90 percent of the total value of Yugoslav exports to the United States would be subject to sharply increased rates of duty if most-favored-nation treatment is withdrawn. About 15 percent of Poland's trade with the United States would similarly be affected.

3. Debt repayment to the United States: The ability of Yugoslavia and Poland to repay indebtedness to the United States would be seriously impaired if needed sources of foreign exchange are denied by curbing their trade with this country.

Yugoslav obligations during the next several years will run in excess of \$10 million annually. Poland's debt repayment obligations to U.S. citizens whose property was nationalized amounts to almost \$11 million annually, and within the next few years the obligation will be in excess of \$13 million per year. The obligation will increase in 1967 to over \$20 million when the first payment in dollars for Public Law 480 transactions falls due. The capacity to pay these dollars to us depends on their ability to obtain dollars, and trade earnings are the source.

4. Historically established: Most-favored-nation treatment for Yugoslavia goes back to an 1881 treaty; and most-favored-nation for Poland was authorized by President Eisenhower in 1960. Denial of most-favored-

nation treatment for the two countries will be a serious psychological as well as financial blow and will inevitably force both countries to turn more to the East.

5. Strategic significance for the United States: The fact that efforts to win Yugoslavia and Poland toward the West can have significant effect is best indicated by the improvement in U.S. relations with the two nations through past steps and by the major role both countries have played in splintering the Communist bloc.

For example, in 1958, when Yugoslavia split with the Soviet Union and U.S. assistance was extended, Greece was a battlefield for guerrilla warfare supported by Yugoslavia and other eastern European countries. Czechoslovakia only a few months before already had fallen victim to Communist aggression. Bolstered by the expanding Soviet presence on the Adriatic, the large Communist parties of Italy and France were increasingly aggressive in seeking to undermine the governments in those countries. The Soviet-Yugoslav break in 1948, followed promptly by U.S. aid to Yugoslavia, cut off the Soviets from direct access to the Mediterranean. Yugoslavia sealed off its border to guerrillas operating in Greece and this allowed Greek forces to concentrate on a contracted battlefield where they quickly moved to victory. Yugoslavia became a buffer zone for NATO, especially Italy, allowing the Italian Government to concentrate more on internal problems. The Trieste problem was also promptly settled. Rapid reduction of U.S. aid to Europe was facilitated by these developments. The more long term consequence has been the embittered squabbling and splintering within the bloc set off by Yugoslavia's unyielding insistence on independent nationalism. This has led to the end of the myth of monolithic Communist invincibility and a shift of underlying power toward the free world.

Poland, as a member of the Warsaw Pact, has of necessity played a more limited role. It has nevertheless served as a model for the other bloc countries in their recent tendency to exercise increased autonomy in internal affairs and to broaden relations with the West. The degree of freedom of religion and speech among the Polish people, the more satisfactory agricultural results achieved following the reversal of that country's collectivization policy, and Poland's special relationships with the West have all been watched intently by other Soviet bloc countries and noted with particular interest by their peoples.

General Eisenhower (quoted in "First Hand Report," by Sherman Adams):

"I am a little old-fashioned," (Charles) Wilson said, "I don't like to sell firearms to the Indians." Eisenhower turned on Wilson quickly and said, "You should say first what trade is, and what it is doing. Suppose you couldn't make a single firearm without raw material out of the enemy's country. The last thing you can do is to force all these peripheral countries—the Baltic states, Poland, Czechoslovakia, and the rest of them—to depend on Moscow for the rest of their lives. If you trade with them, Charlie, you've got something pulling their interest your way. You immediately jump to guns and ammunition. I am not talking in those terms. It must be selective. You are not going to keep them looking toward us and trying to get out from under that umbrella unless you give them something in the way of inducement to come out. You just can't preach abstraction to a man who has to turn for his daily living in some other direction."

ILLUSTRATIVE BACKGROUND ON CONDITIONS IN YUGOSLAVIA AND POLAND IMPACT OF AMERICAN IDEAS

In Yugoslavia, English has replaced Russian as the most widely taught language in

the country; American and West European books are freely available at bookshops. American films are by far first in number shown each year; Voice of America broadcasts are unjammed; the U.S. Information Service is permitted to carry out a program on a greater scale than in any other East European country; American and West European newspapers and magazines are sold on the newsstands; the New York Times and Herald Tribune are taken by some 70 libraries. American plays are translated and performed regularly. Yugoslav intellectuals have been in close contact with American authors, sociologists, scientists, educators and economists.

In Poland, Voice of America broadcasts are unjammed; U.S. Government magazines distributed; American films, books, and commercial magazines circulated; American teachers and lecturers brought to Polish universities; and large exhibits of American products and American accomplishments shown at the Polish international trade fair each year.

Farming in Poland and Yugoslavia is now largely private and the ruthless drive toward collectivization has been reversed.

Socialization of arable land in Eastern Europe (collectives and state farms)—see table below:

Country:	Percent socialized 1963
Yugoslavia.....	13.0
Poland.....	13.0
Albania.....	86.0
Czechoslovakia.....	92.0
East Germany.....	96.0
Bulgaria.....	96.0
Rumania.....	96.0
Hungary.....	96.0
U.S.S.R.....	98.6

In Yugoslavia, present efforts are being directed to formation of privately owned co-operatives, similar to those in the West, in an attempt to increase farm size and efficiency. Both countries still give lip service to eventual socialization.

FREEDOM OF RELIGION

In Yugoslavia, harsh repression of religion abruptly ended in 1949. A law passed in 1953 attempted to "normalize relations" between church and state. It provided for state assistance to the religious communities, the operation of theological seminaries, the reemergence of a religious press. Internal autonomy was guaranteed, interference with religious services prohibited, and the ban removed from church rites following civil marriages.

Archbishop Stepinac was released from prison in 1951, and, until his death in 1960, was a focal point of hostility between the Roman Catholic Church and the Communist regime. Relations between the Roman Catholic Church and the Yugoslav Government have since improved; channels of communications have been established at local, provincial and federal levels; and Catholic prelates have been issued exit papers without difficulty for visits to the Vatican.

The basic problem involved in church-state relations in Yugoslavia—the incompatibility of Communist ideology and religion—remains unresolved; but, before 1949, when U.S. assistance arrived, religion was treated with the full range of strong-arm attacks and other police state methods. Today the regime is seeking to regularize its relations with religious groups, and to improve general church-state relations. This is being attempted without, however, giving up basic Communist principles and objectives.

In Poland, freedom of religion had been under severe Communist repression and is still embattled, but has made meaningful strides:

Catholics (who make up 95 percent of the population) enjoy basic freedom of worship. The church maintains a nationwide program of religious education for children as well as a Catholic university and seminaries. Cardinal Wyszyński, Polish primate, and many of the Polish bishops have recently traveled to the Vatican on several occasions in connection with the ecumenical council and the conclave. The Government treats a number of religious holy days as national holidays. The following description of a church service is taken from an eyewitness report in Newsweek magazine (June 18, 1962):

"In Warsaw, in the darkened Church of the Holy Cross, a young priest has just finished reading Stefan Cardinal Wyszyński's pastoral letter urging the faithful to fight atheism, materialism, and the corruption of youth.

"And now," the priest intoned, 'repeat after me: We pledge to thee, Holy Mary, Queen of Poland, that we shall fight the evil forces of atheism and materialism, and that we shall protect our youth. So help us God.'

"The congregation, kneeling in the pews, in the aisles, and on virtually every inch of the floor, solemnly repeated the pledge."

FREEDOM OF SPEECH AND THE PRESS

In Yugoslavia, freedom of speech and the press is limited, but has changed drastically since Yugoslavia was part of the monolithic Soviet bloc. The author of the widely known anti-Communist books, "New Class" and "Conversations With Stalin," Milovan Djilas, is in jail, but his books came out of the present intellectual ferment in that country. The overwhelming majority of Yugoslav writers within the system have experimented relatively freely and with comparative lack of interference in their work. Yugoslav newspapers publish more straight news and more balanced news than those in any other Communist country, and they subscribe to AP, UPI, and the New York Times service. Foreign correspondents are not censored and they are free to report what they can find out.

Eyewitnesses attending local area meetings report sharp and outspoken criticism of the regime, especially in regard to economic and social plans, and to execution of previously approved projects. In local government meetings, greater participation by the public and by locally elected officials is increasingly encouraged, and the opportunity for expressing opinions and attitudes toward local problems is increasingly utilized.

In Poland, freedom of speech and the press is limited but contrasts sharply with conditions when Poland was fully under Soviet control:

"I agree to the present state of affairs on condition that our children's freedom will be greater, not less. We talk of competing with the West. This competition cannot be purely economic. It must also extend to the field of rights, to the field of freedom." (Polish Scientist Leopold Infeld, in *Przegląd Kulturalny* (Warsaw), November 23, 1961.)

At the end of 1961, Polish pollsters found their teachers read Western novelists. Of 220 primary school teachers questioned, not one had mentioned a contemporary Polish or Soviet novel. Secondary school teachers listed Hemingway, Camus, and Steinbeck as most frequently read, and in an expanded list did not include a single Communist writer. Radio Warsaw, reporting these things, complained that children praised the capitalist system in their school essays, and that even those that defended socialism were unable to state points of superiority.

Trade and aid data—U.S. exports of domestic merchandise to Yugoslavia for 1962 (selected commodities)

COMMODITY GROUP AND SUBGROUP DESCRIPTION

	Value (dollars)
Animals and products, edible:	
Meat and meat products.....	323,068
Animal oils and fats, edible.....	7,500
Dairy products.....	630
Fish and fish products.....	1,199
Animal products, edible.....	14,705
Subtotal.....	347,102

Animals and products, inedible:	
Hides and skins, raw, except furs.....	1,182,345
Leather.....	2,034
Furs and manufactures.....	1,080
Animal and fish oil and grease, inedible.....	328,752
Animal and animal products, inedible.....	9,673
Subtotal.....	1,523,884

Vegetable products, edible:	
Grains and preparations.....	50,515,802
Fodders and feeds.....	2,027,455
Vegetables and preparations, edible.....	3,105
Fruits and preparations.....	413,234
Nuts and preparations.....	1,239
Vegetable oil, fat and wax, refined.....	763,527
Cocoa, coffee, tea, and substitutes.....	5,199
Spices.....	3,048
Sugar and related products.....	3,091
Subtotal.....	53,735,700

Vegetable products, inedible:	
Rubber and manufactures, exclusive of sc 2.....	741,006
Naval stores, gums, and resins.....	21,230
Vegetable oil, fat and wax, crude.....	8,297,505
Nursery and floral stock.....	3,534
Tobacco and manufactures.....	1,072,754
Miscellaneous vegetable products, inedible.....	41,540
Subtotal.....	10,177,569

Textile fiber and manufactures:	
Cotton, unmanufactured.....	15,189,393
Cotton, semimanufactures.....	723,262
Cotton manufactures.....	72,689
Vegetable fibers and manufactures.....	22,178
Wool manufactures.....	7,257
Hair and manufactures.....	1,842
Silk and manufactures.....	536
Manmade fibers and manufactures.....	1,418,035
Miscellaneous textile products.....	6,872
Subtotal.....	17,442,064

Wood and paper:	
Wood, unmanufactured.....	895
Wood manufactures.....	26,497
Paper base stocks, except rags.....	1,117,766
Paper, related products and manufactures.....	387,100
Subtotal.....	1,532,258

Nonmetallic minerals:	
Coal and related fuels.....	3,912,094
Petroleum and products.....	1,478,751
Stone, hydraulic cement and lime.....	204

Trade and aid data—U.S. exports of domestic merchandise to Yugoslavia for 1962 (selected commodities)—Continued

	Value (dollars)
Nonmetallic minerals—Con.	
Glass and products.....	46,721
Clay and products.....	15,137
Nonmetallic minerals.....	98,494
Subtotal.....	5,551,401

Metals and metal manufactures:	
Iron and steelmaking raw material.....	1,290,442
Iron and steel mill prod roll and fl.....	2,704,777
Metal mfrs.....	3,121,065
Alum ore, etc, & semfab form.....	3,843,330
Copper ore, etc, & semfab form.....	5,992,271
Copper base alloy and semfab form.....	1,560
Nickel ore, etc, & sfab form.....	556
Tin ore, etc, & semfab form.....	121,220
Nfer ore, etc, & sfab f, nec.....	85,945
Prec mtl & plated ware, nec.....	992
Subtotal.....	17,162,158

Machinery and vehicles:	
El mach and app except SC 2.....	3,583,225
Power generating mach. nec.....	2,313,956
Constr. excav. and mining mach.....	1,955,894
Mtl ctg mach. tools ex sci.....	1,991,209
Mtl form mach tools.....	111,248
Mtlwrking mach nec pt and acc.....	8,308,061
Textile, sewing and shoe mach.....	634,461
Industrial mach and parts, nec.....	11,614,190
Office acctg and comptg mach.....	478,387
Printg, bookbinding apparatus.....	93,352
Agric mach implements and pts.....	144,595
Tractors, nec pts.....	542,710
Auto. etc. pt and acc. ex SC 2.....	457,266
Aircraft pts acc ex sc 2.....	8,000
Watercraft, excl of SC 1.....	6,432
Railway transportation equip.....	113,177
Vehicles and parts, nec.....	7,389
Subtotal.....	32,363,552

Chemicals and related products of:	
Coal tar and products, ex. sc.....	17,484
Medicinal and pharmaceutical preparations.....	1,538,779
Chemical specialties.....	1,435,549
Industrial chemical ex. sc. 1.....	446,850
Pigments, paints, and varnishes.....	165,681
Soap and toilet preparations.....	2,227
Subtotal.....	3,606,570

Miscellaneous:	
Photo proj. goods ex. sc. 1.....	317,711
Sci. and prof. eq. nec. ex. sc. 1.....	1,330,137
Musical instruments pts. and acc.....	36,256
Miscl. office supplies.....	19,982
Toys, games, athl, and sptg. goods.....	4,630
Books maps and prnt. mat. nec.....	54,258
Miscl. commod. nec. excl. sc. 1.....	8,876,032
Subtotal.....	10,639,006

Yugoslavia, total.....	154,081,264
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Total U.S. exports to and imports from
Yugoslavia

[In millions of dollars]

	1948	1953	1960	1961	1962
U.S. imports.....	5	31.6	40.2	39.2	48.3
U.S. exports.....	8	108.7	86.0	153.9	154.1

(The U.S. export data include Public Law 480 sales, Export-Import Bank loans, and AID programs including the Development Loan Fund. In 1962, U.S. exports for the first time in many years dropped rather than increased and were exceeded by imports as a result of Yugoslav foreign trade reforms and successive droughts forcing a 2.4 percent reduction of Yugoslav imports for the year.)

U.S. AID TO YUGOSLAVIA

Current U.S. assistance to Yugoslavia is almost exclusively in the form of surplus agricultural commodities under the Public Law 480 program. The last loan from the Development Loan Fund of the Agency for International Development was made in the fiscal year 1961. Grants from the Agency for International Development amounted to \$3.3 million in fiscal year 1961, \$0.5 million in fiscal year 1962 and \$0.1 million in fiscal year 1963. The fiscal year 1963 grant was made from funds authorized by the Congress to complete orderly phasing out of prior year AID activities.

Under title I of the Public Law 480 program the United States sells surplus agricultural commodities to Yugoslavia for Yugoslav currency. Ten percent of the sales proceeds are reserved for U.S. uses, and the remaining 90 percent is made available to the Yugoslav Government, principally in the form of loans, for economic development projects. The United States is also selling commodities to Yugoslavia on 15-year dollar credit terms under title IV of Public Law 480. Under title III of Public Law 480, surplus agricultural commodities are provided to support U.S. private relief agencies operating in Yugoslavia, such as CARE, Church World Service, and Lutheran World Relief.

As a result of the disastrous earthquake which virtually destroyed the city of Skopje, Yugoslavia, on July 26, 1963, the United States has provided emergency relief assistance consisting of medical aid and supplies, blankets and cots, shelter, food and transportation services. In addition, 37.5 billion dinars in U.S. holdings, equivalent to \$50 million at the current exchange rate, was made available for relief and construction from Yugoslav currency holdings available for U.S. use.

Approximate quantities of commodities under title I, Public Law 480, agreements signed July 1, 1954, to June 30, 1963

Wheat and flour (bushels).....	221,140,000
Cotton (bales).....	656,000
Nonfat dry milk.....	5,441,000
Fats and oils (pounds).....	666,159,000
Dry edible beans (hundred-weight).....	222,000
Fresh fruits (pounds).....	15,504,000
Canned fruit and juices (pounds).....	4,993,000

1962 U.S. exports of domestic merchandise to
Poland

COMMODITY GROUP AND SUBGROUP DESCRIPTION	Value (dollars)
Animals and products, edible meat and meat products.....	7,659
Hides and skins, raw, ex furs (inedible).....	386,297
Leather manufactures (inedible) ble).....	1,728
Animal and fish oil and grease, inedible.....	4,021,903
Subtotal (edible and inedible).....	4,417,587

1962 U.S. exports of domestic merchandise to
Poland—Continued

	Value (dollars)
Vegetable products, edible:	
Grains and preparations.....	43,930,624
Fodders and feeds, nec.....	123,025
Vegetables and prep., edible.....	3,800
Fruits and preparations.....	10,190
Veg. oil, fat and wax, refines.....	3,245,588
Cocoa, coffee, tea, and substitutes.....	18,264
Beverages.....	940
Subtotal.....	47,332,431
Vegetable products, inedible:	
Rubber and manufacturers excl of sc 2.....	1,450,239
Oil seeds exc. essential.....	478,944
Veg. oil, fat and wax, crude.....	4,367,363
Seeds, except oil seeds.....	2,726
Nursery and floral stock.....	180
Tobacco and manufactures.....	346,143
Misc. veg. products, inedible.....	77,070
Subtotal.....	6,722,665
Textile fiber and manufactures:	
Cotton, unmanufactured.....	20,523,937
Cotton, semimanufactures.....	203,635
Cotton manufactures.....	1,000
Wool, unmanufactured.....	11,000
Wool, semimanufactures.....	563,270
Manmade fibers and manufactures.....	638,789
Subtotal.....	21,941,631
Wood and paper:	
Sawmill products.....	29,850
Wood manufactures.....	8,500
Paper, related products and manufactures.....	5,945
Subtotal.....	44,295
Nonmetallic minerals:	
Glass and products.....	2,533
Clay and products.....	85,161
Nonmetallic minerals, nec.....	394,832
Subtotal.....	482,526
Metals and metal manufacturers:	
Ir & stl mill prod roll & fi.....	176,537
Castings and forgings.....	16,330
Metal mfrs. excl of sc 1.....	15,152
Alum ore, etc. & semfab form.....	732,819
Nfer ore, etc. & sfab f, nec.....	144,830
Subtotal.....	1,084,668
Machinery & vehicles:	
El mach & app except sc 2.....	237,509
Power generating mach, nec.....	45,295
Constr. excav & mining mach.....	220,583
Mtl ctg mach. tools ex sci.....	246,943
Mtl form mach tools.....	13,211
Mtlwrking mach nec pt & acc.....	1,864,756
Textile, sewing & shoe mach.....	79,478
Industrial mach & parts, nec.....	186,539
Office acctg & comptg mach.....	34,004
Printg, bookbng apparatus.....	17,758
Agric mach implements & pts.....	7,081
Auto, etc. pt & acc. ex sc 2.....	18,845
Aircraft pts acc ex sc 2.....	23,648
Watercraft, excl of sc 1.....	7,700
Subtotal.....	3,000,350
Chemical and related products:	
Coal tar and products, exc sc.....	50,895
Medicinal and pharmaceut prep.....	850,622
Chemical specialties.....	76,728
Industrial chemicals ex. sci.....	86,670
Pigments, paints and varnishes.....	1,377

1962 U.S. exports of domestic merchandise to
Poland—Continued

	Value (dollars)
Chemical and related products—Continued	
Soap and toilet preparations.....	828
Subtotal.....	1,067,120
Miscellaneous:	
Photo proj goods ex sc 1.....	99,710
Sci and prof eq. nec. ex sc 1.....	112,214
Musical instruments pts and acc.....	18,934
Misc office supplies.....	2,000
Toys, games athl and sptg good.....	4,712
Books, maps, and print mat nec.....	143,003
Misc commod nec excl sci.....	7,930,697
Subtotal.....	8,311,270
Total.....	94,404,543
Department of State, Oct. 29, 1963.	

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POLAND? YUGOSLAVIA?—WHY HELP
COMMUNISTS?

(By Christian A. Herter)

Emotion is rarely a reliable guide to sound policy decisions. Yet all of us are tempted at one time or another to speak out or act in anger against situations not to our liking. More often than not, we discover anew that we cannot end our troubles merely by opposing them. In the conduct of international relations, we are far more likely to achieve our goals by careful planning and the quiet and skillful use of diplomatic tools than by harsh words and hasty decisions.

A case in point is our relationship with the countries of Eastern Europe. Few of the numerous problems that confront us in the world generate more frustration or arouse more controversy than this. Many of us, and more of our ancestors, came from that arc of states that runs through the heart of Europe from Poland to Rumania. It distresses us to know that most of the people now living in those countries are ruled by regimes they neither approve of nor respect. We blame ourselves, in part, for not successfully opposing their absorption into Moscow's empire. And we find it galling that we can do so little now to promote their freedom and independence.

Against this background of concern and frustration, it is not at all puzzling that we should occasionally lash out at the Communist rulers and all their works, that we should seek to end or prevent any action on our part that might lend them comfort or prestige. This feeling was reflected most recently by the action of the Senate in voting to ban any assistance to countries "known to be dominated by communism or Marxism."

This sweeping restriction was modified the following day by a second amendment to the Foreign Assistance Act, sponsored jointly by the Democratic and Republican leadership in the Senate, which permitted the use of surplus agricultural products for foreign assistance in some circumstances. Even so, the surplus products are not to go to any country "participating directly or indirectly in any policy or program for the Communist conquest of the world" or to one that is "controlled by any country promoting the Communist conquest of the world."

At almost the same time, the Ways and Means Committee of the House was sending to the floor a foreign trade bill that would exclude Poland and Yugoslavia from most-favored-nation treatment under our system of tariffs.

These actions in the Congress sought to reverse policies followed by three administrations, two Democratic and one Republi-

can, for a dozen years and more. I am certain that the frustrations mentioned earlier played an important part in these actions. Also at work was the feeling that the assistance given Poland and Yugoslavia in recent years had produced no tangible results from the point of view of our interests. There was understandable irritation that Polish and Yugoslav leaders frequently criticized the United States but not the Soviet Union. Some legislators argued that it made no sense for the United States to go out of its way to ease the economic problems of Communist regimes.

"I am not able to understand how we would help people to get free by making their tyrant masters stronger," one Senator said during debate on the foreign assistance amendment. It was a question that many Americans have asked themselves. Why should we help a Communist government?

The first and most obvious answer is that our policy is not designed primarily to help governments but rather to help the unfortunate people of the countries concerned. That it helps the governments, we recognize, of course. But for any realistic judgment, we need to look at the total effect, not merely the most obvious one; the subtle and indirect consequences of action are frequently more important than those readily discernible.

For a fuller answer, we must know just what it is that we have done to assist Poland and Yugoslavia. We should consider the reasons that convinced Presidents Truman, Eisenhower, and Kennedy that such aid was in the security interests of the United States. Finally, we should study the results of this policy.

Only then can we judge whether the course we have pursued has produced useful results, and whether it should be continued.

In the years immediately following World War II, Yugoslavia was probably the most militant and extreme of Moscow's recently acquired satellites. That very extremism created problems. Tito, in those days, was, if anything, more Stalinist than Stalin himself and his militancy created intrabloc problems of discipline and control. Stalin sought to take over the Yugoslav party from within. When that failed he engineered the exclusion of Tito and his followers from the Cominform.

The Soviet dictator calculated that without his support, the Yugoslav Communists would quickly be brought to heel. He was wrong, and it proved to be one of his most serious blunders. For Tito had broken the so-called monolithic unity of the Communist bloc, the winds of nationalism and independence began to blow, and their erosive effect on Moscow's control have become increasingly apparent.

Yugoslavia's break with Moscow and its pursuit of an independent course produced significant political and strategic advantages for the United States and the rest of the non-Communist world. Soviet power was rolled back from the Adriatic Sea and from Italy's northeastern border. Austria's southern boundary was freed from Moscow's control. The closing of Yugoslavia's borders to Greek Communists sounded the death knell for the latter's effort to win over Greece.

Other consequences flowed from Yugoslavia's independent course, to the obvious advantage of both the Yugoslavs and the West. The pace of development accelerated and living standards rose. Foreign trade increased and more than two-thirds of it was with nonbloc countries. Cultural and technical contracts have grown and new bonds of friendship have been established. Over the past decade, thousands of westerners have visited Yugoslavia and come to know firsthand that country, its progress and problems, and its intelligent, able, and fiercely independent people. And many Yugoslavs have been able to see the West and to com-

pare its reality with the propaganda stereotypes.

We know that the present course has been welcomed by most young Yugoslavs and by broad segments of the population at large. We should harbor no illusions, however, as regards the present political leadership and its basic Communist orientation. Nonetheless, President Tito is a proud and independent man, and he is a Yugoslav. However much he might welcome readmission to the bloc, he is not likely to consider it on terms of less independence than he demanded in 1948. And from Moscow's viewpoint, such a demand could only stimulate the forces of nationalism which already have caused the Kremlin incalculable trouble.

The danger in the present situation is that a drastic revision of U.S. policy along the lines of the proposed Senate amendment would sharply reduce Yugoslavia's freedom of choice. A harsh stiffening of our policy and a modest softening of Moscow's might convince the men in Belgrade that they had only one road open to them. The hand of those who all along have favored a reorientation of Yugoslav policy in the direction of closer ties with Moscow would be incredibly strengthened; those whose orientation has been toward the West would be left with few effective arguments or defenses.

In testimony before a House committee earlier this year, Secretary of State Dean Rusk said: "We believe the question answers itself as to whether we would prefer that the Yugoslavs fall back into dependence on the Soviet bloc and thus reorient their country toward the East. We are convinced that the present policy, supported by three administrations and fully tested by time and events, is effective and in the interests of this country."

There are elements of both similarity and considerable difference in the situations in Poland and Yugoslavia. Like the Yugoslavs, the Poles are a proud and independent-minded people. But they are also realists and they know that their geographic position creates special problems for them. Bordering the Soviet Union and athwart the main lines of communication between the Soviet state and East Germany, Poland knows that any overt moves in the direction of a rupture with Moscow would produce the most severe kind of repression. It does not enjoy the kind of relative isolation from the Soviet Union that made Yugoslavia's break with Moscow possible.

During the first decade after World War II, Poland's Communist leaders were docile followers of Stalin and careful executors of his policies. American policy toward the Warsaw regime paralleled that toward the other members of the Soviet bloc. But in 1956, revolt against blind acceptance of the Soviet pattern erupted in Poland. Wladyslaw Gomulka, who had been jailed by the Stalinists, assumed power on the crest of this Poland-first demonstration.

The new Polish leader had to walk the narrow ledge between his basic loyalty to Moscow and to Marxism-Leninism and his comprehension of the demands of his own people for liberalization and more freedom. Forced collectivization of farmlands was halted. Pressures on the Catholic Church were reduced. Limitations on contracts with the West were relaxed and the Warsaw government moved to improve its long-neglected relations with nonbloc countries.

As we watched these developments from Washington, we concluded that they should not pass unnoticed. In October 1956, the late Secretary of State John Foster Dulles declared:

"The captive peoples should never have reason to doubt that they have in us a sincere and dedicated friend who shares their aspirations. They must know that they can draw upon our abundance to tide themselves

over the period of economic adjustment which is inevitable as they rededicate their productive efforts to the service of their own people, rather than of exploiting masters. Nor do we condition economic ties between us upon the adoption by these countries of any particular form of society."

A few days later, President Eisenhower said:

"The United States has made clear its readiness to assist economically the new and independent governments of these countries. We have already—some days since—been in contact with the new Government of Poland on this matter. We have also publicly declared that we do not demand of these governments their adoption of any particular form of society as a condition upon our economic assistance. Our one concern is that they be free—for their sake, and for freedom's sake."

Since 1957, these expressions of interest and support have taken the practical form of credits and deliveries of surplus farm products. There has been a significant and fruitful growth in technical and cultural exchanges. Thousands of Americans and Poles have come to know each other well, whether as official visitors or as tourists. Well-known Americans, such as former Vice President Nixon, who have visited Poland, have been overwhelmed with the warmth and friendliness of their reception by the Polish people.

The Poles know that economic assistance from the United States has helped to raise their standard of living. They know that grain imports from America have permitted their farmers to concentrate on other agricultural products that earn hard currency on world markets. Their farm situation, the best by far in the Soviet bloc, has enabled them to resist pressures for tighter controls and possibly a revision to the hated collectivization.

They know, too, that help from the United States has permitted the Government in Warsaw to steer a course freer of dominance from Moscow than would otherwise have been possible.

There have been reports lately of discouraging developments within Poland that we can only read with regret. New pressure is being exerted against the Catholic Church by the government. The authorities have expanded controls over the press and the schools. Nevertheless, the Polish people enjoy a measure of freedom unknown in any other bloc country. And Polish farmers still own more than 85 percent of the land under cultivation, whereas in other bloc countries that percentage or more is under the stultifying hand of collectives.

Nor has Gomulka surrendered his views on the right of each state to determine and follow its own road to socialism without being rigidly tied to the Soviet model. Following the 22d Soviet Communist Party Congress last fall, Mr. Gomulka in his report said: "Every party is fully independent and autonomous and bears full responsibility for the country it rules and for its policy in the country."

There is evidence of many other significant differences between the views held in Moscow and those dominant in Warsaw on both domestic and foreign issues. While the Soviet Union has been stressing the desirability of expanding intrabloc trade, Poland has been establishing a privileged sector of industry producing primarily for Western markets.

As we look at these and other facts of life inside the Soviet system, it is more important than ever for us to distinguish between the myths and the realities. This is particularly vital as we consider our policies toward Yugoslavia and Poland. The basic objective of our policy in both countries has been to en-

courage their independence and freedom for their people.

Critics of the course we are and have been following tend, I think, to regard the public statements of Tito and Gomulka on foreign policy matters as the only valid evidence of what is happening in their two countries. Each expression of friendship for Moscow is read as a sign of our own failure. Those who would have us turn our backs on those most friendly to us in Poland and Yugoslavia seem surprised to discover with some regularity that Messrs. Tito and Gomulka are still Communists.

Surely this is not the time to walk away from the competition. I can think of few actions on our part that would be more welcome in Moscow than that. If I were Mr. Khrushchev, I would surely heave a sigh of relief if I knew that Poland's and Yugoslavia's windows to the West were being bricked over. Never have the signs of internal disarray been more obvious within the Soviet empire than they are today. Never have the forces of autonomy and independence been more evident.

There is a puzzling inconsistency in all of this that we should consider. We have all heard words of warning about the effectiveness of Moscow's penetration of an increasing number of countries through trade-and-aid offensives. Yet some of us who seem most alarmed at this intensified competition are among those who would deliberately deprive ourselves of the opportunity to carry on this brand of peaceful competition within the bloc itself.

One of our problems, I believe, is our impatience and our desire to find clear-cut and quick answers. Given the complexities of our world, there are few such answers short of devastation. We must gird ourselves for the long, hard pull that this kind of competition requires. The search for shortcuts can drive us into hasty and emotional decisions that only create new problems.

A policy of abandonment toward key areas of Eastern Europe would seem to me to be the ultimate in the "no win" policy we hear discussed these days. Its logical outcome would seem to be either surrender or military conflict. Certainly we cannot "win" a competition in which we refuse to participate. And if we hope for internal tension and turmoil as the outcome of our inaction, we must in good conscience be prepared for the consequences of such a development.

I doubt that that is what we want. I doubt that such an outcome would serve well the interests of freedom or independence of our friends in Eastern Europe.

The question of our policy is sometimes phrased as one of aid for Communist governments versus no aid. That is not the real issue. The central question is whether the President is to have available to him the authority to extend or not extend assistance at times and places where the available evidence indicates that such action would promote our own national security interests.

It is also a matter of our overall posture toward peoples now living under unwanted Communist rule. If they and their governments know they cannot count on us for urgently needed help, they will suit their actions and their policies to fit that fact. If they realize that such help might be forthcoming in certain circumstances, their actions could be quite different.

Two years ago, as Secretary of State, I expressed my views on this matter in a speech to the American Bar Association in Washington. I said then:

"We have tried to encourage any trend toward greater freedom within the Communist bloc. We aided Yugoslavia, whose break with the bloc compounded the difficulties of maintaining monolithic Soviet control over the remaining Eastern European states. We are helping Poland. We have sought through

exchange programs and other personal and cultural contacts to broaden the exposure of the Soviet people to outside influences.

"If we hold to our course, I believe that these trends will continue and will work in our favor. Basically our policy is running with the grain of history."

My reading of the situation in which we find ourselves today only reinforces that conviction.

Mr. HARTKE. Mr. President, I commend the Senator from Ohio for bringing the situation to a head. There is no real difference in ideology between these dictators. This man is an opportunist. This is the type of opportunism which the Communists work to their advantage.

The Senator from Ohio has said that he is going to stand alone. He is not going to stand alone so far as I am concerned. I am going to stand with him.

Mr. LAUSCHE. Mr. President, the Senator from Indiana has asked that he become a joint sponsor of the amendment. I ask that his name be added to it and that the amendment be known as the Lausche-Hartke amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. If I am in error, the distinguished chairman of the Foreign Relations Committee is present, and he can correct me. As I read the figures from page 40 of the report, it states that U.S. imports from Yugoslavia in 1962 totaled \$48.3 million, and U.S. exports to Yugoslavia were \$154.1 million, of which an estimated \$131 million were financed by the U.S. Government under AID programs, Public Law 480, and Export-Import Bank loans.

According to my computation, \$131 million subtracted from \$154.1 million leaves \$23.1 million, which leaves a deficit balance of \$25.2 million. Am I in error?

Mr. FULBRIGHT. No; that is correct. It is in the committee report. We were not trying to deceive anybody. Yugoslavia has substantial loans from the International Bank, and it is servicing Yugoslavia's loans. The Senator is correct. That is quite clear from page 40 of the committee report.

Mr. HARTKE. Is it not true that on a recent trip to South America, Tito attempted to make an agreement to extend long-term credits to South American countries, and in fact concluded such agreements?

Mr. FULBRIGHT. I am not informed as to that.

Mr. HARTKE. Did he not also make long-term agreements with Bolivia to sell that country machinery?

Mr. FULBRIGHT. I am not informed as to that. I have not made a special study of trade with every other country.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. MANSFIELD. It is my understanding that Tito did offer the Bolivian Government \$5 million. I wish other governments would make loans to some countries and offer aid on a bilateral or multilateral basis, instead of making this country carry the whole burden.

Mr. FULBRIGHT. If Tito wishes to trade, I assume, as in the case of every

other country, he is trying to trade in every way he can.

Mr. HARTKE. Mr. President, will the Senator yield further?

Mr. LAUSCHE. I yield.

Mr. HARTKE. Is it not true that so far as special favors and Tito are concerned, such favors, or special consideration, or the most-favored-nation treatment, are not being extended to other Communist countries except Poland?

Mr. FULBRIGHT. The Senator from Illinois said there is no special consideration; there is no preferential treatment over 44 other countries, I think the number is.

Mr. HARTKE. What other Communist countries have received such treatment?

Mr. FULBRIGHT. Poland and Yugoslavia.

Mr. HARTKE. They are the only two Communist countries.

Mr. FULBRIGHT. Yes; and previous administrations have found good reason for it.

Mr. HARTKE. I am not arguing about what previous administrations did. Mr. FULBRIGHT. No one has insinuated in the slightest degree that both are not socialistic countries.

Mr. HARTKE. I heard the distinguished Senator from Oregon say he did not want to cheat America out of this trade. What about the situation as to imported zinc? An application as to zinc was before the Tariff Commission, and the decision was 3 to 2. It was a hotly contested decision.

Mr. FULBRIGHT. It amounted to \$766,000 with respect to zinc.

Mr. HARTKE. That is correct.

Mr. FULBRIGHT. That is a very great matter to become excited about.

Mr. HARTKE. That is only one. There have been split decisions over and over again. I do not care if we proceed on an equal basis, but how do Communist countries establish their prices? Do they establish them on the basis of cost, as we do?

Mr. FULBRIGHT. I do not know how they establish their prices. We do not give them a special price. They have to meet the world price.

Mr. HARTKE. They do not have to worry about labor or production costs.

Mr. FULBRIGHT. I think they have to worry about all costs; otherwise they could not meet the competition. They cannot sell to us at any higher price than that offered by any other country. Any country that produces any product has to worry about costs.

Mr. HARTKE. It is true that, so far as Communist and Socialist governments are concerned, they can export items at prices that have no relation to production or labor costs. There is no definite way to make a determination in the Tariff Commission as to what the costs are.

Mr. MANSFIELD. Mr. President, will the Senator yield for an answer?

Mr. LAUSCHE. First, we must adjust our prices to the cost of production. Communist countries do not have to do so, and deliberately do not do so, because their intent, first, is to dupe their own people; and, second, they are intense in their belief that the free nations will

perish, and subsequently they will be able to do whatever they please.

I yield now to the Senator from Montana.

Mr. MANSFIELD. I would just as soon have a vote.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Vermont.

Mr. AIKEN. My understanding is that 20 percent of the grain produced by Polish farmers is sold to the Government, and the other 80 percent is sold on the open market. Poland and Yugoslavia are two Communist countries that have not taken the land entirely away from the people. I do not think the Polish Government has forcibly acquired any of the land of its farmers. Twenty-five percent of the land in Yugoslavia is Government owned, but the people are not required to sell to the Government.

Mr. LAUSCHE. Mr. President, I apologize to the Senator from Colorado [Mr. DOMINICK], inasmuch as he is one of the original sponsors of the amendment. I suggest that it be called the Dominick-Hartke-Lausche amendment.

Mr. HUMPHREY. Mr. President, I rise to support fully and completely the action taken by the Committee on Foreign Relations which the Lausche amendment seeks to overturn. In effect, I am in favor of maintaining the existing situation, I am against an abrupt and unreasonable change of course. Such a change, though seemingly modest on its face, would have enormously important implications for the whole course of our foreign policy with respect to Eastern Europe.

What the Committee on Foreign Relations trying to do, Mr. President, is to continue treating Yugoslavia as a nation which is neither a pariah nor actively hostile to the United States, but rather as a country with which we would like to maintain as normal commercial relationships as possible. We are not talking about foreign aid here. We are not talking about giving unusual preferential treatment to a Communist country. We are not talking about our personal dislike for the Yugoslav form of government. We are not expressing any fondness for the head of the Yugoslav Government. We are talking about trade in consumer goods. There is no question of any strategic materials whatsoever being involved. And quite frankly, we should be cutting off our noses to spite our faces if we Americans refused to make such trade possible when without doubt our Western European allies will continue to engage in such trade.

But the paramount question here is the political and psychological one. It is not just a matter of pushing Mr. Tito into the arms of Khrushchev if we erect prohibitively high tariff barriers against Yugoslavia. On the contrary, this is an issue which will serve to influence our whole policy toward the unfortunate countries of Eastern Europe which have been sucked into the orbit of the Kremlin. The one peaceful and promising means we have of opening a window to the West for the satellite states surely

is through trade. If our long-established aim of liberation of those countries from Soviet imperialism is to remain more than an empty phrase, we must preserve and expand any opportunities we now have to create normal commercial ties with Eastern Europe.

That, Mr. President, is the basic reason why this amendment is vitally important to our foreign policy. It is the basic reason why I strongly oppose the Lausche amendment. I hope it will be soundly defeated.

MOST-FAVORED-NATION TREATMENT TO POLAND AND YUGOSLAVIA

Mr. FULBRIGHT. Mr. President, this is one of the most important substantive provisions of the bill. It raises a fundamental issue of policy; yet the point which is directly involved is a relatively small one.

It is important that Senators be clear as to exactly what is—and is not—involved.

In the first place, the language in the committee bill does not represent a new policy on the part of the United States. On the contrary, it will make it possible for the United States to continue the policy it has been following. There is no new or special concession involved. Both Poland and Yugoslavia now receive most-favored-nation treatment. The bill will simply enable the President to make it possible for them to continue to do so.

In the second place, most-favored-nation treatment does not represent any especially favorable position, and in this respect the term itself is somewhat misleading. As a matter of fact, prior to 1951, U.S. law required the extension of most-favored-nation treatment in matters of foreign trade to all nations and foreign areas.

The Trade Agreements Extension Act of 1951 directed the President, as soon as practicable, to withdraw most-favored-nation treatment from the Soviet Union and from "any nation or foreign area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement."

It is important to note that this did not apply to nations with Communist governments per se, but only to those nations dominated by international communism. The distinction is crucial.

Under the terms of the 1951 act, most-favored-nation treatment was withdrawn from the Soviet Union and all Soviet-dominated countries. But it was not withdrawn from Yugoslavia which had broken with the Soviet bloc in 1948, though retaining a Communist government.

Beginning in 1956, Poland likewise began to manifest a degree of independence from the Soviet Union, and this developed to the point where, by 1960, President Eisenhower reinstated most-favored-nation treatment to Poland.

The Trade Expansion Act of 1962 contained a provision directing the President, "as soon as practicable," to withdraw most-favored-nation treatment from "any country or area dominated or controlled by communism." Note the difference from the act of 1951, which withdrew most-favored-nation treat-

ment from only those countries dominated by the international Communist movement.

Compliance with the 1962 act in the case of Yugoslavia would involve the abrogation of a treaty dating back to 1881. This is a process which, by the terms of the treaty itself, requires 1 year.

In the case of Poland, compliance with the 1962 act would involve breaking an understanding on the basis of which a \$40 million claims settlement was reached with Poland.

Because of the treaty with Yugoslavia and the claims settlement with Poland and because the Congress has been reconsidering its action of last year, the President has felt justified in not initiating steps to withdraw most-favored-nation treatment from those countries. It should be clear, however, that the United States has the legal right to abrogate the treaty with Yugoslavia, in accordance with the treaty's terms. Further, the United States is not committed to maintain most-favored-nation treatment for Poland into the indefinite future. It should be recognized, however, that if we do withdraw most-favored-nation treatment from Poland, the Poles will most probably stop payments on the claims settlement and refuse to negotiate a still-pending settlement on outstanding dollar bonds.

All of this, however, the United States could survive. What is really important about the provision of the committee bill is that it enables the President to use trade as an instrument of foreign policy to encourage the growth of national independence in Eastern Europe.

The realistic alternatives in Eastern Europe are between a monolithic structure of docile satellites firmly controlled by the Soviet Union and a collection of states which have Communist governments but which also maintain a degree of national independence. The latter is clearly to be preferred by the United States. The powers which the committee bill gives to the President will help to achieve it, though there is no guarantee that they will be successful.

But it is plainly a wild delusion to base our policy toward Eastern Europe on the unfounded hope that a series of liberal democracies can be brought into being there in the foreseeable future. The Eastern Europeans themselves will plainly be better off with some freedom than with no freedom.

The whole purpose of this section of the committee bill is to contribute to that end, and I strongly urge the Senate to uphold the committee's decision.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. LAUSCHE] for himself and other Senators, to the committee amendment, in the nature of a substitute, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Mississippi [Mr.

EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Connecticut [Mr. RIBICOFF], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Georgia [Mr. TALMADGE], the Senator from South Carolina [Mr. THURMOND], the Senator from Tennessee [Mr. WALTERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Arizona [Mr. HAYDEN], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Wyoming [Mr. McGEE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], the Senator from Virginia [Mr. ROBERTSON], the Senator from Tennessee [Mr. WALTERS], and the Senator from Texas [Mr. YARBOROUGH] would each vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from West Virginia [Mr. BYRD]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from West Virginia would vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Missouri [Mr. LONG]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Missouri would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Florida would vote "nay."

On this vote, the Senator from Oklahoma [Mr. EDMONDSON] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Michigan would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLD-

WATER], the Senator from Kansas [Mr. PEARSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Utah would vote "yea" and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Arizona would vote "yea" and the Senator from Massachusetts would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Florida would vote "nay."

The result was announced—yeas 14, nays 55, as follows:

[No. 222 Leg.]

YEAS—14

Beall
Cotton
Curtis
Dodd
Dominick

Hartke
Hruska
Lausche
Mechem
Mundt

Simpson
Smith
Tower
Williams, Del.

NAYS—55

Aiken
Allott
Anderson
Bartlett
Bayh
Boggs
Brewster
Burdick
Cannon
Carlson
Case
Church
Clark
Dirksen
Douglas
Ellender
Fong
Fulbright
Gore

Hart
Hickenlooper
Hill
Humphrey
Inouye
Jackson
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Miller

Monroney
Morse
Morton
Moss
Muskie
Nelson
Neuberger
Pell
Prouty
Proxmire
Randolph
Scott
Sparkman
Symington
Williams, N.J.
Young, N. Dak.
Young, Ohio

NOT VOTING—31

Bennett
Bible
Byrd, Va.
Byrd, W. Va.
Cooper
Eastland
Edmondson
Engle
Ervin
Goldwater
Gruening

Hayden
Holland
Johnston
Long, Mo.
Long, La.
McCarthy
McGee
McNamara
Pastore
Pearson
Ribicoff

Robertson
Russell
Saltonstall
Smathers
Stennis
Talmadge
Thurmond
Walters
Yarborough

So the Lausche-Hartke-Dominick amendment to the committee amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I offer my amendment identified as No. 306, and ask that it be made the pending question, for consideration on Tuesday, it is the so-called NATO amendment. I ask unanimous consent that the reading of the amendment be dispensed with and that the amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 47, delete lines 15 to 21, inclusive, and insert the following:

"(i) No assistance shall be furnished under this Act to any economically developed nation, except to fulfill firm commitments made prior to July 1, 1963. The President is directed to make no further commitments for assistance to such economically developed nations and is directed to terminate such commitments made prior to July 1, 1963, at the earliest practicable time. The President is further directed to report, not later than July 1, 1965, to the Speaker of the House and to the Senate Foreign Relations Committee on the steps which he has taken to comply with this provision.

"As used in this subsection, the term 'economically developed nation' means any nation listed as an exception to the definition of 'economically less developed nation' contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland."

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, if the joint leadership can have the attention of the Senate, we remind Senators that the Senate is going over until 12 o'clock on Tuesday. The amendment of the Senator from Oregon is pending. It is anticipated that there will be votes shortly after 12 o'clock on that day. It is our hope that all Senators will be back on Tuesday, and that the absenteeism which has become chronic in this body, will in some fashion come to an end. I dislike bringing up these figures, but I think we ought to have them in the RECORD.

A week ago today, 23 Senators were absent. These figures are on the basis of votes.

Last Tuesday, 20 Senators were absent; on Wednesday, 11; on Thursday, 22; at 4 o'clock this afternoon, 26; at 4:45 this afternoon, 26; at 5:07, 27; at 6:41, 31 Senators were absent.

We have work to do. We have a long way to go before action on the bill will be completed. I hope all Senators will be on hand where they are supposed to be—in this Chamber.

Mr. DIRKSEN. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. (Mr. BREWSTER in the chair). The pending business before the Senate is amendment No. 306, offered by the senior Senator from Oregon [Mr. MORSE].

Mr. DIRKSEN. Mr. President, I move to table the amendment. The Senate does not have to vote on the motion tonight.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois to table the amendment offered by the Senator from Oregon.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois withhold that motion?

Mr. DIRKSEN. I will withhold it temporarily, without losing my right to make the motion.

Mr. MANSFIELD. The Senator's right is maintained. I was about to suggest that the Senate take a recess until

Tuesday; and that what the Senator wants to do, he can do next Tuesday.

Mr. DIRKSEN. I will withhold my motion, except that I will ask for recognition at that time to offer the motion to table.

Mr. MANSFIELD. There will be no further voting tonight. When the Senate stands—

Mr. DIRKSEN. Mr. President, what is the pending business? I will not lose my right.

Mr. MANSFIELD. No, the Senator would not lose his right to the floor. The only thing I wish to say is that there will be no further voting tonight. If Senators wanted to speak, there would be no action on the amendment.

Mr. DIRKSEN. Will I be recognized on Tuesday, the first thing, without discussion, to offer the motion to table?

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois. The pending business is the amendment by the Senator from Oregon. The Chair is not in a position to inform the Senator what will happen on Tuesday next.

Mr. DIRKSEN. Except that I will not lose my right to ask for recognition to offer the motion to table?

Mr. MANSFIELD. Any Senator can be recognized at any time for that purpose.

Mr. DIRKSEN. I will not withdraw my motion to table if I am going to lose my right to be recognized.

The PRESIDING OFFICER. Does the Senator make the motion?

Mr. DIRKSEN. I make the motion.

Mr. MANSFIELD. Will the Senator again withhold the motion?

Mr. DIRKSEN. I withhold it temporarily.

The PRESIDING OFFICER. Does the Senator from Illinois yield the floor?

Mr. DIRKSEN. I yield the floor.

SECRETARY RUSK'S NEWS CONFERENCE

Mr. MORSE. Mr. President, earlier this afternoon, I placed in the RECORD the first nine pages of the news conference held by the Secretary of State today. The RECORD will show that I said that those were the only pages that were then available. Assistant Secretary of State Dutton told me the other pages would be made available to me when they were typewritten.

In fairness to the Secretary of State, the entire transcript of his news conference should be placed in the RECORD. I ask unanimous consent that the rest of the pages of the news conference be printed in the RECORD, and that they be printed together with the first nine pages, so that there will be continuity in the RECORD. That is only fair, in view of the fact that I expressed disagreement with some of the observations of the Secretary of State, but expressed also my high praise for the ability of the Secretary of State.

There being no objection, the text of the entire news conference was ordered to be printed in the RECORD, as follows:

SECRETARY RUSK'S NEWS CONFERENCE OF
NOVEMBER 8, 1963

Secretary RUSK. I know you have many matters on your minds this morning, so I

won't take your time with opening statements. I am ready for your questions.

Question. Mr. Secretary, the secrecy around the wheat negotiations with the Russians is greater than usual. Your aids here in the Department, whose job has been to inform us, claim that they know nothing because they are not briefed. Now, this has been going on for weeks, and we believe we have a legitimate interest. Can you tell us how it stands?

Answer. Well, we are in a period in which the wheat problem is being discussed with the Soviet Union. There is a certain amount of bargaining going on. Obviously it is not in our interest to disclose the details of a bargaining situation. I wouldn't mind telling you gentlemen what the situation is if you would promise not to tell the Soviet Union the process of this bargaining.

But, as Mr. Khrushchev indicated yesterday, some progress has been made, but we don't know yet what the outcome will be. The President indicated in his last press conference that these matters ought to be left to the negotiators, and I would be content to leave it there for the time being. They are meeting this morning, and there may be other meetings, I don't know.

Question. Mr. Secretary, could you give us your appraisal of the situation now in Vietnam, since we have recognized it, and what do you see ahead in the future as to the impact on U.S. policy in southeast Asia?

Answer. Well, I think the great question which has been in front of us all along has been how to get on with the main job of assuring that South Vietnam is secure and able to work out its own future under its own leadership and without any interference from the outside.

Now, we were very much concerned when in 1959 the Vietcong, with public support from Hanoi, moved to interfere in South Vietnam, and indeed threatened to take it over, and there has been steady growth in assistance and help by the United States and others to South Vietnam in that struggle.

We were also concerned in May and June and July of this year when developments in South Vietnam indicated that there was a growing gap between the Government and the people of that country, and there was some danger that the solidarity of the country itself in meeting this threat would be undermined by differences within the country.

Now it is our hope that the political and the military leadership that has now formed a new government there in Vietnam will be able to rally the country, consolidate the effort, get on with the job, so that that country can be independent and free and secure.

As far as the United States is concerned, we do not have and have never had any special U.S. interest in terms of military bases or anything of that sort. Our primary concern with Vietnam is that it be secure and independent, as it is entitled to be, and we are hopeful now that there will be a consolidation of effort and that the central problem there will be dealt with with expedition, and we will do what we can to assist, and we have every reason to believe that the present leadership will do everything they can on their own side.

Question. Mr. Secretary, could you comment on the suggestion of the Communists this week that the administration might possibly find some benefit in attempting to develop a political settlement or a truce with the North Vietnamese? Is that conceivable?

Answer. I don't see quite what is involved there. So far as we can tell from what has been said in Hanoi, what they have in mind is that the regime at Hanoi would remain exactly as it is, the Communist regime, a member of the Communist bloc, and that they would then press for far-reaching

changes, something that they call neutralization, in South Vietnam.

Well, we have run into that before, where they say, "On our side of the line nothing is to be changed, but on your side of the line something must be changed."

Now, let's look at this neutralization aspect for a moment. Up until about 1958 or 1959 there was no difficulty anywhere about the general attitude of South Vietnam. They weren't committing aggression against anybody. They weren't a military base for anybody. They weren't an ally in any formal sense with anyone. They were simply a country trying to be independent.

Now, the American military presence there at the present time was a direct consequence of the efforts of the Vietcong at Hanoi, the Communist world, to take over South Vietnam. If everyone else would leave South Vietnam alone, there is no problem. But to negotiate on far-reaching changes in South Vietnam without far-reaching changes in North Vietnam seems to be not in the cards.

The other side was fully committed—fully committed—in the original Geneva settlement of 1954 to the arrangements which provided for South Vietnam as an independent entity, and we see no reason to modify those in the direction of a larger influence of North Vietnam or Hanoi in South Vietnam.

Now, this is not—there is no problem about South Vietnam if others would leave it alone.

The same thing is true of Laos. Let these people work out their future in their own way without outside interference.

Question. Mr. Secretary?

Answer. Yes.

Question. May I ask a question on a different subject?

Answer. Yes.

Question. Could you give us your thoughts on the views in the Senate to restrict aid to Yugoslavia, Egypt, and Indonesia?

Answer. Well, I must say that I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries. The legislative cycle moves a year at a time. The world moves very fast. It is not possible for the Congress to anticipate in advance what the circumstances are going to be in any given situation, so I am very much concerned about the tendency to try to build into law attitudes in the use of our aid program, for example, with regard to particular countries.

These are responsibilities carried by the President of the United States. They are very heavy responsibilities. The President is the one whom the country will hold responsible if things go wrong. So I am very much concerned about the loss of flexibility, the loss of any ability to move to protect and forward the interests of the United States wherever they might be engaged anywhere in the world. So I would hope very much that the Congress would withhold its hand and not try to legislate in detail about the application of an aid program to a particular country.

Question. Mr. Secretary, on the larger view of the foreign aid situation, the Congress is in the process of tearing it to shreds; and this is only the authorization. The news is going to be a lot worse when you get to appropriations; this is quite clear.

Now how do you respond to this? You are getting a message, at least they say on the Hill, which tells you, the administration, the Congress is fed up with foreign aid, as it is now being operated.

What do you propose to do about it?

Answer. Well, we are in daily, sometimes hourly, contact with the Congress about this matter. I must say that I don't understand the tendency to cut back on our foreign aid program as deeply as is now being discussed in the Congress. The large and dangerous questions are still in front of us, whether it is Berlin, or Cuba, or Laos, or Vietnam, or whatever it may be.

particularly the presence or removal of the Russian troops there?

Answer. I think there is nothing much to add to what the President said on that at his last press conference. There have been substantial withdrawals of Soviet military personnel in Cuba. I would not get into a numbers game again about the precise numbers, but we do know that there have been significant withdrawals.

We also know that the situation inside of Cuba is very tight, from the economic point of view, they are having considerable difficulties.

One of the things that worries us most about Cuba, about which we are concerned, is the continued effort of Mr. Castro to interfere in the affairs of other countries in this hemisphere, and the other countries and we are working very closely to meet this and to deal with it as it arises.

I am thinking, for example, of such things as that raid on the British island to recapture some refugees, whose only offense was they tried to escape the prison Mr. Castro has made out of Cuba.

I am thinking of the training of young

men from other Latin American countries in terrorist and guerrilla tactics, with the idea that they would go back and engage in terrorist activities in their own countries.

I am thinking of such things as financial subsidies to terrorists in other countries. These are things that are disturbing the peace of the Caribbean, and the Inter-American system, and that is one of the focal points of our attitude toward Cuba. It just will not be permitted to happen, and we are taking many different measures to interrupt this kind of interference.

Question. Mr. Secretary, thank you.

Answer. Thank you.

CUMULATIVE AID FIGURES

Mr. MORSE. Mr. President, yesterday, by inadvertence, certain tables that I then assured the Senator from Iowa [Mr. HICKENLOOPER] would be included in the RECORD were not included in the RECORD. That material was the cumulative AID figures for the years 1946

through fiscal 1963 to the United Arab Republic and to Israel, and also the AID figures, for the same two countries, for the fiscal year 1963 alone. They were omitted by complete inadvertence. In some way, somehow, they became confused with other papers on my desk, and the Official Reporters did not get them. That was no fault of either the Official Reporters or the Senator from Oregon.

Mr. President, I ask unanimous consent that those figures be printed at this point in the RECORD, and also that the Official Reporters correct the permanent RECORD for yesterday by having them inserted in yesterday's RECORD, because one who read yesterday's RECORD and saw my statement that I asked unanimous consent to have them printed, and then could not find them, would be somewhat at a loss to understand what happened.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, cumulative, fiscal year 1946 through fiscal year 1963

[In millions of 1946 dollars]

Region and country	Grand total	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				AID total	Technical cooperation/development grants	Development loans	Other AID	Total	Social progress trust fund	Food for peace—Public Law 480					Export-Import Bank long-term loans	Other economic programs	
										Total	Title I Total sales agreements	Title I Planned for country use	Title II	Title III			Title IV
Total, all countries	103,916	32,284	71,632	35,967	1,990	4,356	29,621	35,665	349	10,127	(8,337)	6,329	1,245	2,439	115	8,078	17,111
Near East and south Asia	20,224	5,613	14,611	8,022	566	2,738	4,718	6,500		4,822	(4,471)	3,786	440	596		865	902
Afghanistan	237	3	235	152	53	3	96	83		43	(—)		42	1		39	(1)
Ceylon	88		88	26	10	6	9	62		62	(30)	22	9	30			(1)
Cyprus	21		21	4	1	2		17		17	(1)	1	16	(1)			(1)
Greece	3,516	1,682	1,834	1,082	14	85	983	752		194	(108)	74	4	116		21	537
India	4,718	60	4,658	1,890	159	1,388	342	2,768		2,225	(2,334)	2,036	9	180		311	232
Iran	1,422	633	789	592	72	138	381	198		95	(51)	37	45	13		74	28
Iraq	69	46	22	19	17		2	4		3	(—)		3				1
Israel	962	5	957	464	11	146	307	493		273	(244)	216	2	56		220	(1)
Jordan	414	30	385	317	36	3	278	68		65	(—)		49	16		2	2
Lebanon	88	9	80	58	18	5	35	22		17	(—)		17			3	1
Nepal	53		53	31	18	(1)	3	22		21	(—)	17	4				1
Pakistan	2,227	(2)	2,227	1,344	67	615	662	882		760	(715)	636	84	40		51	71
Saudi Arabia	46	(2)	46	27	2		25	19		(—)						15	4
Syrian Arab Republic	96	(1)	96	32	(1)	23	9	64		59	(37)	29	28	2		5	
Turkey	4,164	2,403	1,761	1,336	43	252	1,040	425		336	(430)	296	28	12		75	13
United Arab Republic (Egypt)	807		807	175	14	72	90	632		573	(520)	421	29	123		48	11
Yemen	27	(1)	27	17			17	9		9	(—)		9				
Yemen	28		28	28	2		27			(—)							
Regional	1,240	743	497	427	26		401	70		70	(—)		66	4			
Latin America	7,928	716	7,212	1,862	479	759	623	5,350	349	957	(712)	561	77	264	55	3,452	592
Argentina	773	48	726	155	8	127	20	571	35	18	(30)	18				517	(1)
Bolivia	334	8	326	225	35	34	56	102	10	52	(25)	20	18		3	26	12
Brazil	2,123	231	1,892	225	84	112	29	1,667	53	390	(385)	318	28	44		1,177	48
British Guiana	5		5	4	4			1		1	(—)			1			
British Honduras	3		3	1	1		(1)	2		2	(—)		(1)	1			(1)
Chile	840	76	764	260	30	94	36	504	24	132	(71)	56		55	21	342	7
Colombia	547	60	487	172	29	112	31	315	31	104	(69)	51		47	7	172	7
Costa Rica	105	1	104	36	14	20	2	68	4	3	(—)		2	1		26	36
Cuba	52	11	42	3	3			39		1	(—)			1		38	1
Dominican Republic	100	11	89	58	6	2	49	31	6	13	(—)		1	7	5	10	2
Ecuador	184	34	149	77	29	28	20	72	24	20	(12)	8	(1)	7	4	24	5
El Salvador	65	3	62	33	14	18	(1)	30	12	6	(—)			4	2	10	2
Guatemala	178	7	171	99	24	14	60	73	11	7	(—)		3	4		17	38
Haiti	106	6	100	62	13	5	44	39		11	(—)		4	7		25	3
Honduras	61	5	56	38	18	9	10	13	6	3	(—)		(1)	3		3	6
Jamaica	22		22	9	3	5	1	13		8	(—)			8		5	(1)
Mexico	817	6	810	29	8	20	1	782	19	46	(25)	18	1	27		617	100
Nicaragua	79	5	73	25	13	12	(1)	48	8	2	(—)			2		13	25
Panama	110	1	109	49	17	14	18	60	10	7	(—)			7		19	23
Paraguay	70	2	67	36	20	14	2	31	3	15	(13)	10		5		10	3
Peru	509	97	412	87	36	42	8	325	26	62	(33)	23	20	17	2	223	14
Surinam	4		4	3	3			1		1	(—)			1			
Trinidad and Tobago	24		24	14	3		11	10		(1)	(—)			(1)		9	(1)

Footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, cumulative, fiscal year 1946 through fiscal year 1963—Continued

[In millions of 1946 dollars]

Region and country	Grand total	Total military	Economic assistance													Export-Import Bank long-term loans	Other economic programs
			Total economic	AID programs				Total	Social progress trust fund	Other economic assistance							
				AID total	Technical cooperation/development grants	Development loans	Other AID			Food for peace—Public Law 480							
										Total	Title I Total sales agreements Planned for country use	Title II	Title III	Title IV			
Latin America—Con.																	
Uruguay	111	30	81	19	4	15	(1)	62	10	38	(48)	36	(1)	2		10	4
Venezuela	329	64	265	60	5	55	(1)	204	53	13	(—)	(—)	(1)	2		135	3
Other West Indies	2		2					2		2	(—)	(—)	(1)	2	11		
ROCAP	11		11	8	6	2		3	3	3	(—)	(—)					
Regional	363	8	354	76	47	5	24	278	1		(—)	(—)				25	252
Far East	23,474	8,807	14,667	7,844	366	397	7,081	6,823		1,482	(1,181)	950	118	406	8	840	4,501
Burma	108		108	55	2		53	53		48	(51)	46		3			5
Cambodia	367	97	270	267	32		235	2		2	(—)	(—)	2	(1)			
China, Republic of	4,524	2,399	2,125	1,391	25	176	1,191	734		198	(137)	107	12	70	8	33	502
Hong Kong	36		36					36		36	(—)	(—)	4	32			
Indochina, undistributed	1,535	710	826	826	2		824				(—)	(—)					
Indonesia	881	76	805	280	96	12	172	525		293	(325)	280	1	12		164	68
Japan	3,824	1,040	2,784	22	11		11	2,762		170	(146)	106	37	27		393	2,199
Korea	5,674	2,044	3,630	2,298	47	81	2,170	1,331		472	(361)	313	24	136			859
Laos	328	(2)	328	326	8		318	2		2	(—)	(—)	1	1			
Malaya	25		25	20		20		5		4	(—)	(—)		4			1
Philippines	1,851	423	1,428	278	45	35	198	1,150		76	(36)	26		50		218	857
Thailand	869	508	361	316	53	34	229	45		4	(4)	4		1		32	8
Vietnam	1,896	(2)	1,896	1,720	38	40	1,642	176		176	(80)	69	37	70			
Western Samoa	(1)		(1)	(1)			(1)				(—)	(—)					
Regional	1,556	1,510	46	45	6		39	1			(—)	(—)					1
Africa	2,405	146	2,256	1,367	295	324	746	889		608	(119)	99	408	97	4	198	82
Algeria	95		95	2	1			92		92	(—)	(—)	70	22			
Burundi	6		6	(1)	(1)			6		6	(—)	(—)	4	2			
Cameroon	17	(1)	17	16	1	9	5	1		(1)	(—)	(—)		(1)			1
Central African Republic	1		1	1	1		(1)	(1)		(1)	(—)	(—)		(1)			
Chad	2		2	1	1		(1)	(1)		(1)	(—)	(—)		(1)			
Congo:																	
Brazzaville	2		2	2	2		(1)	(1)			(—)	(—)				(1)	
Léopoldville	242	3	239	177	7		170	62		62	(43)	38	18	6			
Dahomey	7	(1)	6	3	1		2	3		3	(—)	(—)	2	2			
Ethiopia	212	80	133	93	45	34	15	40		14	(1)	1	10	2	1	22	4
Gabon	2		2	1	1		(1)	1		(1)	(—)	(—)		(1)			1
Ghana	159	(1)	159	90	7	82	1	70		4	(—)	(—)	1	3		65	1
Guinea	29		29	20	6	2	12	9		9	(9)	7	2				(1)
Ivory Coast	13	(1)	12	7	3	2	2	6		(1)	(—)	(—)		(1)		5	1
Kenya	24		24	13	7	2	4	11		11	(—)	(—)	10	1			
Liberia	179	6	173	80	39	34	6	93		4	(—)	(—)		1	3	79	10
Libya	206	7	198	132	25	5	103	66		35	(—)	(—)		1			31
Malagasy Republic	2		2	2	1		1	1		1	(—)	(—)	28	7			
Mali, Republic of	11	2	9	9	1	2	6				(—)	(—)	(1)	1			
Mauritania	2		2	2	(1)			(1)		(1)	(—)	(—)		(1)			
Morocco	427	(2)	427	261	5	23	234	66		165	(22)	16	(1)	37			1
Niger	5	(1)	5	4	2	1	2	(1)			(—)	(—)					(1)
Nigeria	81	(1)	81	64	40	16	8	17		1	(—)	(—)		1		12	5
Rhodesia and Nyasaland	38		38	16	5		10	23		(1)	(—)	(—)		(1)			23
Rwanda	1		1					1		1	(—)	(—)	1	(1)			
Senegal	14	3	11	9	5		(1)	2			(—)	(—)		1		(1)	1
Sierra Leone	7		7	5	4		(1)	3		1	(—)	(—)		1			2
Somali Republic	38		38	32	19	6	7	6		5	(—)	(—)		1			1
Sudan	76		76	68	17	16	35	8		8	(11)	8	(1)	(1)			1
Tanganyika	30		30	14	4	9		16		16	(—)	(—)	15	1			
Togo	7		7	3	2			4		4	(—)	(—)	2	1			1
Tunisia	364	(2)	364	198	16	78	105	167		163	(34)	28	130	5		2	1
Uganda	12		12	11	7		(1)	1		1	(—)	(—)	(1)	1			
Upper Volta	4	(1)	4	3	1		2	1		1	(—)	(—)		1			
Zanzibar	(1)		(1)	(1)	(1)			(1)		(1)	(—)	(—)		(1)			
Other French communities and possessions	6		6	6	1		5				(—)	(—)					
Other British territories	1		1	(1)	(1)		(1)			1	(—)	(—)		1			
Portuguese possessions	13		13	(1)	(1)						(—)	(—)					
Regional	68	46	22	22	17		6	(1)			(—)	(—)				12	(1)
Europe	45,361	16,073	29,288	15,238	90	137	15,012	14,050		2,008	(1,895)	933	174	853	47	2,722	9,320
Austria	1,208		1,208	726	3		724	482		82	(41)	26	28	27		72	328
Belgium-Luxembourg	1,988	1,247	741	560	1		559	181		(1)	(—)	(—)		(1)		148	32
Denmark	928	626	302	281	2		279	21			(—)	(—)				20	1
France	9,445	4,263	5,182	3,190	6		3,184	1,992		20	(36)	8		12		1,263	709
Germany (Federal Republic)	5,001	951	4,050	1,472	2		1,470	2,578		140	(1)		3	137		9	2,428
Berlin	132		132	119	1		118	13			(—)	(—)					13
Iceland	72		72	60	1		59	12		12	(15)	12				(1)	(1)
Ireland	146		146	146	(1)		146				(—)	(—)					
Italy (including Trieste)	6,006	2,316	3,691	1,650	5		1,645	2,040		445	(144)	98	92	255		425	1,171

Footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, cumulative, fiscal year 1946 through fiscal year 1963—Continued

[In millions of 1946 dollars]

Region and country	Grand total	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				AID total	Technical cooperation/development grants	Development loans	Other AID	Total	Social progress trust fund	Food for peace—Public Law 480					Export-Import Bank long-term loans	Other economic programs	
										Total	Title I		Title II	Title III			Title IV
								Total sales agreements	Planned for country use								
Europe—Continued																	
Netherlands	2,472	1,242	1,230	992	1	3	987	238		(1)	(1)			(1)		202	36
Norway	1,174	822	352	277	2		275	75		(1)	(—)			(1)		50	25
Poland	533		533	65	4		61	468		26	(474)			26		40	402
Portugal	498	337	161	51	1		50	110		55	(7)	3		38	13	55	
Spain	1,742	540	1,202	579	6	17	556	623		427	(506)	263	4	160		197	
Sweden	109		109	107	(1)		107	2			(—)						2
United Kingdom	8,711	1,037	7,674	3,835	6		3,892	3,839		(1)	(48)			(1)		2	3,837
Yugoslavia	2,510	693	1,816	576	12	117	448	1,240		799	(622)	522	47	197	34	105	336
Regional	2,684	1,998	686	551	36		515	136		1	(—)	1				135	
Nonregional	4,525	927	3,598	1,634	194		1,440	1,964		250	(—)		26	223			1,714

¹ Less than \$500,000.

² Military data classified and included in regional totals.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963, preliminary

[In millions of dollars]

Region and country	Grand total 100 countries and territories	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				AID total	Development grants/program social progress	Development loans	Supporting assistance and other	Total	Social progress trust fund	Food for peace—Public Law 480					Export-Import Bank long-term loans	Other economic programs	
										Total	Title I		Title II	Title III			Title IV
											Total sales agreements	Planned for country use					
Total, all countries	7,026.7	1,849.9	5,176.8	2,395.8	343.6	1,287.8	764.2	2,781.0	124.8	1,771.3	(1,268.2)	1,074.2	314.6	314.1	68.4	571.7	313.2
Near East and south Asia	2,288.0	380.3	1,907.7	983.9	54.0	779.6	150.3	923.8		854.4	(766.6)	682.0	111.5	60.9		64.5	14.9
Afghanistan	19.2	1.2	18.0	17.7	15.1	2.6		.3		.1	(—)			.1			.2
Ceylon	8.4		8.4	.4	.4			8.0		7.8	(4.7)	3.5		4.3			.2
Cyprus	4.1		4.1	2.9	.6	2.3		1.2		1.1	² (1.1)	.9		.2			.1
Greece	128.8	79.6	49.2	31.6		31.6		17.6		14.6	(11.2)	6.5		8.1		3.0	
India	821.0	30.0	791.0	402.3	6.3	396.0		388.7		347.5	² (373.3)	333.9		13.6		40.3	.9
Iran	115.9	58.1	57.8	23.4	3.8	17.4	2.2	34.4		34.2	(7.7)	5.8	25.0	3.4			.2
Iraq	1.0	.1	.9	.8	.8			.1		.1	(—)			.1			
Israel	78.9	.6	78.3	45.0		45.0		33.3		22.1	² (23.2)	19.8	1.5	.8		11.2	
Jordan	63.6	4.3	59.3	43.0	7.0		36.0	16.3		16.3	(—)		14.4	1.9			
Lebanon	.3	.2	.1	.1	.1			.7		.2	(—)		.2				.5
Nepal	4.6		4.6	3.9	3.9			.7		.2	(—)		.2				.1
Pakistan	372.5	(²)	372.5	185.0	7.9	176.8	.3	187.5		185.4	² (155.4)	146.1	35.5	3.8			
Saudi Arabia	(²)	(²)									(—)						
Syrian Arab Republic	.4	(²)	.4	.2	.2		(²)	.2		.2	(—)			.2			
Turkey	317.2	135.7	181.5	131.1	4.7	71.4	55.0	50.4		49.8	² (55.9)	45.0		4.8			.6
United Arab Republic (Egypt)	198.7		198.7	48.6	2.3	36.3	10.0	150.1		140.1	² (134.1)	120.5		19.6		10.0	
Yemen	4.0	(²)	4.0	3.4			3.4	.6		.6	(—)			.6			
CENTO	.8		.8	.8	.5		.3				(—)						
Regional	148.5	70.7	78.0	43.5	.4		43.1	34.5		34.5	(—)		34.4	.1			
Latin America	1,102.7	² 74.8	1,027.9	548.9	109.0	342.8	97.1	479.0	124.8	185.4	(63.6)	51.5	18.8	75.6	39.6	91.2	² 77.6
Argentina	156.5	2.7	153.8	99.7	3.3	76.4	20.0	54.1	30.0	21.4	(—)			3.7		² 24.1	.7
Bolivia	69.9	1.6	68.3	35.7	7.5	18.3	9.9	32.6	10.5	61.6	(16.9)	14.3	.4	3.7	3.0		1.1
Brazil	172.3	16.9	155.4	86.9	24.0	37.4	25.5	68.5	5.8	.1	(43.4)	34.7	11.3	15.6			
British Guiana	1.4		1.4	1.3				.1		.3	(—)			.1			.2
British Honduras	.6		.6	.1	.1			.5		.3	(—)			.3			.8
Chile	99.2	10.2	89.0	41.3	6.3	35.0	(²)	47.7	4.9	26.5	(—)			5.5	21.0	15.5	
Colombia	134.9	8.4	126.5	93.5	6.1	87.2	.2	33.0	8.5	18.3	(—)		1.5	11.5	6.8	3.4	2.8
Costa Rica	15.5	.7	14.8	13.0	2.4	10.6		1.8		1.6	(—)		1.2	.1			.2
Dominican Republic	51.7	2.1	49.6	29.4	3.4	2.1	23.9	20.2	6.5	12.5	(—)			6.3	5.0		1.2
Ecuador	39.2	2.8	36.4	18.2	4.9	6.3	7.0	18.2	9.9	6.1	(—)			2.3	3.8	1.3	.9
El Salvador	23.1	.6	22.5	19.6	3.0	16.6		2.9		2.6	(—)			2.6			.3
Guatemala	15.4	2.0	13.4	3.4	2.7	.7		10.0	7.8	1.0	(—)			1.0			1.2
Haiti	6.2	.4	5.8	4.9			4.9	.9		.9	(—)			.9			
Honduras	14.4	1.1	13.3	7.3	3.2	1.6	2.4	6.0	5.6	.3	(—)			.3			.1
Jamaica	13.0		13.0	5.8	.8	5.0		7.2		2.0	(—)			2.0		5.0	.2
Mexico	50.9	1.2	49.7	.4	.4			49.3	8.0	15.5	(—)		1.1	14.4		25.8	2.4
Nicaragua	9.0	1.5	7.5	3.5	2.5	1.0		4.0	.2	1.4	(—)			1.4			.3
Panama	10.0	.8	9.2	8.2	2.2	6.0		1.0		.7	(—)			.7			
Paraguay	10.2	.9	9.3	3.0	3.0			6.3	2.9	3.4	(3.3)	2.6		.9			

Footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963, preliminary—Con.

[In millions of dollars]

Region and country	Grand total 100 countries and territories	Total military	Economic assistance														
			Total economic	AID programs				Total	Social progress trust fund	Other economic assistance							
				AID total	Development grants/program social progress	Development loans	Supporting assistance and other			Food for peace—Public Law 480					Export-Import Bank long-term loans	Other economic programs	
										Total	Title I Total sales agreements Planned for country use	Title II	Title III	Title IV			
Latin America—Con.																	
Peru.....	31.0	6.7	24.3	3.0	3.0			21.3	1.5	6.9	(.....)		3.1	3.8		10.7	2.2
Surinam.....	.4		.4	.3	.3			.1		.1	(.....)			.1			
Trinidad and Tobago.....	4.1		4.1	3.9	.8		3.1	.2		(.4)	(.....)			(.4)			.2
Uruguay.....	24.6	2.5	22.1	7.9	1.9	6.0		14.2	8.0	.6	(.....)			.6		5.0	.6
Venezuela.....	56.8	10.4	46.4	33.1	3.0	30.0	.1	13.3	11.0	1.2	(.....)			1.2		.4	.7
Other West Indies.....	.4		.4					.4		.4	(.....)		(.4)	.4			
ROCAP.....	11.1		11.1	8.2	5.7	2.5		2.9	2.9		(.....)						
Regional.....	80.4	1.2	79.2	17.2	17.0			62.1	.7		(.....)						61.4
Far East.....	1,723.3	785.0	938.3	428.7	53.3	67.1	308.2	509.6		297.7	(229.9)	203.0	43.5	42.8	8.4	131.8	780.1
Burma.....	15.2		15.2	6.7	1.0		5.7	8.5		8.5	(10.7)	8.1		.4			
Cambodia.....	29.2	10.4	18.8	18.8	7.8		11.0	(.4)		(.4)	(.....)			(.4)			
China, Republic of.....	212.6	132.3	80.3	38.6	2.1	36.5		41.7		41.7	2(27.0)	21.9	3.5	7.9	8.4		
Hong Kong.....	5.6		5.6					5.6		5.6	(.....)		2.9	2.7			
Indonesia.....	140.9	17.6	123.3	36.7	14.8		21.9	86.6		86.4	2(91.2)	82.1	.8	3.5			.2
Japan.....	172.9	49.1	123.8					123.8		.9	(.....)			.9		122.9	
Korea.....	403.7	199.4	204.3	126.2	5.6	30.6	90.0	78.1		78.1	(74.0)	66.6	1.4	10.1			
Laos.....	36.8	(.4)	36.8	36.3			36.3	.5		.5	(.....)			.5			
Malaya.....	2.2		2.2					2.2		1.4	(.....)			1.4			.8
Philippines.....	117.7	23.9	93.8	2.9	2.9			90.9		9.8	(.....)			9.8		3.9	77.2
Thailand.....	94.2	71.6	22.6	16.2	6.4		9.9	6.4		.1	(.....)			.1		5.0	1.3
Vietnam.....	208.1	(.8)	208.1	143.7	10.5		133.2	64.4		64.4	(27.0)	24.3	34.8	5.3			
Regional.....	284.0	*280.8	3.2	2.5	2.2		.2	.7			(.....)						.7
Africa.....	553.9	27.4	526.5	261.6	79.8	98.38	3.4	264.9		231.7	(62.5)	53.4	136.8	37.3	4.2	19.2	*14.0
Algeria.....	79.6		79.6	1.8	1.1		.7	77.8		77.8	(.....)		63.8	14.0			
Burundi.....	1.5		1.5	(.4)	(.4)			1.5		1.5	(.....)		.6	.9			
Cameroon.....	1.5	(.4)	1.5	1.0	1.0			.5		(.4)	(.....)			(.4)			.5
Central African Republic.....	.7		.7	.7	.7			(.4)		(.4)	(.....)			(.4)			
Chad.....	1.1		1.1	1.0	1.0			.1		.1	(.....)			.1			
Congo:																	
Brazzaville.....	.7		.7	.5	.5			.2			(.....)					.2	
Leopoldville.....	79.8	.2	79.6	42.4	3.0		39.4	37.2		37.2	(30.6)	27.5	6.3	3.4			
Dahomey.....	1.0	(.4)	1.0	.7	.7			.3		.3	(.....)			.3			
Ethiopia.....	24.2	9.0	15.2	10.0	.0	4.0		5.2		3.0	(.9)	.7		.9	1.4		2.2
Gabon.....	1.2		1.2	.7	.7			.5		(.4)	(.....)			(.4)			.5
Ghana.....	3.0	.1	2.9	1.7	1.7			1.2		.6	(.....)			.6			.6
Guinea.....	16.0		16.0	12.1	3.7	2.4	6.0	3.9		3.6	2(4.7)	3.6		(.4)		4.7	.3
Ivory Coast.....	7.9	.1	7.8	2.5	.8	1.7		5.3		(.4)	(.....)			(.4)			.6
Kenya.....	5.7		5.7	4.9	2.7	2.2		.8		.8	(.....)		.6	.2			
Liberia.....	50.8	2.1	48.7	39.9	8.6	31.3		8.8		3.0	(.....)			.2	2.8	4.5	1.3
Libya.....	12.5	1.1	11.4	10.4	1.4		9.0	1.0		(.....)	(.....)						1.0
Malagasy Republic.....	1.0		1.0	.5	.5			.5		.5	(.....)			.5			
Mali, Republic of.....	4.6	.7	3.9	3.9	1.2	2.1	.7				(.....)						
Mauritania.....	.2		.2	.1	.1		(.4)	.1		.1	(.....)			(.4)			
Morocco.....	75.0	(.4)	75.0	21.6	1.1		20.5	53.4		52.6	(7.7)	5.8	35.3	11.5			.8
Niger.....	1.4	(.4)	1.4	1.2	.7	.5		.2		.2	(.....)						.2
Nigeria.....	36.6	.2	36.4	24.1	12.0	12.1		12.3		.3	(.....)			.3		9.5	2.5
Rhodesia and Nyasaland.....	2.2		2.2	1.8	1.8			.4		(.4)	(.....)			(.4)			.4
Rwanda.....	(.4)		(.4)					(.4)		(.4)	(.....)			(.4)			
Senegal.....	5.2	1.5	3.7	2.2	2.2			1.5		.6	(.....)			.6		.3	.6
Sierra Leone.....	3.9		3.9	2.5	2.5			1.4		.5	(.....)			.5			.9
Somali Republic.....	9.2		9.2	7.8	4.2	3.6		1.4		1.2	(.....)	1.2	(.4)				.2
Sudan.....	11.0		11.0	6.5	2.7	3.8		4.5		4.5	(6.0)	4.5					
Tanganyika.....	12.5		12.5	8.9	2.0	6.9		3.6		3.3	(.....)		3.0	.3			.3
Togo.....	1.3		1.3	.8	.8			.5		.2	(.....)			.2			.3
Tunisia.....	71.9	(.4)	71.9	32.3	2.2	23.3	6.8	39.6		39.0	(12.6)	11.3	25.7	2.0			.6
Uganda.....	7.0		7.0	6.9	2.5	4.4		.1		.1	(.....)			.1			
Upper Volta.....	1.0	(.4)	1.0	.5	.5			.5		.5	(.....)			.5			
Zanzibar.....	(.4)		(.4)					(.4)		(.4)	(.....)			(.4)			
Other British territories.....	.1		.1					.1		.1	(.....)			.1			
Regional.....	22.0	12.3	9.7	9.7	9.4		.3	(.4)			(.....)						(.4)
Europe.....	899.1	476.4	422.7	2.9	2.9			419.8		154.8	(145.8)	84.3	4.0	50.3	16.2	265.0	
Austria.....	31.4		31.4					31.4			(.....)					31.4	
Belgium-Luxembourg.....	28.1	28.1									(.....)						
Denmark.....	24.0	24.0									(.....)						
France.....	30.6	30.5	.1					.1		.1	(.....)			0			
Germany (Federal Republic).....	.5	.3	.2					.2		.2	(.....)			.2			
Iceland.....	1.4		1.4					1.4		1.4	(1.9)	1.4					
Italy (including Trieste).....	300.7	72.4	228.3					228.9		14.4	(.....)		4.0	10.4		213.9	
Netherlands.....	16.4	16.3	.1					.1		.1	(.....)			.1			
Norway.....	38.7	38.7									(.....)						

Footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963, preliminary—Con.

[In millions of dollars]

Region and country	Grand total 100 countries and territories	Total military	Economic assistance													
			Total economic	AID programs				Other economic assistance								
				AID total	Development grants/program social progress	Development loans	Supporting assistance and other	Total	Social progress trust fund	Food for peace—Public Law 480					Export-Import Bank long-term loans	Other economic programs
										Total	Title I		Title II	Title III		
Total sales agreements	Planned for country use															
Europe—Continued																
Poland	10.8		10.8	2.8	10 2.8			8.0		8.0	(51.6)			8.0		
Portugal	18.9	11.2	7.7					7.7		7.7				7.7		
Spain	61.0	31.8	29.2					29.2		9.5	(—)			9.5	19.7	
United Kingdom	11.2	11.2									(—)					
Yugoslavia	113.5		113.5	.1	.1			113.4		113.4	(92.1)	82.9		14.3	16.2	
Regional	211.9	211.9									(—)					
Nonregional	459.9	106.1	363.8	169.8	44.6		125.2	124.0		47.4	(—)			47.4		11 136.6

¹ Represents Peace Corps.

² Includes prororation of multiyear agreements.

³ Military data classified and included in regional totals.

⁴ Less than \$50,000.

⁵ Represents \$60,000,000 subscription to Inter-American Development Bank; \$15,200,000 for Peace Corps; and \$2,400,000 for Rama Road.

⁶ Excludes refinancings of \$72,000,000.

⁷ Represents \$73,000,000 war damage claims in the Philippines and \$7,100,000 for the Peace Corps.

⁸ Includes aid to Australia and New Zealand.

⁹ Represents \$13,000,000 for the Peace Corps; and \$1,000,000 in Libya for special purpose funds.

¹⁰ For Krakow Research Hospital.

¹¹ Includes \$61,700,000 subscription to the International Development Association and \$72,100,000 for U.N. bonds.

Mr. MORSE. Mr. President, I wish to say a few words about the motion made by the Senator from Illinois [Mr. DIRKSEN], if I may have the attention of the Senator from Illinois. There is no question that the Senator from Illinois is within his parliamentary rights to move to lay the pending amendment or any other amendment on the table. It will be up to the proponents of the bill to decide whether they wish to support such a motion.

I think that will be the best way to assure further amendments being adopted during this debate, because this tactic really is one way to try to accomplish cloture in the Senate. A series of amendments to the bill are ready to be offered. We think they are needed amendments. We shall ask the Senate to work its will, and it will be for the Senate to decide in what form it wishes to work its will.

Mr. DIRKSEN. Mr. President, only a day or two ago, I was excoriated by the distinguished Senator from the Nutmeg State of Connecticut [Mr. DONN] for lack of leadership and failure to be a ball of fire as the leader of the opposition. I was excoriated for failure to help expedite the business of the Senate.

I mean to expedite the business of the Senate. I intend not only to offer a motion to table the amendment of the Senator from Oregon, but to offer similar motions with respect to other amendments, to get the bill off the Senate floor. Senators should be on notice as to what I propose to do. If I am to be a vehicle or instrumentality of expedition, I will certainly discharge that role as nobody else could do it. So let every Senator be on notice as to what is going to happen when the Senate reconvenes after Veterans' Day, next week.

Mr. MANSFIELD. Mr. President, I move—

Mr. MORSE. Mr. President, will the Senator withhold his motion briefly?

Mr. MANSFIELD. I withhold my motion.

Mr. MORSE. It is the right of the Senator from Illinois to make his motion. We are now beginning to draw a different line of division in the Senate. If this is to be a tactic that will be used to defeat the right of the minority—if we are a minority—to make a record in behalf of a point of view in the Senate, we are in for quite a contest between now and January 1. It will be most interesting to see what the legislative record of this body will be by January 1.

Mr. DIRKSEN. I accept the challenge. I did not know there was a second minority in this body. But if there is, I gladly concede the point. But I serve notice now as to what is going to happen when the Senate reconvenes.

ALLEVIATION OF SHORTAGE OF RAILWAY FREIGHT CARS

Mr. HRUSKA. Mr. President, this morning the Interstate Commerce Commission issued another car service order designed to alleviate the acute shortage of railway freight cars.

In the Midwest, and more particularly in Nebraska, the need for boxcars to move grain continues to be most serious. Shortages have increased during recent weeks. The average daily boxcar shortage in Nebraska was as follows:

Week ending October 12, 2,604.
Week ending October 19, 3,130.
Week ending October 26, 3,904.

Information coming to me indicates shortage of cars affects all carriers in all areas. The average daily shortage of boxcars for the past 3 weeks of October was as follows:

Week ending October 12, 12,158 cars.
Week ending October 19, 14,104 cars.
Week ending October 26, 17,114 cars.

Because grain men and farmers in my State do not have available sufficient

cars to move grain, ground storage has been resorted to. As a temporary expedient, it has been used before but it is not the way we should store our harvests. It is uneconomic; it is costly; it requires additional handling and it results in losses to all who must handle the product. In addition to that loss there is ever present the threat that bad weather holds for this type of storage. Contamination and deterioration takes dollars from our producers and businessmen.

At the present time there are two car service orders on boxcars outstanding, which will be canceled as soon as service order 947 becomes effective. A third order was canceled earlier this year after a crisis passed in the Midwestern States. Such action on the part of the Interstate Commerce Commission shows how closely they follow car service needs.

The Chairman, his fellow Commissioners, and their staff are to be highly commended for their attitude and for the manner in which they have shown outstanding leadership in trying to bring about an equitable distribution of cars and to handle these problems promptly.

The Chairman of the Interstate Commerce Commission, Hon. Laurence K. Walrath, has been struggling with this problem for a long time. His fellow Commissioners have been aware of the need for a more adequate fleet of boxcars. In past years they have submitted legislation time and again to the Congress.

Under the terms of S. 1063, an incentive would be provided for railroads to increase their ownership of cars. This bill has the support of the Interstate Commerce Commission. To me, and to many others this is the realistic approach to a solution of a constantly recurring problem which has become more acute over the years.

It is time to take constructive steps to find the long-term answer to these

constant shortages. The real answer is enactment of legislation which would authorize the Interstate Commerce Commission, in fixing the compensation to be paid for the use of freight cars to give consideration to the level of car ownership and additional factors which affect the adequacy of the national car supply.

The per diem charge today is \$2.88 for a boxcar. This rate provides no incentive for a railroad to own cars. Roads operating in my area provide more than their share of cars for the national fleet. Some railroads have been notoriously deficient in providing enough cars for the traffic which their railroad generates. So, of course, they rely on the generosity of other lines. Why should they invest their money when it is cheaper to pay \$2.88 per day in per diem charges? There is no incentive because the Commission has not been able to consider a fair return on investment—a profit—in setting per diem rates.

Presently the car fleet is losing 2,000 cars per month. Total ownership is way below World War II figures. In addition to this loss of cars, there is a substantial loss through failure to promptly repair cars. The number of bad order cars remains high and one wonders if some railroads are even trying to do their fair share of maintaining cars in their ownership.

The railroads of this country are not meeting the needs of our business and industrial shippers. Products of industry and of the farmer must either move to storage or to consumer markets. When there is an unwillingness to provide adequate facilities to do the job—shippers will, of necessity place orders for transportation with other modes.

S. 1063 is needed legislation which is in the national interest. Our Committee on Commerce under the able leadership of Senator WARREN MAGNUSON has already held comprehensive hearings on the bill. I hope that the committee will take action on the bill at an early date and that the legislation will be favorably reported to the Senate.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement made by Chairman Walrath on November 7; ICC Service Order No. 947; and a statement, under date of November 8, explaining provisions of that order.

There being no objection, the statements and service order were ordered to be printed in the RECORD, as follows:

ICC CHAIRMAN URGES GREATER COOPERATION BY RAILROADS, SHIPPERS, AND CONSIGNEES TO ALLEVIATE FREIGHT CAR SHORTAGE

Chairman Laurence K. Walrath of the Interstate Commerce Commission today called for a "fully coordinated effort" by railroads, shippers, and consignees to achieve maximum possible utilization of the Nation's rapidly dwindling supply of railroad freight cars to transport record shipments of soybeans, sorghum, corn, and other agricultural crops.

"With total ownership of freight cars by American railroads at the lowest point in this century, the Nation is experiencing the most serious freight car shortage in years," Chairman Walrath said. "At the turn of the century the railroads owned nearly 2 million freight cars. Today, the total ownership is approximately 1,527,000 cars—with nearly 8 percent in unserviceable condition."

Chairman Walrath noted that, "Despite the considerably greater carrying capacity of today's freight cars, the continuing decline in the number of serviceable cars since the end of World War II has resulted in a freight car fleet totally inadequate to meet even normal requirements, let alone the unprecedented heavy demands of the past 6 months."

"While some railroads are investing in specialized cars to meet the needs of particular shippers, the overall supply of plain boxcars is diminishing at the alarming rate of more than 2,000 cars per month. Many railroads are investing sizable sums in new boxcars and other general service cars, but the overall investment by the railroad industry falls far short of present requirements and estimated future needs."

The Chairman observed that, at present, nearly 13 million bushels of grain awaiting shipment is piled high outside at least 325 elevators now filled to capacity. In some cases, only a prolonged drought has prevented weather damage to this valuable crop.

To handle the accumulation, railroads have pressed into service many types of substitute equipment. Hopper cars are being used to load grain. Refrigerators cars are being loaded with cotton bales. Even boxcars without doors, awaiting repairs, are being assigned for cotton loading and other uses.

"The soybean, sorghum, and corn harvest is practically completed, but millions of bushels of these crops are in elevators and still await shipment to ports and terminals," the Chairman pointed out. "Furthermore, rice, cotton, tobacco, and lumber interests already are requesting more cars than many carriers have available. Recent information received from the U.S. Department of Agriculture indicates that the Commodity Credit Corporation expects to transport between 900 million and 1 billion bushels of grain during the next months. This does not include possible traffic demands stemming from negotiations for the sale of wheat to Russia."

"To alleviate the presently aggravated shortage of boxcars, the Commission issued Service Orders 939 and 945, restricting the loading of certain types and ownerships of boxcars. Both orders are intended to insure prompt return of boxcars to owning lines in areas where a critical need exists."

"Our car service agents have been working closely with the railroads to help locate and speed the return of available boxcars to their owners. Most carriers have cooperated in this effort but violations of these orders still are prevalent. To date 14 railroads have been prosecuted for failure to comply with the provisions of Order No. 939. Additional complaints are being investigated. As immediate measures, the Commission has periodically directed the Association of American Railroads to issue embargo orders to relieve congestion of unloaded cars arriving at certain terminal and port areas."

"However, the Commission's enforcement powers are inadequate to assure the fully-coordinated effort necessary to cope with this monumental shipping crisis. The shortage can be alleviated to a significant degree by shippers loading cars as rapidly as possible and ordering no more cars than they presently need. Also, the full cooperation of consignees is vital in expeditious handling of cars arriving in greater numbers than usual. Carrier cooperation is imperative in delivering cars promptly to shippers, and loading cars in a conscientious manner for direct return to owning lines."

"Only all-around cooperation can provide the degree of car utilization necessary to best serve the interests of all involved in getting the Nation's crops to market—while they still are marketable. As I have made quite plain in testimony before congressional committees, entry of service orders by the Commission cannot fully meet the situation when there is an overall inadequacy of cars to meet the needs of critical areas."

SERVICE ORDER NO. 947—RAILROAD OPERATING REGULATIONS FOR FREIGHT CAR MOVEMENT

At a session of the Interstate Commerce Commission, Division 3, held at its office in Washington, D.C., on the 7th day of November, A.D. 1963.

It appearing, that an acute shortage of freight cars exists in all sections of the country; that cars loaded and empty are unduly delayed in terminals and in placement at, or removal from industries; that present rules, regulations, and practices with respect to the use, supply, control, movement, distribution, exchange, interchange, and return of freight cars are insufficient to promote the most efficient utilization of cars; it is the opinion of the Commission that an emergency exists requiring immediate action to promote car service in the interest of the public and the commerce of the people. Accordingly, the Commission finds that notice and public procedure are impracticable and contrary to the public interest, and that good cause exists for making this order effective upon less than 30 days' notice.

It is ordered, That:

SECTION 05.947 RAILROAD OPERATING REGULATIONS FOR FREIGHT CAR MOVEMENT

(a) Each common carrier by railroad subject to the Interstate Commerce Act shall observe, enforce, and obey the following rules, regulations, and practices with respect to its car service:

(1) Placing of cars

(a) Loaded cars, which after placement will be governed by demurrage rules applicable to detention of cars awaiting unloading, shall be actually or constructively placed within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following arrival at destination.

(b) Actual placement means placing of car on consignee's tracks, or when for public delivery, placement on carrier's tracks accompanied by proper notice.

(c) When delivery of a car, either empty or loaded, consigned or ordered to an industrial interchange track or to other-than-a-public-delivery track cannot be made on account of any condition attributable to the consignee, such car will be held at destination or, if it cannot reasonably be accommodated there, at an available hold point and constructive placement notice shall be sent or given the consignee in writing within 24 hours, exclusive of Saturdays, Sundays, and holidays, after arrival of car at hold point.

(d) Loaded cars held at billed destination for accessorial terminal services described in the applicable tariffs, such as holding for orders or inspection, shall be placed on carrier's or consignee's unloading or inspection tracks, within 24 hours, exclusive of Saturdays, Sundays, and holidays, after arrival at billed destination. On cars set off and held short of billed destination, a written notice shall be sent or given to consignee within 24 hours following the first 7 a.m. after arrival at hold point.

(2) Removal of cars

(a) Empty cars must be removed from point of unloading or interchange tracks of industrial plants within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following unloading or release by consignee or shipper, unless such cars unloaded are ordered or appropriated by the shipper for reloading within such a 24-hour period. Empty cars not required for loading at point where made empty must be forwarded in line-haul service within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following removal of empty car.

(b) Outbound loaded freight cars must be removed from point of loading or interchange tracks of industrial plants within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following tender and

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

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For actions of Nov. 12, 1963
88th-1st: No. 182

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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Mundt criticized report that U.S. underwriting credit risk on sale of corn to Hungary. Sen. McGovern urged expansion of trade with Soviet bloc in nonstrategic items. Sen. Humphrey commended international symposium on European-American agricultural trade relations. Rep. Quie urged enactment of wilderness preservation bill. Rep. Findley charged administration "backpedaling" on policies re sale of grains to Communist countries. Sen. Boggs introduced and discussed bill to establish Commission on National Agricultural Policy.

SENATE

1. **FOREIGN AID.** Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 20473-5, 20483-500, 20501-12, 20514-33). Agreed to an amendment by Sen. Church to define economically developed nations to which no further aid will be granted except to fulfill commitments made prior to July 1, 1963 (p. 20503). By a vote of 20 to 60, rejected an amendment by Sen. Miller to prohibit aid under this act, or any other act, to any nation which is more than one year in arrears in its dues to the United Nations (pp. 20518-26). Sens. Morse and Gruening submitted amendments intended to be proposed to this bill (pp. 20532-3).
2. **FOREIGN TRADE.** Sen. Mundt expressed amazement on a report "that the U. S. Government, through the medium of the Export-Import Bank, will underwrite the credit risk involved in the recent sale of corn to Communist Hungary." pp. 20496-500

Sen. McGovern stated his belief that "we ought to expand our trade with the Soviet bloc as fast as we can in nonstrategic items. p. 20475

Sen. Humphrey commended the international symposium on the subject of European-American trade relations, including food and agricultural trade relations, and inserted Secretary Freeman's letter to him discussing the symposium and inviting him to be a participant. pp. 20479-83

3. FORESTRY, SOIL CONSERVATION. Sen. McGee inserted and commended two articles describing the work being done under the accelerated public works program in the Big Horn National Forest to improve recreation facilities and the work done by the Soil Conservation Service to help Wyoming farmers and ranchers improve their land. pp. 20476-7
4. PERSONNEL; PAY. Sen. Young (O.) expressed opposition to any substantial raises in Federal salary levels and stated he could not in good conscience support "the proposed pay raise in its present form." pp. 20500-1
5. HIGHWAYS. Agreed to a request by Sen. Fulbright that the Senate reconsider the action Nov. 8 agreeing to S. Res. 217, to authorize a study of a national system of scenic highways, and that the measure be referred to the Committee on Rules and Administration for further consideration. p. 20469
6. COTTON ALLOTMENTS; ESTES INVESTIGATION. The "Daily Digest" states that the "Permanent Subcommittee on Investigations held executive hearings to question Billie Sol Estes in connection with his financial activities...Mr. Estes refused on grounds of possible self-incrimination (fifth amendment) to answer questions of the subcommittee." p. D886
7. PRICES. Sen. Proxmire defended the proposed quality stabilization bill against recent criticism, stating that the bill would not fix prices and would require price competition as a condition for a manufacturer to have the power to establish his retail price. pp. 20472-3
8. CONGRESSIONAL ACCOMPLISHMENTS. Sen. Aiken, and others, commended the leadership of the Congress and legislative accomplishments during this session. pp. 20470-2

HOUSE

9. GRAINS; FOREIGN TRADE. Rep. Findley charged the administration with "back-pedaling on policies for selling grain to the Communist bloc countries" and referred to several announcements by the Commerce Department concerning terms for shipment of such grains. pp. 20540-1
10. WILDERNESS. Rep. Quie urged enactment of Rep. Saylor's bill to provide for wilderness preservation which would "guarantee us and future generations the resource of unmarred wilderness areas." pp. 20543-4
11. APPROPRIATIONS. Received the Conference report on H. R. 6868, the Legislative Branch appropriation bill for 1964, which includes items for the Botanic Garden, the Library of Congress and the Government Printing Office (H. Rept. 896). pp. 20536-7

the letter was an appeal for a huge fund to "prevent passage of the Quality Stabilization Act," which the letter writer indicated was certain to pass—if it came to a vote of the House and Senate.

According to the letter, the purpose of the committee is to "educate the public" and point out to Congress the "evils" of price maintenance privileges which the act would grant manufacturers of name brand products, who are now witnessing the complete destruction of their reputations and distribution systems—built up at a cost of billions of dollars.

A high priced public relations agency was named in the letter as the directing force behind the proposed campaign, and prospective donors were asked for amounts ranging from "\$100 to \$6,000" to insure its success.

We cannot predict what all the agency will say to the misguided, bargain-crazed, bait-chasing, stamp-licking consumer, but we do know that opponents of the Quality Stabilization Act have learned how to get newspaper editors, radio and TV commentators to propagandize their lies, and they aren't going to say that nearly 200 business organizations and labor and farm leaders, have endorsed the Quality Stabilization Act.

Last month, Senator THURSTON MORTON, Kentucky, complained about the high pressure tactics of the discounters and their followers, and in a vigorous defense of the Quality Stabilization Act he related how one big chain had brought near disaster to Ballard & Ballard Corp., which his family once owned.

At the same time, Senator HUBERT HUMPHREY, Minnesota, called the Quality Stabilization Act "must legislation" for this session of Congress, and he was supported by such outstanding adherents of fair practices as Senators LAUSCHE, PROXMIER, SCOTT, McCARTHY, and others too numerous to mention.

The discounters, and other bootleggers of name brand products as consistent loss-leaders, are presently engulfed with fear, for they realize that sentiment in the House is also favorable toward an end to deceptive practices. They know, too, that an increasing number of editors, labor and farm leaders are coming to realize that advertising money, fair returns for farm products and union dues, cannot come out of bankrupt businesses and profitless sales, and it is this growing realization that the Committee for Competitive Prices fears the most.

In weighing both sides of the argument for price maintenance, it might be well to consider that religious organizations are alarmed over the moral breakdown taking place in the American marketplace, and are issuing statements to the effect that economic institutions must "serve the whole man, body, and spirit" and must seek to influence "honorable practices and policies."

Justice Oliver Wendell Holmes once said that "no court can allow these knaves to disrupt the marketplace." The great Justice Brandeis called bait-merchandising of known brands the "certain road to monopoly, and the undoing of the consumer by his own hand." It would seem that in this day when all the world is dependent upon the well-being of the only free enterprise nation in existence, that such words would carry more weight than those of the Committee for Competitive Prices.

VIEWS ON FOREIGN AID

Mr. McGOVERN. Mr. President, in a column for the November 8 issue of the Washington Star, Mr. Joseph Kraft contends that I helped provide the 2-vote margin which carried Senate amendment No. 303 to reduce the foreign aid bill.

Mr. Kraft, of course, did not intentionally misstate the facts, since he is a competent and thoughtful journalist. But we all make errors, and in this case, he very plainly erred. The fact is that I voted "no" rather than "aye" on Senate amendment No. 303. My vote against this amendment to reduce the Mansfield-Dirksen compromise is clearly recorded on page 20043 in the CONGRESSIONAL RECORD dated November 5, 1963.

I have always believed in a strong foreign aid program. My travel and experience as director of President Kennedy's food for peace office further convinced me of its necessity. The American people cannot grow economically, politically, or spiritually if we turn our backs on the sea of human misery which surrounds our prosperous island.

Nor is there any evidence that the American public wants Congress to stop foreign aid. Quite the contrary, public opinion polls demonstrate that foreign aid is strongly approved by an overwhelming majority of the people of the United States.

But this is not to say that the foreign aid bill or the foreign aid administration is beyond criticism.

I personally believe that much of our military foreign aid distorts and weakens the overall aid program. The burden of proof ought to be on those who advocate building up expensive military establishments in poverty stricken countries. Such countries should use their energy, resources, and outside assistance to strengthen the economy, the education, the health, and the food production of their people. These are the best safeguards against subversion and violence.

Military hardware and the officer caste we create abroad have often been used not to advance constructive purposes, but to dissipate valuable resources and to suppress needed reforms. In some instances such as the Dominican Republic, they have destroyed the very governments we are trying to bolster.

If we fear a Communist attack on an underdeveloped country whose security is related to ours, let us frankly recognize that it is U.S. military power that is the real defense.

I do not believe that Moscow is impressed by military systems which rest on foundations of poverty, illiteracy, hunger, and disease. The military deterrent to Soviet power is not in the underdeveloped world, but in U.S. strategic airpower, naval units, and mobile land forces.

The seedbed of communism is human misery. Consequently, the real bulwark against subversion in the underdeveloped world is rising standards of living, with improved education, health, agriculture, and resource development. These ought to be the objectives of U.S. aid.

I voted to recommit the foreign aid bill to the Senate Committee on Foreign Relations for two reasons:

First. Because the temper of the Senate made it clear that cuts were going to be made, and I felt those cuts would be made most carefully in the committee room. Senator FULBRIGHT is, in my judgment, the ablest chairman ever to serve the Foreign Relations Committee.

He and his colleagues on the committee comprise some of the most brilliant men in the history of the Senate. The recommitment effort may not have been wise, but I supported it, not to demonstrate opposition to foreign aid, but to secure the wisest possible modification of the bill.

Second. I hoped that recommitment of the bill might produce a sharp cut in military aid funds while protecting if not increasing the economic aid portion.

Those of us who look with skeptical eyes on shipping arms into such areas as Latin America and Asia can be grateful for the Mansfield-Dirksen-Fulbright amendment as modified by the amendment of the Senator from Minnesota [Mr. HUMPHREY], the Senator from Massachusetts [Mr. KENNEDY], and myself. That modified amendment was aimed largely at reducing military aid. It may strengthen the overall aid program.

On August 2 and again on September 24, I said on the floor of the Senate that military aid could and should be cut by half a billion dollars. We have largely accomplished that objective in this year's aid bill.

I only regret that the Senate did not extend the searching analysis to the military appropriations bill of more than \$47 billion that it is now giving to a foreign aid bill of \$4 billion, one-twelfth as large.

It is strange that this body, with its reputation for deliberation, should approve virtually without debate a gigantic arms appropriations comprising half of the entire Federal budget. That enormous expenditure slid through the Senate by a unanimous vote in one short afternoon.

A few of us made a lonely effort to effect modest reductions in arms spending or at the least to raise a few basic questions. But the Senate quickly voted down an amendment offered by Senator SALTONSTALL to reduce by 1 percent the \$15 billion we are now spending for military procurement. My amendment to reduce military spending by 10 percent drew only two votes and two pairs.

Several months earlier the Senate extended for another 4 years the military draft which hangs over the head of every American boy. We took that step without a word of debate or even a rollcall vote.

Yet, after 2 weeks of intensive debate, we are still vigorously contesting and cutting and restricting a foreign aid bill one-twelfth the size of the arms budget.

Does all of this mean that the judgments of the Pentagon and the Armed Services Committee are considered beyond question, whereas the State Department, AID, and the Foreign Relations Committee are unreliable wastrels? Our foreign aid program needs to be exposed to searching criticism and reexamination, but is not the same analysis due in the field of national defense?

I frankly cannot understand Senators voting without apparent concern for over \$47 billion in one military appropriations bill and then going through weeks of tortuous debate on a \$4 billion foreign as-

sistance program which seeks to promote the well-being of mankind.

Neither do I find it easy to comprehend the apparent effort made by some during the foreign aid debate to harden the lines of the cold war.

We must be vigilant, of course, but we should also be imaginative and flexible enough to capitalize on opportunities for relaxing cold war tensions and building more peaceful relations between East and West.

It is shortsighted and dangerous for us to pretend that every nation behind the Iron Curtain is hopelessly and totally committed to aggression or even to the international Communist conspiracy. It is dangerous and I believe false to assume that our ideological differences with the Communists mean that we must not trade with them, or negotiate, or cooperate in any fashion.

We ought to seize every reasonable opportunity to encourage the forces of peace and moderation in the Soviet bloc. The partial nuclear test ban was a step in that direction. The proposed wheat sales to Russia is a second step. Our food for peace, Public Law 480 agreements with Poland and Yugoslavia have been invaluable to us and to the millions of friendly people who live under the Communist regimes of these two countries. Millions of children in Poland and Yugoslavia have been fed American milk and bread through the services of CARE, Luthern World Relief, the Jewish Joint Distribution Committee, and Church World Service.

Public Law 480 currency is helping to build a great hospital in Poland that will continue the long friendship between the people of our two countries.

Our present trade relations with Poland and Yugoslavia are modest, but they help keep open the windows of Eastern Europe to the West.

American travelers, books, newspapers, and broadcasts enter more freely into Poland and Yugoslavia and this, again, is in the interest of peace and freedom.

Mr. Khrushchev thinks he can bury us in the competition ahead. I see no reason to fear that competition, so long as we can avoid war and confine our rivalry to ideological, economic, and scientific areas.

I personally hope that the day will come when Russia and the United States will be able to cooperate on a broad scale, not only in outer space, but here on earth. I would like to see the Soviet Union and the West cooperate in providing joint assistance to countries in need. I do not see foreign aid so much as a weapon of the cold war as a tool for improving life on this planet, where both Communists and non-Communists will live or die.

It is true that a few of us made a rather lonely effort to effect a modest reduction in arms spending, or at least to raise a few basic questions about it, but the Senate quickly voted down amendments to reduce that enormous budget even to a modest degree.

President Kennedy has again eloquently stated the case for international cooperation, including assistance to those in need. Speaking to the Protes-

tant Council in New York City on Friday, November 8, the President said:

If the family of man cannot achieve greater unity and harmony, the very planet which serves as its home may find its future in peril.

Mr. Kennedy said further:

Dignity and liberty—these are the foundations of the foreign aid program. For the dignity and liberty of all freemen is essential to our own. And to weaken or water down the pending program, to confuse and confine its flexibility with rigid restrictions and rejections will not only harm our economy, it will hamper our security.

Mr. President, I ask unanimous consent to have printed in the RECORD this challenging address by President Kennedy.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

TEXT OF THE PRESIDENT'S ADDRESS ON FOREIGN AID BEFORE PROTESTANT COUNCIL HERE

I am deeply moved by this award and by the generous spirit of New York City's Protestant leaders in selecting a member of another faith to receive it. I am also moved by our effort to mobilize this same spirit of idealism and interfaith cooperation in the form of a new community-service organization—the Society for the Family of Man. By aiding the homeless and the jobless, by caring for the very young and the very old, by counseling those in need of help or hope, this society can strengthen the family of man throughout the New York community.

But just as the family of man is not limited to a single race or religion, neither can it be limited to a single city or country. The family of man is more than 3 billion strong. It lives in more than 100 nations. Most of its members are not white. Most of them are not Christians. Most of them know nothing about free enterprise or due process or the Australian ballot.

If this society is to promote the family of man, let us examine the magnitude of your task. That is a sobering assignment. For the family of man in the world of today is not faring well.

FINDS NOTE OF CAUTION

The members of a family should be at peace with one another. But they are not. And the hostilities are not confined to the great powers of East and West. On the contrary, the United States and the Soviet Union, each fully aware of their mutually destructive powers and worldwide obligations, have sought to introduce a greater note of caution in their approach to areas of conflict.

Yet lasting peace between East and West would not bring peace to the family of man. Within the last month the world has witnessed active or threatened hostilities in a dozen or more disputes independent of the struggle between communism and free choice—disputes between Africans and Europeans in Angola, between north African neighbors in the Maghreb, between two Arab States over Yemen, between India and Pakistan, between Indonesia and Malaysia, Cambodia and Vietnam, Ethiopia, and Somalia, and a long list of others.

In each of these cases of conflict, neither party can afford to divert to these needless hostilities the precious resources their people require. In almost every case, the parties to these disputes have more in common ethnically and ideologically than do the Soviet Union and the United States—yet they often seem less able and even less willing to get together on negotiations.

In this effort none of us can remain uninvolved. Outside intervention and threats worldwide escalation—yet the major

powers are hard put to limit events in these areas.

A TASK FOR ALL NATIONS

As I said to the members of the U.N. even little wars are dangerous in this nuclear world. The long labor of peace is an undertaking for every nation, large and small, for every member of the family of man.

"In this effort none of us can remain uninvolved. To this goal none can be uncommitted."

If the family of man cannot achieve greater unity and harmony, the very planet which serves as its home may find its future in peril.

But there are other troubles besetting the human family. Many of its members live in poverty and despair. More than 1 out of 3 according to the FAO, suffers from malnutrition or undernutrition or both—while more than 1 out of 10 lives "below the bread line."

Two out of every five adults on this planet, according to UNESCO, are illiterate. One out of eight suffers from trachoma or lives in an area where malaria is still a clear and present danger.

Ten million—nearly as many men, women, and children as inhabit this city and Los Angeles combined—still suffer from leprosy; and countless others suffer from yaws or tuberculosis or intestinal parasites.

For the blessings of life have not been distributed evenly among all the children of man's family. Life expectancy in this most fortunate of nations has reached the Biblical three score years and ten; but in the less developed nations of Africa, Asia, and Latin America, the overwhelming majority of infants cannot expect to live even two score years and five.

In those vast continents more than half the children of primary school age are not in school. More than half the families live in substandard dwellings. More than half the people live on less than \$100 a year. Two out of three adults are illiterate.

The family of man can survive differences of race and religion. Contrary to the assertions of Mr. Khrushchev, it can accept differences of ideology, politics, and economics. But it cannot survive, in the form in which we know it, a nuclear war—and neither can it long endure this growing gulf between the rich and the poor.

The rich must help the poor. The industrialized nations must help the developing nations. And the United States, along with its major allies, must do better—not worse—by its foreign aid program.

Too often we advance the need of foreign aid only in terms of our own economic self-interest. To be sure, foreign aid is in our economic self-interest. It provides jobs for more than half a million workers located in every State. It finances a rising share of our exports and builds new and growing export markets.

It generates the purchase of military and civilian equipment by other governments in this country. It makes possible the stationing of 3.5 million allied troops along the Communist periphery at a price one-tenth that of maintaining a comparable number of American soldiers. And it helps to stave off the kind of chaos or Communist takeover or Communist attack that would surely demand our critical and costly attention. The Korean conflict alone, for example, cost four times as much as our total worldwide aid budget for the current year.

But foreign aid is not advanced only out of American economic self-interest. The gulf between rich and poor which divides the family of man is an invitation to agitators, aggressors, and subversives. It encourages the ambitions of those whose desire to dominate the world threatens the peace and freedom of us all. "Never has there been any question in my mind," President Eisenhower

recently said, "as to the necessity of a program of economic and military aid to keep the free nations of the world from being overrun by the Communists. It is that simple."

This is not a partisan matter. For 17 years through three administrations, this program has been supported by the Presidents and leaders of both parties. It is being supported today in the Congress by those on both sides of the aisle who recognize the urgency of this program in the achievement of peace and freedom.

Yet there are still those who are unable or unwilling to accept these simple facts—who find it politically convenient to denounce foreign aid with one breath and the Communist menace with another.

I do not say there have been no mistakes in aid administration. I do not say it has purchased for us lasting popularity or servile satellites. I do not say that it is one essential instrument in the creation of a better, more peaceful world. I do say that it has substituted strength for weakness all over the globe, encouraging nations struggling to be free to stand on their own two feet.

DIFFICULT TO MEASURE

To those who say foreign aid is a failure, how can we measure its success—by the economic viability of 14 nations in Western Europe, Japan, Spain, and Lebanon, where our economic aid, having completed its task, has ended—by the refusal of a single one of the more than 50 new members of the United Nations to go the Communist route—by the reduction of malaria in India, for example, from 75 million cases to less than 2,000, in the course of less than a decade—by the 18,000 classrooms and 4 million textbooks bringing the light of learning to Latin America under the infant Alliance for Progress?

Nearly 2 years ago my wife and I visited Bogotá Colombia, where a vast Alliance for Progress housing project was just getting underway. Earlier this year I received a letter from the first resident of this 1,200-new-home development.

"Now," he wrote, "we have dignity and liberty."

Dignity and liberty—these words are the foundation of the foreign aid program. For the dignity and liberty of all freemen is essential to our own. And to weaken and water down the pending program, to confuse and confine its flexibility with rigid restrictions and rejections, will not only harm our economy, it will hamper our security.

It will waste our present investment. And it will, above all, forfeit our obligations to our fellow man—obligations that stem from our wealth and strength, from our devotion to freedom and from our membership in the family of man.

SAYS UNITED STATES CAN AFFORD IT

I think we can meet those obligations. I think we can afford to fulfill our commitments around the world when 90 percent of them are used for the purchase of our own goods and services—including, for example, one-third of this Nation's total fertilizer exports, one-fourth of our iron and steel mill exports and one-third of our locomotive exports.

A cut of \$1 billion in our total foreign aid program may save \$100 million in our balance of payments—but it costs us \$900 million in exports.

I think the American people are willing to shoulder this burden. Contrary to repeated warnings, in the 17 years since the Marshall plan began, I have never heard of a single politician who lost his office by supporting foreign aid. And the burden is less now than ever.

RATIO OF BUDGET LOSS

Despite the fact that this year's aid request is about \$1 billion less than the average

request of the last 15 years, many Members of Congress today complain that 4 percent of our budget is too much to devote to foreign aid—yet in 1951 that program amounted to nearly 20 percent of our budget.

They refuse today to vote more than \$4 billion to this effort—yet in 1951 they voted some \$8 billion in aid. They are fearful today of the effects of sending to other peoples seven-tenths of 1 percent of our gross national output—but in 1951 we devoted nearly four times that proportion to this purpose.

The Congress has already reduced this year's aid budget \$600 million below the amount recommended by one of its most distinguished committees. Is this Nation stating that it cannot afford an additional \$600 million to help the developing nations of the world become strong and free—an amount less than this country's annual outlay for lipstick, face cream and chewing gum?

NOTES SOVIET AID TO CUBA

Are we saying that we cannot help our 19 needy neighbors in Latin America with a greater effort than the Communist bloc is making in the single island of Cuba?

Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?

Surely the Americans of the 1960's can do half as well as the Americans of the 1950's. Surely we are not going to throw away our hopes and means for peaceful progress in an outburst of petty irritation and frustration.

My fellow Americans: Let us be guided by our interests, not our indignation. Let us heed the words of Paul the Apostle to the Galatians:

"Let us not be weary in well doing," he wrote, "for in due season we shall reap, if we faint not."

And let the word go forth—to all who are concerned about the future of the human family—that we will not be weary in well doing and we will faint not; and we shall, in due season, reap a harvest of peace and security for all members of the family of man.

U.S. FOREIGN POLICY SHOULD NOT BE DICTATED FROM BONN

Mr. McGOVERN. I was shocked by former Chancellor Adenauer's recommendation this past weekend that the United States should try to "starve" the Russian people into submission by withholding our grain. Mr. Adenauer has done nothing to prevent his German businessmen from turning our wheat into flour and selling it to the Russians at a neat profit. But he wants us to tell our farmers and merchants that Russian markets are off limits. He also wants us to maintain five American divisions in Germany to feed the German economy and bolster his security. But he shows little concern over the drain on our gold and the cost to the American taxpayer or the sacrifice of our soldiers and their families.

While doing millions of dollars worth of business with the Soviet bloc, he tells us not to sell them a bushel of our wheat unless they tear down the wall and submit to the West.

I think the American people resent this effort to dictate our foreign policy from Bonn. I think we can justifiably tell Mr. Adenauer that we will decide our own

trade policy with the Soviets and that we have no intention of leaving our troops in Germany indefinitely.

American troops were sent to Germany until Western Europe had sufficiently recovered from World War II to establish its own defense. That time has arrived and we ought to begin pulling our soldiers out of Europe now.

Furthermore, we ought to expand our trade with the Soviet bloc as fast as we can in nonstrategic items.

It is far more important for us to end the drain on our gold, expand our trade, and ease the costly tensions of the cold war than for us to keep Chancellor Adenauer smiling.

ATTEMPTS TO TURN POST OFFICE DEPARTMENT INTO POLITICAL MACHINE FOR BENEFIT OF KENNEDY ADMINISTRATION

Mr. WILLIAMS of Delaware. Mr. President, in two recent articles written by Mr. Joseph Young, and appearing in the Washington Evening Star, our attention is called to the dangerous situation wherein an attempt is being made to turn the Post Office Department into a political machine to be operated for the benefit of the Kennedy administration.

In the first article, Mr. Young cites the action of Postmaster General Gronouski in calling on the postal employee unions to take an active interest in national political issues. In this article it is stated that the Postmaster General today is asking the postal employees to actively support the administration's current legislative battles on civil rights, Federal tax cuts, and so forth.

Such political activities would definitely be a violation of the law.

In the second article, appearing in the Washington Evening Star, of November 5, Mr. Young calls attention to the manner in which the Kennedy administration made certain promotions in the Dallas Post Office, although the promotions were so obviously politically motivated that when questions were asked, the Department resented that action.

I respectfully suggest that the Postmaster General and other administration officials read the Hatch Act before making any more such decisions.

I ask unanimous consent that the articles—the first one is entitled "Gronouski's Political Activity Advice Stirs Postal Unions," and the second is entitled "Rescinded Dallas Promotions Linked to White House, Justice"—be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Star]

GRONOUSKI'S POLITICAL ACTIVITY ADVICE STIRS POSTAL UNIONS

(By Joseph Young)

Postmaster General John Gronouski wants the powerful postal employee unions to "take an active interest" in national political issues.

Mr. Gronouski said that it is "equally important" for postal employee unions to take active part in "national political and economic" issues as it is for them to look after

the welfare of their members and in fostering the efficiency of the postal service.

Specifically, Mr. Gronouski, who came here from Wisconsin with a reputation as a skilled politician, urges the unions to take an active part in the current legislative battles on civil rights and Federal tax cuts.

Mr. Gronouski called for support for the Kennedy administration's civil rights bill and its bill to reduce Federal income taxes. He said the tax cut bill should be enacted without any requirement that it be accompanied by drastic limitations in spending, as advocated by opponents of the bill in its present form.

The Postmaster General declared that postal employees are directly involved, "as citizens" in the legislative battles now going on over tax cuts and civil rights, since failure to enact them would be a blow to this country's economic and social progress.

Mr. Gronouski's statement made in a speech before the National Alliance of Postal Employees, has caused a considerable stir among postal employee union leaders. Postal unions are strongly organized, representing an estimated 95 percent of the 570,000 postal workers.

While some of the unions have contributed to political campaigns of their key friends in Congress, they have shied away from taking direct action on political and legislative issues before Congress which do not directly affect the benefits and working conditions of postal and Government employees.

Mr. Gronouski feels that outside of the right to strike, which is forbidden to postal and Government employee unions, "the role of a union of Government employees is identical to any other union" and consequently they can join other unions in fighting for general political and economic legislation not directly linked to their own particular benefits and service.

Some employee leaders are a little uneasy as to what to do. They are aware that some opponents of President Kennedy's executive order, which gave postal and Government employee unions official bargaining rights and the dues checkoff system, assert that the vast army of postal and Federal employees are being banded by the administration into one huge political organization.

Employee leaders deny this. But they want to avoid anything that would give further rise to this type of criticism and cause any disruption or curtailment of the President's labor-management program.

[From the Washington (D.C.) Star, Nov. 5, 1963]

RESCINDED DALLAS PROMOTIONS LINKED TO WHITE HOUSE, JUSTICE

(By Joseph Young)

White House and Justice Department intervention led the Post Office Department to rescind the controversial promotions of three Negroes to supervisory jobs in the Dallas post office, according to reports reaching Capitol Hill. The Negroes had been promoted over 53 white employees ahead of them on the promotion register.

The House Civil Service Manpower Subcommittee has called Post Office Department officials to testify before it tomorrow and explain the department's about-face on the issue.

Giving credence to the reports that the Kennedy administration ordered the rescinding of the promotions is the fact that Post Office officials had previously strongly defended their action in making the promotions.

New Postmaster General Gronouski, at his first press conference, was emphatic in defending the action which occurred under his predecessor, J. Edward Day. Also strongly defending the action was Assistant Postmaster General for Personnel Richard Mur-

phy and Civil Service Commission Chairman John Macy.

Then, suddenly last week, the Post Office Department announced the promotions were being rescinded because of possible procedural defects.

Some high sources have disclosed that the White House and Justice Department asked that the promotions be rescinded because of the widespread adverse publicity in the case and the feeling that it would hurt the Democratic Party politically.

According to these reports, the feeling was that the publicity about discrimination in reverse—promoting and appointing Negroes ahead of better qualified white employees—could hurt the Democrats in next year's elections not only in the South but in the North as well.

Also, Justice Department officials were reported concerned over the suit brought by 10 of the white employees bypassed in the promotions. They reportedly felt that the employees had a good chance of winning their case in Federal court and that this, too, could be disastrous for the administration.

Asked about these reports, Post Office Department officials insisted that the Department was the one which decided to rescind the promotions. They would not discuss what part the Justice Department headed by Attorney General Kennedy, played in the matter.

Another top administration official, asked about the report that the White House and Justice Department ordered the rescinding of the promotions, acknowledged, "talks on the situation were held at all levels."

THE OREGON TRAIL

Mr. McGEE. Mr. President, one of the great epics of mankind is certainly the westward movement of the pioneers in the United States during the 19th century. This history of this movement is, of course, well known to every school boy and one of the real enchantments of the State of Wyoming is the evidence that remains there of this great migration.

Recently the Kemmerer (Wyo.) Gazette carried an interesting article on the plan to mark the route of the old Oregon Trail through the Bridger National Forest with suitable permanent monuments and signs. This is a most worthwhile project and one that should contribute in the years to come to a better understanding of the great migration that settled a Nation and made it among the world's great.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LANDER CUTOFF THROUGH BRIDGER FOREST—FOREST SERVICE TO MARK OREGON TRAIL

You can still see the deep, wagon-wheel ruts of the old Oregon Trail in many places in Bridger National Forest.

But each year, a little bit more of the old trail is obliterated by the wind, the rain, and the building of new roads near the trail.

Now the U.S. Forest Service is taking steps to mark the exact route of the Oregon Trail in Bridger National Forest so that it may always be accurately identified.

The Forest Service will install concrete posts along the trail.

The posts and signs are being constructed at the Forest Service warehouse in Kemmerer with money allocated to Bridger National Forest under the accelerated public works program.

In addition to the concrete posts at quarter-mile intervals over the countryside, informational signs will be located at road crossings, major trail crossings, and other locations where such signs would be of interest to the public.

The historical significance of the trail is this:

In 1856, due to the increasing need for a shorter route to Oregon and California, the U.S. Congress appropriated funds to construct the first Federal military road west of the Mississippi River.

Surveyed and constructed in 1857-58 under the direction of Col. Frederick W. Lander, an engineer for the Topographic Corps of the Interior Department, this portion of the trail extended from South Pass, Wyo., to City Rocks, Idaho.

It was then known as the Fort Kearney-South Pass-Honey Lake Wagon Road.

The Lander Cutoff Trail not only provided a shorter route to Oregon and California, but it also avoided the drier and more hazardous route over the Sublette Trail.

Approximately 13,000 emigrants passed over this route in 1859. In addition to western-moving emigrants, large trail bands of sheep and herds of cattle were moved to eastern markets over the trail during the period between 1870 and 1890. Emigrant use of the trail continued as late as 1912.

Portions of the original trail locations are now obliterated by the Middle Fork-South Piney Creek Road and the Greys River-La Barge Creek Road. In some areas, the trail lies immediately adjacent to those roads. In other areas, it lies as much as 1½ to 2 miles from the road. In most areas where the trail has not been obliterated by roads, it is readily identifiable by wagon-wheel ruts.

Six pioneer graves have been located and marked along the trail to date. Other graves are undoubtedly located along the route and will be identified and marked. In several locations, there are carvings on Aspen trees and rocks dating back to the mid and late 1800's.

The site of Fort Piney lies immediately adjacent to the Lander Cut-Off of the Oregon Trail in Snider Basin on State land. The fort, which consisted of a large log building, corrals, and a blacksmith shop, was constructed in 1857 by Mr. B. F. Burch and managed by a Mr. James Snider.

From 1858 to 1900 Fort Piney was a favorite resting area for the emigrant trains using the trail. In 1861 a theatrical group presented a show at Fort Piney which, to our knowledge, was the first such performance given in what is now the State of Wyoming.

The trail will be permanently marked and posted. Two types of metal markers will be used—4-inch lightweight metal markers to be nailed to posts or information signs and 4-inch bronze markers to be set in concrete (pumice) posts or monuments.

RECREATIONAL AREAS—SOIL CONSERVATION

Mr. McGEE. Mr. President, there are many people in this Nation who see nothing amiss in the practice of condemning the Federal Government on one hand and accepting the assistance of that Government in the improvement of their daily lives on the other. In many cases the public is not adequately informed as to the many valuable services they receive for their tax dollar.

Mr. President, recently the Wyoming press carried two articles which helped to explain just what we are getting for our money in the realm of Federal services. One article, in the Buffalo, Wyo., Bulletin describes the work being done

posium. Your address would be scheduled for 2 p.m. on Monday, November 11. This session will be devoted to a discussion of the importance of international trade to the future of the Atlantic Community and will serve as an introduction to all symposium sessions. The topic to be discussed will be "The Place of Liberal Trade in the Policies of the West." We will be pleased to give whatever assistance you may desire in drafting appropriate remarks.

You will note from the enclosed summary of information that the symposium is structured so that each major topic is discussed by a leading European representative and a leading American representative, each presenting the viewpoint of his respective trade area. As cospeaker with you, we have invited Prime Minister Marijnen, of the Netherlands who has tentatively accepted.

Invited to attend this session and also to participate in floor discussion will be opinion leaders from the United States and 17 countries of Europe: The Netherlands, Belgium, Great Britain, Ireland, France, Spain, Portugal, Greece, Italy, Switzerland, Luxembourg, Germany, Austria, Denmark, Sweden, Norway, and Finland.

I know that your presentation at the symposium would be a valuable contribution. I am sure also that you would find your participation highly rewarding, and I am looking forward to hearing from you.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

The PRESIDING OFFICER (Mr. WALTERS in the chair). Is there further morning business? If not morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Which amendment is now pending?

The PRESIDING OFFICER. The amendment now pending is No. 306, offered by the Senator from Oregon [Mr. MORSE], to the committee substitute amendment, as a substitute for section (i) on page 47, to prohibit assistance to certain economically developed nations.

Mr. MORSE. I propose to make a speech in support of the amendment, but I desire to follow the leadership's wishes in regard to speeches they may wish to make upon it. I do not know whether the chairman of the committee wishes to speak on the amendment first.

Mr. FULBRIGHT. I am opposed to it. I thought the Senator from Oregon perhaps would wish to speak first. I have some remarks I wish to make about it. Does the Senator from Oregon wish to suggest the absence of a quorum?

Mr. MORSE. Yes, that is my intention.

Mr. DIRKSEN. Mr. President, when the Senate concluded its business on Friday I rather broadly hinted that I might offer a motion to table certain amendments, if offered. Of course, that is in the procedural domain, and I am not unaware of the fact that it is a sumptu-

ary motion which would cut off all debate. If I were to pursue a consistent course, I would have to do the same thing in the case of all amendments, which I am always reluctant to do.

I had hoped that perhaps action on the bill could be expedited. I have had a discussion with the distinguished Senator from Oregon. He shows a similar disposition not to take too long on the amendments. Perhaps a substantial number of them will not be offered. So, under the circumstances, I do not propose to make a motion to table.

The PRESIDING OFFICER. The amendment is debatable.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I rise to discuss amendment No. 306; but before I do so, there are some other matters I wish to discuss briefly.

I was delightfully surprised and greatly pleased to read in the Washington Sunday Star the lead editorial, "Tired of It All."

Mr. President, I ask unanimous consent that the entire editorial may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TIRED OF IT ALL

President Kennedy, in accepting a distinguished service award from a protestant group, got in the following plug for his foreign aid program:

"I think the American people are willing to shoulder this burden. Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?"

The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.

It is our belief that the American people, or most of them, are sick and tired of foreign aid. They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as the American way of life. They are bored to tears with the threadbare argument that the Communists will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?

To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of

Congress—an attitude which the President either can't or won't understand.

This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

Mr. MORSE. Mr. President, I wish to read a part of the editorial to the Senate and comment on it. The editorial states:

President Kennedy, in accepting a distinguished service award from a Protestant group, got in the following plug for his foreign aid program:

"I think the American people are willing to shoulder this burden. Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?"

The Star editorial penetratingly and cogently proceeded with these comments:

The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.

It is our belief that the American people, or most of them, are sick and tired of foreign aid.

Those of us who have been urging a drastic revision of the foreign aid program have been saying that for months. I started saying it months ago when I started almost daily speeches in the Senate urging the administration to give some revisionary consideration to its foreign aid program. I have said in this debate, as have many other Senators, that if this program went to a referendum vote of the American people it would take a walloping and shellacking.

The people are entitled to have their will carried out. That is one of the strange things about the administration's position on the foreign aid bill. Apparently, it is the administration's position that, irrespective of what public opinion may be, it, nevertheless, should urge passage of the foreign aid bill. I dissociate myself from that attitude. It is not right. It is not in keeping with our system of representative government.

I am glad the editor of the Washington Star stated the case thusly when he said the people are sick and tired of foreign aid—sick and tired of foreign aid as it exists, as it is being administered, and in respect to the millions that go to a good many recipient countries that should not be getting a dollar. The editor of the Washington Star went on to write:

They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as the American way of life. They are bored to tears with the threadbare argument that the Communists

will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?

I started uttering these warnings 5 years ago on the floor of the Senate. I supported foreign aid during those 5 years, up to last year, on the theory that if certain amendments could be adopted if I could successfully urge amendments to the bill—and some of them were adopted, but they were not too important—I would go along with the program.

Last year when I was a candidate for reelection, I thought the people were entitled to know my stand on last year's bill unequivocally. I opposed it in committee. I opposed it on the floor of the Senate. And I opposed it in connection with the conference report. The people of my State should have a choice, if it was thought this was such a key issue, as many would have us believe, and wanted to defeat me because I was opposed to the foreign aid program as it has been operating, and that they were entitled to know that and vote accordingly. They voted, and I increased my percentage vote over what it was in 1956. It is not the only issue that elected me. I cannot say that issue elected me in part, but my business is to take political soundings. There is no doubt, from what time I was allowed to campaign—which was not very long—that in my State the overwhelming majority of the people agreed with me. And there is no doubt about it now, because I go home on an average of once a month. I have talked foreign aid for months in the past in my State, because questions have been raised in regard to my position.

I agree with the editor of the Washington Star, that public opinion is against the Kennedy administration in respect to its position on foreign aid; and the President is going to find it out if he does not already know it. I am surprised, with all the pollsters he is using, that they have not done a better job of briefing him on foreign aid.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MILLER. I should like to ask the distinguished Senator from Oregon if he has a list of the countries now receiving foreign aid which would be affected by the Morse amendment.

Mr. MORSE. Yes. When I come to discuss my amendments, I shall list them, but I have not started my discussion of the amendment.

Mr. MILLER. Will the Senator put that list in the RECORD?

Mr. MORSE. Yes. I am going to discuss some of them, also.

Returning to the Washington Star editorial, the editor further stated:

To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of Congress—an attitude which the President either can't or won't understand.

This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

Congratulations are in order for the writer of that editorial, because in a few paragraphs he wrote a devastating answer to the President's speech of last Friday night, although I propose to discuss that speech shortly from the standpoint of certain other angles. Mr. President, there is the answer to foreign aid.

This administration, in my judgment, has a salvage job to do. It ought to get on with the work of doing it. I communicated with the administration, through proper channels, in response to the inquiry from the administration as to what I am thinking about today. I will tell the administration what I am thinking about, if it wants to use that language.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. JOHNSTON. Does not the Senator think the general public has a false impression of what foreign aid is? Is it not true that foreign aid goes to various governments, and they distribute that money?

Mr. MORSE. That is true in many instances; it is not entirely true.

Mr. JOHNSTON. It is true as to most of it.

Mr. MORSE. As to most of it.

Mr. JOHNSTON. Many people think it goes directly to the aid of people that are in need. Is that true?

Mr. MORSE. That is true.

Mr. JOHNSTON. It is not true that the money is given to the people who are absolutely in need.

Mr. MORSE. No; not at all. The amendment I shall discuss today seeks to bring to an end the aid to self-sufficient countries.

Mr. JOHNSTON. Is it not true that our aid money has been used to build up industries that are in competition with industries in America?

Mr. MORSE. Yes; and there is a time element involved that many persons are overlooking. I read a blistering account of the Senator from Oregon over the weekend, as to how consistent a fellow I am supposed to be, because I supported the Truman doctrine and the Marshall plan. Of course I did; and I would again. We had a clear moral duty and we had a natural self-interest duty to help rehabilitate Europe. Those countries were allies in a war against a common enemy. We lived up to that obligation. As a result, many of them are more prosperous today, as the record will show, than we are.

Yet it is proposed to continue to pour millions of dollars into them. We cannot justify it. I wish to give the Senate an opportunity to stop it. That is the purpose of the amendment.

Because I supported the Marshall plan and the Truman doctrine, at a time when the aid was needed, and because I now

ask for a cutback, I am supposed to be some kind of demagog, or an inconsistent political maneuverer, to use the language of the article.

I am accustomed to that kind of name-calling. I say to the administration: "Meet me on the basis of the facts. Meet the American people on the facts."

In my judgment, the President of the United States did not do that last Friday night in New York.

Therefore, I turn now to a discussion of my amendment, by first making some comments upon the issues raised by the Secretary of State last week and by the President of the United States.

As might have been expected, the reassertion by Congress of its authority over the foreign aid program has brought charges from the administration, and from many parts of the press, that Congress has no business in this field, or that foreign aid of any kind is good in itself, or a combination of these two contentions. I feel it is time for a little historical analysis that will restore the proper perspective to both allegations.

Last Friday, I responded in some detail to the statements made by the Secretary of State in his press conference. I shall not reiterate what was said Friday, except to comment on one point made by the Secretary. He said that whatever Congress does in this area, it is the President who gets the blame when things go wrong in foreign policy.

I am sorry that so perceptive a man as our Secretary of State should have put the issue in those terms. Who gets the blame or praise for a given action should be the least of our concerns. Of far greater importance are the facts that Congress, not the executive branch, has the authority to spend money and, second, the record of the foreign aid program, since it began some 16 years ago, demonstrates that it is in vital need of reform. If the only concern of the executive branch is one of getting the blame when things go wrong, then let me point out that when the United States has a foreign aid program in which our people have confidence, then it will get some credit for that, even if the changes were brought by Congress alone, without help from our friends downtown.

I tried to make that clear in the conversation I had with the administration spokesman this morning when he wanted to know what I was up to today.

I said to him, "When are you people downtown going to face the prospect that when Congress gets through this year with appropriations for foreign aid, you will be lucky if you get \$3 billion?"

It is my judgment that when we come to vote on the final appropriation for foreign aid this year, the amount will not reach \$3 billion. The RECORD shows that thus far the bill has been reduced by \$460 million from the amount in the bill as it came to us from the Foreign Relations Committee.

I said to the administration spokesman this morning: "I am going to do the best I can to save at least another \$40 million. I may not succeed, but I will try. Here is a suggestion. You ought to look at all the pending amendments and give consideration to making some sug-

gestions as to where you think you can best cut \$40 million. I will be glad to hear about it. If you do not want to cut it by \$40 million, then we shall have to try to do it the hard way, by offering amendment after amendment."

If we do that, we may succeed in cutting more than \$40 million. I am uncertain that we should not try that anyway, because I am satisfied that it could be cut down to the House figure, resulting in a stronger foreign aid bill.

Even if we cut the bill by another \$40 million, I shall not vote for it, even if it is cut to \$3,500 million. There is no chance of bringing about the policy changes made in the foreign aid that are needed. Money is important, but policy changes are even more important. The American people are entitled to a rewriting of policy now. The Foreign Relations Committee report suggests to the administration that it ought to do it on its own next year. It will not do it. It never has. Policy changes will be made downtown. If we are to have policy changes in American foreign aid, we must initiate the changes on the two floors of Congress. That is the only place where it will be done. In the terrific bureaucracy which has developed in the administration of foreign aid, there will always be one escape hatch after another to avoid policy changes that the public interest call for.

Therefore I am not going to vote for the bill even if it is cut to \$3.5 billion, because of the policies it will perpetuate.

That does not prevent us from doing what we can to reduce it to at least \$3,700 million. That leaves us an area for negotiation with the House between \$3.5 billion and \$3.7 billion. However, before we are through with the debate, my amendment, which is printed and which I intend to offer, proposes to take the House figure. I say to the administration, "If you can take the House figure, you ought to take it and run, because I do not believe a conference will be very helpful to you."

The conference will keep the wounds bleeding, and that blood flow will be very noticeable. Therefore I am going to give the Senate an opportunity to vote on the House figure before the debate is closed. It is only fair that I say this to the Senate at this time, especially to Senators who want to know my position today and tomorrow and the next day. I have been asked, "Do you intend to offer all the amendments that are printed?" Of course not. Many of them are duplicate amendments. Apparently many have lap. However, we shall offer many amendments. Apparently many have not read the amendments. If they will go through the pile of amendments, they will find that duplication will eliminate a good many of them. However, we shall offer a number of amendments that we feel are necessary to strengthen the bill. We shall offer them without any unanimous-consent agreement to limit the debate. The Senate is perfectly capable of working its will under the rules in any way it wishes to work its will, but it should never overlook the parliamentary rights of those of us who are opposed to the bill, if there is any

attempt to deny us reasonable time for full debate on the amendments.

Returning to my comments about the President's speech of last Friday, if the only concern of the executive branch is that of getting the blame when things go wrong, let me point out that when the United States has a foreign aid program in which our people have confidence, the executive branch will get some of the credit for it, even if the changes are brought about by Congress alone, without help from our friends in the executive branch.

POSTWAR TREND TOWARD EXECUTIVE FREEDOM TO SPEND ABROAD

But the ultimate truth is that foreign aid is not one of the areas of foreign policy over which the Chief Executive and his deputies have exclusive jurisdiction. That was implied in the Secretary of State's news conference the other day. He could not be more wrong. Foreign aid requires authorization legislation by Congress. An authorization bill is a bill in which an administration asks for authority to spend money for the specific purposes set forth in the bill. It is not only the right but also the clear duty of Congress to review the purposes for which any administration asks for money. When Congress says, "We do not like this purpose, and we are not going to give you the authority to spend for that purpose," that is a congressional right. That is no interference with any authority of the President over foreign policy.

Our forefathers wisely established this system of checks. Our constitutional fathers made it perfectly clear in the Constitution that this was the authority and the duty of Congress. Contrary to the implications of the Secretary of State last Friday, the Constitution requires that "no money shall be drawn from the Treasury but in consequence of appropriations made by law."

That means that Congress bears the primary responsibility for the sound or unsound expenditure of public funds, including foreign aid.

I say to the Secretary of State, "Copy that clause out of the Constitution. Put it on a plaque. Hang it on the wall in front of your desk, so that you can look at it all the time before you have your next news conference. Then admit to the news conference that you have learned it; or that, if you recalled it, you had only overlooked it at your news conference last Friday."

Mr. President, that constitutional provision has meaning. I am at a loss to understand how, frequently in the Senate, debate proceeds without any reference to the constitutional foundations for proposals. As Senators, our approach to legislation should be constitutionally grounded. All that the opponents of the bill in its present form are saying is, "We do not propose to authorize the expenditure of money for some other purposes for which the President is asking it in the bill; therefore, we propose to amend the bill—and we have been doing it." The amendments thus far adopted are in keeping with the constitutional authority of Congress. Nevertheless, some newspa-

pers are accepting the same line that the President stood for in his speech of last Friday night. The opponents of that philosophy are those who, in my judgment, are performing the best service for the President. We intend to hold firm to the constitutional right of Congress with respect to our authority in the passage of a foreign aid bill.

Whenever it is intended to spend money in pursuit of an element of foreign policy, then Congress has been brought into the picture; the Executive who so proposes has gone beyond that exclusive authority over foreign policy which is inherently his. The basic authority and responsibility become those of Congress.

Suppose we had no foreign aid program. Suppose Congress, acting well within its rights, terminated it altogether. No President could say that was an intrusion into his constitutional powers. What Congress has given, Congress can take away, or it can impose those restrictions and guidelines upon the administrators it chooses to impose.

After all, we had 150 years of this Republic without foreign aid, and I do not recall any President complaining that its absence infringed upon his executive powers.

Certainly it is true that a large faction inside Government and in the press has come to equate foreign aid with foreign policy. Members who have served in Congress since World War II have seen that concept develop. To a great extent it is our own fault, because we have acquiesced in it.

In 1945, I was a new Member of this body when the first postwar foreign aid measure was proposed. It was the proposal that we lend Great Britain \$3¾ billion. The proposal came through the executive branch. But it was the responsibility of Congress to make the money available or not to make the money available.

We studied the facts. We reviewed Britain's economic condition. We looked at her needs, and we looked at what she was doing to help herself. It will be recalled that a Labor government had been elected. It was embarking on a series of economic belt-tightening measures that came to be called austerity.

Congress was satisfied that it would be a sound expenditure, and so the loan was made by joint resolution. It was not President Truman's loan; he could have vetoed it, but he could not have enacted it.

One of my problems with the executive branch during the last administration and during this administration has been my feeling that many agency directors seem to think that the executive branch ought to have legislative power delegated to it. They want legislation to be drafted in such a way that by their exercise of discretion, as unchecked as they can keep it, they will be able to make policy decisions that ought to be made by Congress.

That philosophy runs through the entire foreign aid program. It ought to be checked. I recently referred to what I considered to be a continuing misuse of

the contingency fund by the Presidency. Many millions of dollars have been taken out of the contingency fund by Presidents for purposes that the American people would never approve of if they knew about it. For a long time Congress did not know about it. The contingency fund should be limited to a U.S. national emergency, not some monetary emergency in Argentina, Brazil, Indonesia, or Iran, or anywhere else in the world. If the President wants to make money available to Argentina, to Brazil, or to Indonesia for budget support, he ought to come before Congress and ask for it. He should not dip into his contingent fund for money to give to them. That is why, before the debate is over, opponents to the bill will give the Senate an opportunity to vote for an amendment that will seek to put some limitations on the use of the contingency fund.

Interfere with the President's direction of foreign aid? That is not what would be changed. It would be another manifestation of the constitutional right of Congress to tell the President the purposes for which he may spend money and for which he may not spend money. That is the check that our constitutional fathers wisely gave to the three coequal, coordinated branches of government, which we call our system of representative government.

In the succeeding years since the British loan, we have seen the world move from a shooting war into a prolonged cold war. In the name of national security, Congress has delegated to the executive branch its duties and responsibilities in connection with the expenditure of funds, until Presidents and countless of their deputies have come to regard those expenditures as their inherent right.

There has come into public life a whole generation of men who emerged from World War II with the concept that anything done in the name of international affairs was the exclusive property of executive agencies. They have moved on through 18 years of cold war, only to become hardened in this assumption; and I fear that that assumption was shown by implication in the press conference, last Friday, of the Secretary of State.

Many of these people have believed it their right to roam the world high, wide, and handsome, spending the money of the U.S. Government as they went, never considering that there was any limitation whatever, or any consideration other than their own personal judgment of what was in the best interest of the United States. Many of these people are in defense and intelligence agencies. But many more are in the State Department and the Agency for International Development. To them, the words "in consequence of appropriations made by law" are but a half-remembered anachronism.

The free hand has been theirs so long that they do not realize that it was ever any other way, or that it was intended to be any other way.

GREEK-TURKISH AID

I have already recalled for Senators the British loan. I take them back also to the Greek-Turkish aid program known as the Truman doctrine. It was recom-

mended by President Truman in 1947 as an 18-month program, to be undertaken because Greece was threatened by internal communism and Turkey by the Russian threat aimed at the Dardanelles. This was just a year after the Soviet Union had virtually occupied a part of Iran and was evicted only by the firm stance of both the United States and the United Nations. But it appeared that Soviet expansionism might move next toward a centuries old objective of Russia—a gateway from the Black Sea to the Mediterranean.

So President Truman made the proposal. I was perhaps the first in Congress to declare my support. At least, the RECORD will show that I was the first Member of the Senate to do so. And I do not doubt that Harry Truman will be remembered by history for the program that we believe saved Turkey and Greece from aggression. No doubt Harry Truman will have the credit, for the program bore his name; and I think he should have the credit.

But what of the intervening years? What of the Turkish aid program, about which I have said much this year, that has no relationship to the Truman doctrine? Who is responsible for an aid program to Turkey that has endured, not for 18 months, but for 16 years, that has seen us pour into that one country \$300 million every year for the last 10 years? Much has been said on this floor against supporting Socialist economies with U.S. dollars. But we have done that very thing in Turkey year in and year out. The wastefulness and inefficiency of socialized enterprises were never more evident than in Turkey, and we have to a large extent made it possible with our aid funds.

Whose responsibility is it that our \$3 billion has been so wastefully spent that last spring a European-American economic development committee reported that Turkey is no better off now than it was 10 years ago.

If the President thinks AID is working such economic wonders, let him answer the report made last spring, in regard to Turkey, by the European-American Development Committee. Is anyone going to say it is the fault of Harry Truman, or Dwight Eisenhower, or of the half dozen Secretaries of State, or of the numberless aid administrators who have come and gone in those years?

No. To be frank, it is the fault of Congress. Congress started the program, but failed to exercise sufficient control over it.

These days, we hear much about the necessity for reforms in Congress; and surely they are needed. One great need is for the development of staffs, committee by committee, sufficient in size and in expertness to enable us to follow through on the use made of the funds we vote. We are very derelict about that matter. One of the great reforms needed is for Congress—in keeping with our authority, given us by the constitutional fathers, to check on the executive branch of the Government—to implement that check by the adoption of committee budgets and committee staff budgets sufficient

in size so that the executive agencies will know that at all times we keep a watchdog eye over them in connection with the expenditure of the funds Congress votes. If we had done that a long time ago, there would have been some changes in the Turkish aid program.

People report to me the common view of the Turkish people that the Menderes government of Turkey was overthrown in 1960 because of the American aid program, which was so loosely administered by the Americans and forced so much money upon Turkish officials that corruption could not help but flourish. Is anyone going to hold President Eisenhower responsible for that, and blame him for the coup that occurred in 1960? Of course not; and no one should do so. To the extent that the U.S. aid program was involved, it was the fault of Congress.

ALLIANCE FOR PROGRESS

I refer Senators to the Alliance for Progress. In 1961, an expert in Latin American affairs wrote in the Foreign Service Journal that the Alliance for Progress is one of the few international programs that have been originated by Congress. The writer mentioned the reports made by Senator AIKEN, of Vermont, and by me after our respective trips to South America and Central America in 1959. It was out of those reports, which were supplements to the special studies by the Latin American Affairs Subcommittee, that the Alliance for Progress was born. The then Senator from Massachusetts, now the President of the United States, was a member of that subcommittee. It was given its name by administrators, but it was originated by Congress. Yet there are men downtown, now working in the Alliance program, who regard it as their own private property, and consider any change in their estimates of cost or any guidelines added by Congress as unwarranted interference in their domain.

I have pending three amendments that vitally affect the Alliance. All are intended to make it a more effective means of thwarting Communist inroads in Latin America. All impose guidelines upon administrators in the expenditure of money.

Without a doubt, all will be opposed in position papers from the State Department as intrusions upon executive prerogatives and as alleged interferences with the renowned flexibility which every employee of a Federal agency insists he must have.

Their purpose is to make the Alliance more effective by curtailing aid to the military factions which has encouraged resistance to the objectives of the Alliance, and to close loopholes through which countries obtain funds from us without going through the procedures of the Alliance.

The President has expressed to me concern that my so-called juntas amendment would interfere with his right to extend diplomatic recognition to a given government. I explained to him that he was quite wrong in his assumption. But it is interesting to see how close has become the connection between the extending of recognition and the extending of foreign aid. To a

great many people downtown, the two have become synonymous. We know that Congress could not, even if it wanted to, tie the hands of the President in the matter of recognition of a foreign government, and I would not think of attempting to do so. Even if that were in my amendment, it would have no effect upon the Chief Executive. I will fight as hard to protect the rights of the Presidency under the separation-of-powers doctrine as I will to preserve the congressional rights and to insist that they be respected by the Secretary of State and others in the executive agency and be preserved. The amendments we are offering to the foreign aid bill seek to carry out the checking authority of Congress in connection with its authorizations of the expenditure of funds for specific purposes requested by the administration.

Therefore, my amendment dealing with juntas would not cover the constitutional right of the President to recognize governments; it only seeks to restrict his power to spend money on military juntas. It would be meaningless verbiage, because that area is outside the jurisdiction of Congress and what we may say about it, even in legislation, cannot carry the force of law.

Congress might pass all the legislation we desired about recognizing a government. However, the President has the constitutional right to recognize a government if he thinks it should be recognized.

ULTIMATE RESPONSIBILITY RESTS WITH CONGRESS

But when it comes to the spending of money, that can only be done in pursuance of law. It becomes the responsibility of Congress. I remind Members, and the administrators in the agencies downtown that are engaged in international affairs, that the Alliance for Progress is a long-term program. It will still be going on after this administration has come and gone, and after countless AID officials have gone on to other pursuits.

If, after 10 years, and the expenditure of what will probably amount to more than \$10 billion, the Alliance is a failure, that is going to be the responsibility of Congress. To the degree that it is a success or a failure, it will be so because Congress either succeeded or failed in laying down the proper conditions for its management.

If the Secretary of State is so worried that the President receive the blame if things go wrong, I remind him that the current President will no longer be in office when the results come in on the Alliance for Progress. More than likely, his successor will also have left office.

Foreign aid is no longer a policy tool used by a given executive for a given objective in a given country. It has become a vast machinery of the executive branch, which one President inherits from his predecessor and which he seems determined to pass on to his successor in a bigger form than when he took over. It almost takes on the characteristics of passing on the baton in a relay race. It has come to serve as a source of jobs, perhaps more than any other agency of Government.

After the 5 years of the Truman administration, 8 years of the Eisenhower administration, and 2 years of the Kennedy administration, foreign aid has become "locked in" the executive branch, almost as though it were part of the Armed Forces. Through those three administrations, there has been less use of aid as a tool of foreign policy, and more use of it as one more program which the executive branch has the right to run as it pleases as it does the foreign policy and defense agencies.

If there is to be a consistent purpose and specific objective to foreign aid, it is going to have to be supplied by Congress. The people know that. The people of Oregon know that it is WAYNE MORSE and MAURINE NEUBERGER and four Oregon men and women in the other body, who have been responsible for the continuation of an endless and almost shapeless foreign aid program.

They know that the Constitution gives to us the responsibility for Federal expenditures. They know that the Constitution did not set up the Senate just so 100 men and women could go down to the White House and have their pictures taken with the President.

In the years that I have served in Congress, I have helped initiate the British loan, the Marshall plan, Greek-Turkish aid, and the Alliance for Progress, in addition to foreign aid as such. But I cannot now turn over the responsibility for all those programs to men downtown, many of who were graduating from college, or even high school, when the programs were begun.

I am worried about how some of these programs are going. Some of them are not accomplishing what they were supposed to accomplish. Most important, it appears that the general foreign aid program has become self-perpetuating. The people who hold the thousands of jobs administering it intend that it be self-perpetuating. That is why I say that unless Congress takes a firm hand, there will never be any genuine revision of the foreign aid program.

PRESIDENT'S SPEECH

President Kennedy's speech of Friday night demonstrates how self-perpetuating foreign aid has become. It was couched in the generalities and homilies that have been used to justify foreign aid ever since 1945. His speech could have been made by any of the last three Presidents, and if things continue without change, Members of Congress will be hearing the same speech from the next three Presidents.

The obvious question raised by his speech is: Why is it that if all the progress cited has been made, this administration still came in with an original foreign aid request of nearly \$5 billion, the largest since the peak of the Marshall plan? The answer is that the reasons advanced for it by the President account for only a very small fraction of the foreign aid program.

Every advocate of foreign aid likes to talk about malaria eradication. Malaria and other diseases are emphasized in foreign aid debates until one would think that we are spending \$3 to \$4 billion every

year for it. Education is another favorite talking point. But foreign aid expenditures for health and education are only a drop in the bucket of this foreign aid bill.

The President's speech deals, too, with the well-known gulf between the rich nations and the poor nations, a gulf that was strikingly brought home to Americans at the close of World War II. But what has foreign aid done to bridge the gulf, and indeed—and that is even more important—what can foreign aid do to bridge the gulf? Those are the questions that every foreign aid advocate ignores and which must be answered by Congress.

We know that our huge outpouring of money into Turkey over the longest period of any foreign aid program has had virtually no appreciable economic results. The gulf in Turkey has not been bridged by the more than \$3 billion we have poured in.

South Korea is another example. That nation has cost the United States \$5½ billion, in addition to the tens of thousands of troops of our own we have kept there. Yet in 1963 we are told that the economy of North Korea is doing better than South Korea. If the infusion of American capital on that scale has so little result in a small country, what can be said for the chances of bridging the worldwide gulf between rich and poor with American money? To those who say that South Korea is an exception because she exists under the gun of Communist China, I point out that we have provided our own military forces for her defense.

The argument that it is cheaper to keep a South Korean, a Pakistani, a Turk, or a soldier from some other country in uniform and pay for his maintenance than it is to keep an American boy in uniform is one of the greatest "sleeper" arguments being used for years by the advocates of foreign aid. It seems to be plausible, it is catching, but it is unsound.

I will tell Senators what protects South Korea.

It is not the large numbers of South Korean soldiers whose upkeep we pay, but the more than 50,000 American boys in uniform whom we keep in South Korea; the 7th Fleet in Pacific waters; the American air armada. These forces protect South Korea.

The President's argument Friday night with regard to aid, is in my judgment, thoroughly unsound. That is why I am taking the time to reply to his speech, because I wish to dissociate myself from it.

Latin America is still another example. When I went down to the inauguration of a new President of Peru last spring, a primary issue was whether American aid would begin to flow. Much of the development plans of the new Peruvian administration hinged on the availability of American aid. Those of us representing the United States were too polite to ask what Peru had done with the \$500 million we had already extended.

My point is simply that American capital cannot bridge the gulf between rich

and poor. There is not enough wealth in the United States to bridge the great gulf between the rich and the poor. It makes fine rhetoric for the President to talk about bridging the gulf between the rich and the poor, but it must be pointed out that those countries, where the poor exist by the millions, must help themselves. We can only be of assistance, but we can be of some assistance. We can help them with technology, with training, and with loans for some projects; but the President of the United States knows we do not have the wealth with which to bridge the great chasms that now exist between the rich and the poor in the underdeveloped areas of the world.

Hence we must continue to insist that they help themselves. We will join with them as partners in that program.

After we read the newspapers this morning, it is somewhat hard to reconcile the position of Brazil in São Paulo with the President's speech. Brazil, according to press reports this morning, does not know whether it should apply for aid at all.

One thing is perfectly obvious. Brazil does not want to submit to any effective checks that would protect the American taxpayer in respect to aid. Brazil has done fairly well in getting money out of the President's contingency fund, to the tune of a good many millions of dollars, to shore up her monetary policy. But Brazil has promised and promised that if we will only pour in a few more million dollars to stabilize her economy, Brazil will do something for herself. She has not kept her promise. Brazil's promises on the record have not been worth the paper they were written on. It is about time we provided some checks on the expenditure of the American taxpayers' money in Brazil.

That is why I shall continue to fight for some amendments dealing with aid to Latin America.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I am glad to yield.

Mr. LAUSCHE. The Senator from Oregon has mentioned our relationship with Brazil. Five years ago their President came to our country. A luncheon was given in his honor by the Foreign Relations Committee. There was discussion concerning the constantly disintegrating status of their cruzeiro.

I said to the President of Brazil, "You are suffering from a very marked depreciation of your cruzeiro."

The President replied, "No; it is not so bad."

I said, "It fell 50 percent last year."

He sort of shook, and asked his economic adviser about my statement. The economic adviser said, "It was only 25 percent."

I then asked the president, "Do you have any bonded indebtedness to your own citizens, as distinguished from your indebtedness to the United States and other nations of the world?"

The President replied, "We have none."

I asked "How do you finance Brasilia and the other things?"

His answer was that they print money.

Yet at the same time they were seeking aid from the International Monetary

Fund to stabilize their currency, and aid was given to them. The International Monetary Fund has a rule that, as a prerequisite to the right to obtain aid, a country must put into effect and commit itself to execute programs that will stabilize its currency.

I fully concur with what the Senator from Oregon has said. I note that on two occasions they made promises, and never kept them. Today, Brazil has an indebtedness to its own people—I believe it is 20 million—but the indebtedness by way of cruzeiros to the nations of the world runs into trillions. It is unbelievable.

I thank the Senator from Oregon for yielding to me.

Mr. MORSE. If the Senator from Ohio will "lend me his ears," I should like to take a moment, in view of his intervention, to let the RECORD show the position that the Senator from Ohio has taken time and time again on this economic issue, as a member of the Foreign Relations Committee. The voice of the Senator from Ohio has been raised in our deliberations and raised in the public hearings, too, but I am speaking about executive meetings. The public hearings of the Foreign Relations Committee are made public but not its executive meetings.

The voice of the Senator from Ohio has often been raised as he has pleaded with the committee to adopt some checks to protect the American dollar against the inflationary policies of countries like Brazil. We have the same problem with Argentina, as well.

Mr. LAUSCHE. Yes.

Mr. MORSE. Those are not the only two countries, but they are probably the two most notorious.

The Senator has made eloquent pleas. I believe they are unanswerable. The sad thing is, we have not prevailed. We did not prevail in the committee. I hope we can prevail in the Senate. The American people are crying out for the checks for which the Senator from Ohio has been battling in the Foreign Relations Committee. The American people know it is right.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I am glad to yield.

Mr. LAUSCHE. Last Friday night I made mention of the fact that until 2 years ago, when lending American dollars, in the agreement to repay we allowed the stipulation that repayment could be made either in the currency of the borrowing nation or in dollars, the specific type to be determined by the borrower.

So we loaned money to one nation American dollars which at that time, 8 years ago, had an exchange value of 350 to 1. For \$1 we would receive 350 pieces of paper of the other government. The depreciated value is 800 to 1. Yet they are paying off the debt which they owe us not on the basis of 350 to 1, but on the basis of 800 to 1. It is unbelievable that such loose practices could have been followed.

Mr. MORSE. I do not think I violate any confidence when I say the Sen-

ator from Ohio discussed our policies toward Italy.

Mr. LAUSCHE. And toward Brazil.

Mr. MORSE. And toward Brazil, too. The Senator cross-examined the spokesman for the administration with respect to Italy, and I think the cross-examination was devastating.

I wish to make it very clear that my point on this phase of the issue is that American capital cannot bridge the gulf between the rich and the poor in the underdeveloped areas.

Commenting on what the Senator from Ohio just said, one of the reasons we do not have a self-help program, and one of the reasons why there are not outstanding bonds of some governments owned by the people, which constitute a relationship of faith between the government and the people, is that the wealthy of those countries export their money and put it in New York and Swiss banks.

I say most respectfully to my President, "You cannot justify sending millions of dollars into Latin America until the oligarchs of Latin America are willing to invest their money in Latin America, and not put it in New York and Swiss banks."

Unless they have a self-help program, unless they have faith in their own country, why should we vote to pour millions of dollars into underdeveloped countries because the gulf between the rich and the poor is so great, as pointed out by the President of the United States in New York City last Friday night? What makes him think that pouring millions of American dollars into Latin America would bridge the gulf? The sad economic reality is that too frequently pouring American aid money into such underdeveloped countries makes the oligarchs richer and the poor poorer, and the oligarchs export the profits that they make out of American foreign aid investments.

It is an ugly fact. I know just how ugly that fact is. But it is true. It is about time that the President of the United States faced it. The American people are coming to know it is true, and the American people want some checks written into the foreign aid bill whereby we say to the oligarchs of Brazil, the Argentine, and other Latin American countries, "Do not forget that the Act of Bogotá and the Act of Punta del Este contain a pledge by your governments that you would participate in a cooperative self-help program with the United States in return for our cooperation for such aid as the Alliance for Progress offers."

That is the arrangement. To me, it is an offer of an international contract. One Latin American country after another has not lived up to the contractual offerings made when it put its signature to the Act of Bogotá. Only eight Latin American countries have come forward to date with a plan to implement the Alliance for Progress program. But do not jump to the conclusion that those eight plans are necessarily good, for most of them need great improvement if they are to keep their commitments.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. I wonder whether the distinguished senior Senator from Oregon noticed the front page story in the New York Times this morning headed, "Brazil Questions Alliance's Value to Latin Economy."

Mr. MORSE. I have already commented on it, but I should be delighted to have one of the most knowledgeable men on Latin American affairs, the Senator from Alaska [Mr. GRUENING], comment on it.

Mr. GRUENING. The statement of President Goulart seems to me to show a great lack of appreciation of the effort the United States has made to help Brazil. Here is a country into which we have poured a great amount of money, which has repeatedly failed to live up to its promises of fiscal reform. We have poured money into it in the form of budget support, to bail it out of its financial difficulties—unknown to most of the American people. Now the President of that country makes a speech attacking the Alliance for Progress and never even mentions the United States. It is not wholly surprising—we have provided the kind of situation in which that would follow. We have gone into many countries almost insisting that they take our money. We have seldom if ever taken the proper and sound position, which is to say, "We would like to help you. We do not ask you to take our money, but if you do we expect you to adopt a few reforms which will make that aid effective. We expect you to adopt an austerity program, and stop inflation, waste, and corruption." We have never taken that position or if we have stated it, we have never insisted upon its fulfillment. We have taken the position that we must thrust the money on them, regardless of whether they agree to the quid pro quo. Now the chickens are coming home to roost.

Last year I urged that we stop giving aid to both Brazil and Argentina. There is no stability in either. Much has been made recently of the fact that there has been an election in the Argentina. It was an election dictated by the military who deposed the previous President and permitted the new one to be elected. I thought we should at least wait a year to see whether the new Argentina was democratically inclined, responsible, stable, and whether it was going to carry out the declared objectives of the Alianza para Progreso as subscribed to at the Punta del Este conference and repeatedly enunciated by President Kennedy.

I wonder if the Senator from Oregon also saw the column by Mr. Arthur Krock in this morning's New York Times.

Mr. MORSE. No; I did not see it.

Mr. GRUENING. It is very pertinent. I should like to read from it, because it displays a real understanding of the fact that those of us who are critical of the bill before us are trying to improve the foreign aid program. We are not trying to wreck foreign aid; on the contrary we are trying to save foreign aid by making it efficient, by making it a program which carries out the purposes enunciated by President Kennedy at various times.

This is what Mr. Krock says:

The Secretary of State, who is a man mild of manner and speech but—as they say in his native State of Georgia—"sot in his ways," last week supplied one of the two reasons for Congress sharp reduction in the foreign aid budget when he said he doesn't "understand it."

The article continues:

Merely by reading the Senate speeches of the self-named liberals—

I do not think they are self-named—

who are leading the fight for the budget cuts the Secretary could readily discover the first reason. It is, that the Executive proposes to give President Nasser of Egypt the aid which pays for the military force he is using to back his refusal to withdraw his troops from Yemen; and to continue to provide aid to President Sukarno of Indonesia, who has sworn to destroy the new state of Malaysia, and to Brazil, where President Goulart is dissipating the aid by failing to control inflation. The second reason is that the only effective means Congress has to show disapproval of Executive policies it disapproves is through the appropriating powers that the Constitution reserves exclusively to Congress, foreign policy not excluded.

That is the very point the Senator from Oregon has made on the floor of the Senate again and again, and which I have also made—that since the beginning of our foreign aid some 18 years ago, with the Marshall plan, an entirely new aspect has entered the conduct of foreign policy. Up to that time use of large sums of money as an instrument of foreign policy was unknown. The function of the Senate up to that time was merely to advise and consent to treaties and to confirm Presidential appointments in the Foreign Service. That was all.

When the United States started pouring in tens of millions and then hundreds of millions, and then billions of dollars into foreign aid, it became the duty of the Senate—and indeed of the House—to be vigilant with respect to how these moneys were spent. Why is great surprise now expressed and criticism voiced when Senators wish to stop an inexcusable subsidizing of aggression, which we have done in the case of Sukarno, who started with threats and mobilization in regard to New Guinea—when we yielded, I thought unjustifiably—and now threatens to overthrow the new Republic of Malaysia? In a column printed this morning, written by Warren Unna, action to stop the subsidization of aggression is referred to as a crippling amendment. The amendment should never have been made necessary. The State Department and the AID administration should long since have acted.

I notice that in the President's address on foreign aid before the Protestant Council in New York last Friday night, he quite properly deplored wars that were going on in various parts of the world, and he listed them as "disputes between Africans and Europeans in Angola, between North African neighbors in the Maghreb, between two Arab States over Yemen, between India and Pakistan, between Indonesia and Malaysia, Cambodia and Vietnam, Ethiopia and Somalia," and he added that there was "a long list of others."

Now, I submit that while there are these wars, they are dissimilar in their origins and this presentation by the President does not emphasize what seems to me so pertinent—and that is that several of these were not so much wars between the countries mentioned but acts of aggression by one of them against the other. For instance, I do not share the President's view that there is a war between two Arab States over Yemen. Having made a careful study of this situation when I was in the Middle East, I learned that Nasser was ready almost simultaneously with the revolt of one regime against the other in Yemen to send an army there of 28,000 men, sent them in Russian planes, and has kept them there ever since. It is true that for a time the Saudi Arabians helped the regime that Nasser was fighting with money, but that is scarcely comparable as an act of aggression. The revolt in Yemen would never have succeeded without the Nasser invasion and would collapse the minute his troops were withdrawn.

Similarly, I would not consider that saying there was a war between Indonesia and Malaysia would tell the whole story, since Malaysia was a peaceably newborn nation with no designs on any other nation and was threatened both before its birth and immediately after with invasion by Sukarno.

It is these acts of aggression, not acted upon effectively by the State Department, that led inevitably to action by the Senate, and I am confident that our action in this matter is completely justifiable.

The way for these rulers to reestablish themselves is to cease their aggression—for Nasser, for instance, to pull all his troops out of Yemen, to stop the military buildup which is clearly designed to commit aggression against his neighbors, Israel and Jordan, to pull his troops out of Algeria, where he is fighting with the Algerians against Morocco, and to cease his inflammatory broadcasts which preach assassination of officials of neighboring countries. Nasser has kept his troops in Yemen for 15 months at a cost of about \$185 million. While he has been spending \$185 million on war, we have been pouring in \$185 million and more through Public Law 480 and other aid designed to raise the economy of the Egyptian people.

In short, the Senate has finally moved to stop the aid if the President finds there is aggression—and it is difficult to see how he can fail to find it. In the cases of the rulers of Indonesia and Egypt there have been both the declarations of aggressive purpose and the acts of aggression. It was expected that Nasser would pull his troops out of Yemen as soon as Saudi Arabia ceased helping the Imam with money. Nasser had promised to do so, but did not keep his promise. Helping with money, moreover, is not comparable to helping with troops and planes. Sending money does not make a war. Sending in troops and planes which kill is making war.

In the case of Brazil, we have another type of failure to carry out promises. And we hear President Goulart, who has

been taking our generous assistance, questioning the value of the Alliance for Progress.

I hope we shall have the wisdom and the sense of propriety to reply, "We have tried to help you. We have given your country \$2½ billion. What is there to show for it? Why have you done nothing to stop inflation? What other steps have you taken to justify our continuing aid?" Unfortunately, there have been none.

The same thing is approximately true with respect to Argentina. I am not prepared to pass on the merits of the oil pact, but it seems that when we are trying to encourage private investment, which would certainly be helpful to the government down there, and when we find that nation trying to confiscate that investment, we ought to go slow about pouring any more money into that country without some certainty as to what its policies will be. The news reports indicate that Secretary Harriman's pleas on the subject were rebuffed.

There was a good deal of indignation when the Kuchel-Engle amendment was adopted. The Kuchel-Engle amendment provided that if the Governments of Ecuador and Peru insist on grabbing our vessels in international waters, arresting their crews, taking them to the mainland, putting them in jail, and fining them heavily, we would withhold foreign aid from these countries.

The opposition said that this should be done by negotiation. In the RECORD was included a letter from the Under Secretary of the Department of the Interior, Mr. James Carr, who reported that negotiations had been continuing, without any result and suggested some other course of action might be desirable. How long must we be supine, and be a doormat for those governments that refuse to settle by negotiation?

The fact that the amendment was adopted—although I know that in conference every effort will be made to take it out of the bill—will I am convinced hasten negotiations and bring a better result. When a nation engages in acts of violence against our citizens, and at the same time is the recipient of our aid to the extent of millions of dollars through our foreign assistance programs, it is unthinkable that we should continue to tolerate such a condition.

Mr. President, I ask unanimous consent that the article by Arthur Krock, appearing in this morning's New York Times, and the article referring to Brazil, as well as the two articles from the New York Times of September 11 and 12, dealing with the Argentine situation, be printed in the RECORD at this point, with the permission of the Senator from Oregon.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 12, 1963]
THE CONSTITUTION KEEPS GETTING IN THE WAY

(By Arthur Krock)

WASHINGTON, November 11.—The Secretary of State, who is a man mild of manner and speech but—as they say in his native State of Georgia—"sot in his ways," last week supplied one of the two reasons for Congress'

sharp reduction in the foreign aid budget when he said he doesn't "understand it."

Merely by reading the Senate speeches of the self-named liberals who are leading the fight for the budget cuts the Secretary could readily discover the first reason. It is, that the Executive proposes to give President Nasser of Egypt the aid which pays for the military force he is using to back his refusal to withdraw his troops from Yemen; and to continue to provide aid to President Sukarno of Indonesia, who is sworn to destroy the new state of Malaysia, and to Brazil, where President Goulart is dissipating the aid by failing to control inflation. The second reason is that the only effective means Congress has to show disapproval of Executive policies it disapproves is through the appropriating powers that the Constitution reserves exclusively to Congress, foreign policy not excluded.

The Senate, led by the Members who have been the staunchest supporters of foreign aid, simply has turned to the use of this means to impose on the Executive budget for the next fiscal year the revision and rationalization of the foreign aid program that long has been overdue. Rusk's statement to his November 8 news conference that he disapproved of this "tendency to legislate foreign policy" is not at all surprising. What is surprising is his other statement that he doesn't "understand" the why and wherefore; and seems not to realize that with this assertion he was furnishing the general explanation of the situation he "does not understand."

Until and unless the President and the Secretary of State comprehend, if they really do not, what is so clear, the part of Rusk's news conference that states a sound principle of government will not have the desired beneficial effect on Congress. This principle the Secretary phrased as follows:

"I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries.

"It is not possible for the Congress to anticipate * * * what the circumstances are going to be in any given situation. * * * These are responsibilities carried by the President [who is] the one the country will hold responsible if things go wrong."

FLEXIBILITY IN DISUSE

But support in Congress of this sound precept in foreign policy is impaired when the Executive continues disuse of the "flexibility" in judgment it admonishes Congress not to impede—by perpetuating aid programs, such as those for Egypt, Indonesia, and Brazil. These are automatically self-defeating of the plain and declared objective of foreign aid. The eventual consequence, as is now being demonstrated, is that Congress will go too far in its efforts to restrain Executive flexibility.

An example was the Senate vote denying aid to any nation interfering with American fishing vessels in what the United States unilaterally decrees to be international waters. Diplomatic negotiation is the proper means, instead of legislation requiring other nations to accept U.S. charting of the seas. And only the Executive, not Congress, can conduct diplomatic negotiations.

Congressional foreign policy support by appropriation is also impaired when the Executive assumes leadership for this Government in coercing another to yield to military blackmail, and in violation of the United Nations Charter. Yet the administration, in concert with Secretary General Thant of the U.N., did precisely this to assure the success of Indonesia's threats of seizure of west New Guinea from the Netherlands.

This helped to build up the revolt in Congress. And in furthering the revolt Congress, of course, is using its constitutional power to cut authorizations and grants from the revenues contributed by American tax-

payers. Thus again the Constitution annoys one arm of the triune Federal Government by getting in its way.

Yet though this constitutional power, and the reasons for the "tendency" to invoke it, are plain, strangely enough the Secretary of State "doesn't understand it."

[From the New York Times, Nov. 12, 1963]
BRAZIL QUESTIONS ALLIANCE'S VALUE TO LATIN ECONOMY—GOULART, IN OPENING SPEECH AT HEMISPHERIC MEETING, OMITTS ROLE OF U.S. AID

(By Juan de Onís)

SÃO PAULO, BRAZIL, November 11.—President João Goulart has challenged the validity of the Alliance for Progress as a workable remedy for Latin America's economic problems. He called on the Latin American countries today to unite in defense of their common interests in trade and aid.

In welcoming delegates to the second annual review meeting of the Alliance for Progress, Mr. Goulart did not once mention the United States and he referred to the Alliance only once.

The Alliance is a 10-year program proposed by President Kennedy to accelerate Latin America's economic and social development with the help of at least \$20 billion in foreign aid.

The Latin countries, in return, are expected to strive for democracy and fair distribution of wealth.

SELF-SUPPORT STRESSED

Mr. Goulart's speech stressed an improvement in Latin America's trade position with the rest of the world. He condemned trade barriers affecting raw material exports to industrialized countries.

Present trade conditions, the Brazilian President added, "represent a continual bleeding of our economies."

"Our irreducible needs for imports, combined with falling export receipts, are in large measure responsible for the inflationary process that destroys the values of our national labors," Mr. Goulart added.

The speech was heard by delegates from the 20 participating countries in this week-long conference. W. Averell Harriman, Under Secretary of State for Political Affairs, heads the U.S. delegation.

HARRIMAN MEETS GOULART

Mr. Harriman was introduced to Mr. Goulart after the speech, and they exchanged a friendly handshake. But U.S. officials were privately disappointed with Mr. Goulart's speech. There was no official American comment.

Mr. Goulart indicated that Latin America was a victim of its own divisions and common weaknesses. "Reality can no longer tolerate that Latin America remain an archipelago of nations, implacably separated by the sea of frustrations of our own difficulties," he said.

"Today, and each day more so, Latin America should present to the world a united, solid, and cohesive front in the collective defense of our common interests," Mr. Goulart added.

All the Latin-American countries; he went on, are facing the same problem: "Breaking an agrarian structure that is manifestly archaic, in which the barriers of feudalism and intolerable privileges suffocate our effort for development, industrialization and diversification."

PALLIATIVES DERIDED

Deficits in the balance of payments—excesses of exports over imports—force the Latins to negotiate loans or to obtain refinancing of debts in conditions that do not meet their interests, Mr. Goulart said.

The answer, he added, will not be found "in palliatives or false, superficial concessions" by the industrialized, capital-exporting countries.

"Our objectives must be the establishment of a new international division of labor, just and remunerative prices for our exports of raw materials, expansion of our exports of manufactures and semimanufactures," Mr. Goulart said.

The audience included, besides the delegates, representatives of international agencies, observers from a score of foreign governments and several hundred guests. Mr. Goulart spoke in the recreation hall of São Paulo University.

The conference is sponsored by the Economic and Social Council of the Organization of American States.

FUNDS DISPUTED IN BRAZIL

Mr. Goulart repeated many views he had been expressing in the context of Brazil's national politics. The country's extreme inflation, raising prices at an annual rate of more than 70 percent, and policy disagreements over the use of U.S. aid funds here have sharply reduced Brazil's access to Alliance for Progress aid.

In the preliminary, or technical, stage of this conference, which ended last week, Brazil disagreed with the United States and with a Latin-American majority on the formation of an Alliance for Progress coordinating committee. Such a body would give the Latin nations a policy voice in the alliance, without giving them control of aid funds.

Carlos Carvalho Pinto, Brazil's Minister of Finance, was elected president of the conference, Edgard Seoane, First Vice President of Peru and leader of his country's delegation, called Mr. Goulart's speech "very good." He added that he would propose the creation of an inter-American agrarian-reform cooperative bank to finance production and equipment for landowners who are settled under national agrarian-reform programs.

[From the New York Times, Nov. 11, 1963]
HARRIMAN WARNS ARGENTINA REGIME ON OIL CONTRACTS—SAYS PLAN TO CANCEL PACTS OF AMERICAN COMPANIES PERILS AID PROSPECTS
 (By Edward C. Burks)

BUENOS AIRES, November 10.—W. Averell Harriman was understood today to have warned Argentina that her plan to cancel contracts with U.S. oil companies could sharply impair her prospects for future American help.

The grave turn in United States-Argentine relations became clear after a series of weekend meetings between the highest officials here and Mr. Harriman, U.S. Under Secretary of State for Political Affairs.

Under discussion was Argentina's announced intention to cancel contracts with U.S. companies, which have more than \$300 million tied up in producing oil for the Argentine Government.

Argentine officials, from President Arturo Illia on down, are understood to have been told that cancellation of the contracts would imperil both Government and private investment from the United States.

Mr. Harriman left this afternoon to head the U.S. delegation to the Inter-American Economic and Social Council meeting in São Paulo, Brazil. He still had received no assurance from Argentina's new Government that the American oil contracts would not be canceled.

POSITION MADE FULLY CLEAR

One authoritative U.S. source said:

"What the Argentines are going to do I can't tell you. But the American position has been made fully clear to them. They are under no illusions as to the American point of view."

High American sources noted that the Argentine Government "has been unwilling" to explain in full its position to the oil companies.

The Argentine Government maintains that the oil contracts are illegal, because they were negotiated under the government of Arturo Frondizi. The Illia government says President Frondizi bypassed Congress in negotiating the contracts.

The oil companies say the contracts were made with a legal government.

The American source also said the Argentines had not made clear that the companies would receive prompt and adequate compensation in the event of expropriations.

Mr. Harriman's unexpected visit here was ostensibly for talks about general problems and the Alliance for Progress. But it was obvious that the oil contract dispute was the main issue.

The Argentine position, as explained to Americans during the talks, was that the companies will be compensated in accordance with Argentine justice.

POSITION UNSATISFACTORY TO UNITED STATES

This was unsatisfactory to the United States, since no indication of the amount of compensation or of the promptness of payment was indicated. The U.S. position is that Argentina has a right to take over the companies if payment is prompt and adequate. But Argentine officials have indicated that payment, if any, will be small.

For instance, while the companies contend that the Government petroleum authority owes them more than \$100 million for delivered oil, some Government officials say that the companies owe Argentina.

It has been argued by some in the Government that since the contracts are regarded as illegal, the tax-exemption incentives in the contracts are also void. Therefore, these officials say, the companies owe back taxes.

When the contracts were signed by companies with the Frondizi government, they went into effect by decree, without congressional ratification. In Argentina, Congress has frequently been bypassed by executive power.

Mr. Harriman's position seems to be that he is not here to defend the oil companies or bring about proper procedure in resolving such a controversy.

The explanation of the U.S. position goes much further than the question of contracts with the oil companies. Essentially, it is this: the United States wants the Alliance for Progress to work with private investment as far as possible.

Dr. Illia's Popular Radical Party opposed the contracts when they were signed several years ago and campaigned in elections last July on a platform of annulling them.

The companies maintain that with their aid production has been virtually tripled since 1959 and that Argentina has nearly attained economic self-sufficiency.

The American companies involved include Pan American-Argentina, a subsidiary of Standard of Indiana; Esso; Tennessee Gas Transmission (Cities Service); several drilling companies, and other producing companies.

[From the New York Times, Nov. 12, 1963]
ARGENTINA BARS OIL-PACT ACCORD—HARRIMAN MISSION IS CALLED FAILURE—AIDE SAYS U.S. COMPANIES OWE TAXES

(By Edward C. Burks)

BUENOS AIRES, November 11.—Argentine newspapers said today that W. Averell Harriman, Under Secretary of State for Political Affairs, had failed in his mission to persuade Argentina to soften her stand against U.S. oil companies.

Hints that the American companies involved might get relatively little compensation when Argentina took them over were also printed.

The leading afternoon paper La Razón quoted Antulio Pozzio, Fuels and Energy Secretary, as having said the companies owed a huge amount of back taxes.

The compensation to them would thus be sharply reduced when they are taken over. The Argentine Government intends to cancel the contracts under which the American companies have been working here soon, probably this week.

COMPENSATION IS AT ISSUE

The major point of dispute is whether the companies will receive prompt and adequate compensation. They say they have invested more than \$200 million here and that Argentina's State Petroleum Authority owes them more than \$100 million for delivered oil.

The dispute has caused the severest strain in United States-Argentine relations in years.

There are reports that both the Italian State Oil Authority and the Russians are active trying to enter petroleum production in Argentina when the Americans leave.

The issue has taken on highly nationalistic tones in a number of newspapers.

SIGNED WITH FORMER REGIME

The companies involved signed contracts with the Government of President Arturo Frondizi to drill wells and produce oil here for the State Petroleum Authority, and in one case to operate a distribution system including service stations. The Government contends that the contracts are illegal, having gone into effect without ratification by Congress. The Frondizi government put the contracts into effect by executive decree.

But Mr. Pozzio and others go further and maintain that since the contracts are illegal, the tax-exemption clauses in them are, too.

Mr. Pozzio has been quoted in the press as having said it is now a question of "who owes whom."

Mr. Harriman left yesterday after having warned Argentine officials that cancellation of the contracts without adequate and prompt compensation would severely impair Argentina's prospects for aid under the Alliance for Progress.

Mr. Harriman is heading the U.S. delegation to the Inter-American Economic and Social Council Conference at São Paulo, Brazil.

The press here is printing articles to the effect that the American companies knew the severe risks they were taking in signing the contracts with the Frondizi government.

The companies say Dr. Frondizi was a legally elected President and that the procedure for the contracts was legal.

President Illia has said the companies will receive "just compensation under Argentine law." Mr. Harriman, however, seemed to be dissatisfied with what he heard from government officials on compensation or the possible renegotiation of the contracts.

Since the American and other foreign companies began their operations in 1959, Argentine oil production has nearly tripled and the country has almost attained economic self-sufficiency.

But there were many complaints from Argentine officials that the country had to pay too much.

Government sources were quoted today as having said that Dr. Illia has succeeded in getting a high-level Washington negotiator like Mr. Harriman to come here, whereas Dr. Frondizi, despite all his friendly overtures to the United States, had never had such success.

PERIL TO ALLIANCE FUNDS SEEN

WASHINGTON, November 11.—Administration officials suggested today cancellation of Argentina's contracts with United States and European oil companies could upset efforts to get Congress to vote more funds for the Alliance for Progress.

The Argentine proposal and a similar one in Peru strike at the heart of the administration's policy to encourage private capital, in both the United States and Western Europe.

to supplement Government financing of Alliance programs.

Aware of the trend toward nationalization, the Senate is considering a provision in its foreign aid bill that would require the President to suspend economic assistance to any country that decides to "repudiate or nullify existing contracts or agreements" with American companies.

Senator HUBERT H. HUMPHREY, of Minnesota, the majority whip, who last week led a drive to restore \$75 million to bring Alliance funds back to \$525 million, was dismayed at the developments in Argentina.

"Congress is no longer in a mood to give lending authority to the administration so that the money can be used by our Latin American friends to expropriate private American properties."

President Kennedy can be expected to express this concern in Miami next weekend to Argentina's Vice President, Carlos Humberto Perette, diplomatic officials disclosed today.

Mr. Kennedy is scheduled to attend the annual convention of the Inter-American Press Association. Mr. Perette will be in Miami for an "Argentine Friendship Week."

Diplomatic sources said it was virtually certain that the President would take advantage of Mr. Perette's presence in Miami to emphasize the administration's problems as a result of the proposed Argentine action.

Mr. Perette is considered to be among those advising President Illia to assume an intransigent attitude on the cancellation of the contracts. The Vice President has denounced the contracts as unconstitutional and harmful to the Argentine economy.

It is understood that the Vice President and a group of officials in the recently inaugurated Argentine administration would like to turn over the assets of the private companies to the Government Petroleum Authority. To keep payments for compensation to a minimum, the officials were said to have suggested that the companies pay heavy retroactive taxes for the 5 years they have been in operation.

Under the administration of President Arturo Frondizi, the companies were promised special tax concessions and participation in profits.

Mr. GRUENING. Mr. President, I should like to emphasize, for the benefit of our critics, including, especially, the Washington Post, who have designated those of us who are trying to reform the program as "Secretaries of State," that if they would only study the program, it might be manifest to them that in trying to eliminate extravagances and follies and correct past and continuing errors, we wish to save the program, not to destroy it.

Mr. MORSE. I thank the Senator from Alaska very much for the remarks he has made. I appreciate his support. The remarks he has made are unanswerably correct.

I wish to make some quick comments about Brazil and Argentina. The Senator has referred to the New York Times article and to Brazil, raising a question as to whether the Alliance for Progress program is of sufficient merit to be of any aid to that country.

Over the weekend, someone in behalf of the Argentine Government also indicated that Argentina was in opposition to the proposal made in São Paulo, at the conference that is being held there, for any multilateral procedural arrangements whereby Latin America would exercise some voice in the administration

of the Alliance for Progress program with respect to the expenditure of funds.

It is disappointing to find those comments coming from spokesmen of two countries which have been such great beneficiaries under the Alliance for Progress program, to whom the President of the United States has given so much out of his contingency fund to help shore up their monetary policies and, in some instances, to give them contingency fund money with which to pay off some American creditors. That is another example of the misuse of the contingency fund. I do not believe that the American taxpayer should have that money given to Argentina for the purpose of having that Government pay off American creditors.

Mr. GRUENING. Of course not.

Mr. MORSE. I speak with complete respect, as a great supporter of my President. I am a strong supporter of the President. Although my support may not be needed, I will do everything I can to assist him in any way I can in the great historic campaign of 1964, because the country and the world need his continuation in office. But merely because I feel that way is no reason why I should agree with him when I think he is wrong and when I am satisfied the facts have proved him to be wrong. I believe the facts have proved him to be wrong in this case. He ought to make it perfectly clear to Brazil and Argentina that they, too, will have to meet the terms and conditions of the Act of Bogotá and the Act of Punta del Este; that they will have to help themselves; and that they will have to adopt some of the reforms that we are entitled to have them adopt, before we pour more money into the Argentine and Brazil. That is the position I take. The President will receive the support not only of the United States, but also of many other parts of the world if he takes that position.

American capital cannot bridge the gulf between rich and poor. If I thought that gulf could be bridged by the expenditure of American money, I would favor it. But I believe that a continuation of our expenditures in the present manner would only make the rich nations richer and the poor nations poorer. To prevent that, it is necessary to effectuate the kind of reforms I have been talking about in my speech today.

The decisions upon which industrial and agricultural growth must be based must be made by the people of those countries. They cannot be replaced with foreign aid. In too many countries, we have tried to use foreign aid to take the place of local effort and initiative.

This is not a case of Americans becoming tired of the burden, which is the favorite phrase of the President. It is a question of whether the indigenous people are ready and willing to do what must be done to elevate their own living standards. A people described by the President as having wealth and strength—ourselves—have no more obligation to help the rest of mankind than the rest of mankind has to help itself. I do not regard this as a moral issue, but as a practical one. I am satisfied that in too many countries our aid is con-

tinued only because it is part of the executive machinery of the U.S. Government, not because it is promoting any economic growth or social progress.

One might also ask whether foreign aid is not a burden that all economically developed countries need to share. Yet the President avoided mentioning the hundreds of millions of dollars this year's bill contains in aid to those very same economically developed countries. Our failure to cease aiding them and their failure to undertake their own aid programs makes a mockery of the President's contention that this is a case of the obligation of rich nations to poor nations. We have allowed foreign aid, rather, to become an American obligation to everyone else.

In commenting on the President's speech of Friday night, I would also point out that whereas he talked mostly about health, education, and housing as objectives of foreign aid, a good third of the whole program is military aid, which has nothing to do with health, education, or housing. In too many places, in fact, military aid is undermining our social and economic programs.

So also do we send hundreds of millions of dollars abroad for purely political purposes. We give it, almost literally, to buy up foreign political leaders. Sometimes we think that by so doing we are keeping them out of the Communist camp; in other cases we are anxious to obtain or maintain military bases. Our aid programs to Sukarno in Indonesia, to the Kingdom of Jordan, and to Ethiopia, Morocco, and Libya have had that purpose. I am skeptical in the extreme of their usefulness. Above all, aid for that purpose is the most difficult to terminate, except when it is terminated by an overthrow of the recipient government by its own people.

Finally, I am most disturbed of all by the President's defense of foreign aid for the jobs it creates for American citizens. If this argument becomes entrenched in defense of foreign aid, it is going to be raised, too, in support of continued defense spending, because it is infinitely more applicable there. If we need Federal programs to reduce unemployment, there are many that are far more worthwhile to the American people than foreign aid. But if the work itself becomes more important to us than its product, then our defense economy is going to be immune from any cuts in the future, no matter what turn the cold war may take. I very much regret that this justification has become so central to the case of the aid advocates.

We need to take a long, hard look at the need for so large a defense expenditure and so large an aid expenditure, and consider the wisdom of spending a good deal of that money in our own country, to meet some of the important domestic issues that confront us that are disturbing millions of American people.

Mr. CHURCH. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. CHURCH. First, I commend the Senator for the great service he has rendered in the course of the past 2

weeks in his intelligent opposition to certain features of this bill which ought to be questioned. Much credit is due him for the improvement that has been made in the bill. The Senator knows that I have sympathized with his efforts. I have done what I could, both in committee and on the floor of the Senate, to support amendments that I believed were fully justified. So I have listened with deep interest to the excellent address the Senator is making. Earlier, I heard him say that if another \$40 million could be cut from the bill, all things considered, he would be satisfied. I want the Senator to correct me if I misunderstood his statement.

Mr. MORSE. May I interrupt to explain my remarks?

Mr. CHURCH. Yes.

Mr. MORSE. I said I had made clear to administration spokesmen this morning that they should take a look at the pending amendments and suggest where a \$40 million reduction could be made, which would round the amount out to \$500 million.

But I also made it very clear that I thought the bill ought to be cut more than that, and that I proposed to offer an amendment that would bring the amount down at least to the House figure. I believe the amount should be cut to the House figure. But we ought to proceed to see if we cannot at least make a \$500 million reduction, instead of the \$460 million now provided for. That does not mean that I will not try to bring about more than a \$500 million reduction.

Mr. CHURCH. I share strongly the feeling of the Senator that a further cut could be made in the bill, particularly with respect to those countries with respect to which we have assumed a kind of frozen position. The Senator has mentioned some of those countries in his address today.

For example, I think of South Korea. I visited South Korea in December of last year. I was appalled to find it a garrison state, so laden with military equipment, ammunition dumps, and motor pools that one wondered why the peninsula had not sunk under the weight of the vast quantities of equipment and material we have furnished South Korea over the years.

It has been 10 years since the fighting ended in South Korea. During that time, we have been spending approximately half a billion dollars a year in aid to the government of South Korea. We have fully equipped a crack army there. Fifteen Republic of Korea divisions are on the line at the 38th parallel. If, after 10 years of the pouring of our treasure into that peninsula, if after all our massive effort to train and equip the South Korean Army, the Koreans are still unprepared to assume the responsibility for the defense of their narrow frontier, perhaps the American people have a right to ask, "When will they be ready?"

The same objection can be made with respect to our policy in Formosa. Again, we find a frozen attitude that still calls forth a quarter of a billion dollars a year in foreign aid expenditures to that coun-

try. To what end? For what purpose? To maintain there an army that is twice as big as necessary to defend the island, but not one-tenth big enough to threaten the continent? The American people have a right to expect that the flow of foreign aid dollars will be tailored to the realities in these countries, and in certain other countries, as well, where we persist in spending a disproportionate amount of our foreign aid money. I think that here is where a further cut could readily be made.

Mr. MORSE. So do I.

Mr. CHURCH. I suggest that the Senator from Oregon give some consideration to an amendment that I have been discussing with the distinguished Senator from South Dakota [Mr. McGovern] and other Senators, an amendment which would call for another \$40 million cut, limited to the four or five countries which receive the largest amounts of American aid, which would leave it to the discretion of the President to decide how to allocate the cut, among countries where the program is inexcusably large, and where the United States has been guilty for many years of assuming a fixed position which has not kept pace with the times.

Mr. MORSE. I shall support the amendment. In fact, I shall shortly be discussing an amendment, and in the course of my speech I shall refer in several places to the contributions which the Senator from Idaho has made in connection with the very point he is now making. We have a good case in that respect. But I made the suggestion to the administration spokesmen this morning because I thought we ought to be receiving some cooperation from the administration, in consultation, concerning where the administration thinks it can make some savings, because, as I pointed out in my remarks earlier, in my opinion, the appropriation will not go beyond \$3 billion, and I think it will end with less than \$3 billion. The administration ought to be consulting with the opponents of the bill and the proponents of the bill, to see if there is not some area in which our differences could be reconciled in what could be a conscionable compromise.

Mr. CHURCH. I suggest that this might very well prove to be the proper area in which to make a final cut. The five countries receiving the largest amounts of our military assistance are Vietnam, Korea, Turkey, China, and Greece. I recall that 4 years ago, when I first became a member of the Foreign Relations Committee, we were assured that our aid program to Greece was about to end, because it had gone on so long, and been so generous, that the administrators felt it had about accomplished its objectives. But here we are, 4 years later, still talking about aid to Greece, and still saying that Greece will soon be eligible for removal from the list.

So I believe the President could decide how to allocate another \$40 million cut, as between the countries which get the biggest slice of our military aid. I commend such an approach to the Senator. I believe it might furnish a proper formula in connection with the allocation of

a further \$40 million cut, so that we could then proceed to a final vote on the bill.

Mr. MORSE. I thank the Senator from Idaho. I want him to know that I have pending an amendment which would cut \$50 million from the authorization for supporting assistance which is proposed to be given to some of the countries the Senator has discussed, and would cut \$5 million from the authorization for development grants. These changes would result in a substantial saving. I do not care which way we proceed to attain that goal. That is why I think we need to take an inventory of the pending amendments and determine which ones are overlapping or which ones seek to attain the same ends, and then reach an understanding as to which amendments will be offered, and in what order they will be offered. I am perfectly willing to do that. So I want the Senator to know that I have at the desk amendments which seek to accomplish the same purpose, but I would welcome an opportunity to support his amendment.

Mr. McGOVERN. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. McNamara in the chair). Does the Senator from Oregon yield to the Senator from South Dakota?

Mr. MORSE. I yield.

Mr. McGOVERN. I have discussed with the Senator from Idaho the matter he has mentioned in the last few minutes. I think his suggestion would go a long way toward attaining the objective the Senator from Oregon has in mind.

Earlier today he referred at some length to the attitude of the American people in regard to foreign aid, and called attention to the fact that among the American people there is increasing opposition to foreign aid. I believe—although I could be mistaken—that the American people are strongly in favor of a considerable portion of the foreign aid program. I think there is in our country a great humanitarian tradition—which the Senator from Oregon praises and shares—which leads us to be concerned about the welfare of people in other parts of the world. I know that during the time I was privileged to work with the food-for-peace program, there was almost unanimous support of the program, insofar as we were able to evaluate the sentiment, in terms of our mail and our conversations with people all over the country. They do not want human beings anywhere in the world to be hungry. They are concerned about disease, illiteracy, and the other really basic problems which disturb the progress and the peace of the world. However, I believe they are also concerned—and if I am mistaken about this, the Senator from Oregon can correct me—with some of the things the Senator from Oregon has mentioned and is concerned about—among them, the sterile aspects of the aid program, including a sizable portion of the military aid program which we have been maintaining in the countries enumerated by the Senator from Idaho.

I have hoped we could make the sort of reductions suggested by the Senator

from Idaho in the military aid program, and thus perhaps satisfy the Senator from Oregon and expedite final action by the Senate on the bill.

Mr. MORSE. I am sure that would be the result. I have said all along that I believe the American people would support a good, fair foreign aid program—but not the wasteful, inefficient programs which have come to characterize much of our foreign aid. The people of the United States are fed up—as is indicated by the editorial from the Washington Star which I have placed in the RECORD—with much of the present program; they feel that much of it is highly wasteful and should be stopped. That is why I believe we have the responsibility to rewrite this bill. I believe that thus far we have had remarkably good success with our amendments; but I believe now we have reached the point where we should hold consultations, to determine what can be done toward arriving at some acceptable compromises, thus speeding the bill on before the week is over.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. GRUENING. I commend the Senator from Idaho for his statement.

As I have previously suggested, I believe the proper approach is not to make the kind of blanket cut the other body made, but to go through the program country by country. This process really was begun several years ago in the committee by the Senator from Idaho, when he urged that the countries of Europe and Japan which have become prosperous and no longer need our aid should be removed from our aid program.

If we total the savings which will be made by eliminating from the aid program our aid programs for France, West Germany, Belgium, The Netherlands, Japan, and also Taiwan, Brazil, and Argentina, as well as the aggressor nations, it is apparent that we could easily cut from the bill authorizations in the amount of \$1,500 million, and perhaps more. In each case, such a cut can be justified.

For example, when I visited Taiwan, several years ago, I was amazed to observe the variety and abundance of our aid programs there. Our funds were being used for almost every sort of program the human mind could conceive of. The projects included power plants, paper plants, fertilizer plants, jute plants, factories of various kinds and the rebuilding of their fishing fleet—and of course tremendous military aid. Of course, the original purpose of our aid to Taiwan was to help that island defend itself from attack by the Red Chinese. But that objective was attained long ago. If, after we have poured billions of American dollars into that little island, it is not yet self-sufficient, I believe it is well for us to ask how much longer we intend to do for Taiwan what we would not dream of doing for ourselves.

As for the countries of South America, it is clear that Brazil and Argentina are more or less in a condition of instability; they do not live up to their commitments, and do not even attempt to follow the prescriptions which we think desirable in

connection with our aid. They have not followed the principles adopted at the Punta del Este Conference and which President Kennedy has wisely prescribed.

In each case, the cuts now contemplated can be justified.

When I visited Iran, I was very favorably impressed with what the Shah and our AID administration there were attempting to do with our aid; the Shah is deserving of the highest praise for the reforms he is attempting to carry out; but I doubt very much that the large amounts we are pouring into Iran, to help build up an army for Iran, would ever stop the Russians if they determined to move into that country—in which case the military forces of Iran would offer little more defense than a paper wall. In my opinion, we should end or at least diminish our military aid there, and should devote the money thus saved to economic development, with which, as the Senator from South Dakota has said, the American people are in sympathy. Of course, we wish to help other nations get rid of illiteracy, ill health, poverty, and other conditions which encourage communism; but I believe it apparent that we can still save a vast amount of money by eliminating some of the military aid. We have pointed out that in Latin America our military aid has not served defense, but, instead, has served to support military juntas which seek to overthrow constitutional governments.

I believe we should go into the military program also country by country, just as we should do in respect to the economic program. Then I believe we should come forth with a cut that would be justifiable and defensible, and that would be substantially larger than anything that has yet been considered.

(At this point Mr. NELSON took the chair as Presiding Officer.)

Mr. MORSE. Mr. President, I now wish to say a few words about my amendment numbered 306. At the outset I wish to make it very clear that if any Senator has any suggestions for a modification of the amendment which would improve it, I should be very glad to consider modifications. I believe that when Senators hear me through, my objective will be perfectly clear. I have been told that a rumor is being circulated that the amendment would prevent sales on the part of people in the United States, and that if a country desired to buy equipment from the United States, it could not do so under the Morse amendment. If my amendment is subject to such an interpretation, it will be modified before I finally call for a vote on it. But in my judgment, the objective of the amendment is one that deserves the support of the Senate.

The amendment would prohibit further aid of any kind to economically developed countries, other than what is necessary to fulfill firm commitments made prior to July 1, 1963. Even in the case of these prior commitments, the amendment directs the President to terminate them at the earliest practicable time and to report to the House and Senate by July, 1965, on what progress he has made. The committee bill bans only grant aid to these countries, and it also makes an exception of \$1 million

per country in grant aid for military training expenses.

I understand that some think that the restrictions upon the President are too great. If they believe that the language should be modified in some respect in regard to those restrictions, I am open to suggestions for modifications in that respect. But what I wish to do is to accomplish the main objective of the amendment, which I now proceed to discuss.

The "economically developed countries" referred to in the amendment are those nations listed as exceptions to the definition of "economically less developed nations" contained in the United Nations General Assembly Resolution 1875 (S.IV) and in addition, West Germany and Switzerland. These latter countries are not U.N. members and hence are not listed as exceptions to the General Assembly definition.

Although the amendment does not list the countries by name, they are Australia, Austria, Belgium, Byelorussian S.S.R., Canada, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Rumania, South Africa, Sweden, Ukrainian S.S.R., Union of Soviet Socialist Republics, and the United Kingdom. Of course, the United States is also listed by the U.N. resolution as an economically developed country.

Hence, the effect of my amendment would be to prohibit any form of aid under this Foreign Assistance Act to these nations except for existing commitments, and existing commitments to them are to be renegotiated downward as quickly as possible.

It was as long ago as 1960 that the Senator from Idaho [Mr. CHURCH] first began pressing for language in the foreign aid law that would bring about a termination in aid to the economically well-off nations of Western Europe and Japan. Even at that time, the Foreign Relations Committee and the Congress were met with the self-contradictory answer that aid to these nations was being closed out and besides, the aid still being sent was necessary to afford a certain amount of flexibility to the President and to assure our allies that the United States would not let them down suddenly.

So in fiscal year 1960, we provided aid to these countries in Europe defined by the United Nations as being economically developed totaling \$886 million plus \$108 million more to Japan. The figures broke down as follows:

Fiscal year 1960

[In millions]

Country:	Amount
Austria.....	\$1.0
Belgium-Luxembourg.....	9.8
Denmark.....	36.5
Finland.....	0
France.....	72.5
Germany.....	137.6
Iceland.....	4.9
Ireland.....	0
Italy.....	162.2
Netherlands.....	49.5
Norway.....	34.1
Poland.....	10.5
Sweden.....	0
United Kingdom.....	116.5
Japan.....	108.1
European regional.....	229.6

That was where things stood in 1960 when Members of the Senate began expressing increasing displeasure with continued aid to these nations. That was when the assurances were poured in that their programs were being terminated, and that if Congress would just refrain from putting anything into the law about it, the administration would take care of the matter.

So the figures came in for the next fiscal year—1961. They showed that Western Europe that year received \$569.4 million from us in all forms of aid, plus another \$115.8 million for Japan. That was a net reduction of a little more than \$300 million. But it was not enough for our friend the Senator from Idaho [Mr. CHURCH] and many of the rest of us.

It was in 1961, as I recall, that the Senator from Idaho offered an amendment on the Senate floor calling for a more specific termination of aid to developed countries. But that was the year of the Berlin crisis. How well I remember the argument made here on the Senate floor that to cut our aid to our Western Allies at that critical time would appear to be an expression of lack of American interest in the welfare of Europe. Of course, we had already put over \$41 billion into Western Europe as an expression of our concern for its security; but as we are hearing today from France in particular, there is never enough that America can do to satisfy the Europeans that we mean what we say. That is a hopeless cause. There is not enough money and there are not enough American troops in our whole country that we could put into the continent of Europe to satisfy a great many of its people that the United States means to fulfill its treaty obligation to consider an attack on a NATO member as an attack upon the United States. Yet just a few days ago, President Kennedy told us that we had to send additional American troops to Germany that year because of the unfulfilled commitments of our allies—chiefly France.

So in fiscal 1962, another \$436.3 million went into the economically developed countries of Europe, plus another \$141.8 million to Japan, for a total of \$578.1 million. The breakdown is as follows:

Fiscal year 1962
[In millions]

Country:	Amount
Austria.....	\$4.2
Belgium-Luxembourg.....	18.8
Denmark.....	15.0
France.....	41.0
Finland.....	0
Germany.....	2.2
Iceland.....	4.3
Ireland.....	0
Italy.....	105.3
Netherlands.....	14.8
Norway.....	24.9
Poland.....	8.1
Sweden.....	0
United Kingdom.....	27.5
Japan.....	141.8
European regional.....	173.1

The figures I am using are for all forms of aid. They include food for peace, Export-Import Bank loans, and other forms of aid that are not covered in the Foreign Assistance Act. It is also true that my amendment, banning further aid

to them under the Foreign Assistance Act, would not affect the food-for-peace program, not Export-Import operations.

But the great bulk of this money is still under the foreign aid program now under consideration. More specifically, the great bulk of it is in the form of military aid, and most of that is grant aid. But not all. We are also making loans for military assistance that would not be affected by the language in the committee bill.

I also point out that throughout the fiscal years since 1960, we have been sending aid, so we are told, "to carry out previous commitments." In a moment, I shall discuss the aid figures for fiscal 1963, and it will become evident that these previous commitments are apparently indefinite. Unless we direct the President to renegotiate and revise downward our "previous commitments," we will not be able to terminate our aid to Western Europe as the committee obviously desires to do.

I call attention to the aid figures for fiscal 1963 as they affect these countries. They show that little, if any, improvement was made over the previous year. The total for Western Europe was \$705.7 million, with another \$172.9 million for Japan. That is a total of \$878.6 million.

The substantial increase over the previous year is due in part to large loans to Austria, Italy, and Japan from the Export-Import Bank, which would not be affected by my amendment. But the military aid programs showed little difference from the previous year, and in many cases were higher than in 1962.

The breakdown is as follows:

Fiscal year 1963
[In millions]

	Amount
Austria.....	\$31.4
Belgium-Luxembourg.....	28.1
Denmark.....	24.0
Finland.....	None
France.....	30.6
Germany.....	.5
Iceland.....	1.4
Ireland.....	None
Italy.....	300.7
Netherlands.....	16.4
Norway.....	38.7
Poland.....	10.8
Sweden.....	None
United Kingdom.....	11.2
Japan.....	172.9
European regional.....	211.9

The funds listed here for Belgium-Luxembourg, Denmark, France, Netherlands, and the United Kingdom are virtually all military. For Italy, too, over \$72 million of her aid is military. They are able to support themselves. If they wish to buy from us, I do not seek to prevent that, but I do not believe we should give them aid money.

I predict that unless Congress does three things in this area, the figures for fiscal 1964, which are now classified, will turn out to be almost the same as for fiscal 1963. The three things we must do are to specify the countries that are not to receive any more aid, extend the ban to loan aid, and direct a downward revision of our existing commitments. My amendment does the first by directing that no further aid is to go to the list of nations found by the United Nations

to be economically developed. As I have already said, these are Australia, Austria, Belgium, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Ireland, Italy, Japan, Luxembourg, Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics, the United Kingdom, and the United States. To this list I have added the Federal Republic of Germany and Switzerland, which are not members of the United Nations.

Unless we are specific, the Pentagon and our AID administrators will continue to find justification for these programs. The committee language does, after all, leave it up to the President, which is another way of saying it is up to the administrators of the program, to determine what countries are economically developed and able to finance their own defenses. You will inevitably find that when the Pentagon is anxious to have a country engage in some military activity that it is reluctant to finance itself, there will be a finding that the said country is unable to finance its defense.

Therefore, I believe it is important that we name these countries.

The language added by the committee says that "no assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth," and then it makes two further exceptions, one for commitments entered into before July 1, 1963, and orientation and training expenses for military purposes up to \$1 million per country.

We must not leave any room for doubt as to what countries we mean when we say nations capable of sustaining their own defense burdens and economic growth. My amendment leaves no room for doubt.

The second thing we must do is to extend the ban on further aid to loans, as well as grants. As I have pointed out, we are making loans to nations of Western Europe for military purposes. There is nothing in the committee bill that would put a stop to that practice.

Those nations are capable of financing their own military commitments. Furthermore, I believe our loans should go to other parts of the world, where they are most sorely needed. That is why I am a strong supporter of increasing our loans on a specific project basis to Latin America, to name one area.

The third thing Congress must do is direct the President to revise downward our existing commitments to these countries. There are some who feel that my language goes too far in that direction, and I am perfectly willing to listen to suggestions for its revision. But if there is not some renegotiation, the grants will continue to flow into Western European nations, and perhaps into Japan, as well.

If I should be told all this should be left up to our administrators, my answer would be that we have waited for several years for the AID administrators to turn off this particular spigot.

They have not done so, and I can only reach the conclusion that they never will.

My second response is to take a look at what new plans are being pressed right now in the Departments of State and Defense for Western Europe. After the ugly experience we have had in trying without success to get our NATO partners to meet their commitments, after the continuation of military aid to them long after they were able to pay their own way, the American policymakers decided we should embark on a whole new NATO program for which the United States would pay 40 percent.

This was the proposal for the NATO surface fleet. This was not a proposal that was initiated among our allies. It was not something we decided to go along with reluctantly. To the contrary, it was our own idea. It was our idea that if the alliance began to look a little shaky, it could always be repaired with American money.

So we proposed a nuclear fleet for which we would pay 40 percent. We have tried to sell this plan to NATO. We have, to put it another way, tried to persuade our NATO Allies to let the United States pay for much more than our share of a new nuclear force which would belong to the alliance. We want them to allow us, to permit us, to do this for them.

That approach, and that attitude, has characterized our whole NATO policy ever since we first sent troops to Europe in large numbers in the early 1950's. It is why I have no confidence at all that financial and military aid to them will stop unless Congress itself stops it.

In some respects, our allies have used better judgment themselves. Last Friday morning's New York Times published the story that the Military Committee of the NATO Parliamentary Conference has recommended against the nuclear surface fleet. It rightly called it military superfluity and therefore a waste.

I surely welcome this indication that the American taxpayers may not, after all, get stuck for another multibillion-dollar outlay representing the American share of what Great Britain, France, Norway, Denmark, Belgium, and the Netherlands should be doing for the alliance. I believe the 40-percent proposed payment is outrageous.

Apparently they have saved us from that fate, when our own policymakers were determined to go ahead with it.

This is why I believe my amendment is necessary if Congress is to see the termination of U.S. aid to these countries.

Mr. President, I rest my case at this point on my amendment. I hope if the discussion which will take place on the floor or in the cloakrooms in the next hour or so results in adjustments to this amendment that Senators believe should be made, we can at the same time protect its objective. I believe this is the time when we should say that American aid money should no longer go to self-sufficient NATO countries, but should go to the truly underdeveloped areas of the world where it is so important to us, on a project-to-project basis, to be of help

to governments willing to help themselves.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment, in the nature of a substitute, on page 47, lines 15 to 21.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 315

Mr. MUNDT. Mr. President, I was amazed to read in the Washington Post for Tuesday, November 5, a story that the U.S. Government, through the medium of the Export-Import Bank, will underwrite the credit risk involved in the recent sale of corn to Communist Hungary. This story states that the Federal Government has decided to underwrite all the credit risks for American banks engaged in financing the sale of \$6 million worth of surplus U.S. corn to Hungary, which, of course, is a member of the Communist bloc. It was my understanding that at the time the President made the announcement that this Government would approve applications for licenses for private corporations to negotiate sales of wheat and other grains to the Soviets and their satellites, he implied that the carrying out of these negotiations would be through private channels, with the grain trade negotiating the sales and the sales being consummated for cash or gold or short term credit extended through private channels. There was no indication that the American taxpayer would be called upon to underwrite the credit risk involved in export sales to Communist countries, at the time the President made his statement on radio and television about the wheat sale.

I was not alone in this understanding of the proposal made by President Kennedy, because I hold in my hand the November 1963, Washington newsletter, No. 242, issued by the Friends Committee on National Legislation in which the organization comments with some caution, but with commendation on the decision to sell wheat to the Communist countries. However, it also appears to be laboring under a misapprehension about the manner in which it is now proposed to finance these sales to the Communist bloc countries.

I quote from the Friends newsletter:

In order to avoid legislative restrictions and rally public support, the President has specified that the sales would be (1) made through private dealers, (2) for dollars or gold—

I repeat the second category, Mr. President, because we heard much about that when we were discussing the wheat sale—

(2) for dollars or gold; (3) for cash or short-term credit; (4) not diverted to Communist China or Cuba, and (5) carried in available American ships, supplemented by ships of other countries. This last requirement is still being modified because of the high level of U.S. shipping rates.

In view of the general understanding involved in the Presidential announcement that we were about to start selling grain to Communist countries, I was understandably shocked to read in the Washington Post for November 5 an article under the byline of Vincent J. Burke, under the heading "Government Will Underwrite Credit Risk in Sale to Hungary."

I read a portion of that news release:

The Federal Government has decided to underwrite all the credit risks for American banks engaged in financing sale of \$6 million worth of surplus U.S. corn to Communist Hungary.

It is expected that similar credit guarantees will be extended to the pending \$250 million sale of wheat to the Soviet Union.

I call that to the attention of the Senate because we now have opportunity to do something about the complete switch in the understanding of the people of this country that this sale was to be made for cash to what now appears to be a program to have the American people underwrite all the bad debts the Communists may accumulate in connection with the sale.

I read this rather startling announcement because it is pertinent to an amendment I propose to offer to the foreign aid bill. It is expected that similar guarantees will be extended for the \$250 million wheat sale to the Soviet Union.

I quote again from Mr. Burke's article in the Washington Post of November 5:

In announcing a month ago that the Government would permit the sale of wheat to the [Soviet] Union, President Kennedy said it would be sold by private dealers for American dollars or gold, either cash on delivery or normal commercial terms.

If that were all that were involved, it would be bad enough. I submit that sales of this type, even if they were made to Communist countries for cash, involve a switch in our American foreign policy, because they provide, instead of a policy of trying to restrict export of supplies to strengthen Communist countries, one of actually encouraging shipment of supplies to strengthen the Communist countries so as to give them extra weapons, extra power, extra energy enabling them to continue to intimidate the neutral countries of the world and countries of the free world, in order to compel the continuation of the necessary appropriation of moneys such as we are called upon to authorize today in the foreign aid bill.

It would be bad enough if the administration were to undertake this action even on sales for Communist gold by Executive decree without consultation with Congress. However, when, instead of that, we are now told that these sales are to be made for credit, instead of cash or gold, that is something quite different. When we are now told that the credit risk is being underwritten by the Export-Import Bank, which is fi-

nanced exclusively by American funds, I believe that we confront a situation which is utterly indefensible.

I point out another statement in the Washington Post article:

Actually, it is customary for the Export-Import Bank, a Government agency, to guarantee one-half of the short-term credit extended by private commercial banks on sale of big shipments of American goods abroad. The agency's chief purpose is to promote foreign sale of American products.

Departing from its usual 50-50 practice the Export-Import Bank has agreed to guarantee all—

Let me repeat that, because I want Senators and the country generally to understand what we are confronted with in this situation—

Departing from its usual 50-50 practice, the Export-Import Bank has agreed to guarantee all—

A-1-1—

all the short-term credit extended by banks to finance the sale of corn to Hungary.

I ask unanimous consent that the entire article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOVERNMENT WILL UNDERWRITE CREDIT RISK
IN SALE TO HUNGARY

(By Vincent J. Burke)

The Federal Government has decided to underwrite all the credit risks for American banks engaged in financing sale of \$6 million worth of surplus U.S. corn to Communist Hungary.

It is expected that similar credit guarantee will be extended to the pending \$250-million sale of wheat to the Soviet Union. When and if that happens, informed sources said yesterday, a group of House Republicans is preparing to attack the Kennedy administration's handling of the sale.

In announcing a month ago that the Government would permit the sale of wheat to the Union, President Kennedy said it would be sold "by private dealers for American dollars or gold, either cash on delivery or normal commercial terms."

Actually, it is customary for the Export-Import Bank, a Government agency, to guarantee one-half of the short-term credit extended by private commercial banks on sale of big shipments of American goods abroad. The agency's chief purpose is to promote foreign sale of American products.

Departing from its usual 50-50 practice, the Export-Import Bank has agreed to guarantee all the short-term credit extended by banks to finance the sale of corn to Hungary.

This was done after the commercial banks refused to take the risks required under the agency's normal practice.

Also yesterday, the Commerce Department granted a license for the shipment of about \$1 million worth of corn to Hungary—the sixth such license granted since October 23.

The license permits the shipment of 600,000 bushels of yellow corn, valued at \$1,031,000.

Mr. MUNDT. Mr. President, at a time when we are discussing whether we should authorize \$3 billion, \$4 billion, or even \$5 billion of foreign aid money to strengthen the mutual capacity of countries in the free world to resist the continuing encroachments of communism, I ask my colleagues seriously whether we want to place the American taxpayer in a position where, with his dollars, we propose to guarantee all of the credits

that the Communists utilize in buying from us the supplies they need to strengthen the capacity of the Communists to threaten the portion of the world which we are seeking in this pending bill to protect.

I ask unanimous consent that there may be printed in the RECORD at this point the text of the amendment which I have sent to the desk, and which I shall offer in due course, and on which I shall ask Senators to express their opinion as to what they think of this kind of practice, in a yea-and-nay vote.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

On page 54, after line 4, insert the following:

"SEC. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620 (f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of grain or any product thereof by such country, agency, or national."

Mr. MUNDT. Mr. President, I believe the decision to approve such sales of grain to the Soviets is wrong since while we are working on legislation here today to make funds available for programs to build up the economy and the muscle of the free world, the White House and the State Department, without any "advice and consent" of the Senate, are taking action to alleviate and correct mistakes in the administration of their economy by the Communists and their satellites.

I must confess that this decision has been made, not by Congress, but by Senators or Representatives, but by executive decree, in spite of the clear-cut understanding that sales were to be made for cash or short-term credit, and also with the understanding that it was to be shipped mainly in American bottoms. I do not know what our free world friends think about a proposal that has now become a fact, whereby we are now selling American surplus grains to the Communists at a cheaper delivered price than that at which we are selling it to our friends in the free world. We have established a practice—properly so—that our exports to those countries are to be carried in American bottoms, in American ships whose crews receive American wage scales. That is appropriate. Now we are selling grain to the Communists at the world price, which is the price that we also use in selling grains to friendly countries; but when we sell grains to friendly countries, and ship them in American bottoms, the cost to the recipient is greater than what we are charging the Communists, because they get shipping at reduced negotiated rates.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. FULBRIGHT. I am curious about the last statement the Senator has made. Does he have reference to sales under the authority of the AID bill, or commercial practice?

Mr. MUNDT. I have reference to the fact that we have sold, from Commodity Credit Corporation stocks, at world prices, to Germany and other friendly countries, grains which we delivered to them in American bottoms. Now we are selling grains to the Communists and delivering them in American bottoms at lower delivered prices.

Mr. FULBRIGHT. Let me get this point clear. Does the Senator mean that West Germany has bought American products and paid the world price plus the American shipping price, which is substantially above the going price for shipping? Is that a fact?

Mr. MUNDT. They have done that, unless they have been able to carry the products in their own bottoms.

Mr. FULBRIGHT. Without any ifs, ands, or buts, have they actually done it?

Mr. MUNDT. They have not been getting it at the discounted American delivered price in American bottoms.

Mr. FULBRIGHT. Have they paid a premium price for it?

Mr. MUNDT. They paid the same price that the Communists are paying, the world price, but they have the problem of having the grain shipped to a friendly country.

Mr. FULBRIGHT. Does the Senator know of an instance in which the West Germans have used American bottoms when any other bottoms were available?

Mr. MUNDT. I know of the fact that they either have used American bottoms and paid American prices, or have shipped the products in other bottoms. We have not given to them the concession that we are giving to the Russians, at a negotiated price downward.

Mr. FULBRIGHT. I have always considered the Germans to be pretty good traders. I have never heard of them paying a premium above the world price.

Mr. MUNDT. Yes; they are good traders, and they also are considered good friends of ours. In no instance have we offered them the identical shipping concessions that we are offering to the Communists.

Mr. FULBRIGHT. I do not understand what the Senator means by concessions. Whenever a foreign country pays cash for a commodity, it usually purchases the transportation at the lowest price it can get. Is that not the common practice?

Mr. MUNDT. Of course.

Mr. FULBRIGHT. Where is there any concession?

Mr. MUNDT. It is also common practice for them to provide their own delivery, or we deliver it at our standard, acceptable American fees.

Mr. FULBRIGHT. Does the Senator believe that they could not hire a ship flying the Liberian flag?

Mr. MUNDT. If they did that, that would be their own delivery.

Mr. FULBRIGHT. Their own delivery. The Senator does not mean that it must be a West German flag ship?

Mr. MUNDT. Whatever arrangement they make would constitute their own delivery system.

Mr. FULBRIGHT. What is the conclusion the Senator is drawing?

Mr. MUNDT. We have not offered to deliver the products in American ships at the reduced price that we are offering to the Communists.

Mr. FULBRIGHT. The price is still higher than the going price for non-American ships. Is that correct?

Mr. MUNDT. It could well be.

Mr. FULBRIGHT. The newspaper article points that out.

Mr. MUNDT. We are offering preferential treatment to the Soviet Union and to Hungary giving them the status of most favored nations, because we have offered to them a delivery system. I do not know who takes the loss—whether it be the shipper or the seamen.

Mr. FULBRIGHT. I submit that that is a distortion of the facts, because what they want to do is ship it in ships they can hire at a lower price than what we are offering them.

Mr. MUNDT. Not American ships, though.

Mr. FULBRIGHT. No; ships that will carry it more cheaply.

Mr. MUNDT. Can the Senator name any country which has purchased surplus American wheat from the Commodity Credit Corporation when we have offered to deliver it in American ships at a lower rate than the prevailing rate? We are speaking now of a commercial practice.

Mr. FULBRIGHT. This policy would require shipment in American ships at higher prices. The way the newspapers report the deal, other countries will not ship in non-American ships at prices even lower than negotiated prices.

Mr. MUNDT. We are not sure what the new rates will be. I have never seen them published. I have been told they were negotiated sharply downward.

Mr. FULBRIGHT. I read in the press that the prevailing price as of the date of the article, which was published last week, in non-American ships is close to \$13 a ton delivered to Black Sea ports; while the going price in American ships is \$23. There has been talk of trying to reduce the rate in American ships to \$18, but that would still be substantially above the rates in non-American ships. Certainly it is not a privilege to allow the buyer to pay \$5 or \$6 a ton more than the going rate.

Mr. MUNDT. It is certainly a privilege if the recipient country is in a position in which it needs to use American ships.

Mr. FULBRIGHT. But they do not want to carry it in American ships. This is not a privilege they are seeking.

Mr. MUNDT. They are getting the benefit, however, of the fact that we are giving Communist countries a specific rate reduction.

Mr. FULBRIGHT. I am not interested in whether they use American ships or not. I merely thought the facts as to the actual situation should be fairly stated.

Mr. MUNDT. I think the facts will all be better clarified when we get from the administration a specific statement, first, as to what will be the new special rate to Communist countries, and second, who will absorb the difference. Will the American shipping companies make a smaller profit, or will the men who work

on the ships receive a smaller wage? Or are we going to shuffle off the difference on the American taxpayer in the form of some new kind of subsidy? There are facts we all want to have in that connection.

However, the main burden of my remarks this afternoon, and the sole purpose of the amendment which I have offered, deals with the question of whether, in the credit involved, we want to compel the American taxpayer to underwrite any bad debts which might eventuate.

Mr. HICKENLOOPER. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I am happy to yield to the Senator from Iowa.

Mr. HICKENLOOPER. Perhaps what I am about to say is somewhat collateral to the Senator's very interesting, informative speech. However, I just took from the news ticker an interesting piece of information which might be of interest to the Senator in his discussion. It is a UPI dispatch from Moscow, with reference to Cuba. It reads:

The Government newspaper Izvestia—

I interpolate that Izvestia has never been known, so far as I am aware, to print anything that did not have the approval of Moscow.

Mr. MUNDT. I am sure that is a correct statement.

Mr. HICKENLOOPER. I continue to read:

The Government newspaper Izvestia said tonight the Soviet Union never promised the United States to withdraw all Russian troops from Cuba.

It said the question of Soviet troops in Cuba "is a problem between the Soviet Union and Cuba" and no one else.

A leading Izvestia article signed "Observer" referred to a claim attributed to U.S. special envoy W. A. Harriman that Premier Khrushchev promised him that all Russian troops would be pulled out of Cuba.

"It is difficult to say with whom this version originated, with Harriman himself or the New York Herald Tribune which quoted him," Izvestia said.

The Soviet newspaper apparently referred to a Washington column by Joseph Alsop published in the October 31 issue of the Paris edition of the New York Herald Tribune. It said in part:

"When Governor Averell Harriman was in Moscow, Nikita S. Khrushchev twice assured him that all Russian troops would eventually be brought home from Cuba. 'Why should we keep them there?' Khrushchev asked, and added that the men of the Red army did not like being there either because of the steamy Cuban climate."

The interesting thing about this dispatch is that the Kremlin seems to be reverting to type and is now saying it did not say what most observers said it did say some time ago. The merry-go-round goes round and round, and we are still dealing with Communist operations.

Mr. MUNDT. It seems to me that that statement emphasizes at least the fact that we received no quid pro quo from the Communists in turn for our willingness to bail out Soviet Russia from the serious problems that confront them, because of their failure to be able to establish a collectivist farm program and make it successful.

It would appear that the spirit of Moscow is reverting to the spirit of Moscow B.D.S.—before the death of Stalin—because I saw none of this fine, conciliatory aspect in what the Senator has read, and which we sometimes read in language that is uttered by Khrushchev.

Mr. HICKENLOOPER. Would the Senator say that the spirit of Moscow should more properly be called the specter of Moscow?

Mr. MUNDT. I think that would be much more appropriate.

Mr. President, I continue with the point I am trying to make about the import of the amendment which I have submitted, and which I hope will be adopted by the Senate overwhelmingly, or perhaps the Committee on Foreign Relations will accept it and obviate the necessity of a yea-and-nay vote, because it seems to me it is a perfectly logical, necessary, and sound amendment.

Is it not odd that just a few weeks ago we were asked to advise and consent on a test ban treaty, whose major provisions were already effective in this country through the President's proclamation at his American University speech on June 10, which precluded our testing of nuclear weapons?

On this issue, already decided by Executive decree, the Senate was asked to advise and consent.

The decision to sell wheat and other grains to Russia and the Communist bloc was made in the executive branch of the Government—without any advice or consent by the Congress. In my opinion, Mr. President, our ratification of the test ban treaty proposal and the decision to approve sales of wheat and grains to the Communist bloc demonstrate significant needs for changing the guidelines established as a basis for our American foreign policy—if indeed it does have established guidelines. Both of the above instances have a bearing on the decisions we are now making on this foreign assistance legislation. While we are asked yearly to authorize the appropriation of billions of dollars for foreign aid to strengthen the economy and the muscle of the free world, it is only in those instances where it helps the propagandists of this administration that we are asked to "advise and consent." Congress was not—and I repeat, not—asked to express its thoughts in any form on the approval of the sale of wheat to Russia and the Communist bloc nations.

Mr. President, to compound even further the seeming contempt for an expression of Congress on the wheat sale approval, the administration has now made a decision to use the dollars of American taxpayers to guarantee American banks extending credit for these sales so that if the Russians or any of their satellites default on their payments on credit extended, the Export-Import Bank, which is financed wholly by American dollars, will reimburse these private banking institutions suffering losses.

In no other instance according to the Washington Post report does the Export-Import Bank go that far. We would grant to the Communists by this decision a consideration we deny other countries, anywhere in the world. This

is another instance of most-favored-nation treatment; and to me, for some inexplicable reason, the "most favored nation" is to be one in the Communist bloc, instead of one of our allies or our friends.

It is proposed that our Government guarantee the full payment of the loans. What a strange departure from the original White House statement, which was that we were to be paid in gold or in cash or in short-term credits. But Uncle Sam, not the private lending institutions, is to take the risk of these sales. The private lenders, however, instead of Uncle Sam, will make the profit on them.

If there is a default on any credit extended for the sale of this wheat, it will be the American taxpayer, or good old "Uncle Sucker," who will take the loss, not the private banking institutions, since they will be protected by the administration's decision from any loss of dollars. My amendment would prohibit this kind of financial shenanigan. It would prohibit the Export-Import Bank or any other agency of Government from guaranteeing repayment of these credits extended by private American banking institutions to Communist countries. It would insure that the wheat and other grain sales are strictly consummated through private channels, as the President said they would be; and without Government support, as the President said would happen; and that the grain trade and private credit institutions would be undertaking and entering into such sales contracts at their own risk and for their own profit, not at the risk of the unsuspecting American taxpayers.

The American taxpayer should not be asked or required to pick up the very substantial risk in these sales which many private grain traders now want to exploit. My amendment would protect the overburdened taxpayers of America and would place American financial institutions who provide the credit in this instance on notice that these grain sales will be conducted on the same basis as sales negotiated in this country. Private credit will take the risks, make the profits, and stand the losses—if losses occur for any reason whatsoever. My President, I hope that when my amendment is offered, it will be adopted, so that sales of grain to the Communist bloc will not be at the expense of the U.S. taxpayers in case the Communists default on their payments and violate still another one of their promises.

Mr. President, if we are to continue to spend billions of dollars to strengthen the capacity of the free world to defend itself against Communist subversion and aggression, the least we can do as Senators and as guardians of the interests of the American people is to make sure that our fellow taxpayers are not also charged with the expense of providing supplies to the Communist countries whose persistent attacks against free world security make these AID appropriations or some other type of foreign assistance program necessary. My amendment would do precisely that—no more and no less. It would protect the

American taxpayers against the very probable contingency that he will have to pay through the Export-Import Bank for the credits defaulted by Communist countries to which our wheat and grain are being sold.

In my opinion, the whole concept of strengthening our enemies by selling them the supplies they need on credit terms which will safeguard their Communist economies, while at the same time spending billions of dollars strengthening the capacity of our friends to resist the encroachments of aggressive, atheistic communism, as we are being asked to do by means of the present foreign aid and assistance bill, is a highly questionable and sadly inconsistent concept. It clearly indicates the need for the evolution of a new type of U.S. foreign policy. Our constituents have the right to expect more constructive and more consistent action from their Senators than mere endorsement of such an inconsistent self-defeating program as involved in our prevailing foreign policy.

Surely, the long record of broken promises by the Communists does nothing to give them a high-grade credit rating. Once they have our merchandise, they can and will default on their payments with the same contemptuous disdain that they have demonstrated in their failure to pay the just debts they owe to us for previous credits and to pay the debts which today they owe to the United Nations and to the other free sectors of the world. It does not make good sense—in fact, it makes no sense at all—to use the funds of the United States to guarantee the credit and to underwrite the financial "good intentions" of the Communists. This is even more startling than appeasement; this is an endorsement of the checks and the notes to be utilized by the Communists in purchasing supplies to strengthen their capacity to attack us. It is a startling anomaly. If we must sell them food and merchandise which I very much doubt—the least we can insist upon is that they pay cash for what they buy, or that those seeking a quick profit by selling to the Communists on long term credit assume responsibility for their own losses and for their failure to collect on credits extended to those who so often have demonstrated their bad faith in one program and one promise after another.

Let those who would make the profit assume the risk, Mr. President. Let us not try to compel all the taxpayers of the United States to underwrite the bad faith of the Communists, who seek to obtain from us the supplies, the food, and the fabric required in order to strengthen them in their mad desire to bury the free world and to destroy Christendom.

I shall have more to say on this subject when I call up my amendment. At this time I merely make this preliminary statement in the hope that Senators will read and study the amendment and acquaint themselves with the facts, and in order that the country generally may know what will be provided by the succession of appeasing actions favorable to the Communists unless we take the

opportunity provided by my amendment to call a halt to a suicidal program of that kind.

Mr. President, I urge the adoption of my amendment in order to protect the American taxpayers against the necessity of being called upon to finance both sides of the cold war at the same time. It is bad enough that we are now beyond the \$100 billion mark in helping to finance the free side of the cold war. But now, when we are asked to go beyond the \$100 billion mark and to appropriate additional billions, we are told that the American taxpayers not only are to underwrite and support to that extent the free world, but also they are to finance the Communist side of the cold war by guaranteeing any debt the Communists incur in purchasing supplies from the United States. I ask Senators to consider seriously the ultimate consequence of such a reckless squandering of our country's resources.

Mr. FULBRIGHT. Mr. President, some of the statements which have been made are quite inaccurate and are among the strangest interpretations of the facts I have ever heard on the floor of the Senate.

I have had prepared a memorandum based upon an inquiry made some days ago of the Export-Import Bank. Last week I received an inquiry relative to an article published in the Washington Post.

Mr. President, I shall read the last paragraph of the memorandum, in order to indicate what I mean:

The Export-Import Bank stresses that there is nothing new in these arrangements—aside from the fact that a short-term credit risk is being covered with respect to a Soviet bloc country. In fact, the Bank has been making similar arrangements, on more liberal terms, with respect to sales of cotton ever since the Bank was established. In last July, for example, a \$60 million sale of cotton to Japan was covered by 100-percent political and credit guarantees; no downpayment was asked and a lower interest rate was involved.

The remainder of the memorandum deals with the specific conditions of these sales. I shall not take the time of the Senate to read the entire memorandum at this time, inasmuch as the amendment to which it is relevant is not now pending; but I believe it will be helpful, for the information of the Senate, to have the memorandum printed in the RECORD; and no doubt this question will be discussed further when the amendment is before the Senate.

I ask unanimous consent that the memorandum be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM: EXPORT-IMPORT BANK GUARANTEES OF SALES TO BLOC, NOVEMBER 6, 1963

The story in yesterday's Washington Post concerning the Export-Import Bank's guarantee of a sale of corn to Hungary, and the Bank's readiness to extend similar terms with respect to other commodity deals with the Soviet bloc, contains at least two errors. First, as will be seen from the detailed account below, the Bank is not covering 100 percent of the financing of the corn deal of about \$6 million with Hungary. Second,

there is no "usual 50-50 practice" concerning guarantees, contrary to the newspaper story.

The Export-Import Bank has announced terms which would be extended, if accepted, to any of the deals between American suppliers and Soviet bloc purchasers of commodities. These arrangements are as follows: The Bank is ready to issue guarantees through U.S. commercial banks. The Bank itself will not grant any credits. It will issue 100 percent guarantees against the political risks and full coverage of certain credit arrangements which are made. However, these terms depend completely on the following conditions being met first: (1) The purchasing country must pay 25 percent of the purchase price in dollars to the commercial bank representing the supplier prior to shipment of the commodity; (2) a maximum of 18 months credit for the balance may be extended by the commercial bank; and (3) the balance of 75 percent of the purchase price must be paid in three equal installments at 6-month intervals during those 18 months—an interest charge of 5 percent is levied on this balance. In connection with the above account, it should be understood that the buyer has to make contact with the American supplier, who then turns to a U.S. commercial bank, which in turn would go to the Export-Import Bank.

The Export-Import Bank stresses that there is nothing new in these arrangements—aside from the fact that a short-term credit risk is being covered with respect to a Soviet bloc country. In fact, the Bank has been making similar arrangements, on more liberal terms, with respect to sales of cotton ever since the Bank was established. In last July, for example, a \$60 million sale of cotton to Japan was covered by 100 percent political and credit guarantees; no downpayment was asked and a lower interest rate was involved.

PROPOSED PAY INCREASE UNREALISTIC

Mr. YOUNG of Ohio. Mr. President, within a short time the Post Office and Civil Service Committee of the House of Representatives will issue a report recommending salary increases for all three branches of the Federal Government—the executive, the judiciary, and the legislative.

Last June 13 I spoke out in this Chamber and cautioned against the king-size salary increases recommended by the President's Advisory Committee. Unfortunately, it appears that the bill soon to be voted on in the House of Representatives for the most part embodies these unrealistic recommendations.

This legislative proposal if enacted into law will cost American taxpayers over \$600 million a year. This is only the beginning. History teaches us we may be assured that within the next 2 years another pay increase bill will be requested. Also, as the Federal bureaucracy grows, the price tag for this increase will grow with it.

Frankly, Mr. President, I believe that this proposed legislation would be a fantastic raid upon the Public Treasury. Long ago it was written:

Enter ye the strait gate: for wide is the gate, and broad is the way that leadeth to destruction, and many there be which go in thereat: because strait is the gate, and narrow is the way, which leadeth unto life, and few there be who find it.

The gate to the Public Treasury is wide, and broad is the way. Far too many there be which go in thereat. As Senators of the United States it is our duty to guard this gate and to protect it to the utmost against unreasonable and unwarranted entry.

I cannot in good conscience support the proposed pay raise bill in its present form. It would increase the salaries of Cabinet officers from \$25,000 to \$40,000 per year, and make comparable increases for salaries of the various and sundry deputy secretaries, under secretaries, assistant secretaries, and administrators—some to \$38,500 per annum. Then there are substantial raises for the deputy assistant secretaries, deputy commissioners, administrative assistants, executive assistants, and right down the line. These bureaucrats frequently solicit and because of pressing their applications receive these appointments. Frequently, probably almost daily, I am besieged with requests from qualified men and women seeking appointive Federal jobs. I am sure that this is true of other Senators.

We hear the argument that many important positions go unfilled or are occupied by unqualified people because those who are qualified to fill them will not leave private industry for a lower Federal salary. I am sure that this is probably true in some cases. However, I have never seen the results of any study which named names and named jobs that have gone begging or whose functions are not being adequately performed for this reason.

If it is necessary to raise the salaries for 10, 20, 50, 100, or even 1,000 Federal jobs in order to lure competent people, is it necessary at the same time to raise the salaries of all Federal employees for the sake of these few? Frankly, I am tired of this wornout argument. If there are certain Federal positions for which there is proof that a higher salary level is needed to attract competent people, then let these jobs be named specifically and let specific legislation be enacted to correct the problem.

For years every time a pay raise bill comes before the Congress, we have heard this timeworn argument. I ask my colleagues, is it necessary and fair to the taxpayers to raise the pay of 2,000 second-, third-, and fourth-level administrators in order to obtain 50 qualified first-level administrators?

Regarding U.S. judges it is well known that whenever there is a vacancy on the Federal bench, many, sometimes hundreds, of competent lawyers seek the appointment. There are at most but a few hundred lawyers in our Nation, who, if offered an appointment to the Federal bench, would not accept. Although there may be some, it is extremely doubtful that a lawyer would refuse appointment to the Federal bench at \$22,500 a year and agree to accept were the salary to be increased to \$35,000. I would like to know the name of one man in the Nation who would refuse appointment to the U.S. Supreme Court, the highest honor a lawyer may receive, solely because this position pays \$35,000 a year and not \$45,000.

It should be remembered that in addition to the prestige and other emoluments that accrue to a member of the Federal bench, these judges enjoy their salary as long as they live whether they continue to serve actively or whether they retire following 10 years of service having reached the age of 70. Talk about job security, they have it for life and with all the trimmings.

There are Federal judges today in Ohio and in most other States who have reached retirement age and could have retired years ago. Evidently, they do not feel that they are being underpaid as many continue to serve actively well beyond the retirement age of 3 score and 10.

Furthermore, the vast body of Federal employees, protected as they are by Civil Service, on retirement receive an annuity which is comparable to the best in private industry.

Mr. President, I am also opposed to the \$10,000 salary increase for Senators and Members of the House of Representatives. However, there is much more merit to a reasonable increase in salaries for Members of the Congress than for appointed officials and the judiciary. It seems to me outrageous to propose that the Administrator of some independent agency should receive a salary in excess of that of a U.S. Senator.

The bill pending in the House of Representatives would create a new group of bureaucrats, many hundreds of whom would receive salaries of \$38,500 per annum. They are appointed officials. They do not have to spend campaign money to be elected. The cost of campaigning to be elected to the House of Representatives or the U.S. Senate has become terrific, almost beyond comprehension. Furthermore, following election, even though a candidate had political contributions to help him defray the cost of campaigning, he should maintain close relations with his constituents and wishes to do that. This means frequent travel to his home State. It means maintaining his home there as well as a Washington residence. Contrary to the belief of many people, Senators do not have expense accounts except for transportation costs alone of two trips a year to their home States. Furthermore, I seriously question whether there would be any additional candidates for election to the Congress because of the proposed pay raise. No doubt the same men and women would be elected or returned to the Congress. The fact is that very few men and women of high achievement in private life would refuse appointment or certain election to the Senate of the United States or the House of Representatives.

Another argument which we constantly hear in connection with pay raises is that the Federal Government must be competitive with private industry. Private industry bases its pay scale on profits. Where profits are great, salaries in many instances are supercolossal. I make no complaint about this. However, no such factor governs the Federal Government's payroll. Our Government's only source of income for paying salaries is the taxpayer who, heaven

knows, already is bearing a heavy enough burden.

An essential factor the committee has failed to recognize is that the purpose of Government is service whereas the purpose of industry is profit. If the goal is to try to match the pay scale of private industry, then we must accept the fact that this proposed bill is only the first installment, and that future requests will indeed make this present legislation look miserly.

We should realize that the Federal Government can never match the salaries of private industry. We shall always have to rely to a marked degree on many citizens to serve their Government as their lives' work. That is as it should be.

It is fair to say that citizens generally wish public officials to be paid adequately. It would be foreign to our American way of life were Congressmen, for example, to be denied adequate compensation. It would be unfortunate were only men and women born to great wealth, or who had acquired great wealth, able to afford to occupy public office, elective, or appointive. No one wants that. On the other hand in my judgment the House Post Office and Civil Service Committee has reportedly come forth with overly generous and, in fact, outrageously high salary recommendations.

Mr. President, because of my opposition to a salary raid on the Public Treasury at this time, I have received criticism from some on the Federal payroll. It startled me somewhat that one of them, Representative WAYNE HAYS, of Ohio, according to newspaper reports, stated that both Ohio's Senators were not worth the increased salary proposed for Members of the Congress. Mr. President, I ask unanimous consent that pertinent excerpts from an article entitled "HAYS Says Ohio Senators Are Not Worth Pay Increase," which appeared in the Cleveland Press on October 31, 1963, be printed in the RECORD at this point as part of my remarks.

There being no objection, the excerpt of the article was ordered to be printed in the RECORD, as follows:

HAYS SAYS OHIO SENATORS ARE NOT WORTH PAY INCREASE

(By Thomas Talburt)

WASHINGTON.—Congressman WAYNE HAYS, Democrat, of Ohio, says he understands why both of Ohio's Democrat Senators oppose a congressional pay raise. He says they're not worth it.

HAYS, who's backing a proposed pay boost, said he'll offer an amendment to pay legislators on a sliding scale from \$5,000 to \$35,000 a year and let each Member decide for himself how much he is worth.

"If my amendment passes and either Ohio Senator says he's worth more than \$5,000, he could be tried for perjury," snapped HAYS.

After placing rather dubious prices on the heads of Senators FRANK LAUSCHE and STEPHEN YOUNG, HAYS was asked to evaluate his own performance.

"I'm worth the maximum," he declared.

"I'm sick of demagogues," HAYS added. "There are plenty of people in Congress who will vote against the bill and then be the first in line to get their checks."

Senator YOUNG laughed when told of HAYS' comments, but offered no reply. LAUSCHE could not be reached.

WANTS \$35,000

The pay bill approved by the House Civil Service Committee yesterday provides a \$10,000-a-year raise for Senators and Congressmen, from \$22,500 to \$32,500. HAYS is holding out for \$35,000.

This article by Tom Talburt, Washington correspondent for the Scripps-Howard newspapers, contains the following specific statements made by Representative HAYS:

Congressman WAYNE HAYS, Democrat, of Ohio, says he understands why both of Ohio's Democratic Senators oppose a congressional pay raise. He says they're not worth it.

HAYS, who's backing a proposed pay boost, said he'll offer an amendment to pay legislators on a sliding scale from \$5,000 to \$35,000 a year and let each Member decide for himself how much he is worth.

"If my amendment passes and either Ohio Senator says he's worth more than \$5,000, he could be tried for perjury," snapped HAYS.

After placing rather dubious prices on the heads of Senators FRANK LAUSCHE and STEPHEN YOUNG, HAYS was asked to evaluate his own performance.

"I'm worth the maximum," he declared.

My first acquaintance with the gentleman from the 18th Ohio District was in January 1949, when he came to Washington as a first term Representative. At that time, I was serving my fourth term as a Member of the House of Representatives and had been elected to membership of the Committee on Ways and Means which is the committee on committees of that body. As a member of that powerful committee, I was assigned the duty of recommending committee assignments for freshman Congressmen from Ohio, West Virginia, Indiana, and Michigan and for Congressmen from those States who desired to make a change of their committee assignments. Of course, I talked with the Democratic leaders of those four State delegations in my endeavor to help my Democratic colleagues secure committee assignments to their liking.

Representative HAYS asked me to try to have him placed on the Committee on Foreign Affairs, then as now, a blue-ribbon committee of the other body. I spent time and effort in conferences, and recommended my new colleague. He was later selected for membership on the Committee on Foreign Affairs.

I did my best for him in 1949. It is true that I have not done anything for Representative HAYS lately. He has been a very fine and effective Representative, representing Ohio and the Nation. I understand that his work on the House Committee on Foreign Affairs is outstanding, and that his frequent travels overseas have broadened his knowledge of foreign affairs and have won for him the agnomen, "Ohio's Marco Polo." His most recent trip to London and Paris has been well publicized. Ten Members of the other body made this trip to the Interparliamentary Conference in Paris. Meanwhile the other body continues in session, but has not acted upon the important administration medicare bill, to call attention to one omission on the part of that body. Unfortunately, because of tax features of this legislation the Senate cannot pass needed hospital and nursing home insurance without social security, commonly termed "medicare," until it is

first passed in the House of Representatives.

My Ohio colleague is quoted as having said, "If either Ohio Senator says he is worth more than \$5,000, he could be tried for perjury." I will give that statement the charity of my silence. Furthermore, to the evaluation of his own performances and his statement that he is worth the maximum I shall not disagree. Without a doubt he is an expensive and valuable Member of Congress.

Mr. President, I am not opposed to a reasonable pay increase for some Government officials and employees when it can be shown they are deserving of it. Furthermore, although I am opposed to the bill as introduced, I do believe that if it is reasonably amended, it is entitled to consideration.

Furthermore, if salary increases are given to appointive bureaucrats and Federal judges, then the Members of the Congress should receive equal consideration. It is certain that Senators and Representatives can have a much better case made for them for a pay increase than can possibly be made for most appointive officials. There is certainly more justification for a pay increase to Members of Congress than for U.S. judges and all appointive officials except certain Cabinet members.

It appears to me that some provisions in the pay raise bill are really somewhat frightening. Do we want Washington bureaucrats to become America's new economic royalty? I hope that members of the Senate Post Office and Civil Service Committee and all Senators will look long and hard at this legislative proposal should it come to us from the House of Representatives. We should not enter into a race to have public service compete with private industry to determine which is more generous in payment of king-size salaries. We should not make the Public Treasury the private domain of public servants.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. YOUNG of Ohio. I am glad to yield.

Mr. MORSE. I should like to bear witness and give testimony to the fact that, in my judgment, the Senator from Ohio [Mr. YOUNG] is worth to the people of Ohio many times his salary, and I hope the people of Ohio will see to it that he continues to serve in the Senate for many more years to come.

Mr. YOUNG of Ohio. I thank the distinguished senior Senator from Oregon [Mr. MORSE]. I shall take my seat feeling very humble over the commendatory statement he has just made regarding me.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I should like to have the attention of the chairman of the Foreign Relations Committee.

As I said at the beginning of my speech on the pending amendment, No. 306, I

hope that any modifications that will make it helpful and stronger, without sacrificing the main objective I have in mind can be agreed upon.

The first Senator to speak to me about that was the Senator from Vermont [Mr. PROUTY]. He said it had been represented to him that my amendment would prevent sales. I said I did not believe it would, but if there were any question about it, it would have to be modified in order to remove any doubts. So, on the basis of that conversation, after I consulted with other Senators, I propose a modification of the amendment, as follows:

(i) No funds shall be made available under this Act on or after the date of enactment of this subsection (except for military sales under section 503) to any economically developed nation, except to fulfill firm commitments made prior to July 1, 1963. The President is directed to make no further commitments for assistance (except for military sales under section 503) to such economically developed nations—

Then I drop out of the amendment the language on line 5, page 1, starting with the word "and"—

and is directed to terminate such commitments made prior to July 1, 1963, at the earliest practicable time. The President is further directed to report, not later than July 1, 1965, to the Speaker of the House and to the Senate Foreign Relations Committee on the steps which he has taken to comply with this provision.

This I agreed to do because the amendment, in this form, will accomplish the main objective. The main difference between my amendment and the language of the bill as it came from the committee is that my amendment seeks to prevent longtime loans to countries which really do not need loans, countries which are self-sufficient. We should be making loans to countries that need loans. As the chairman knows, there is concern as to whether the amendment would interfere with the short-term credit loans for sales. Some countries wish to buy equipment, and AID makes them a short-term credit loan. That helps in regard to the balance-of-payments problem, and that is why I redrafted the amendment. But as to the other loans, as the chairman pointed out to me in a conference with him, they are not making such loans now. They have in the past. Of course, they could in the future. I just cannot believe—and that is why I make the legislative history—that they would return to making the other type of loan in view of the language in the bill as reported by the committee and the debate we have had on the subject matter.

The chairman of the committee ought to know we have been trying to work out an amendment that would be acceptable.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CHURCH. First, let me say that we do, indeed, share a common objective. I think it is shared by the distinguished chairman of the committee as well. That objective is to put an end to the AID program to rich and fully self-sufficient countries. To that end, the committee adopted an amendment I offered—

for I have long been interested in eliminating this defect in the foreign aid program—which appears on page 47 of the committee print, beginning on line 15, and reads as follows:

No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000.

The two exceptions seemed highly desirable the first, because we must honor our prior commitments, since the United States keeps its word; and the second, because we deemed it wise to permit a year's time within which to transfer the orientation and training courses from the foreign aid program into the military budget, where they properly belong. This language allows for transition period during which the change in budgeting procedures can be accomplished.

I think it is very important that the Senator from Oregon is making legislative history on the question of long-term economic loans. I understand it to be the policy of this administration not to extend such long-term loans to rich countries. However, I think it should be made perfectly clear that it is intent of Congress also that no further long-term loans should be made to countries fully capable of furnishing their own capital.

So I commend the Senator from Oregon for the legislative history he is making. But we should be careful to make certain that short-term credits are not foreclosed, because today we are exporting abroad, for cash or short-term credit, a billion dollars worth of military equipment and supplies, which is very important to our adverse balance-of-payments problem. We do not want to cut off the very countries which are the principal purchasers of American military equipment and supplies.

I think we can accomplish our common objective—and I have consulted the Senator from Oregon, who has been most cooperative in trying to arrive at satisfactory formula—by holding to the language which I offered, and which the committee adopted, but borrowing from the amendment, as modified, that is now pending, offered by the senior Senator from Oregon, that language which defines an economically developed nation, making one change.

The suggestion I make is that beginning on page 47, following the figure "\$1,000,000" on line 21, we add the following paragraph:

As used in this subsection, the term "economically developed nation" shall include, but need not be confined, to any nation listed as an exception to the definition of "economically less developed nation" contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland.

For the information of the Senate, I may say that the nations listed in the cited United Nations General Assembly resolution include all of the clearly self-sufficient, recovered, prosperous nations that both the Senator from Oregon and

the Senator from Idaho wish to strike from our foreign aid list.

I think, with the legislative history that the Senator from Oregon has so ably made, this addition, by more clearly defining the countries we have in mind, but leaving it open for the addition of other countries that may become self-sufficient in the future, will accomplish our objective, and improves the language the committee has adopted with this objective in mind.

I would suggest to the Senator from Oregon that he join me in offering this language as a substitute for the amendment now pending. I am hopeful that the distinguished chairman of the committee will accept this addendum to the language which the committee previously approved.

Mr. MORSE. I will join the Senator from Idaho in offering the amendment as a substitute for my amendment. It accomplishes our main objective. The legislative history makes clear to the administration our attitude. We hope there will not be a reopening of long-term economic loans which are no longer being made. Also, it will serve notice on the administration that Congress hopes something can be done with regard to some of the commitments already made, although we have to keep those commitments if we cannot reach an understanding in those instances where understandings are due. Many of these countries, for example, are not keeping their United Nations commitments.

Furthermore, as the chairman of the committee knows, in committee many of us have expressed from time to time our views about having to put money into infrastructure in Europe; but we are committed to it. I do not know how we can reach that problem. We should not be paying for infrastructure in France or any other self-sustaining nation.

Perhaps this history will be helpful to the administration in connection with some of its diplomatic economic relations with those countries.

Therefore, I shall be glad to join the Senator in offering the proposal as a substitute for my amendment, if the chairman is willing to take it to conference.

Mr. FULBRIGHT. Mr. President, I am quite willing to take it to conference. I think it is a very good substitute. I am sure it will be agreeable to the other members of the committee. I am glad to accept the substitute.

Mr. CHURCH. I thank the Senator.

Mr. President, on my own behalf and that of the Senator from Oregon, I send to the desk a substitute amendment, and ask that it be read.

The PRESIDING OFFICER. Does the Senator from Oregon withdraw his amendment?

Mr. MORSE. Mr. President, if I may, I am going to send to the desk my amendment, as modified, that I discussed. It ought to be in the RECORD, and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 47 delete lines 15 to 21, inclusive, and insert the following:

"(1) No funds shall be made available under this Act on or after the date of enactment of this subsection (except for military sales under section 503) to any economically developed nation, except to fulfill firm commitments made prior to July 1, 1963. The President is directed to make no further commitments for assistance (except for military sales under section 509) to such economically developed nations.

"As used in this subsection the term 'economically developed nation' should include but need not be confined to any nation listed as an exception to the definition of 'economically less developed nation' contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland."

Mr. MORSE. Then I want it understood that I withdraw that amendment, and substitute for it the amendment that the Senator from Idaho [Mr. CHURCH] and I now jointly offer.

Mr. CHURCH. Mr. President, I take note of the fact that the senior Senator from Texas [Mr. YARBOROUGH] is on the floor. He was one of my original supporters to amend the bill to strike the rich countries from the foreign aid list. He has now asked that he may have his name added to the substitute.

I ask unanimous consent that his name be added to the amendment, with the consent of the Senator from Oregon.

Mr. MORSE. It would be a great pleasure to have the Senator's name on the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by the Senator from Idaho [Mr. CHURCH], for himself and the Senator from Oregon [Mr. MORSE], and the Senator from Texas [Mr. YARBOROUGH] as a substitute for the Morse amendment to the committee substitute will be read.

The LEGISLATIVE CLERK. On page 47, after \$1,000,000, it is proposed to insert:

As used in this subsection, the term "economically developed nation" shall include, but need not be confined to any nation listed as an exception to the definition of "economically less developed nation" contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland.

Mr. CHURCH. For the information of the Senate, I have a list of the countries covered by the United Nations General Assembly resolution referred to in the substitute amendment. I ask unanimous consent that the list may be printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Australia, Austria, Belgium, Byelorussian SSR, Canada, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Rumania, South Africa, Sweden, Ukrainian SSR, Union of Soviet Socialist Republics, the United Kingdom, and the United States.

Mr. CHURCH. In connection with the remarks of the senior Senator from Oregon concerning the \$77 million in the bill for NATO infrastructure, on the basis of the hearings of the committee and the committee report, this is something that ought properly to be a part of the defense

budget of the United States. This is not foreign aid. This is a commitment on our part to contribute a certain proportion of the funds necessary to maintain a military alliance. We are in that alliance for purposes of our own defense.

The committee report makes it perfectly clear that we anticipate the elimination of the \$77 million, as a contribution to the NATO infrastructure, from foreign aid next year, and that we think it should be budgeted hereafter as a part of the national defense budget of the United States. It should come within the regular military budget, and be stricken permanently from the foreign aid program.

Because it requires time to work out such a transfer, the committee chose not to strike this particular infrastructure contribution from the foreign aid program this year. We have certain commitments, and we must meet those commitments. However, next year we expect the administration to make the change in its budgeting arrangement so that this item can be permanently stricken from the foreign aid bill.

Mr. MORSE. I wish only to add this comment: I hope this action will be recognized by the administration as clear notice to both the State Department and the Defense Department that we are opposed to further commitments for infrastructure. We believe the time has come to stop building airbases, for example, for the defense of other countries. They ought to build them themselves.

Mr. CHURCH. I agree fully with the Senator from Oregon. I believe the discussion on the floor should put the administration on notice that these budget transfers should be made next year; that Defense should take care of our NATO obligation, and that this excess baggage should no longer be carried as a part of the foreign aid program.

Mr. President, I have no further remarks to make. I am grateful to the chairman of the committee for having accepted the amendment. I hope the Senate will adopt it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. CHURCH], for himself, the Senator from Oregon [Mr. MORSE], and the Senator from Texas [Mr. YARBOROUGH], in the nature of a substitute for the amendment of the Senator from Oregon to the committee amendment, as amended.

The amendment to the amendment was agreed to.

Mr. DOMINICK. Mr. President, I send to the desk my amendment No. 292, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 31, line 18, after the section number it is proposed to insert "(a)".

On page 32, between lines 5 and 6, add the following:

(b) Section 203 of the Foreign Assistance Act of 1961, as amended, which relates to fiscal provisions with respect to development loans, is amended to read as follows:

"SEC. 203. All receipts from loans made under and in accordance with this title shall be available for use for the purposes

of this title, subject only to the annual appropriation thereof. Receipts so appropriated and other funds made available under this title for use for the purposes of this title shall remain available until expended."

Mr. DOMINICK. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOMINICK. This amendment is extremely important, but very easy to explain. Section 203 of the bill deals with the Development Loan Fund. Section 203 itself was written in conference in 1961. It provides, as it is now constituted, that all receipts from the development loans, whether they be interest or principal repayments, shall come back into the Development Loan Fund, and may then be expended by AID personnel without further authorization and without the need for any appropriation of any kind.

How much are we talking about, and exactly what am I doing? All I am saying in the amendment is that the revolving fund shall remain as it is, that the receipts from the development loans shall come back into the fund, but that there shall be congressional review, so that Congress will retain some authority over when, how, and where those funds may be expended.

It seems to me, from the debate that has taken place under the able leadership of the senior Senator from Oregon, that the feeling of the public as a whole is that Congress has not been sufficiently careful of the way in which the AID money has been spent or with respect to the amount that is being spent. That is self-evident, Mr. President. We have adopted one amendment after another, but the amendment I am now discussing has not yet been brought up. In the House—and I say this for the information of the Senate—this year a different type of amendment was offered. Representative PELLY, of Washington, offered an amendment to strike out all of section 203—to repeal it—and this would have eliminated any form of revolving fund. On that type of proposal, he was defeated. However, no amendment has yet been brought forward which merely provides that the amounts of money as they come in shall be subject to the regular appropriation process.

On page 288 of the hearings is a list of the AID development loans for fiscal years 1962 and 1963. These are categorized, so that we can see what type of loans have been made. The first item is public activities. It shows a total of \$415,800,000 for water, sewerage, power, and light; \$81,800,000 for irrigation, soil conservation, and grain storage; \$204,100,000 for roads, railroads, ports, airports, and communications; and \$63,800,000 for housing and self-help. The total for these activities is \$765,500,000. This is only for fiscal years 1962 and 1963.

It then goes on and details loans which have been made in the form of credit institutions. It contains non-project loans, loans to private enterprise, loans to governments for natural resource development, and loans to governments for industrial development. It then covers other features, such as feasi-

bility status, social services, and rehabilitation.

The grand total for fiscal 1962 and 1963 is \$2,191,400,000 in development loans.

Under the provision now in the bill, as repayments of these loans are made—heaven knows, we all hope the loans will be repaid, even though we are not sure they will be—the total amount of \$2,191 million might be subject to being spent by the AID without any control of any kind by Congress. There would be no requirement for authorization and no requirement for appropriation.

However, if the amendment were adopted by the Senate as a whole, and were placed in the law, we would then continue the revolving fund and the development loan fund process. But we would require that all receipts, either of principal or interest, that return to that fund must be subject to the annual appropriation process, which is followed in connection with all other spending activities.

I should like to refer to pages 332 to 336 of the hearings, which show the amounts of interest now in effect on various types of loans made to various countries. In the past few weeks, there has been discussion of the interest rate of three-fourths of 1 percent and of the grace period of loans which varies from 5 years to 10 years. The proposal in the committee bill this year is that after 5 years the interest rate shall be raised to at least 2 percent. But all the loans have not been made at the rate of three-fourths of 1 percent. They have varied from country to country according to the type of loan that has been made; consequently, it is difficult to determine in advance how much the amount of interest repayments may be.

On page 332, a loan is shown as having been made to Ghana for an aluminum smelter. The loan is to run for 24 years, instead of the standard 40 years.

A 4-percent loan has been made to Sudan for an industrial development bank. The terms of the loan is 15 years.

A 3½-percent loan has been made to Ghana for a Volta River power project, the loan to run for 30 years.

A series of loans has been made to some other African countries—Cameroon, Ethiopia, Liberia, Niger, Nigeria, Sudan, Tanganyika, Tunisia, and Uganda. These loans are all at a rate of three-fourths percent interest, and each is for a period of 40 years. Senators can examine the tables to see what rates of interest are charged and the terms of the loans.

If we consider only the amount we have authorized for 1964—the reduced amount for development loan purposes—we see that \$950 million has been authorized for fiscal 1964. If the entire amount were committed and expended this year at three-fourths percent interest the amount of interest would be more than \$7 million a year. This amount would be pouring back into the Fund and would be available for expenditure without any check by Congress. After a period of 5 years, with interest at 2 percent, about \$19 million would be flowing into the Treasury. If the whole \$19 million were

amortized over a period of 40 years, assuming repayment in full, there would be a total of \$1,386 million of receipts coming into the Fund, with Congress having no authority of any kind over it.

It does not make any sense to me to have the Senate, which is supposed to be a part of the trusteeship over the taxpayers' funds say, "We are going to authorize the lending of these funds, but when they are repaid, we do not care what happens to them. Those in the executive branch can spend them in any way they please."

This is only one phase of the development loan subject. The question then can properly be asked: What has been the status of loan repayments? The answer to this question can be found on pages 712 and 713 of the hearings. This is really quite an interesting subject. Not only are we talking about the development loan funds as they have been developed over the last 2 years, but the Development Loan Fund Corporation, which was the prior agency and was then merged into the new Development Loan Fund. These tables indicate the grand totals of worldwide loans of U.S. dollars. They show the amount of taxpayer dollars that have been loaned throughout the world.

To date, the repayment of principal has been \$725,677,725.52. The repayment of interest has amounted to \$655,550,362.82.

If we take into consideration the interest and principal repayments, assuming the provision now in the bill had been in effect, and if it remains in the form in which it now is, \$3.3 billion would have been available for expenditure by the AID administration without any instruction by Congress concerning the places and projects where the money would be spent.

Last week there was considerable discussion about whether or not to increase the amount of the President's contingency fund. The point was made that through the contingency fund the President could spend for projects which Congress might not consider, proper, or as to which he was not proceeding in the proper way to spend. As a result, the amount of the contingency fund was not increased.

But the loan funds to which I am referring are contingency funds which far exceed anything the President is given by Congress.

If section 203 is retained as it is, we build into the bill, a contingency fund of \$950 million for a period of 40 years. This does not include interest repayments which would be coming in.

In addition, we are providing a contingency fund by allowing unrepaid expenses on loans already existing, which amount to more than \$5,728 million. This money would be coming back to the fund without Congress having the ability, as the bill is now written, to determine how much of that should be spent, and where, and in what manner it should be spent.

I need not take much longer to discuss this subject. The details seem to be quite plain. However, there are a couple of items I should like to refer to.

In 1961, the General Accounting Office, commenting on back-door spending through revolving funds, said:

As with authorizations to borrow from the Treasury we believe that revolving fund financing likewise represents a lessening of congressional control which is justified only on a clear showing of need and benefit to the Government. We believe that the need to appropriate funds supplies the best incentives and the most effective techniques for congressional control of agency activities. Consequently, if the revolving fund feature is to be retained in the bill, we suggest that the bill be revised to provide that funds may be used for the loan program only in amounts stipulated in annual appropriation acts. The related administration expenses would likewise be subject to an annual review by the Congress.

What I am proposing is exactly what was recommended by Comptroller General Campbell, in the statement I have just quoted.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. FULBRIGHT. This question has been before Congress on three different occasions—in 1957, 1959, and 1960.

The amounts involved are, at the moment, relatively small—between \$3 and \$4 million, although the Senator has said that it is anticipated that in the future the amounts will be larger. It was hoped that this fund would be given some flexibility, in terms of repayments in the future. However, if the Senator will request that the order for the yeas and nays be rescinded, I shall be glad to accept the amendment and take it to conference. It has been under consideration three times before; it does not involve a new issue. Heretofore the Senate has rejected such an amendment.

Mr. MORSE. Mr. President, will the Senator from Colorado yield?

Mr. DOMINICK. I yield.

Mr. MORSE. I join in the request. The amendment is a very sound one. As the Senator knows, I support the amendment, and I believe it should be taken to conference.

In view of the offer of the chairman of the committee to take the amendment to conference, I suggest that the Senator from Colorado agree to the suggestion that he request that the order for the yeas and nays be rescinded.

Mr. DOMINICK. Then there would be a voice vote on the question of agreeing to the amendment?

Mr. MORSE. Yes.

Mr. DOMINICK. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, I thank the distinguished chairman of the committee for his courtesy in connection with this amendment. The amendment is really extremely important.

I should like to ask the chairman of the committee a question. I have a similar amendment in connection with the Alliance for Progress revolving fund.

Mr. FULBRIGHT. It is an identical amendment, as I understand, except that

it would apply to the Alliance for Progress. Is that correct?

Mr. DOMINICK. Yes.

Mr. FULBRIGHT. I am perfectly willing to accept it, too.

The PRESIDING OFFICER. The question now is on agreeing to amendment No. 292, offered by the Senator from Colorado to the committee amendment in the nature of a substitute, as amended.

The amendment (No. 292) to the committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The committee amendment in the nature of a substitute, as amended, is open to further amendment.

AMENDMENT NO. 314

Mr. DOMINICK. Mr. President, to the committee amendment, as amended, I offer my amendment No. 314.

The PRESIDING OFFICER. The amendment of the Senator from Colorado to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 38, in line 17, after the word "provisions", it is proposed to add the following:

(1) All receipts in United States dollars or from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title, subject only to the annual appropriation thereof.

On page 38, line 18, before the word "by" insert "(2)".

Mr. DOMINICK. Mr. President, I repeat that this amendment is identical in type to my amendment with respect to the Development Loan Fund, so I do not think I need to repeat my previous statements in regard to the need for congressional authorization and supervision over such a revolving fund.

If the Senator from Arkansas is willing to accept the amendment, the debate on it can be cut short.

Mr. FULBRIGHT. Mr. President, I accept this amendment to the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 314, submitted by the Senator from Colorado [Mr. DOMINICK], to the committee amendment in the nature of a substitute, as amended.

The amendment (No. 314) to the committee amendment, as amended, was agreed to.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The committee amendment in the nature of a substitute, as amended, is open to further amendment.

Mr. McGOVERN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President, I call up my amendment No. 247, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following:

PART V—MISCELLANEOUS

SEC. 501. It is the sense of the Congress that any agreement hereafter entered into between the Government of the United States and the Government of Czechoslovakia relating to the settlement of claims, determined by the Foreign Claims Settlement Commission, by nationals of the United States against the Government of Czechoslovakia for losses resulting from nationalization or other taking of property of such nationals, shall be submitted to the Senate for its advice and consent.

Mr. KEATING. Mr. President, the purpose of the amendment is to assure that the Senate will be given an opportunity to review any agreement which is reached between the U.S. Government and the Government of Czechoslovakia with regard to U.S. claims against that Government before the agreement goes into effect. The claims involved are claims for property rights or interest owned by U.S. citizens taken or nationalized or on prior to January 1, 1945, by the Government of Czechoslovakia. It should be made clear that those claims are not for war damage or injury of that type. They are compensation for deliberate seizure by the Communist government of Czechoslovakia for which no recompense has yet been offered. Those claims have been adjudicated, found valid, and awarded by the Foreign Claims Settlement Commission. They amount to more than \$113 million, representing 2,630 cases. Some, 1,346 claims were rejected by the Commission, but 2,630 were found to be valid, and they totaled \$113 million.

It is my understanding that there is an agreement in process to settle these claims for approximately \$10½ or \$11 million, which would be less than 10 cents on the dollar.

There have been a number of similar situations. Since World War II the United States has negotiated claims conventions with six different nations. The first was with Italy, in 1947, and was for 100 percent of the value of the U.S. claims. The second was with Yugoslavia, in 1948, for 91 percent of the value of U.S. claims. The third, in 1950, was with Panama, for 90 percent. The fourth, in 1960, was with Rumania, and was for 24 percent. The fifth was with Poland, for claims that have not yet been completely processed, so it is impossible to know what will happen in that case.

The most recent country involved in the claims process is Bulgaria, and the settlement was for 40 percent.

It is rather ironic that the two free world countries paid 100 percent and 90 percent, respectively, of the claims against them, while the Communist nations are succeeding in paying a much smaller share. It seems to me particularly disturbing that the number of awards on the Czech claims, 2,630, is larger than the number for any other country.

I have a list of claimants. There are a few large claimants. There are many small claimants—people with small businesses which were taken in Czechoslovakia. Claims were made and have been adjudicated to be valid. Now those claimants are asked to take 10 cents on the dollar. I have the names and addresses of the claimants in the various States, representing the 2,630 claims, and I have received some pitiful letters from some of them.

I ask Senators to put themselves in the position of a U.S. citizen who owned a little tobacco store, let us say, in Czechoslovakia, and had it nationalized. After hiring a lawyer and going through the Claims Settlement Commission, it was adjudicated that he was entitled to \$3,000 for the property that had been taken away from him. Now he is being asked to take less than \$300 for his claim. That is a tough proposition.

All the amendment would do would be to say that it is the sense of Congress that any agreement between the two governments should be submitted to the Senate for its advice and consent.

There may be some special, unusual situation which justifies a settlement of less than 10 cents on the dollar in this one case. If so, let us hear what the reasons are. Let the Senate have a voice in the matter.

That is what was done in the Panamanian settlement, so there is a precedent for such action. That settlement was ratified by the Senate on August 9, 1950, and since the settlement amounted to 90 percent, it seems to me a fairly good precedent to follow. A settlement of less than 10 percent of the awarded claims is not, it seems to me, by any stretch of the imagination, the mere execution of a policy laid down by Congress.

A U.S. agreement on less than 10 percent compensation is surely not what Congress intended when it established the Foreign Claims Settlement Commission, which was charged to determine "the fair or approved value of the said property right or interest."

This has now taken place after many years of hearings. Therefore, I strongly believe that the Senate should request formally, by resolution, that the agreement with the Czechoslovaks, now under consideration, not go into effect until the Senate has offered its advice and consent.

But I repeat, this would not stop the agreement. It would say that the Senate should have some voice in it, as the Senate did in the case of the Panamanian settlement.

I ask unanimous consent to include at this point in my remarks a further statement on this issue.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SENATE REVIEW OF CZECHOSLOVAKIAN CLAIMS

In general, the Constitution prescribes that treaties of the United States shall be made by the President by and with the advice and consent of the Senate, "provided two-thirds of the Senators present concur." It has been the practice of the executive branch to contract with foreign states in relation to a variety of matters through the medium of so-called executive agreements on which Senate ratification has not been sought. The Constitution does not contain

any definition of a treaty and makes no statement declaring under what circumstances an arrangement purporting to bind the United States must be handled as a treaty. Nevertheless, authoritative commentators have concluded that the alternative technique of the executive agreement cannot be employed to frustrate the constitutional requirement of Senate ratification in appropriate cases: "The declaration that the President 'shall have power by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur,' sustains the conclusion that it was not to be rendered abortive by recourse to a different procedure for the use of which no provision was made, and that there were to be found tests of improper evasion in the character of what was sought to be achieved despite the absence of a specific textual prohibition. Otherwise, the scheme for the cooperative action of the President and the Senate would have been a relatively valueless injunction, and the solitary constitutional guide for contracting would have been of slight worth."

It is necessary to turn to precedents in executive branch-congressional relations and to the policy considerations in the particular case at issue to determine when Senate ratification of a foreign agreement is called for since there is no governing case law. For any claims settlement with Czechoslovakia of the unpaid claims adjudicated by the Foreign Claims Settlement Commission, both the precedents and the applicable policy considerations indicate Senate ratification should be sought.

It has been accepted that the executive branch can, without Senate ratification, enter into lump-sum claims settlement agreements to be administered pursuant to the International Claims Settlement Act of 1949, as amended. The United States-Polish Claims Settlement Agreement of 1960 is an illustration. Where, however, the claims agreement provides that a claim against the United States is to be offset against the claims of U.S. nationals against the foreign government, Senate ratification has been obtained. The 1950 claims agreement with Panama, administered pursuant to the International Claims Settlement Act of 1949, was such an agreement and was submitted as a treaty for Senate ratification. In the Panama agreement, a \$53,800 Panamanian claim against the United States was offset against \$403,156 in claims of U.S. nationals, resulting in a net Panamanian payment of \$349,356. In a Czech claims settlement agreement, the Czech claim against the United States for the taking of the steel mill will be offset against the amount to be paid by Czechoslovakia on the claims of U.S. nationals. A Czech claims agreement should, therefore, be handled as the Panamanian claims agreement was, as a treaty with Senate ratification.

In a sense, however, since Congress has already incorporated the first stage of Czechoslovakian claims settlement in legislation, these claims cannot be compared to other claims settlement precedents. The 1958 amendments to the International Claims Settlement Act which led to the Foreign Claims Settlement Commission adjudication of U.S. claims against Czechoslovakia made provision for a claims settlement agreement if such an agreement were executed within the following year and delayed adjudications for that period. Since no such agreement was arrived at, there is a strong implication that the subsequent adjudications of the Foreign Claims Settlement Commission were not to be virtually nullified by a later claims agreement executed without any reference to the Congress. This is particularly so now that the actual adjudications have shown that the steel mill sales proceeds were grossly inadequate to meet claims that totaled \$113,600,000 rather than the \$25 to \$45 million an-

ticipated by the executive branch. There is a provision in the Czechoslovakian claims legislation stating that subject to the provisions of any claims agreement hereafter concluded between Czechoslovakia and the United States, payments from the steel mill proceeds shall not be deemed to extinguish any claim not paid the full amount of the Commission award. This, of course, does not state either way how such a future claims agreement should be handled.

It stands to reason, however, that having provided for a 4-year Federal Czech claims adjudication program, Congress did not have in mind that the executive branch could subsequently settle these claims for less than 10 cents on the dollar without having to explain to the Congress why no better settlement was possible.

As a policy matter, there is no reason why Senate ratification should not be required and every consideration in favor of it. There can hardly be a need for speedy action since the Czechs have dragged their feet on the matter for almost 15 years. There is no problem of settling claims in order to work out recognition of the Czech Government (the justification cited in the *Belmont* and *Pink* cases for handling the 1933 claims settlement with Russia by executive agreement). On the other hand, it is important that the Congress, the claimants and those Americans proposing to do business with Czechoslovakia know the full considerations behind any claims settlement with that country. In effect, the claimants are being called to sacrifice over 90 percent of their claims and forego over \$100 million in approved claims.

During 1953 and early 1954 the Senate, in considering the Bricker amendment (S.J. Res. 1, 83d Cong. 2d sess., 1954), gave considerable attention to the problem of when executive agreements should have Senate ratification as treaties. In 1953 during the hearings of the Senate Judiciary Committee on the Bricker amendment, Secretary of State John Foster Dulles made a commitment to consult with "appropriate congressional leaders and committees" to determine the most suitable way of handling international agreements when there was any serious question as to Senate ratification:

"It has long been recognized that difficulties exist in the determination as to which international agreements should be submitted to the Senate as treaties, which ones should be submitted to both Houses of the Congress, and which ones do not require any congressional approval.

"Differences of opinion resulting from these difficulties have given rise in the past to disputes between the executive branch and the Congress concerning the handling of international agreements. It must be recognized that it would be extremely difficult, if not impossible, to fit all agreements into set categories. At times there may be disagreement as to the manner in which agreements are to be dealt with. While recognizing this, the executive branch cannot surrender the freedom of action which is necessary for its operations in the foreign affairs field. In the interest of orderly procedure, however, I feel that the Congress is entitled to know the considerations that enter into the determinations as to which procedures are sought to be followed. To that end, when there is any serious question of this nature and the circumstances permit, the executive branch will consult with appropriate congressional leaders and committees in determining the most suitable way of handling international agreements as they arise."

This assurance did not head off prolonged debate on the need for Senate ratification of executive agreements having any significant internal effect in the United States. Senator George, of Georgia, proposed an amendment to the Bricker amendment, the essence of which was the requirement that "an inter-

national agreement other than a treaty shall become effective as internal law in the United States only by an act of the Congress." During debate on his amendment, Senator George commented (100 CONGRESSIONAL RECORD 1401):

"I am saying to the Senator from Missouri that if nothing is to be done in the field of executive agreements, which have multiplied out of all real proportion to the treaty-making power of the President as exercised under the Constitution itself, we may as well close up shop."

Senator George later pointed out that, if the executive branch would submit the executive agreements he was concerned about for Senate ratification, he would not be concerned about the need for further congressional action:

"That is why I mean to say that the President should submit, as a treaty, to the Senate every executive agreement having the effect of internal law. He should submit it to the Senate. If the Senate by two-thirds vote approved the treaty, then I would have no doubt at all that it would become a coextensive part of the law of the United States.

"That is where we are now, so far as treaties are concerned. I am only concerned with executive amendments which never have been acted on by the Senate."

Senator George, in his discussion of executive agreements, expressed the most concern about the effect of the Supreme Court decision in the case of *U.S. v. Pink*, 315 U.S. 203 (1942). The *Pink* case litigated the effect of the 1933 executive agreement known as the Litvinov assignment. In this agreement the Government of the U.S.S.R. released and assigned to the U.S. Government all amounts due the Soviet Government from American nationals in preparation to a final settlement of the outstanding claims and counterclaims between the United States and the U.S.S.R. In the *Pink* case the Supreme Court held that, regardless of the legal status under New York law of the assets of a former Russian insurance company, the U.S. Government, by virtue of the Litvinov assignment, took title to these assets which had been nationalized by the U.S.S.R. Senator George felt that the executive branch should have treated the Litvinov assignment as a treaty requiring Senate ratification since it dealt with property and claims to property in the United States. (It might be pointed out that the Czech claims program, by virtue of title IV of the International Claims Settlement Act, gives the American claims against Czechoslovakia the status of claims against property located within the United States since the proceeds of the Czechoslovakian steel mill sale have been allocated by Congress for this purpose.)

Senator George's amendment, made into a substitute for the Bricker amendment, was agreed upon by a vote of 61 to 30 in the Senate.

Mr. FULBRIGHT. Mr. President, with regard to the amendment, the instances which the Senator from New York has cited were with regard to settlement of claims made in pursuance of legislation and not of a treaty.

The Congress gave the executive branch authority to conclude these claims settlements when it enacted the International Claims Settlement Act of 1949. Section 4(a) of that act provides that the Foreign Claims Settlement Commission shall have jurisdiction to receive and adjudicate claims of U.S. citizens "included within the terms of any claims agreement hereafter concluded between the Government of the United States and a foreign government providing for the settlement and discharge of

claims of the Government of the United States and of nationals of the United States against a foreign government, arising out of the nationalization or other taking of property, by the agreement of the Government of the United States to accept from that government a sum in en bloc settlement thereof."

The only exception to this procedure that I can find—and there may be others, but not in recent years—was in the case of Panama. In that settlement there was involved a liability of the United States to Panama. Because there was an adjustment of liability on each side, a convention was arrived at.

To illustrate through means of the Claims Convention between the United States and Panama, it involved the U.S. liability of \$53,800 as against a Panamanian liability of \$403,156; and under the terms of that convention the United States received a net balance of \$349,356.

The Senator from New York made reference to Yugoslavia in 1948, to Poland in 1960, and to the Lombardo Agreement with Italy. Those settlements were made in pursuance of legislation, which has been the accepted principle. I do not know of any good reason why we should reject this established principle for the settlement of claims with Czechoslovakia.

This amendment was not offered in committee, and the committee has not had an opportunity to study it or have the advice of those in the Government who are directly concerned.

I do not believe it is necessary or good practice.

I would be prepared, if the Senator feels strongly about it, to take the amendment to conference, which would give us an opportunity to consult with the administration about it. If there is any good reason why this should be done by a treaty rather than in the usual procedure, I would have no great objection. However, I do not wish to encourage the Senator to believe that I would fight, bleed, and die for it in conference, because I currently believe the established procedure, under the Foreign Claims Settlement Commission, is the proper way to handle the claims.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I am glad to yield.

Mr. KEATING. That was exactly the situation in the case of Panama. The Czechoslovak Government does have a claim against the United States, for taking a steel mill, which is to be offset against the amount paid by Czechoslovakia on the claims of U.S. nationals. The value of that steel mill was about \$8½ million. It is proposed to have Czechoslovakia put up only about \$2 or \$2½ million, to represent the settlement of all the claims.

The reason given for having the Senate pass upon the Panamanian claim applies in exactly the same terms to this claim of Czechoslovakia. There were mutual claims on both sides. That was the reason for a convention and the reason for the Panamanian claim being considered as a treaty, for the purpose

of getting the advice and consent of the Senate.

Mr. FULBRIGHT. As I said, I personally do not have any strong feelings about it, because I have had no background on the subject. I do not think the claim of Czechoslovakia is admitted by this country. However, I do not know. Before I take a strong position on it, I should like to afford the administration an opportunity to express itself. I thought the claims commissions had operated quite well. It requires a good deal of negotiation to ascertain the claims, verify them, and so on.

If the Senator is willing for me to accept the amendment on that basis, I shall be glad to take it. Perhaps the administration has no objection to it. If it did not, I would not have.

Mr. KEATING. I am sure those in control of the Government would not want to get the advice and consent of the Senate. They would want to feel free to handle the situation in any manner they saw fit. I am quite certain they would prefer not to have this case treated in the way the Panamanian case was treated. They would prefer to have carte blanche to treat it in any way they wished.

I appreciate the fairness and frankness of the distinguished Senator from Arkansas in saying he would take the amendment to conference. The words "take it to conference" sometimes have had a rather sinister connotation to some of us.

Mr. FULBRIGHT. Not always. Sometimes the situation is due to lack of information; we do not have strong feelings about the matters involved.

Mr. KEATING. I understand. As the Senator has said, this matter was not brought before the committee, and it was not brought forcefully to my attention at the time, or I would have presented it to the committee at that time. I have submitted it heretofore to the staff, to the Senator from Arkansas, and to the Senator from Iowa [Mr. HICKENLOOPER], the ranking Republican on the committee.

The Senator from Ohio [Mr. LAUSCHE] and the Senator from Connecticut [Mr. DONN] joined me in offering the amendment. I think, in fairness, I should confer with them about the proposal to take it to conference. I hesitate to ask for a rollcall, but I think I shall ask for a quorum call in order that I may communicate with the Senator from Ohio [Mr. LAUSCHE] and the Senator from Connecticut [Mr. DONN], who have similar problems and who have joined me in cosponsoring this amendment.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEATING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President, I withdraw my amendment temporarily, be-

cause the Senator from Ohio [Mr. LAUSCHE] is on his way to the Chamber. I will reoffer it later after disposition of the amendment which the Senator from Minnesota is about to offer.

Mr. HUMPHREY. Mr. President, I send an amendment to the desk, on behalf of the Senator from New York [Mr. KEATING] and myself to the committee amendment as amended. I ask that the amendment be read. I have discussed it with the chairman of the Committee on Foreign Relations.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 54 between lines 13 and 14, add the following new subsection:

(f) After SEC. 637 add the following new section:

"PEACE CORPS ASSISTANCE

"SEC. 638. No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act as amended or the Mutual Educational and Cultural Exchange Act of 1961 as amended."

Mr. HUMPHREY. Mr. President, the purpose of the amendment is to maintain the Peace Corps program and the educational and cultural exchange program, which is basically the Fulbright scholarship program, as separate and distinct items apart from foreign assistance. They should not be included within what we call the foreign aid program as contemplated in the Foreign Aid Act. As far as I am concerned, they should not be used as disciplinary measures to be applied to countries with which we may have some disagreement. They ought to be looked upon as people-to-people programs, and as programs which lend themselves to human betterment and better understanding of nations' cultures.

Mr. KEATING. Mr. President, as one who has supported very strongly the antiaggression amendment, I feel that this is a desirable provision, and therefore I am happy to cosponsor the amendment with the distinguished Senator from Minnesota. This is a people-to-people program. It is quite different from what is intended within the reach of the Gruening amendment, which was cosponsored by so many Senators. The Peace Corps and the exchange program, under the so-called Fulbright Act, should be continued in countries with which we have this relationship, and they should not be interfered with by the provisions of the Gruening amendment. I hope very much that the amendment will prevail.

Even where aggression has taken place, there is need for continuing contacts between people. We can remain in touch and communication with these nations through people-to-people programs even if we have cut off cash outlay programs.

Mr. MORSE. Mr. President, it is important that absent Senators be made aware of the pending amendment, because there are those who do not share the point of view that under no circumstances should the Peace Corps be taken out of a particular country that is fol-

lowing a serious anti-American course of action. I should like to suggest the absence of a quorum so that Senators who have that point of view at least will have full notice that this amendment is under consideration.

Mr. HART. Mr. President, will the Senator withhold that suggestion for a moment?

Mr. MORSE. Yes.

Mr. HART. Sharing the view of the Senator from Minnesota and the Senator from New York, I hope that the amendment, which is in the nature of an explicit clarification of the earlier action involving the Gruening amendment, and which I supported, will be agreed to.

Mr. HUMPHREY. And also make it clear that the Hickenlooper amendment, if adopted, would not affect the Peace Corps or the educational and cultural exchange program.

Mr. HART. And the Hickenlooper amendment. We must make sure that there is an explicit recital of our intention, that these programs shall not be subject to termination. The amendment is a useful one, and I hope it will be agreed to.

Mr. HUMPHREY. Mr. President, I agree with the Senator from Oregon that there should be a quorum call so any Senator who is vitally interested may be properly notified, even though I wish to make it clear I did say that at an appropriate time the amendment would be offered. Further, the two programs do not relate to direct economic aid, as the Senator from Oregon knows, because the Fulbright scholarship program, for example, is an educational program. I believe it has demonstrated its worth to our national security and national interest and national reputation.

The Peace Corps, while it relates to the social and economic well-being of a country, is essentially a service program. It does not carry with it a large appropriation for the purpose of bringing goods and material to a country. It brings our people into contact with the people of other countries. It makes a definite contribution to the kind of world we would like, a world of peace and freedom.

There are, of course, feelings and attitudes which have been expressed, to the effect that when we cut off cooperation by our country with another, we ought to do it on every facet. We should take a good look at such a view, because it could include travel by American tourists, which actually is an instrument of aid to another country. Through tourism large amounts of money are brought into another country. I believe the two programs involved in the amendment should stand on their own feet, that they ought not to be a part of any disciplinary action by us, and that they have demonstrated they are in our interest as well as in the interest of the people they serve.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 223 Leg.]

Aiken	Hart	Moss
Allott	Hartke	Mundt
Anderson	Hayden	Muskie
Bartlett	Hickenlooper	Nelson
Bayh	Hill	Neuberger
Beall	Holland	Pastore
Bennett	Hruska	Pearson
Bible	Humphrey	Pell
Boggs	Inouye	Prouty
Brewster	Jackson	Proxmire
Burdick	Javits	Randolph
Byrd, Va.	Johnston	Ribicoff
Cannon	Jordan, N.C.	Robertson
Carlson	Jordan, Idaho	Russell
Case	Keating	Saltonstall
Church	Kennedy	Scott
Clark	Kuchel	Simpson
Cooper	Lausche	Smathers
Cotton	Long, Mo.	Smith
Curtis	Magnuson	Sparkman
Dirksen	Mansfield	Symington
Dodd	McClellan	Talmadge
Dominick	McGee	Thurmond
Douglas	McGovern	Tower
Eastland	McIntyre	Walters
Edmondson	McNamara	Williams, N.J.
Ellender	Mechem	Williams, Del.
Ervin	Metcalf	Yarborough
Fong	Miller	Young, N. Dak.
Fulbright	Monroney	Young, Ohio
Gore	Morse	
Gruening	Morton	

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY] to the committee amendment in the nature of a substitute, as amended.

Mr. MORSE. Mr. President, I am in sympathy with much of the Humphrey amendment to the committee amendment, particularly the section on cultural exchanges; but I am not so sure that the amendment is sound insofar as the Peace Corps is concerned. The amendment would be sound in most instances; but I wish to report to the Senate that some days ago the former Ambassador to the Dominican Republic conferred with some of us, and pointed out that, after all, the Peace Corps is closer to the people of the Dominican Republic than probably any other work we are doing there, and that the Peace Corps really is working in the neighborhoods of that country. So when there is in that country a situation which is so serious that we are withholding our aid, or if there is a situation—speaking hypothetically—in a which a country has begun a strong anti-American course of action, I wonder why we should permit the Peace Corps to continue to operate there.

Our former Ambassador to the Dominican Republic also said to us, "If the Peace Corps were to be taken out, the people of the country really would know they were in trouble with the United States." He said that the mass of the people there really do not know about the other parts of our program.

I wish there were a provision which, in such a situation, would result in discontinuing our Peace Corps operations in such a country, but at the same time would not handicap the operations of the Peace Corps in situations in which there is not a strong anti-American feeling or where, by permitting the Peace Corps to continue its operations, we would not seem to be countermanding other action we take.

It would be better to have this amendment permit the Peace Corps to continue its operations until some affirmative action to the contrary was taken. But, although I would feel inclined to vote against the amendment in its present form, and although I had hoped we would modify the amendment, the difficulty is that I do not have in mind any specific proposal for its modification.

I repeat that, in accordance with my view and in accordance with the views which others have expressed to me, there are instances in which the operations of the Peace Corps should be stopped; and I do not want the Senate to give the impression that in such situations the Peace Corps is to stay in or is to continue its operations there.

Mr. HUMPHREY. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. That will not be the impression at all. The amendment would do two things: Where the text of the bill states that no funds under this act or under any other act shall be made available, that provision is not to include the Fulbright scholarship program or the Peace Corps, which are essentially peoples-to-peoples programs, and do not carry with them large amounts of goods or economic resources. It seems to me that such programs build for the long term, and do not have immediate political significance.

Senators may recall that when the Senate passed the Peace Corps bill, the Secretary of State said that although the Peace Corps is considered a significant part of the U.S. overall effort in the international field, it is not to be considered an adjunct to the Nation's foreign policy, in terms of the national security, but is in a sense a people-to-people program in which we place great confidence for the future.

It is my hope that we might protect its integrity and not bring it within the purview of the aid, or within the purview of the disciplinary action which this country take with respect to any other nation.

The amendment would not mean that the Peace Corps must be sent to every country. That is not the purpose of the amendment. The purpose is to make sure that the limitations and the prohibitions that we have placed in the bill would not apply to the Fulbright scholarship program or the Peace Corps program. It would leave to the President of the United States the right to determine whether or not it would be desirable to have a Peace Corps operation in any particular country.

Mr. MORSE. Will the Senator answer a hypothetical question for the purpose of making legislative history?

Mr. HUMPHREY. I shall be glad to do so.

Mr. MORSE. I shall tell the Senate what my fear is. If we do not make legislative history, and if we get into some difficult situation in the future, the position might be taken that the Senate had gone on record in opposition to taking the Peace Corps out of a country, even though the fact situation might warrant such action.

I should like to use as the basis of my hypothetical question such facts as we have concerning the Dominican Republic, where constitutional government was overthrown. The administration announced that it was withdrawing aid, at least until it found out what the new government would do in regard to constitutional rights.

My hypothetical question contemplates the withdrawal of all forms of assistance. There is no question that the Peace Corps, although not foreign aid assistance, is a valuable assistance to a country. If the President should decide that the Peace Corps ought to come out of a certain country, it would not be intended or contemplated by the amendment of the Senator from Minnesota to restrict the President in any way from making a decision to bring out the Peace Corps.

Mr. HUMPHREY. Absolutely not. The decision as a matter of policy would be left in the hands of the President, as it is now. It would merely mean that the amendments which have been overwhelmingly adopted would not apply specifically as a prohibition to the Peace Corps or to the so-called Fulbright scholarship program. But the authority of the President to withdraw the program would remain as it is.

Mr. MORSE. I wanted to bring out that point.

Mr. HUMPHREY. I appreciate the Senator's question. It is very worth while.

Mr. LAUSCHE. Mr. President, I am obliged to express thoughts which are not in accord with the discussion which has taken place. If I should remain silent, I would feel that I had done so on the basis of fear to speak up at a time when I was convinced that statements were being made that were not sound. By my silence I cannot subscribe to the proposition that a democratic republic overthrown in South Vietnam should immediately be given consideration by way of aid and recognition while the Dominican Republic, in which likewise a constitutional government is overthrown, is denied recognition. Both of the overthrown governments were chosen in a democratic process. In South Vietnam blood was shed, lives were taken, and personnel of the incumbent regime were destroyed. No such thing happened in the Dominican Republic. In the Dominican Republic, from the beginning to the end, the result was subscribed to by a combination of the citizens. In South Vietnam it was only the military that actively participated in the overthrow. In my judgment, the passing of another week without giving recognition to the Dominican Republic would not be in the interest of our country.

Mr. President, in my hands I have a letter written to the editor of the New York Times. It was published in the New York Times on Sunday, October 27. The letter was written by Thomas F. Reilly, bishop of San Juan de la Maguana of the Dominican Republic. In the letter the bishop, who vigorously supported Bosch, points out that the revolution in the Dominican Republic became inevitable in consequence of the soft-handed treatment accorded to the Communists by Bosch. In effect, the letter points out that Bosch was an idealist and sentimentalist, not having any possession of reality. The Communists were making conspicuous inroads that resulted in the general public, from the beginning to the end, desiring to be assured that communism would not take hold of the Dominican Republic. On that basis the revolution occurred.

I ask unanimous consent that the letter be printed in the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WHY BOSCH WAS OUSTED—DOMINICANS WERE APPREHENSIVE OF ANOTHER CUBA, PRELATE SAYS

TO THE EDITOR OF THE NEW YORK TIMES:

Tardily I have seen your editorial comment (September 29) on the overthrowing of the Bosch government in Santo Domingo. Dr. Bosch, a most astute campaigner, proved himself as President to be hypersensitive, doctrinaire, contemptuous of many elements devoted to democracy and strangely out of touch with the traditions of his country. I feared that his Government would fall in the last week of July and spoke strongly in the effort to save it. At the same time, the Apostolic Nuncio Emmanuele Clarizio and the other Bishops in friendly talks with Doctor Bosch and members of his government indicated what must be done to regain some measure of lost popular support.

TOLERANCE OF COMMUNISM

I regret the coup d'état and have a deep compassion for Doctor Bosch, who had reason to consider himself a hard-working, honest President bent upon establishing his personal notions of democracy and social justice in the Dominican Republic. Yet it is undeniable that responsible civilian groups were disturbed by the open smuggling of small arms to the little Communist groups, the bland tolerance of communism, the formation of a Bosch-directed militia ostensibly to protect the cane fields.

There was widespread determination that the Dominican Republic would not permit itself to become another Cuba. Dr. Bosch obstinately refused any gesture to the nation to show that he shared this determination.

I do not believe that we have a rigid oligarchy in Santo Domingo. After the Bosch triumph in the elections of December 1962, the party of the business community and property owners found a spirit of willing cooperation among its members. But on February 17 Dr. Bosch began his derisive taunts against them and brought things to a head with his wild project of the law of confiscations. Meanwhile the level of government administration declined sharply from the fairly efficient procedures which the provisional government achieved. And the poorer people came to feel that the lavish campaign promises of Dr. Bosch were a bitter jest.

UNDISCIPLINED YOUTH

I have no attachment to any political group and indeed feel very unhappy about the

present muddle. Our boys and girls in the high schools and the university will be more undisciplined than ever in the weeks to come. They cherish hopes for sweeping changes—an integral revolution—but have only reached the first stage, wherein Latin American youths indulge in school strikes, rock throwing, and heroic oratory.

Withal, I am not without hope for the new civilian regime. After the coup, the army and the police retired swiftly to their barracks.

These civilians—representatives of five parties—are likely to be in closer touch with the Bosch government with the tradition of the nation, more competent in administration, and more effective in carrying through socially progressive plans, which the whole nation anxiously seeks. May they not start quarreling among themselves.

If they fail, we are in for deep trouble.

THOMAS F. REILLY, C.S.S.R.,

Bishop of San Juan de la Maguana, Dominican Republic.

ROME, October 11, 1963.

Mr. LAUSCHE. Another reason that I must speak is that I do not believe we ought to subscribe to a proposition that would make the Fulbright scholarship program and the Peace Corps program sacrosanct. We should not hold out to the world that whatever these young men do is above everything else that our country is doing. If we deny these nations aid, and if we refuse to help them on the basis that they have not followed a course consistent with the security of the United States, I do not believe that we ought to place the Peace Corps and the Fulbright students in a different class.

Why do I make that statement? This afternoon there came to my desk a letter from a Peace Corps worker in the Dominican Republic. The words of his letter are of such a character as to reveal that the writer is an actual participant in the political controversy that its going on in the Dominican Republic. When the Peace Corps bill was passed, I am certain that on the floor of the Senate it was repeatedly declared that the Peace Corps members would not become the propagandists of economic theories or a political philosophy. In the nations to which they would be sent they were to participate in manual work and ordeals. They were not to participate in political arguments. By its wording and spirit the letter which I received today clearly indicates that that young man is actively engaged in the political controversy in the Dominican Republic.

To summarize, I do not agree with the argument that the Dominican revolutionary government should be rejected. I make that statement because we are showing a great proclivity to reject governments which are friendly to the United States and hostile to communism, and to favor what are supposed to be democracies that are favorable to communism and hostile to the United States. In my judgment it is a mistake to single out any function which we are providing to help other countries, giving that function superiority over the general class of services that we are rendering.

I do not believe this amendment should be adopted, and I urge Senators so to vote.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. LAUSCHE. I am glad to yield.

Mr. KEATING. Does the Senator realize that this amendment does not provide that aid under the Peace Corps or under the Fulbright exchange program shall not be cut off, but merely that those two programs will be exempt from the mandatory cutoff which is embodied in the amendment offered by the Senator from Alaska?

Mr. LAUSCHE. I understand that thoroughly, and I am glad the Senator from New York asked the question. In the 5½ years I have been a member of the Foreign Relations Committee, I have decided that we try to balm our consciences by having inserted in bills that "this shall not be done until such and such findings are made." We provide an escape clause, and then believe that we have been spared the odium of what we have done.

If the Senator from New York were a member of the Foreign Relations Committee, I am sure he would find out that the State Department has adopted the technique of saying, "If you can only give us a little escape hatch, regardless of how small it is, we will get out."

Mr. KEATING. I do not have to be a member of the committee to know that.

Mr. LAUSCHE. That is what occurs. We have provided them with an escape hatch in practically every section of the bill.

I had an amendment accepted in the Foreign Relations Committee, to bar aid to Communist countries by way of loans to establish socialized enterprise competing with private enterprise within the country. That was my original purpose—to provide an absolute bar.

Along came the State Department to suggest an amendment, that the absolute bar be modified so that whenever the President or the administration determined that it was all right, it could be done.

I have received many letters from points throughout the country commending me on my amendment. I have written back, "You do not know that I had to accept a modification which provides that aid loans shall not be made in those cases, unless it is clearly shown that private enterprise is not rendering the service."

Mr. AIKEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. EDMONDSON in the chair). Does the Senator from Ohio yield to the Senator from Vermont?

Mr. LAUSCHE. I yield to the Senator from Vermont.

Mr. AIKEN. The present Government of the Dominican Republic was put into power—and we assume it is temporary power—by the military. What is the attitude of the present Government of the Dominican Republic toward retaining the members of the Peace Corps in that country at this time? I understand that about 100 are there. It has been my impression that the Government of the Dominican Republic is asking to have them retained there.

Mr. LAUSCHE. I do not know. I heard the Senator from Oregon [Mr. MORSE] state that the former Ambassa-

dor of the overthrown regime was in Washington and spoke most highly of the Peace Corps. I ask the Senator from Oregon if that is not correct.

Mr. MORSE. That is correct.

Mr. LAUSCHE. I concede that if the present Government says the Peace Corps members should be retained, that would be a powerful argument in favor of so doing.

Mr. AIKEN. I know that one of the members of the present Cabinet of the Dominican Republic was a guest of the Foreign Relations Committee 2 or 3 months ago, along with other members of the Dominican Senate. At that time, all of them, including the Cabinet member, spoke very highly of the work of the Peace Corps in the Dominican Republic. So I was wondering what the attitude of the present Government is toward retaining from 100 to 120 Americans who are there now as members of the Peace Corps.

Mr. LAUSCHE. I cannot answer that question. However, my views on the Peace Corps, and the quality of its work, have changed rather substantially in the direction of the belief that they are doing a good job.

Mr. AIKEN. I have heard more praise of the group that went to the Dominican Republic than of any group that went to another country; but perhaps that is because I had the opportunity to receive a more complete report.

Mr. LAUSCHE. I should like to ask the Senator from Vermont [Mr. AIKEN] a question. How can the Senator justify lifting the Peace Corps and the scholarship program to a level above the granting of food to maintain life and the granting of other aid that would preserve the independence and the sovereignty of a country?

Mr. AIKEN. I am not criticizing the position of the Senator from Ohio on the Dominican Republic. The Senator may recall that in the committee I pointed out the inconsistency of recognizing the new Vietnamese regime, which went into power through the strength of the military and with considerable bloodshed, compared with the nonrecognition of the Dominican regime, which went into power through a strong military but without bloodshed, as I understand. So I am not criticizing the position of the Senator from Ohio.

Mr. LAUSCHE. To the credit of the Senator from Vermont, let me say that the thoughts which I express tonight were born as a consequence of listening to his argument in the Foreign Relations Committee, and I thank him for it. The Senator's argument in the Foreign Relations Committee was made with substantially the same thoughts that I express tonight.

Mr. AIKEN. There are two things we should consider in our relationships with the governments of other countries. First: Is the government an established one? Second: Is it friendly to the United States?

Mr. LAUSCHE. That is wonderful.

Mr. AIKEN. We can go on from there with other considerations; but those two are paramount.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. JAVITS. First, the Dominican Republic is continuing the program of administering polio vaccine to children in the Dominican Republic, sent there through a coordination of the efforts of the U.S. Government, United Nations agencies, and private enterprise in the United States. So they have by no means severed their relationship with our country when humanitarian considerations are at stake.

I served for 8 years on the Foreign Affairs Committee in the other body, and heard the discussions of the Greece and Turkey program and the Marshall plan. I have added my name to this amendment because I feel very strongly about it.

I agree with the Senator that if we give the State Department the opportunity to continue something, they probably will do so if we give them an "out," as the Senator says. I believe these are very desirable programs on which to give them that opportunity. So I am not doing it with my eyes shut. I am doing it with my eyes open, and for this reason: For us, the application of the interest of youth is an extremely flexible and highly desirable instrument. Almost every experience we have with young people is favorable. There are occasions when there are aberrations such as with respect to those who went to Cuba, which was not good. Generally speaking, we have found the Peace Corps, the educational exchanges, or the kids on the streets of Moscow creating a "ferment" to be an extremely useful and flexible instrument for our side.

Therefore, I believe this is a necessary and a good amendment, which we should approve with our eyes wide open, realizing that the State Department, will probably allow it in more countries than not. That is all the more reason for doing it, because I believe these particular programs are extremely helpful, and have none of the drawbacks which the Senator and others have found in the various aid programs that will be prohibited.

As to food aid, we have made it very clear that though we forbid assistance we do not forbid food relief. In my judgment, no matter how "naughty" any nation on earth has been, the American people would still have human feelings toward giving its starving people direct food relief, which is very different from assistance.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. LAUSCHE. I am glad to yield.

Mr. MILLER. I should like to ask the Senator from Ohio, or the Senator from New York who has just spoken, in connection with humanitarian problems, if we cut off direct assistance under the foreign aid program, whether we will not still help in those causes by contributing through the auxiliary organizations of the United Nations, such as the World Health Organization? It is my understanding that the World Health Organization undertakes to distribute polio vaccine. So, even if we should, in a certain situation, not extend such relief under the foreign aid program, would we not, at the same time, take care of that need through the United Nations?

Mr. JAVITS. Mr. President, will the Senator yield so that I may answer?

Mr. LAUSCHE. Let me answer first. There are two schools of thought with respect to the question which was just put. School No. 1 consists of those who believe that the Communists intend to destroy our country. In spite of the fact that there is no firing, this school is of the opinion that we are in a war. It says that whatever aid is given through the Government, as distinguished from the Red Cross, constitutes helping the enemy while we are engaged in a war.

The second school consists of those who say we are not engaged in war, that Red Russia has become mellowed and callowed, and that it wants to live with us. Therefore they urge that we give help to them in various forms.

I do not belong to the latter school. I am of the belief that when we give aid to an enemy, whatever the source may be, we perpetuate the wrong and make possible, in the long run, an aggravation of it.

From the standpoint of American youth, by giving aid to the enemy we may cause the loss of many more lives in the future than would take place if we had brought to an end those governments that are hostile to our concept of what goodness is in the world.

I now yield to the Senator from New York.

Mr. JAVITS. Mr. President, I shall answer briefly. The United Nations does supply such aid under its charter. This is similar to a proposal I have made, with the aid of the American Cyanamid Co., Pan-American Airways, and the Lily-Tulip Cup Co. All of these programs are in operation, but none of them is of the nature of the two programs referred to.

As the Senator from Ohio has mentioned, there are two schools of thought on this question. I am of the opinion that it is a war, but it is a war that can be fought not merely with blunt weapons, but with armies of which these two programs are important in terms of being able to win the war without dropping an atom bomb.

Mr. HUMPHREY. Mr. President, in 2½ years the Peace Corps has demonstrated the value of sending highly qualified, well-trained Americans to serve in other countries as volunteers. In recent weeks these Peace Corps volunteers have received several distinguished awards for their work. These awards were made, Mr. President, by the people of the foreign countries. Eleven countries in Asia, for example, presented the Ramon Mag-saysay Award to the 1,400 volunteers serving there. This award has sometimes been called Asia's Nobel Prize. The volunteers were the first group of non-Asians to receive it.

The point I want to make, Mr. President, is that Peace Corps volunteers are working with people. I do not think—and I do not believe the Senate intends—that these volunteers should be affected by section 620(e) of the bill we are now considering. Also, the Peace Corps should not be understood as included in the Gruening amendment No. 231. In

this respect the situation is quite different from AID, Public Law 480, the Export-Import Bank, or any other program where we are primarily dealing with commodities. The Peace Corps is dealing with people, not things. And people can accomplish objectives that things cannot. This is why I do not believe it is in the best interest of the United States to remove the Peace Corps from any country except under the most extreme circumstances. It should be made clear, therefore, that the committee amendment to section 620(e) of this act does not apply to the Peace Corps and the Gruening amendment.

Mr. BURDICK. Mr. President, the Secretary of State has said:

The Peace Corps is not an instrument of foreign policy because to make it so would rob it of its contribution to foreign policy * * *. The Peace Corps is an opportunity for the nations of the world to learn what America is all about. This is one of the most important things our country can do in the world today. Outside of the shadows and struggles of the cold war, outside of the military rivalries which heighten dangers all over the world, outside of the constant sense of national advantage which pervades diplomacy, if the Peace Corps can let other peoples find out what this country is all about, we shall be surprised to discover how many allies America has all over the world.

I do not know how more eloquently could be expressed the purpose of the Peace Corps and the hopes of those of us who sponsored it.

These purposes do not encompass assistance and foreign aid as we have come to think of them and as we are discussing them today. They go far beyond and above, if indeed they could be called assistance at all.

I am happy to join my colleagues to make clear that the Senate does not regard the language of the pending bill, which refers to "assistance under any other act," as applying to the Peace Corps. To apply it to Peace Corps volunteers would inevitably tend to make the Peace Corps an instrument of foreign policy. This, as Secretary Rusk has said, "would rob it of its contribution to foreign policy."

Mr. SMATHERS. Mr. President, I would like to say a few words about section 620(e) and the amendment offered by the Senator from Alaska [Mr. GRUENING], amendment No. 231, which would apply to page 51 of the bill. I do not think we should start setting a precedent under which the Peace Corps would be pulled out or sent into foreign countries on the basis of every friendly or unfriendly action taken by the governments of these countries. The Peace Corps is a people-to-people program. It can operate in the effective interest of the United States in a country where that government may be doing certain things of which our Government quite properly disapproves.

I think the point has already been demonstrated in the case of Peru. As Senators will recall, in June 1962 a military junta refused to allow the constitutionally elected President to take office and instead took over the Government itself. There followed a crisis in our relations with Peru. But during the year

in which the junta held power, over 200 Peace Corps volunteers entered into service in Peru and put into operation what has become one of the most effective Peace Corps programs in the world. These Americans were not identified by the Peruvian people with the government in power nor was their presence considered by the Peruvian people to reflect U.S. support for or sympathy with that government. That is amply demonstrated by the several awards which have been presented to the Peace Corps in Peru by the Peruvian people this past summer.

I think the case of Peru demonstrates that the success of the Peace Corps has in great part been due to the fact that its influence works outside the ordinary channels of politics and diplomacy. If we extend section 620(e) to include the Peace Corps, we may be forced to remove that influence when we need it most. I cannot believe we want to do that.

It is my hope that the proposed legislation will make it clear that that section does not extend to the Peace Corps.

Mr. PELL. Mr. President, I understand that the bill would amend the Foreign Assistance Act in a way which might require suspension not only of aid, as the act now requires, but of Peace Corps programs in countries which have expropriated American property.

I understand why aid should not be given to a country which takes American property without compensation. But I fail to see that it is also in the U.S. interest to suspend a humanitarian, people-to-people program like the Peace Corps.

The Peace Corps has been tremendously successful in getting down to the grassroots. The volunteers are promoting mutual understanding and a sense of identity of purpose and spirit between the American people and the peoples of the underdeveloped world. These achievements do not constitute aid or assistance programs as we are discussing them in regard to this amendment.

I know my sentiments are shared by many of my colleagues.

I doubt that an amendment to the committee amendment is necessary to make clear that the Senate does not regard assistance under any other act as it is used in the bill as covering the Peace Corps.

Mr. YARBOROUGH. Mr. President, I would like to join in what my colleagues have stated with respect to the Peace Corps and the cutting off of foreign aid when American property has been expropriated.

Peace Corps volunteers are hard at work in 46 countries today. They are helping people, not governments. For the Peace Corps is a humanitarian operation. This effort has redounded greatly to the benefit of the United States in many ways, but let us not lose sight of the humanitarian principles that underlie it: Service and sacrifice. The Peace Corps is not giving away goods or dollars; they are giving something far more valuable: Their lives, their spirit, their humanitarianism, their great good will, and their high hopes for humanity. They give themselves, not the taxpayers' dollars.

In this light the Peace Corps is quite different from foreign aid or assistance, and should not be considered as covered by section 620(e) or any other section of this act that provides for the suspension of aid to a foreign country.

Mr. CHURCH. Mr. President, when Congress authorized the Peace Corps it set forth three purposes for it: First, to help the peoples of developing countries meet their needs for trained manpower; second, to help promote a better understanding of the American people on the part of the peoples served; and third, to help promote a better understanding of other peoples on the part of the American people.

I point out the repeated emphasis in those purposes that is placed on the word "people." The Peace Corps was created as a people-to-people program. Two of its three purposes relate to understanding, not assistance as we usually think of it. I believe Congress intends for the Peace Corps to adhere to the original conception of it and not be turned into a political weapon to be used for or against foreign governments. Any such use of the Peace Corps would impair if not destroy the effectiveness of the fine organization which Congress helped to create.

I consider it important, therefore, that section 620(e) of the Foreign Assistance Act be not construed to cover the Peace Corps. I am certain that the majority of the members of the Foreign Relations Committee did not intend for this amendment to embrace the Peace Corps. Certainly there was no discussion of this possibility in committee hearings or markup, and when I voted for the amendment, I did not, as I understand most of the members did not, consider that the Peace Corps was at all involved in its scope. I would like for the RECORD to show that our intention in passing this amendment did not involve the Peace Corps.

Mr. FULBRIGHT. Mr. President, I hope the Senate will support the amendment. I would be prepared to take it, but the yeas and nays have been ordered on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] for himself and the Senators from New York [Mr. KEATING and Mr. JAVITS] to the committee amendment in the nature of a substitute, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Florida [Mr. SMATHERS], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Min-

nesota [Mr. MCCARTHY], the Senator from Florida [Mr. SMATHERS], and the Senator from California [Mr. ENGLE] would each vote "yea."

On this vote, the Senator from West Virginia [Mr. BYRD] is paired with the Senator from Mississippi [Mr. STENNIS].

If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Mississippi would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from California [Mr. KUCHEL] is detained on official business.

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from California [Mr. KUCHEL].

If present and voting, the Senator from Arizona would vote "nay" and the Senator from California would vote "yea."

The result was announced—yeas 75, nays 16, as follows:

[No. 224 Leg.]

YEAS—75

Aiken	Gore	Morse
Allott	Gruening	Morton
Anderson	Hart	Moss
Bartlett	Hartke	Mundt
Bayh	Hayden	Muskie
Beall	Hickenlooper	Nelson
Bible	Holland	Neuberger
Boggs	Humphrey	Pastore
Brewster	Inouye	Pearson
Burdick	Jackson	Pell
Cannon	Javits	Prouty
Carlson	Johnston	Proxmire
Case	Jordan, N.C.	Randolph
Church	Jordan, Idaho	Ribicoff
Clark	Keating	Saltonstall
Cooper	Kennedy	Scott
Cotton	Long, Mo.	Smith
Dirksen	Mansfield	Sparkman
Dodd	McClellan	Symington
Dominick	McGee	Walters
Douglas	McGovern	Williams, N.J.
Ellender	McIntyre	Williams, Del.
Ervin	McNamara	Yarborough
Fong	Metcalf	Young, N. Dak.
Fulbright	Monroney	Young, Ohio

NAYS—16

Bennett	Hruska	Simpson
Byrd, Va.	Lausche	Talmadge
Curtis	Mechem	Thurmond
Eastland	Miller	Tower
Edmondson	Robertson	
Hill	Russell	

NOT VOTING—9

Byrd, W. Va.	Kuchel	McCarthy
Engle	Long, La.	Smathers
Goldwater	Magnuson	Stennis

So Mr. HUMPHREY's amendment to the committee amendment in the nature of a substitute was agreed to.

Mr. KEATING. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KEATING. Mr. President, I again call up my amendment No. 247.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following:

PART V—MISCELLANEOUS

SEC. 501. It is the sense of the Congress that any agreement hereafter entered into between the Government of the United States and the Government of Czechoslovakia relating to the settlement of claims, determined by the Foreign Claims Settlement

Commission, by nationals of the United States against the Government of Czechoslovakia for losses resulting from nationalization or other taking of property of such nationals, shall be submitted to the Senate for its advice and consent.

Mr. KEATING. Mr. President, I shall speak for 2 minutes on the amendment. First I yield to the Senator from Illinois.

PROGRAM FOR REMAINDER OF TODAY AND FOR TOMORROW

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader about the schedule for the remainder of the day and also for tomorrow.

Mr. MANSFIELD. Mr. President, it is hoped that with amendments and votes coming as they are, the Senate will be able to remain in session until approximately 10 o'clock tonight. This is a matter for the Senate to decide. The combined leadership hopes that amendments will continue to be offered and that votes will be taken. Unless some Senator desires to make an extraordinarily long speech, that will be the procedure for the remainder of the day.

ORDER FOR RECESS UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the business for today has been concluded, the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. A similar procedure will be followed tomorrow.

CONGRESSIONAL ELECTIONS AS IMPORTANT AS CHOICE OF PRESIDENT

Mr. DIRKSEN. Mr. President, the State Labor News, published at 85 East Gay Street, Columbus, Ohio, contains a paragraph in its issue of October 19, 1963, under the heading "Congressional Elections as Important as Choice of President." The issue is well and succinctly put. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL ELECTIONS AS IMPORTANT AS CHOICE OF PRESIDENT

Under our system of government, the election of a President always receives vastly more publicity than the election of a Congress.

This shouldn't be. Actually the choice of Congressmen is in many ways more important than the selection of a Chief Executive.

It is true that the President of the United States has great powers, more than the head of any other government except an outright dictatorship.

But in the final analysis, it is Congress, especially the House of Representatives, which has the last word on national governmental policies.

If enough Congressmen feel the same way about any given issue, they can override a Presidential veto of their actions by the votes of two-thirds of their membership.

Ordinarily if a President and a Congress are of the same political faith, the President can have his program and his policies enacted into law. But this is not always true and the present Congress with its overwhelming Democratic majority proves it.

In this country, neither major political party is forced to go along with the program of the chief executive. Both parties are made up of individuals of widely divergent views, particularly the Democrats with their northern liberals and their southern conservatives.

The Republicans although basically more conservative nevertheless have a strong liberal faction, made up principally of Congressmen and Senators from the eastern seaboard.

Members of Congress, especially those in the House of Representatives who must run for reelection every 2 years, are understandably closer to the people than is the President.

And they rise and fall on the basis of how well they reflect the view of their constituents when they get to Washington.

Therefore, it isn't wise for voters to overlook their choice of a Congressman in the excitement and ballyhoo of a presidential campaign.

Selection of a national leader to speak for all the people is, of course, a matter of great importance, but so is the choice of the individual who has a vote in the most powerful governmental unit in the world, the U.S. Congress.

PERSONAL STATEMENT BY SENATOR SMITH

Mrs. SMITH. Mr. President, that very distinguished political analyst of the Washington Post, Chalmers Roberts, in his column today made a serious error in his statement:

Some of her colleagues report that she is no friend personally or ideologically of GOLDWATER though there has been talk of her running on a Goldwater ticket.

Mr. Roberts is in serious error. I consider BARRY GOLDWATER to be a good personal friend of mine—and I certainly consider myself to be a friend of his.

What constitutes friendship on an ideological basis is a real puzzler. I am sure that people can have ideological differences and still be friends—just as I am sure that sharing the same ideologies does not necessarily make persons friends.

But I am not one to begrudge Mr. Roberts his literary license if it will create a little more appeal in his writing—any more than his column of September 23, 1963, in which he indicted me in advance with the speculation that should I vote against the test ban treaty it would be an attempt to curry political favor with Senator GOLDWATER. Strangely enough, he has never commented on my vote against the Goldwater reservation to the test ban treaty.

Mr. Roberts could have avoided the serious errors of his columns of September 23, 1963, and November 12, 1963, had he taken the time to check with me rather than speculate or attribute to anonymous sources.

It is a very serious matter to charge enmity between two persons when that enmity does not exist. Lest this misrepresentation give further erroneous impressions, let me state very clearly that I consider myself to be a personal friend of BARRY GOLDWATER.

AMERICAN EDUCATION WEEK

Mr. SALTONSTALL. Mr. President, as we observe American Education Week, it is appropriate to call attention to the fundamental relationship between a democratic form of government and public education. As Woodrow Wilson put it so well, "Without popular education, no government which rests upon popular action can long endure." Certainly a comprehensive system of education is essential to our democratic system if we are to provide equality of opportunity, preserve our cultural heritage, and meet the challenges of international competition.

Because I am convinced of the importance of a sound educational system to national survival and progress, I am particularly proud of the leading role which the Commonwealth of Massachusetts has held in the development of public education in this country. It was in 1642 that the General Court of the Massachusetts Bay Colony made it mandatory that all children in the colony receive some education. Five years later the "Old Deluder Satan Act" established the principle of publicly supported elementary and secondary schools by requiring every town of 50 households to hire a teacher and every town of 100 households to establish a grammar school. Again, in 1827, Massachusetts led the Nation when it passed the first State law encouraging the spread of the public high school. In the 7 years that followed, the public school movement was given further impetus by the enactment of laws which made support of public schools by taxation compulsory, abolished fees as a requisite for attendance at school, and declared them open without charge. In 1837 Massachusetts established the first State school board with Horace Mann, the father of the American public school, as its secretary and in 1852 the Commonwealth enacted the first compulsory school attendance law. Indeed, in the field of education Massachusetts has an impressive record of firsts. All citizens of the Bay State are proud that it has done so much to promote the establishment of free and universal education in the United States because we recognize the connection between educational opportunity and the social, political, and economic advancement of a free society.

We do not have a democratic system unless our people have the opportunity to develop fully their talents and intelligence. We live in difficult times and it is important to our progress and our future that every person be encouraged to develop maximum use of his abilities. This development is a fundamental purpose of education. Education also faces the critical challenge of preparing the next generation for its responsibilities. As James Bryant Conant, the former president of Harvard University has written:

The primary concern of American education today is to cultivate in the largest number of our citizens an appreciation both of the responsibilities and the benefits which come to them because they are American and free.

In a speech Dr. Conant made another important point:

As events in Europe within our lifetime have all too clearly demonstrated, the greatest single need of a free society is a widespread determination among the citizens to defend the basic principles of that society against external and internal foes. A spirit of freedom coupled with an understanding of the nature of our governmental machinery and an interest in improving this machinery is essential for the continuation of a government based on the consent of the governed.

We must also be aware of the practical reasons for a comprehensive system of public education. Among teenagers who are no longer in school the unemployment rate is 27 percent. We should remember the warning of Dr. Conant that the young uneducated, untrained, and culturally deprived adult is "social dynamite." In addition, between now and 1975 the number of young people seeking higher education will double. We want our educational system to be prepared for them.

Thus, as we observe American Education Week, let us remember that a comprehensive system of education is essential to our democracy. Through education we must provide opportunity for individual development, we must assure the preservation of the foundations of our Government, and we must make maximum use of the abilities of our citizens. As the future of our education is dependent upon us, so our future is dependent upon education.

In calling attention in education week to the importance of our educational system we should not fail to mention the dedicated work of the schoolteachers of America to whom we entrust our children. Because of their activities our children will become more independent and self-reliant and better citizens in the days to come.

To meet its responsibility to society today, education must trigger the curiosity of students and awaken in them a desire to understand their Government and the world about them. It must help them to gain that understanding and it must stimulate and prepare them to assume an active role in community and Government activities. If it is doing its job, it will alert them to the drama, the excitement, and the satisfactions of that experience. This is an important responsibility, and one which I am confident the Nation's teachers are attempting to meet.

OTEPKA TESTIMONY

Mr. WILLIAMS of Delaware. Mr. President, in yesterday's Washington Evening Star there was published an editorial entitled "Otepka Testimony."

This editorial calls our attention to a situation in which high ranking State Department employees first gave false testimony to a congressional committee; then, when caught, they reversed this testimony and admitted the truth.

But the truth is even more shocking. Officials of the Government admit that they illegally tapped Mr. Otepka's telephone. Tapping a telephone under such circumstances is a violation of the law, and smacks of police state tactics.

I suggest that the State Department promptly fire those responsible, and that

the Attorney General of the United States bring prompt action against this illegal invasion of a man's privacy for no reason other than political reprisal.

In this instance all that Mr. Otepka was guilty of was cooperating with a congressional committee.

I ask unanimous consent that the editorial entitled "Otepka Testimony," published in the Washington Evening Star, and an article entitled "Aids Admit Wiretap Use on Otepka," may be printed in the RECORD.

There being no objection, the editorial and article were ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Evening Star, Nov. 11, 1963]

OTEPKA TESTIMONY

It is perfectly clear that State Department employees, including one with the rank of Deputy Assistant Secretary for Security, did not tell the whole truth in sworn testimony given a Senate subcommittee in the Otepka case.

This should be a matter of grave concern to the Secretary of State. Two of the three men involved have been put on an indefinite leave status, with pay. It is disturbing, however, that there has been no forthright official condemnation of their testimony before the subcommittee.

Otto F. Otepka has been dismissed by the State Department for giving certain information, allegedly improperly, to J. G. Sourwine, counsel to the Senate's Internal Security Subcommittee. The case against Mr. Otepka was based on material found by searching his "burn bag"—a receptacle for discarded papers which are supposed to be burned. At that time instructions were given by Department officials which were construed as forbidding other State employees to give any information to the subcommittee. These instructions have been lifted.

The question now is not whether Mr. Otepka was properly dismissed. He has taken an appeal from his dismissal and the merits will be determined in that proceeding. Nor is the real question concerned with the right to search burn bags or—even—to tap telephones. The question is simply whether witnesses from the State Department must tell the whole truth when they testify before a committee of Congress.

In this case it is clear that an attempt was made to tap Mr. Otepka's telephone. It is equally clear that an attempt was made to deceive or mislead the subcommittee on this point. Secretary Dean Rusk ought to move in fast to lower the boom on this sort of thing.

AIDS ADMIT WIRETAP ON OTEPKA

WASHINGTON.—Three State Department officials now have acknowledged to Senate investigators telephone wiring in Otto F. Otepka's office was rigged to permit eavesdropping on conversations in his office.

However, they said no actual interception of conversations took place, none was authorized, and the wiring was disconnected within 48 hours after a test of its feasibility proved unsuccessful.

The officials said their statements were intended to amplify and clarify earlier sworn testimony to the Senate Internal Security Subcommittee in which they denied knowledge of the installation of any listening devices in Otepka's office.

The subcommittee, headed by Senator JAMES O. EASTLAND, Democrat, of Mississippi, made public the statements and the earlier testimony without comment.

Otepka, a veteran State Department security officer, was notified Tuesday of his dismissal on charges of unbecoming conduct. Among other things, he was accused of sup-

plying the subcommittee with information from confidential employee loyalty files.

Senator THOMAS J. DODD, Democrat, of Connecticut, the subcommittee's vice chairman, in a Senate speech Tuesday protested Otepka's dismissal as an affront to the Senate. He said then that the State Department had installed a tap on the security officer's telephone.

"Although a State Department official has denied under oath that this was done, the Subcommittee on Internal Security has proof that the tap was installed," Dodd added.

Statements acknowledging the rigging of Otepka's telephone were sent to EASTLAND to John F. Reilly, Deputy Assistant Secretary of State for Security; David I. Belisle, special assistant to Reilly, and Elmer Dewey Hill, Chief of the Division of Technical Services in the Department's Office of Security.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. KEATING. Mr. President, I shall speak briefly on the pending amendment.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield, so that I may ask for the yeas and nays on the pending amendment?

Mr. KEATING. I yield for that purpose.

Mr. LAUSCHE. Mr. President, on the pending amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KEATING. Mr. President, the purpose of this amendment is to insure that the Senate be given the opportunity to review any agreement reached between the U.S. Government and the Government of Czechoslovakia with regard to U.S. claims before such an agreement comes into effect. The claims involved are claims for property, rights or interests therein owned by U.S. citizens taken or nationalized on or prior to January 1, 1945, by the Government of Czechoslovakia.

These claims, let me make clear, are not for war damages or injury of that type; they are compensation for deliberate seizure by the Communist Government of Czechoslovakia for which no recompense has yet been offered. They are claims that have been adjudicated and awarded by the Foreign Claims Settlement Commission. There are altogether a total of 2,630 cases, amounting to \$113,645,205.41 in principal and interest. Some 1,346 claims were rejected by the Commission. Those it awarded represent definite, adjudicated instances in which property of U.S. nationals was seized.

Yet it is my understanding that the Department of State is presently considering an agreement to settle with the Czechoslovak Government for approximately \$11 million or less than 10 cents on each dollar.

Mr. President, for the more than 2,600 persons and firms involved, such an agreement would be meaningless and would in fact amount to U.S. acceptance of nationalization without anything approaching fair compensation.

Furthermore, a settlement of the Czech claims for roughly 10 percent

would constitute a very dangerous precedent. The United States has, since World War II, negotiated claims conventions with six nations. The first, with Italy, in 1947, was for 100 percent of the value of U.S. claims. The second, with Yugoslavia in 1948, was for 91 percent of the value of U.S. claims. The third, in 1950 with Panama, was for 90 percent. The fourth, in 1960 with Rumania, was for 24 percent. The fifth with Poland was for claims not yet completely processed. And the most recent, with Bulgaria, was for 40 percent. It is ironic that the two free world countries paid 100 and 90 percent of claims against them, while the Communist nations are succeeding in paying a far smaller share.

It is particularly disturbing that the number of awards on the Czech claims, 2,630, is larger than that of any other country. The two other nations with claims administered by the Foreign Claims Settlement Commission that have not yet been agreed upon through conventions, are also very large: Hungary with 1,153 adjudicated claims and the Soviet Union with 1,925 adjudicated claims.

In other words, if an agreement of roughly 10 percent is concluded with Czechoslovakia, we can expect no better terms from Hungary or the U.S.S.R. and a total value of close to \$300 million of validated U.S. claims may be simply junked.

Therefore, Mr. President, not only in the interest of the Czechoslovakia claimants, but of others for the future, I believe it is time for the Senate to look into this area and request the opportunity to offer its advice and consent to the Czechoslovakian and perhaps any succeeding claims convention that is less than 50 percent of the value of adjudicated claims. Although recent claims settlements have been called executive agreements and therefore not submitted to the Senate, there is a precedent for this action in the Panamanian settlement which was ratified by the Senate August 9, 1950. As that settlement amounted to 90 percent, it strikes me as a good precedent to follow.

Even more important, however, in my judgment, a settlement of less than 10 percent of the awarded claims is not by any stretch of the imagination mere execution of a policy laid down by the Congress. Rather, it is a deliberate and calculating act of policy. The cases of the Communist claims appear to reflect a considered effort to smooth U.S. diplomatic relations with Communist bloc nations at the expense of individual U.S. claimants. Perhaps such a move is in the national interest; perhaps it is justified; perhaps the Senate would give its advice and consent to such an agreement if the pros and cons were carefully weighed.

But in any case, U.S. agreement on only 10 percent compensation is surely not what the Congress intended in setting up the Foreign Claims Settlement Commission to determine the "fair or proved value of the said property, right or interest," often after years of hearings. Therefore, I strongly believe that the Senate should request, formally by re-

solution, if necessary, that the agreement with the Czech Government now under consideration not come into effect until the Senate has offered its advice and consent thereto.

It may be said, even by those who accept this principle, that the foreign aid bill is not an adequate vehicle for this amendment. On the contrary, I believe it is most appropriate because, should we accept \$11 million as recompense for the seizure of what amounts to \$113 million, that in my view is substantial aid and assistance to the recipient nation, even if that country is not mentioned in this bill and receives not 1 cent from the Agency for International Development.

Last year, as I recollect, the Congress adopted, over the objections of the Department of State, the Hickenlooper amendment to ban aid to nations expropriating U.S. property. Although not applicable in these instances, it clearly defined congressional sentiment in the matter of expropriations. During the hearings this year, Secretary of State Dean Rusk admitted that, although he opposed the amendment last year, he had since come to favor it. It had been extremely useful in strengthening the hand of the U.S. Government in dealing with foreign governments that were tempted to expropriate U.S. property. And I note that the committee has recommended further strengthening of it this year.

In this instance also, I believe, the knowledge that the Senate would be reviewing these treaties, would greatly strengthen the hand of our negotiators. What is more, even the Czechs, who now plead poverty, might think twice if they expected such an argument to be weighed by the Senate, which is well aware of Czech foreign aid to Cuba and other nations around the world.

In short, Mr. President, I believe the constitutional prerogatives of the Senate are involved here. To determine the direction of foreign policy is not the proper role of an executive agreement. Moreover, without review by the Senate, the approved claims of thousands of Americans stand to be virtually nullified—without consideration or appeal. A precedent would be established that would handicap U.S. citizens and firms for generations to come. The overall result would not only be the loss of millions of dollars owed to us, but undoubtedly an additional reluctance on the part of many U.S. interests to undertake overseas operations in the knowledge that our Government would not insist upon fair treatment, should the property be seized.

Mr. President, I am unfortunately under no illusions that we here in the Senate could force the Czechs or Hungarians or Russians to pay 100 percent of U.S. claims. But unless we exert our constitutional duty, we can be sure that U.S. citizens will not get any meaningful compensation whatsoever.

The most astonishing factor in this whole situation is that the United States today holds in frozen Czech assets over \$8½ million. Therefore, if the Czechoslovak Government agrees to pay \$11 million, that would mean the only addi-

tional funds required from the Czech Government would be \$2½ million.

Moreover, right now the United States, Britain, and France hold in a tripartite arrangement some \$20 million of what is known as looted gold—\$9 million is in New York; \$11 million is in London. This is gold rounded up by the Allies at the end of the war from hiding places where it was placed by the Germans when they occupied most of Europe. This \$20 million, it has been determined under the terms of the Paris Reparations Agreement of January 24, 1946, probably came from Czechoslovakia and would no doubt be slated to return to the Czech Government if it is not needed to pay valid claims. Thus, as a result of the settlement now under consideration, as much as \$17½ million could conceivably be returned to the Communist government in Czechoslovakia. First and foremost, I would like to see that money be used to pay American claims, but if the Department of State cannot make that point in negotiations, I for one would rather see the money be used as a part of a tripartite foreign aid effort, than simply turned over to a hostile Communist government.

I am deeply concerned over the fact that over \$100 million in legitimate U.S. claims for property nationalized by the Czechoslovak Government may well be junked in an essentially political agreement with a Communist regime. This is not, as the State Department may wish to suggest, a one-way agreement, with all benefit to the United States, that should be considered merely an executive agreement. It is a final settlement of a complex issue. Very probably also a sizable trade deal with the United States will be involved in the final settlement, whether formally stated or not, because that is the way the Communists like to operate.

Mr. LAUSCHE. Mr. President, the RECORD shows that the impounded assets of various countries in the United States have been used to pay the claims of American citizens against the countries which now impound assets. For instance, Yugoslavia paid 91 percent of the claims of American citizens for property taken from them during World War II. Panama paid 90 percent. Bulgaria paid 50 percent. Rumania paid 30 percent. Italy paid 100 percent. No agreement for settlement has been reached with the Union of Socialist Soviet Republics, and nothing has been paid.

With respect to Czechoslovakia, which is the country contemplated by the amendment of the Senator from New York, there are 2,630 claimants. The awards made as legitimate amount to \$113 million. The amount supposedly available to pay claims is \$8,541,000, with \$2 million more promised, making a total of \$10,541,000, or about 9 percent of the claims. An additional \$8 million is impounded in the United States, but this amount is not to be used to pay off the Czechoslovak claims.

Eleven million dollars is impounded in London under what are supposed to be "lieu" funds that are not being used. The \$8 million and the \$11 million will be

returned to Czechoslovakia, and about 9 percent of the claims paid.

The amendment offered by the Senator from New York, in which I have joined as a cosponsor, merely provides that before the awards that have been made are approved by our Government, a report shall be made to the Senate, so that the Senate may give its advice and consent. I cannot see why we should return to Czechoslovakia any moneys that might be available, and that are impounded in the United States and in London, when Czechoslovakia is paying off only 9 percent of the claims in the United States.

I yield the floor.

Mr. FULBRIGHT. Mr. President, I am opposed to the amendment. The amendment was not submitted to the committee. The committee had no opportunity to study it.

Whether some of the allegations made regarding any proposed settlement with Czechoslovakia are correct, I am, of course, in no position to answer. A serious question is involved, one that has troubled our relations with several countries with regard to claims. What is involved is a question in law concerning claims by nationals of the United States against the government of Czechoslovakia. The amendment does not state whether the persons were nationals at the time of confiscation or not. This problem has complicated settlements that have been attempted with some of the other countries, because it is a question of great controversy in international law whether a citizen of a country at the time the loss occurred has any right to go to the United States or any other country and become a national of that country and enter a claim.

The problem of ascertaining whether a claim exists is a difficult one. The amendment would appear to authorize or require—I am not sure which—that all persons who are now citizens of the United States, regardless of whether they were citizens at the time of the loss, would be entitled to claim.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. The Senator has made his speech. I am making a reply. But I will yield.

Mr. KEATING. I point out to the Senator that every single one of the 2,630 claimants whose claims have been adjudicated and allowed by the Foreign Claims Settlement Commission was a citizen of the United States. There is no question of after-acquired citizenship. This requirement is clearly established in the International Claims Settlement Act of 1949.

Mr. FULBRIGHT. That does not appear in the amendment as printed. It would seem to apply to nationals of the United States as of the moment. It does not provide as of the time of loss.

Mr. KEATING. We are discussing claims determined by the Foreign Claims Settlement Commission. These are all, by law, claims of U.S. nationals at the time of loss. They number 2,630. The total amount of the claims are \$113 million. The Foreign Claims Settlement

Commission threw out 1,300 claims. We are discussing only claims allowed by the Commission.

Mr. FULBRIGHT. The next question I was coming to is the question of the International Claims Settlement Act of 1949. Congress passed this act for the specific purpose of settling claims with various countries. The claims that have already been referred to by previous speakers involve Yugoslavia, Poland, and Italy, and were settled in accordance with the International Claims Settlement Commission.

I see no reason why the usual procedure should not be followed in this case. The custom clearly is to submit such claims to the Foreign Claims Settlement Commission, as provided by law; and we are always given a report in regard to the settlement. But under this Act such matters have not been handled by treaty. The one exception of which I know involved a case in Panama, but our relations with Panama are on a different basis from our relations with many other countries.

I see no reason whatever to depart from the custom, and in this case to require a treaty. In my opinion, that would be likely to interfere with a settlement, rather than to promote one, because this matter has already been before the Claims Commission.

Mr. HOLLAND. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). Does the Senator from Arkansas yield to the Senator from Florida?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. Have we any greater obligation to protect citizens who have such claims against Panama than we have to protect citizens who have similar claims against Yugoslavia, Poland, or any other country, as to which such claims have been settled by the usual procedure?

Mr. FULBRIGHT. I see no reason, on principle, to provide for any different treatment. We have had no serious complaint. For example, in the case of claims against Yugoslavia, I believe the Senator from Ohio stated that 91 percent of the amounts claimed were paid, under the usual procedure. So I see no reason why special, different treatment should be provided for a citizen who has such a claim against Czechoslovakia or a citizen who has such a claim against Yugoslavia.

Certain allegations have been presented to us, but we do not act on the basis of allegations. I am not in a position to refute some of the statements which have been made; but they were not brought before the committee, and I have no information about the nature of the claims, other than what is contained in the pamphlet and what my staff knows in general.

The usual procedure is that after the Claims Commission considers the claim, implementing legislation is proposed. The point is that the Commission is not trying to secrete something from Congress; and thus far all matters of this sort have been handled in accordance with the customary procedure.

Therefore, Mr. President, I hope the amendment will be rejected.

Mr. KEATING. Mr. President, in response to the question asked by the Senator from Florida, let me state that the reason why no complaint was made in the case of claims against Italy was that the claims of U.S. citizens against Italy were paid 100 cents on the dollar. The claims of U.S. citizens against Yugoslavia were paid 91 cents on the dollar. The claims of U.S. citizens against Panama were paid 90 cents on the dollar. The claims of U.S. citizens against Rumania were paid 24 cents on the dollar; and U.S. citizens' claims against Bulgaria were paid 40 cents on the dollar. The settlement in the case of such claims against Rumania was the lowest up to now.

There can be no question that the plan now contemplated in the Department is to pay less than 10 cents on the dollar on claims of U.S. citizens who have had their claims adjudicated by the Foreign Claims Settlement Commission and whose claims have been found valid—2,630 claims of that sort, involving a total of almost \$114 million. In other words, if the owner of a cigar store there had his property taken from him by the Communist government, and if the store was valued at \$3,000, he is asked to accept less than \$300 for his claim. These claimants are scattered all over the country.

It is true that the amendment did not come to my attention when the committee considered the bill; but I submitted the amendment to the staff, to the chairman, and to the ranking minority member; and I think they have at least had an opportunity to study it.

I am sure the State Department is opposed to the amendment, because it does not want any interference in regard to the amount for which it can settle such claims of U.S. citizens against other countries. But there is precedent for the amendment.

I concede that five of the six cases were settled without any reference to the Senate; but such claims against Panama were treated in the same way a treaty is treated, and the agreement was submitted to the Senate for ratification. Ninety percent of those claims were paid.

So I hope that if these claims are submitted to the Senate, the settlement will be something more than on a 10-percent basis. If the Department can make a case for settling these claims of U.S. citizens for 10 cents on the dollar or less, that can still be done under the provisions of this amendment, which only provides that it is the sense of Congress that it should look into this matter.

Mr. FULBRIGHT. But Congress will have an opportunity to look into such legislation, when it is proposed. The Italian claims, which have been referred to, were dealt with by implementing legislation—namely, Senate bill 947; and those claims will be considered in connection with legislation, rather than in connection with a treaty. I do not know how a treaty would result in larger payments than those which would be made under the usual procedure.

The point is that the Senator from New York is seeking to require that a treaty procedure be followed; but, as I have stated, that would be contrary to the usual procedure. Furthermore, this agreement will be submitted to the Senate, when and if an agreement is reached; but the negotiation of the agreement is traditionally left to the Claims Commission, and I see no particular reason why such claims against some particular country should be excepted—although there may be some reason. There is no reason why such a provision should be included in the foreign aid bill, which has nothing to do with such claims. These items relate to claims resulting from the last war and from the confiscation of assets of American citizens. If there is merit to the claims, they should be handled by means of a separate bill or resolution. However, there seems to be a growing practice of attaching to the foreign aid bill an amendment on any little issue in which a Member of Congress may be interested. The result is that the foreign aid bill is becoming a vehicle for every miscellaneous, irrelevant measure which has nothing to do with foreign aid.

Why was not this matter handled in a separate resolution? I see no reason why this provision should be allowed to clutter up the foreign aid bill. Goodness knows, it is already cluttered up enough.

Mr. KEATING. Let me ask the Senator how the Senate will have an opportunity in connection with proposed legislation to vote either up or down a proposed settlement after it is made with a different country. S. 947 deals only with Poland and provides for a determination of claims by the Foreign Claims Settlement Commission. This has already been done in the case of Czechoslovakia.

Mr. FULBRIGHT. The Senate could reject the implementing legislation which thus would be submitted to it. I admit that that would not be likely to happen, but it could be done.

Mr. KEATING. This amendment only seeks to say, "Let us have a look at this now, to see whether the proposed settlement is advantageous to our country and is fair or is not fair." It is an effort to strengthen the hands of our negotiators.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. KEATING. I yield.

Mr. PASTORE. Would the Senator's amendment require a two-thirds vote for ratification of the agreement?

Mr. KEATING. Yes, it would, except I wish to point out that the amendment, like so many others, is one which the State Department would have a right to ignore if it wished to do so. It is a sense-of-Congress amendment. As I read the amendment, it would provide that we think we should have a look at the question as a treaty, as we did in the case of Panama, rather than in the four or five cases in which we did not have a look at the question at all.

Mr. PASTORE. What if the administration chose not to do it?

Mr. KEATING. There is very little that we could actually do about it.

Mr. DOUGLAS. Mr. President, adoption of the Keating amendment now pending may prevent a serious injustice to a number of American citizens who have been awarded claims for the Foreign Claims Settlement Commission. The Commission has already approved these claims based on losses due to the nationalization by the Communist Government in Czechoslovakia of the property of these United States citizens. The Commission has awarded a total of \$113,645,000 to 2,630 claimants. But it is my understanding that the State Department, now negotiating several issues with Czechoslovakia, may settle this claim of over \$113 million for only \$11 million or about 9.7 percent of the approved total. In effect, the State Department would give up 90 percent of these approved claims, severely undercutting the determinations of awards which have been made by the responsible U.S. agency. This reduced settlement would be effected without allowing these claimants either a hearing or an appeal.

The Senator from New York [Mr. KEATING] has proposed an amendment to the Foreign Assistance Act which would require Senate ratification of any claims settlement reached with Czechoslovakia. The amendment is sensible and deserves strong support.

Not only would the settlement proposed by the State Department constitute an unjust treatment of the claimants, who would receive less than 10 percent of their already greatly reduced claims, but also it would, as the Senator from New York [Mr. KEATING] has pointed out, provide assistance of over \$100 million to the Communist Government of Czechoslovakia. Surely this would be contrary to the spirit expressed in recent Senate votes on the pending bill.

Moreover, it is my understanding that similar settlements are still outstanding or in progress with other countries. In the case of some countries the settlements have been 90 percent or more of the total claim, and in no case has a settlement as low as 10 percent been agreed to. We should consider the effect of a 10-percent settlement with Czechoslovakia on the attitude toward further payments or settlements to be made by other countries such as Hungary, Cuba and the Soviet Union.

I do not think this amendment interferes improperly with the responsibilities of the Department of State. We do not ask for a 100 percent settlement, merely for Senate review of the settlement the State Department asks that we accept. Perhaps a case can be made that other considerations among the issues at stake justify a less than 100 percent settlement. But in a case in which the decision of the responsible agency is threatened with almost complete contradiction by another agency, I think we can properly insist on Senate review to provide an opportunity for the protection of legitimate interests of citizens.

I urge the adoption of the amendment, and I congratulate the Senator from New York [Mr. KEATING] for proposing it.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KEATING. I appreciate the remarks of the Senator. The points which the Senator has made are very important. If we allow a settlement of 10 cents on the dollar in the present case, I call attention to the fact that there are still pending and unsettled the claims of U.S. citizens against the U.S.S.R. for property taken in that nation and also the claims in Cuba. Such action would be a real impetus, I fear, to an inadequate settlement in the case of countries in which the claims of U.S. citizens have been found by the Commission to be valid.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PASTORE. As I understood, the Senator from Illinois has said that the proposal would be a mandate to come to Congress. As I understood the Senator from New York, he said that the amendment is merely an expression of the sense of the Senate. There is a distinction.

Mr. KEATING. There is a distinction. I hope, and would expect, that the Department of State would be in accord with our wishes if we declared it to be our sense, but they would not be required to do so. I believe the Senator from Illinois would concede that.

Mr. DOUGLAS. Yes, that is true.

Mr. KEATING. I hope that they would treat it as a mandate but, strictly speaking, it would not be one.

Mr. HICKENLOOPER. Mr. President, the spirit of the amendment has my approval as an individual. I am concerned about the language of the amendment. I do not believe that it makes sufficiently clear that the claimants must have been citizens of the United States at the time of the expropriation, seizure, or confiscation. I believe that point should be absolutely clear.

I am in sympathy with the theory that a settlement of 10 cents on the dollar in the present case might set a precedent for some other cases. I believe that Congress ought to have a look at the amounts of the proposed settlements, especially in relation to the Iron Curtain countries. I hope that the Senator will modify his amendment to make it absolutely clear that the amendment would not apply to persons who came over to the United States and thereafter acquired American citizenship.

The reason I make that statement is that some amendments along that line have been proposed. Persons who have come to this country and later acquired American citizenship could make claims against the foreign countries in which their property was seized while they were under the sovereignty and jurisdiction of the seizing country. We may not like that. We may think that is morally wrong. But from a legal standpoint, it appears to me that the country under whose sovereignty the person was at the time the property was seized might have a position.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. KEATING. The 2,630 claimants who have had their claims adjudicated to the extent of \$113 million were, each

and every one of them citizens of the United States in 1945 when their properties were taken.

Second, the International Claims Settlement Act requires that only such claimants as were U.S. citizens at the time of their loss are awarded valid claims. The Senator is correct in respect to his suggestion that there has been discussion about extending the benefits to those who have later acquired citizenship, but such a position has never been written into the law. The only ones who would be eligible are those who were citizens at that time.

I would have no hesitancy in writing into the language of the amendment a provision, on line 6, so that the amendment at that line would read as follows:

"Claims Settlement Commission, by nationals of the United States who were such at the time of their losses."

Mr. HICKENLOOPER. If the language is properly drafted, I would have no objection. As I understand, the Senator's position is sincere. The language no doubt means what he says it means. If it does, there is no reason for not putting the language in the amendment clearly and understandably.

Mr. KEATING. Mr. President, the yeas and nays have been ordered. I ask unanimous consent that my amendment be modified so that on line 7, after the word "States," that there be added the words "who were such at the time of their losses." Therefore, the amendment would read:

PART V—MISCELLANEOUS

SEC. 501. It is the sense of the Congress that any agreement hereafter entered into between the Government of the United States and the Government of Czechoslovakia relating to the settlement of claims, determined by the Foreign Claims Settlement Commission, by nationals of the United States, who were such at the time of their losses, against the Government of Czechoslovakia for losses resulting from nationalization or other taking of property of such nationals, shall be submitted to the Senate for its advice and consent.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the modified amendment of the Senator from New York [Mr. KEATING] to the committee amendment, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Georgia [Mr. RUSSELL], the Senator from Mississippi [Mr. STENNIS], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], and the Senator

from Minnesota [Mr. McCARTHY] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from West Virginia [Mr. BYRD]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from West Virginia would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Kentucky [Mr. COOPER] and the Senator from California [Mr. KUCHEL] are detained on official business.

If present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from California [Mr. KUCHEL] would each vote "yea."

The result was announced—yeas 39, nays 49, as follows:

[No. 225 Leg.]

YEAS—39

Allott	Hart	Pastore
Beall	Hickenlooper	Pearson
Bennett	Hruska	Prouty
Boggs	Javits	Proxmire
Carlson	Johnston	Ribicoff
Case	Jordan, Idaho	Robertson
Cotton	Keating	Scott
Curtis	Lausche	Simpson
Dirksen	McClellan	Talmadge
Dodd	Mechem	Thurmond
Dominick	Miller	Tower
Douglas	Morton	Williams, Del.
Fong	Mundt	Young, N. Dak.

NAYS—49

Aiken	Hartke	Morse
Anderson	Hayden	Moss
Bartlett	Hill	Muskie
Bayh	Holland	Nelson
Brewster	Humphrey	Neuberger
Bible	Inouye	Pell
Burdick	Jackson	Randolph
Cannon	Jordan, N.C.	Saltonstall
Church	Kennedy	Smathers
Clark	Long, Mo.	Smith
Eastland	Mansfield	Sparkman
Edmondson	McGee	Walters
Ellender	McGovern	Williams, N.J.
Ervin	McIntyre	Yarborough
Fulbright	McNamara	Young, Ohio
Gore	Metcalf	
Gruening	Monroney	

NOT VOTING—12

Byrd, Va.	Goldwater	McCarthy
Byrd, W. Va.	Kuchel	Russell
Cooper	Long, La.	Stennis
Engle	Magnuson	Symington

So Mr. KEATING's amendment, as modified, to the committee amendment in the nature of a substitute, as amended, was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I call up my amendment No. 249, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa to the committee amendment, in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 48, in the committee amendment, to strike out the quotation marks at the end of line 3, and between lines 3 and 4 to insert the following:

(k) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of

some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act (other than supporting assistance under chapter 4 of part I, assistance from the contingency fund established under chapter 5 of part I, and military assistance under chapter 2 of part II), or any other law authorizing assistance to foreign countries (other than military assistance, supporting assistance, or assistance from the President's contingency fund), to the government of any nation which is more than one year in arrears in its payment of any assessment by the United Nations for its regular budget or for peace and security operations, unless the President determines that such government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis, or determines that such government, by reason of unusual and exceptional circumstances, is economically unable to give such assurance.

Mr. MILLER. Mr. President, on each Senator's desk are two mimeographed tables. I propose to discuss these tables after my preliminary remarks.

My amendment was presented to the Foreign Relations Committee during the hearings on this bill last June. My statement appears in the hearings report commencing at page 349. A list of the various members of the United Nations, showing their total arrearages—regular budget dues and assessments for the emergency force in the Middle East and the Congo—and receipts of grants, loans, and military assistance from the United States appears at pages 352 and 353. In the printing of the report, Mauritania and Sudan were erroneously omitted.

At the desk of each Senator are two mimeographed tables updating the information contained in the hearing report. The hearing report table was based on the report of the U.N. Secretariat as of May 31, 1963. The mimeographed tables are based on the Secretariat report as of September 30, 1963.

This amendment is designed to gear our foreign aid policy into our policy with respect to the United Nations. I invite attention to the statement in section 502 of the main bill which "reaffirms the policy of the United States to achieve international peace and security through the United Nations." Most assuredly, this basic policy of our country cannot be carried out if the United Nations goes out of existence because of bankruptcy. And, Mr. President, the U.N. is headed for bankruptcy. The temporary relief afforded by the U.N. bond issue is rapidly coming to an end. As of September 30 of this year, total arrearages of member nations amounted to almost \$104 million. This situation has become progressively worse. As of September 30, 1961, arrearages totaled \$44.7 million; as of September 30, 1962, the total was \$80.9 million.

Mr. President, I ask unanimous consent to have inserted at this point in my remarks an article from News Front for October 1963, entitled "What Price Peace? United Nations Depends Heavily on the United States To Meet Mounting Costs of Its Activities. Continued Refusal of Some Nations To Pay Their Share of Peace Operations Poses Serious Threat to Future of U.N."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT PRICE PEACE?—UNITED NATIONS DEPENDS HEAVILY ON THE UNITED STATES TO MEET MOUNTING COSTS OF ITS ACTIVITIES. CONTINUED REFUSAL OF SOME NATIONS TO PAY THEIR SHARE OF PEACE OPERATIONS POSES SERIOUS THREAT TO FUTURE OF THE U.N.

The United Nations is suffering from a bad case of "financial nerves." Continued refusal of certain nations to pay their share of assessments for emergency U.N. operations is sapping the economic lifeblood out of the international peace organization.

In December 1961, as the U.N. teetered on the brink of bankruptcy, the General Assembly authorized flotation of a \$200 million bond issue. By October 1963, 73 percent of the bonds had been purchased and an additional \$1.3 million was still on the books in pledge form from 10 member nations. To date, the United States has purchased \$72 million of U.N. bonds, 50 percent of the total subscription.

(A new law enacted by Congress in October 1962 authorized the President of the United States to match bond purchases of other nations with the total loan not to exceed \$100 million.)

The U.N. spends about \$90 million annually for its regular administrative and peacekeeping activities. Associated U.N. agencies such as the Special Fund for Economic Assistance, the World Health Organization, and the U.N. Children's Fund add another \$250 million to U.N. expenditures.

Member nations are assessed for the regular budget according to "ability to pay," i.e., per capita and total national income and ability to acquire foreign currency. Because the United States ranks high on all counts, it pays 32 percent of the regular budget compared to 15 percent paid by the U.S.S.R. and 0.04 percent paid by smaller nations such as El Salvador and Ivory Coast. The United States also contributes over 40 percent of the affiliated agencies' expenses.

The negative attitude of a handful of nations in supporting the costly Congo and Suez operations forced the bond issue. But this economic bailout offers the U.N. only temporary relief.

In 1962, the International Court of Justice, official U.N. judicial organ headquarters at The Hague, Netherlands, ruled that expenditures authorized by the General Assembly for peacekeeping operations were legitimate expenses of the organization and that, under the charter, members who fell in arrears 2 years or more would lose the right to vote in the Assembly.

Between now and the opening of the General Assembly in September 1964, when the new ruling will become effective, the U.N. will have to stumble along as best it can. Belgium, which in the past has refused to support the U.N. Congo operation, recently decided to pay her \$192,000 share of the \$16 million it will cost to keep the force there during the first 6 months of 1964. The Belgians, however, have made no decision regarding payment of the \$3.3 million in back assessments which have accrued since the operation began in July 1960. But the sudden change in Belgian strategy sparks some hope that other nations may follow suit.

The Congo force (ONUC) costs about \$120 million annually and the U.N. Emergency Force in Suez (UNEF) about \$20 million. In view of the serious financial crisis, Secretary General U Thant recently proposed a drastic cutback in U.N. assistance to the Congolese Government.

Forty-nine member nations are \$29.9 million in arrears for the UNEF operation. Soviet bloc nations and Cuba owe \$21.1 million, 69 percent of total back payments. Current UNEF debt, including second quarter 1963 payments, is \$36 million.

But it is the Congo which has driven the U.N. to the brink of disaster. Fifty-six nations owe \$83.4 million in back payments. France and the U.S.S.R. collectively owe \$59.3 million, 71 percent of the total. The overall debt outstanding for the Congo exceeds \$100 million.

Most members have willingly paid their share of assessments for U.N. administrative activities. Possible loss of vote in the General Assembly strengthens the incentive to do so.

Root of the U.N.'s financial malaise rests in trying to enforce payment for peacekeeping operations. The Russians refuse to pay for the UNEF and Congo forces claiming the expenses are not for regular peacekeeping activities of the organization, contrary to the ruling of the World Court. They maintain the "aggressors"; i.e., Great Britain, France, and Belgium should pay.

Latin American countries feel underdeveloped nations cannot afford to underwrite costly peacekeeping operations such as the Congo. They say the Big Powers should pay at least 70 percent of the total cost.

The financial straightjacket that delinquent members have put on the U.N. has forced the organization to take drastic steps to finance its activities. In the running Yemeni civil war, the U.N. sent a watchdog mission to make sure the United Arab Republic and Saudi Arabia would not intervene. Because the U.N. lacked funds to finance the mission, the United Arab Republic and Saudi Arabia have agreed to pay the \$200,000 monthly upkeep of the U.N. Force

whose primary purpose is to assure non-aggression by these two countries.

The future of the U.N. is precarious. If member nations continue to vote for action and then refuse to accept the financial consequences, it will be forced into total inertia. If, on the other hand, votes of nonpaying members are taken away until they pay, the Soviet Union would in all likelihood boycott the U.N. Should the organization be reduced to little more than a conference of Western Powers, the original purpose of the U.N., to bring friends and enemies together, will be defeated.

Increased revenue from independent U.N. activities such as the sale of stamps, publications and TV services is one way out of the dilemma. But net income derived from these sources amounts to \$2 million, 4 percent of the regular budget and any increase would not go far in covering the costs of an operation similar to the Congo.

Other ambitious proposals would have the U.N. collect dues from international canals, international mail or exploit the resources of the ocean beds or Antarctica.

Most of these proposals are farfetched and chances for their adoption appear slim. One observer, pointing to their inherent weakness, claims "they require for their adoption conditions within the U.N. which do not prevail at this stage of the organization's development."

The current difficulties plaguing the U.N. are really political. They stem from the divergent views the United States, underde-

veloped countries, and the Soviet Union hold about the function of the U.N.

Russia wants the U.N. to be a standing conference which takes little action but serves as a perfect propaganda forum. The Soviets can certainly afford to pay the \$60.7 million they owe the U.N. if they can afford to spend \$50 billion on armaments. They do not contribute to U.N. peace operations because actions taken in the Congo and Suez do not serve Russian interests.

Underdeveloped countries want a vigorous U.N. organization primarily because they hope it will help them get rid of colonial regimes and provide them with badly needed technical assistance. However, they are often neither willing nor able to assume financial responsibility for their votes.

The United States favors a strong U.N. actively engaged in promoting the cause of peace. In the past, much of the U.N.'s success has rested on U.S. ability to muster enough votes to make sure that free world views prevailed, or at least to blockade any action inimical to our own interests. It is doubtful the United States would be willing to put up money for causes that went against American interests. In a test case 2 years ago, Washington refused to abide by a U.N. decision calling for the United States to pay \$1 million for technical assistance to Cuba.

Naturally, the U.N. can ill afford to incur the wrath of the U.S. Government by its decisions. If the United States refuses to pay its huge share, the U.N. might as well collapse in the murky waters of New York's East River.

United Nations, \$180,000,000 in debt (as of Sept. 30, 1963)

(Dollars in thousands)

Member states	Assessments due					Member states	Assessments due				
	Percent budget assessed	U.N. regular budget	UNEF	Congo	Total due		Percent budget assessed	U.N. regular budget	UNEF	Congo	Total due
Afghanistan	0.05	\$11.9	\$42.1	\$42.6	\$96.6	Jordan	0.04	\$38.0	\$36.4	\$40.3	\$114.7
Albania	.04	43.6	36.4	40.3	120.3	Laos	.04	38.0	2.3	6.5	46.9
Argentina	1.00	1,860.6	913.4	565.8	3,339.8	Lebanon	.05		22.7	20.4	43.1
Australia	1.70		157.5	546.9	704.4	Liberia	.04	38.0	2.3	6.6	46.9
Austria	.50	217.4	142.7	573.2	833.3	Libya	.04		36.4	6.6	43.0
Belgium	1.20	1,918.9	272.6	327.7	5,463.2	Luxembourg	.05		4.7	16.5	21.2
Bolivia	0.04	60.5	40.3	40.3	141.1	Madagascar	.04		2.3	23.9	26.2
Brazil	1.03	977.7	58.1	580.6	1,616.4	Mali	.04	698.6	2.3	20.9	1,991.5
Bulgaria	.20	205.8	140.6	174.0	520.4	Morocco	.70		568.8	124.2	148.8
Burma	.07		4.0	11.5	15.5	Nepal	.10	40.3	7.9	140.9	56.6
Byelorussian	.52	284.4	493.1	1,280.1	2,057.6	Netherlands	.04		3.2	13.1	174.0
Cambodia	.04		2.3	33.9	36.2	New Zealand	1.00				
Cameroon	.04		2.3	6.6	8.9	Nicaragua	.40	53.6	38.9	135.1	89.4
Canada	3.10	468.1	295.9	1,028.0	1,792.0	Niger	.04	40.2	5.2	30.6	69.4
Central African Republic	.04		2.3	6.6	8.9	Nigeria	.04		7.2	22.0	46.5
Ceylon	.09	28.9	5.1	14.8	48.8	Norway	.20		11.9	34.6	191.0
Chad	.04		3.0	6.5	9.5	Pakistan	.50		42.7	148.3	232.9
Chile	.30	400.0	106.5	203.1	709.6	Panama	.40	140.0	23.7	69.2	97.7
China	4.69	6,955.8	4,447.6	6,504.6	17,908.0	Paraguay	.04	36.6	30.5	30.6	132.5
Colombia	.30	246.1	14.7	42.8	303.6	Peru	.04	84.9	26.7	20.9	195.8
Congo, Brazzaville	.04	38.4	2.3	6.6	47.3	Philippines	.10	14.9	100.1	80.8	278.1
Congo, Léopoldville	.07		4.0	11.5	15.5	Poland	.40	89.6	22.6	65.9	4,599.1
Costa Rica	.04	47.2	9.9	30.6	87.7	Portugal	.13	934.1	1,390.4	2,274.6	348.6
Cuba	.20	397.0	203.4	241.8	842.2	Romania	.20	151.3	9.0	188.3	1,497.3
Cyprus	.04	21.3	2.3	6.6	30.2	Saudi Arabia	.30	229.1	405.6	862.6	122.9
Czechoslovakia	1.20	138.2	933.1	2,603.9	4,675.2	Senegal	.07		59.3	63.6	64.7
Dahomey	.04			4.5	4.5	Somalia	.05	44.7	3.8	16.2	54.8
Denmark	.60					South Africa	.04	38.4	2.3	14.1	1,448.5
Dominican Republic	.05	46.7	13.1	50.3	110.1	Spain	.50	24.4		1,424.1	1,828.9
Ecuador	.06	36.3	2.6	9.3	48.2	Sweden	.90		915.7	913.2	86.6
El Salvador	.04	37.2	7.6	22.9	67.7	Syria	.07		75.1	11.5	551.6
Ethiopia	.05		2.8	8.2	11.0	Thailand	1.30		123.3	428.3	131.5
Federation of Malaya	.10		1.3	21.4	28.7	Togo	.20	19.8	35.5	16.2	63.8
Finland	.40		563.4			Tunisia	.04		12.0	51.8	67.6
France	5.90	276.2		16,143.1	16,982.7	Turkey	.05	38.4	7.2	22.0	38.1
Gabon	.04	38.4	2.3	6.6	47.2	Ukrainian S.S.R.	.40	54.0	2.8	8.2	58.0
Ghana	.09	27.3	5.1	14.8	47.2	U.S.S.R.	.20	1,082.7	1,887.9	4,889.7	7,860.3
Greece	.20	101.5	13.0	37.9	152.4	United Arab Republic	15.00	8,178.3	15,638.2	36,985.0	60,801.5
Guatemala	.05	88.8	20.9	38.2	147.9	United Kingdom	.30	315.1	298.8	299.3	913.2
Guinea	.04		10.5	6.6	17.1	United States	7.60		719.0	2,497.4	3,216.4
Haiti	.04	83.9	16.7	30.6	131.2	Upper Volta	32.00	11,532.7	3,037.0	10,549.7	25,119.4
Honduras	.04	25.0	10.7	30.6	66.3	Uruguay	.04	25.7	11.0	23.0	59.7
Hungary	.60	813.7	456.0	918.8	2,188.5	Venezuela	.10	225.0	31.2	88.5	344.7
Iceland	.04					Yemen	.50		29.3	85.7	115.9
India	2.00	140.0	114.5	334.4	588.9	Yugoslavia	.04	64.9	36.4	40.3	141.6
Indonesia	.50	426.8	25.4	74.1	526.3	Mauritania	.40	167.4	21.4	362.0	550.8
Iran	.20	185.9	11.3	132.2	329.4	Mongolia		76.9	3.5	13.9	94.3
Iraq	.09		81.7	90.6	172.3	Sierra Leone		48.1	3.5	13.9	65.5
Ireland	.10		13.3	46.1	59.4	Tanganyika		NA	2.3	6.6	8.9
Israel	.20	65.1	8.5	24.7	98.3			NA	2.3	6.6	8.9
Italy	2.20	728.2	212.5	738.0	1,678.7						
Ivory Coast	.04	31.9	2.3	6.6	40.8						
Japan	2.30										
Grand total						Grand total					

Mr. MILLER. Mr. President, more than half of the arrearages are due from the Soviets. Another \$14 million is due from France. They do not receive any foreign aid from the United States, so that we are not in a good position to influence them to pay up. The World Court has ruled that assessments for peacekeeping operations are of the same standing as dues, so that delinquency in these assessments is delinquency for purposes of possible loss of voting powers. The U.N. has accepted this ruling. However, it will not be until next year at the earliest before sufficient delinquent status will have been acquired to place any delinquent nation in the position of losing its vote; and when that day comes, it is not known whether or not the General Assembly will invoke the rule. Meanwhile, bankruptcy faces the U.N.

With respect to those member nations which are delinquent and which are receiving foreign aid from us, there is something we can do. We can say to them that unless they clean up their obligations to the U.N., they cannot expect the American taxpayer to furnish them foreign aid.

Mr. MORSE. Mr. President, will the Senator yield at that point?

Mr. MILLER. I am happy to yield.

Mr. MORSE. I need some information to clear up my understanding or lack of understanding on this point. Does the Senator's amendment cover merely loans, or does it cover grants also?

Mr. MILLER. No; the amendment relates to assistance under the provisions of this act other than supporting assistance, assistance from the contingency fund, and military assistance. So that the only aid that would be affected by this amendment would be development loans and grants.

Mr. MORSE. It would cover grants.

Mr. MILLER. Loans and grants. Reference to military assistance, supporting assistance, and contingency fund was omitted for this reason: Those elements of our foreign aid program have a potential for being more directly tied to our security interests than the other—certainly military assistance and supporting assistance, and, if the contingency fund is appropriately managed, that too.

Mr. MORSE. But there can be much waste in so-called supporting assistance, because we are giving supporting assistance to countries that are able to support themselves.

Mr. MILLER. I recognize that there may be abuses in certain areas of our foreign aid program. However, the Senator from Iowa does not desire to be too exact with respect to this amendment. If the Senator from Oregon will be patient, it is felt, from the information I shall present from the tables that are on each Senator's desk, that the lever which will be effective in getting the nations to pay up will be quite ample if we concentrate only on development loans and grants.

I repeat, the reason why the language was so drawn was that there is a greater potential for its having more direct ap-

plication to our immediate national interests.

Mr. MORSE. I have sympathy with the Senator's objective. Outside the Communist bloc—and it has been pointed out that the amendment cannot reach the Communist bloc because we do not give them aid—one of the notorious delinquents with regard to her United Nations obligations is France. I am also disturbed about the kind of military assistance France receives from us. Unless we can reach her in relation to military assistance, the Senator's amendment is not going to do much good with respect to France. She receives infrastructure money from us. She is certainly prosperous enough to pay for her own military defense costs.

I am glad I asked the question, because I have received the Senator's explanation of what he is aiming at. I wished to cover the bulk of the assistance France gets from us, but I suppose that is one of those things and we cannot cover everything. At least, Mr. President, the Senate is moving down the road toward serving notice on some of the United Nations delinquents that we are not going to continue to pay the great amounts of money that we pay into the United Nations and without trying to do something about the delinquents.

Mr. MILLER. I thank the Senator from Oregon for his question. The Senator will recall that in committee he expressed the same misgivings, not particularly about the amendment, but the failure of the amendment to cover France. He may recall that I responded by saying that I wished there were some way of gearing the amendment to cover France also, but that it was not practical to do so, if we were to concentrate on development loans in France. If the amendment is adopted, I believe we shall find that by the time we are talking about the next foreign aid bill, the slate will be clean not only with reference to these nations, but also with respect to France, because once France realizes that, outside the Soviet bloc, she is the only nation which has not played fair with the United Nations, my guess is that France will get on board with the rest of the countries.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. GRUENING. I am sympathetic toward the purposes of the Senator's amendment. I believe it is most regrettable and shocking that so many nations have welched on their commitments. However, I feel that the Senator's amendment would be much more effective if the loopholes, the wide openings in it, through which foreign aid can come were eliminated, leaving only the qualifying clause "unless the President determined." Why not cut out supporting assistance and military assistance, and leave the contingency fund, which is what the President would use in these cases? Otherwise the Senator will not get the result he hopes for.

Mr. MILLER. I appreciate the comments of the Senator from Alaska. Let me say again that the purpose of the

amendment is not to be restrictive on the State Department or on the President. I should like to suggest that we walk before we run, and that we give this approach a chance to work.

It will not be too easy for the President to make the determination that some of these nations do not have the economic wherewithal, because of special or unusual circumstances, to pay the amounts of the delinquencies which appear on the tables.

I know that there are some nations which are in that situation. The Senator from Alaska knows that, too. That is why we must have some type of provision to cover such a situation; also, I recognize the fact that the President might determine that such a government has given reasonable assurance of paying all its arrearages independent of our assistance.

I would suppose, if the President received that reasonable assurance, and if 1 year from now there had not been a followthrough on the reasonable assurance, at that time we could tighten up the provision, by providing that no country which is in arrears shall receive this assistance. The point I wish to make is that since this is a little different approach than we have used heretofore, and is designed to help the financial situation of the United Nations, we should try this approach and give the State Department an opportunity to work within it and to be fair with it; then, if the delinquents do not come through, we can catch them in a year from now and tighten up the provision.

The Senator from Alaska has had the same problem with respect to some of his amendments. He gave the State Department more than enough time to come through; finally, time ran out, and the Senator from Alaska had no choice except to offer the amendment which has been adopted.

I have not reached the point with respect to this amendment that the Senator had reached with respect to his amendment. I suggest that we try it. If it does not work, we can make the provision tighter the next time around.

My amendment provides that no foreign aid shall be extended to the government of any nation which is more than 1 year in arrears in its obligations to the United Nations. If the amendment were in effect now, it would require payment of all outstanding delinquencies for 1961 and prior years. Assessments for 1962 are not yet 1 year old; and assessments for 1963 are not in arrears until after the close of 1963.

My amendment leaves some discretion to the President of the United States in this matter. If he determines that such a government is unable to place its payments on a current basis because of unusual or exceptional circumstances, then our foreign aid may continue. Or if he determines that such a government has given reasonable assurance of paying its arrearages—independently of any of our foreign aid—and placing its payments on a current basis, then our foreign aid may continue.

Moreover, my amendment would not apply to military assistance, supporting

assistance, or the President's contingency fund, because these are matters which could directly and immediately affect our security interests. The amendment would affect primarily development loans and development grants. It could also affect Public Law 480 distributions of agricultural commodities.

Now I ask: Is it unreasonable for a nation which wants our foreign aid to give the President of our country assurance that it will pay its back assessments and put them on a current basis? Or, if that cannot be done, is it unreasonable to require such a nation to show that there are unusual or exceptional circumstances preventing it from doing so? I think it is unreasonable to not have such requirements. It is unreasonable to ask our taxpayers to pay for foreign aid to such a government. It is unreasonable to extend our foreign aid in the same manner and on the same basis to all nations—regardless of whether they are playing fair with the United Nations. By treating them all alike, we discourage those nations which are playing fair with the U.N. "Why pay up?" they can ask. "Uncle Sam will give us foreign aid anyhow."

If it be said that my amendment would, in effect, make a collector of dues out of the United States, there are two answers: First, this is not quite accurate. The United States will collect nothing. It will be the United Nations which does the collecting, because it is the United Nations to whom the obligations are owed. Second, we are already requiring that certain standards be met before a nation receives our development loans and our development grants. These include land reform, tax reform, internal governmental reform. Should not payment of delinquent obligations have the same standing—especially when these obligations are owed an organization which we support as an avenue to international peace and security? There are some who have suggested that we are coercing other governments in the matter of land reform, tax reform, and internal governmental reform. We are not coercing anyone—any more than a banker coerces a would-be borrower by asking him to fill out a net worth statement. If the recipient does not wish to comply, he can go elsewhere for assistance.

If it be suggested that because of the economic situation in a country it cannot afford to pay the assessments, it should be made very clear that the allocation of assessments among the nations takes into account the economic situations in the various member nations. Moreover, when you compare the large amount of our foreign aid with the relatively small sums owed the United Nations, this suggestion would seem to have no merit.

Mr. President, I call attention to the table that I have placed on the desk of every Senator. Let us consider, first, the column headed "Total United Nations Arrearages as of September 30, 1963." Senators should understand that the total arrearage of \$103,830,000 is made up of the regular budget, Emergency Force, and the Congo ad hoc account. It will

be noted that in the regular budget there are nine countries which still have not paid their 1961 dues. Incidentally, this is one area in which the Soviet Union has actually been paying promptly the annual, regular dues. But there are nine nations which have not yet paid the 1961 dues; yet all of them have received economic assistance from the United States, and are still receiving such assistance.

In the case of the Emergency Force, which is to protect the Gaza strip in the Middle East, it will be observed that 44 countries have not yet paid their 1961 assessments. Thirty-six have not paid their 1960 assessments. Thirty have not paid their 1959 assessments. In fact, 25 countries have not paid their assessments from 1957 on.

Of the 44 countries which have not paid their assessments for 1961 or prior years, 37 are still receiving economic assistance from the United States, and have received it since 1946.

In the case of the Congo ad hoc account, we note that 51 countries still owe for the period January 1 to October 31, 1961. Of those 51 countries, 42 have payments due extending back for all periods involved. Of those 42 countries, 39 are still receiving assistance from the United States.

Referring to the next table, there are 46 countries to which we have furnished more than \$22 billion in economic assistance from the fiscal year 1946 through fiscal year 1963, and which are delinquent in one or more of their assessments to the United Nations. These arrearages amount to more than \$42 million. They include the regular budget, \$4.4 million; Emergency Force, \$9 million; and Congo ad hoc account, \$29.2 million.

But note that the grand total comes to \$42 million, against a total of \$22 billion in economic assistance which we have extended to those countries through the years.

Of these 46 countries, 44 received some type of economic assistance during fiscal year 1963 from the United States. Of those 44, 35 would have been affected by my amendment, had it been adopted last year, inasmuch as these countries have received grants and development loans covered by my amendment.

I invite the attention of Senators to the list of 35 countries. Consider, for example, Afghanistan. During the fiscal year 1963, that country received \$17,700,000 in grants and loans. Yet arrearages for the calendar year 1961 and prior thereto amounted to only \$66,000. One wonders why Afghanistan could not see fit to take care of the assessments for 1961 and prior years, when she was receiving \$17,700,00 in aid from us.

Iran is in about the same position. She received \$21,200,000 in grants and loans during the fiscal year 1963. Yet Iran owes \$75,413 to the United Nations.

Jordan is in a similar situation. We provided Jordan \$7 million in loans and grants during fiscal 1963. Jordan owes only \$62,267 to the United Nations for 1961 and prior years.

The United Arab Republic, concerning which considerable debate has been rag-

ing during the past few days, received from the United States \$38,600,000 in grants and loans, but still could not see their way clear to pay \$529,000 in back assessments for 1961 and prior years. I point out that in addition to the \$38,600,000 in loans and grants of the United States, the United Arab Republic received \$140 million in Public Law 480 distributions of surplus commodities.

Argentina received \$109 million as aid in the form of grants and loans. At the same time, Argentina has not been able to pay \$1,432,000 in back assessments to the United Nations.

And so on down the list.

I call attention to the fact that Poland, the third country from the bottom of the list, received \$2,800,000 from us in grants and loans during fiscal 1963, and \$8 million in Public Law 480 shipments; still Poland is delinquent to the extent of \$2,677,000 to the United Nations.

Somalia, which last year received \$7,800,000 in loans and grants from us, has not been able to pick up the tab for \$2,713 for 1961 and prior years.

I invite attention to an article published in the Washington Post of today, November 12, entitled "Somalia Spurns Arms From West for Russia's." The article states:

Somalia has informed the United States it will accept a Soviet arms offer and has no use for military hardware from the West.

Perhaps there is some reason for this, but it indicates to me that Somalia is not so friendly to the United States as it might be. Even more important, at this point, Somalia has not been able to clean up the \$2,713 in back dues to the United Nations. Yet we saw fit last year to extend \$7,800,000 in grants and loans to her.

Mr. President, I offered a similar amendment 2 years ago. I suggest that if the amendment had been adopted, the slate would be clean; that the dismal figures that have been presented here would not appear; and that the last column on the table, "arrearages for calendar 1961 and prior," would be gone. It is high time that the nations that are recipients of the taxpayers' economic loans and development grants be assured that so long as support of the United Nations is a part of our policy, we will do our utmost to see to it that the United Nations does not go bankrupt as the result of the failure of nations receiving our assistance to pay their back dues.

Mr. President, I invite attention to the escape hatch that I discussed earlier with the Senator from Alaska [Mr. GRUENING]. This is not a harsh amendment at all; it is a reasonable amendment. I hope it will be adopted.

Mr. HUMPHREY. Mr. President, I shall take a little time to discuss the Senator's amendment; then the chairman of the committee, I am sure, will want to express his point of view concerning this rather far reaching proposal.

The amendment needs to be clearly understood as to what it does and does not do. The first thing it does is to require the United States to be a collec-

tion agency for the United Nations. It puts us in that position.

It has also as one of its purposes—and this, I think, is commendable—the strengthening of the financial position of the United Nations. This, I believe, is in our national interest.

I have supported measures in Congress to improve the financial condition of the United Nations. I believe that the United Nations has a heavy responsibility to keep its financial house in order. It is my view that the United Nations should have a position equivalent to that of Secretary of the Treasury; at least, that there should be a financial consultant to the U.N., working continuously to bring into the Treasury of the United Nations the dues that are the obligations of member nations, both their regular membership fees and the requirements or assessments for the peace keeping activities. But the United Nations is an institution in its own right. Although we are a charter member, we are not the whole United Nations. The United Nations must take unto itself—through the Security Council, the Secretariat, and the General Assembly—the basic responsibility for keeping its financial house in order. Of course we, as a member of the United Nations, have an interest in that. That is why a year or so ago Congress passed the United Nations bond issue bill, and that is why Congress attempted to use whatever influence it has among the membership of the United Nations to obtain payment of the dues and of the cost of the peace keeping operations of the United Nations. I believe we have a vital stake in the United Nations, and I believe the peace keeping operations of the United Nations are in the interest of peace and law and order in the world. Therefore, I have supported the peacekeeping operations of the United Nations and the maintenance of the United Nations as an instrumentality for peace, law, and order.

But let us consider what the amendment would do. It would place the United States in a special position as a collector for United Nations dues. It would do this indirectly, by providing that—

(k) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act (other than supporting assistance under chapter 4 of part I, assistance from the contingency fund established under chapter 5 of part I, and military assistance under chapter 2 of part II), or any other law authorizing assistance to foreign countries (other than military assistance, supporting assistance, or assistance from the President's contingency fund), to the government of any nation which is more than one year in arrears in its payment of any assessment by the United Nations for its regular budget or for peace and security operations, unless the President determines that such government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis, or determines that such government, by reason of unusual and exceptional circumstances, is economically unable to give such assurance."

Of course that proviso would permit the President to make a finding that many countries are economically incapable of making their payments to the United Nations; or, under the amendment, such loans could be made to countries which had a program of getting their dues payments on a current basis.

But what would the amendment permit the U.S. Government to do? This permission is rather generous. First, the amendment would not place any limitation on the United States, insofar as supporting assistance is concerned, under chapter 4 of part I. Supporting assistance is a grant, and generally is given to countries which receive military assistance. Supporting assistance is a large item in the foreign aid bill. So even if a country were 5 or 10 years behind in the payment of some of its obligations to the United Nations, supporting assistance—outright grants of money from the U.S. Treasury, which do not have to be repaid, but are simply gifts—could be given to such a country which was in arrears in the payment of its obligations and assessments or commitments to the United Nations.

Mr. MILLER. Mr. President, will the Senator from Minnesota yield for a question?

Mr. HUMPHREY. I yield.

Mr. MILLER. The Senator from Minnesota has made the point that supporting assistance could be given, under the amendment; but I am sure he understands that the object of supporting assistance is to take care of nations which are hard put in their military programs, so we shall not have to increase our own national defense program.

Mr. HUMPHREY. I thank the Senator from Iowa for that statement.

Mr. MILLER. So it seems to me that if we are to try to direct this amendment along reasonable lines, and not have a harsh approach to this matter, if there are to be exceptions, certainly we should make them in the case of military assistance and supporting assistance, which I understand are ordinarily directly tied into our national defense program, anyway.

Mr. HUMPHREY. But, for example, we give supporting assistance and military assistance to Iran; but without development loan assistance to Iran, there would be no use giving her military assistance, because in that case she would collapse. If the Senator from Iowa does not understand that, he has missed the point of the foreign aid program.

But this amendment provides, in effect, "You can continue to have all the free rides, and you can violate your pledges to the United Nations, and you can receive military assistance and supporting assistance and generous assistance from the President's contingency fund, none of which have to be paid back, and you can still get all this help from the United States, without being in any way chastised or disciplined because of your failure to keep up with your responsibilities to the United Nations."

But, Mr. President, if a country which receives a development loan which it must pay back with dollars and with interest happened to be more than 1 year

in arrears in the payment of its dues to the United Nations or in the payment of its United Nations commitments, that alone would not be permitted. Such a policy seems to me very shortsighted, because one of the reasons for development loans is to enable countries to pay their bills. So I am surprised to find thinking to the contrary in the Senate. Ours is a credit country; it is financed on credit. Men go to banks and obtain credit so they can pay their bills and can engage in business or in agriculture or one of the professions. They borrow money; in other words, they obtain development loans with which to make the payments on their bills, on which they may be in arrears.

But the amendment goes far beyond just cutting off development loans, for the amendment also provides—and this is another important provision:

(k) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act (other than supporting assistance under chapter 4 of part I, assistance from the contingency fund established under chapter 5 of part I, and military assistance under chapter 2 of part II), or any other law authorizing assistance to foreign countries (other than military assistance, supporting assistance, or assistance from the President's contingency fund).

For example, that means that if there were a famine in a country, any U.S. assistance from its food stocks to that country would be prohibited if the country were more than 1 year behind in the payment of its dues to the United Nations.

Mr. MILLER. Mr. President, at this point will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. I am sure the Senator from Minnesota has the best of intentions in connection with his criticism of the amendment; but I believe I should point out to him that what he has stated just now could not happen, in view of the provision in the amendment on page 2—namely, that if the President finds that because of "unusual and exceptional circumstances," a country is "economically unable to give such assurance"—and so forth. It seems to me that a country which was undergoing a famine certainly would come within that category; and it would be most unfortunate if the President could not make that determination.

Mr. HUMPHREY. But the Senator from Iowa cannot have it both ways; he cannot say that his amendment would make those countries pay their dues to the United Nations, but that the President could say the circumstances were unusual, so they could obtain our loans and our help anyway. That would be playing both sides of the street.

Mr. MILLER. But is not a famine an unusual situation?

Mr. HUMPHREY. Yes, in some countries; but in other countries, famine is very usual. In many parts of the world, famines are much more customary than adequate food. It would be unusual for

the people of some countries to have a good meal. So the Senator's amendment would go up the hill and also down the hill at the same time. The amendment provides that such countries can obtain military assistance and supporting assistance and contingency fund assistance—and, by the way, those items represent two-thirds of the foreign aid bill—no matter how far behind they may be in the payment of their United Nations dues, and that they can also get all other kinds of assistance, if the President says they really need it.

The one area which is the most important area of all in the foreign aid program is the development loan program, because it is the development loan program which is repayable. Perhaps it is not repayable at enough interest to satisfy some Senators, but the Senate voted on that question. The loans would be repayable at not less than 2-percent interest after the first 5 years on a 35-year maturity basis. The loans would be repayable in dollars. The development loan program is possibly the one way that some of the countries involved would have to pay their bills.

Furthermore, the amendment would not do anything to such countries as the Soviet Union. We do not give them any assistance. It would not do anything to the Soviet bloc countries because we have already excluded any assistance from the Soviet bloc countries under previous amendments adopted by the Senate. They were the Lausche amendment and the Proxmire amendment. So our enemies would not be punished by the amendment, but only our friends.

The people who are causing us trouble in the world today—the Communists—would not be affected. We already have language in the bill providing that no assistance of any kind shall be given to them. What the amendment really provides is that if a country is neither a friend nor a nonaligned country and has not been paying its dues to the U.N., it will not get any help from us, unless it is military assistance.

Frankly, the weakest part of the foreign aid program is military assistance. Some of the countries to which we give military assistance could not fight their way out of a paper bag.

Every Senator knows that the real military strength of the free world is in a half dozen countries, including the United States, Great Britain, France, Western Germany, Italy—and, yes—NATO. The strength of the free world is not in some of the little countries that are spread out over the globe. It would be better off if they never had armies.

For example, one country which would be affected by the program is Costa Rica. Costa Rica does not happen to have an army, and yet it is important for the peace of our hemisphere that a nation like Costa Rica should receive development loans. The country has a high rate of population growth. It has a potential for economic growth that is significant. It pays its bills and it will pay its U.N. bills. Other countries listed are quite good friends of ours.

Mr. MILLER. Mr. President, will the Senator yield for a question in respect to Costa Rica?

Mr. HUMPHREY. I yield.

Mr. MILLER. The Senator will observe that during the fiscal year 1963 Costa Rica received in grants and loans \$13 million.

Mr. HUMPHREY. Yes.

Mr. MILLER. Is the Senator attempting to tell us that Costa Rica could not find the wherewithal to pay \$26,000 in back assessments to the United Nations?

Mr. HUMPHREY. Not at all. The Senator from Minnesota is not making that statement. The Senator from Minnesota, who is not a delegate to the U.N., will not stand in judgment on collections for the United Nations. There are those in the United Nations organization who do that. Costa Rica is an active member of the United Nations. It is one of our friends.

I hope the Senator from Iowa will not act as the stern school teacher, saying, "If you have not paid up your dues to the United Nations, you cannot receive these benefits." Why does not the Senator make it a contribution to the church or to the Red Cross?

Mr. MILLER. Yet the Senator from Minnesota would say to Costa Rica, "We shall give you development loans and grants if you will enter into internal tax reforms, and if you will see to it that your people who owe taxes pay their taxes."

Mr. HUMPHREY. That question relates to the capacity of Costa Rica to repay its bills and these loans. That is a good, smart move. For example, since I heard the Senator mention a banker, I point out that a banker might well ask a borrower for a statement of his assets and liabilities. The banker might look over the statement before granting a loan. The banker might then say, "Look, my friend, before you can get this loan, you must cut down on your operating expenses at this point or somewhere else." But the banker does not say, "I understand that you have not paid your church dues. You have not contributed to the church. We will not loan you any money until you pay up your church dues."

That is not what a banker does. A banker tries to look at one's capacity to pay his bills.

What the Senator from Minnesota is saying is that when a development loan is made, sensible conditions for the repayment of the loan might be laid down. But to watch over the morals and the international conduct of every nation to which we make a loan not only is an unwise course of action, but I do not think it would be workable. I believe it would get us into trouble. I point out that the Senate rejected the amendment once before. I do not say that it will do so again.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. The Senator has used the analogy of paying dues to a church. I do not believe that that is quite appro-

pos. The Senator from Minnesota would find that the average banker would look somewhat askance at an application for a loan if the applicant had not been paying his taxes to the Government, of which we all are members. It has reached the point now where it is pretty difficult to get a nomination through the Senate unless the nominee has been paying his taxes. That example is much more analogous to the situation in which we are all members of the United Nations than discussions about church dues.

Mr. HUMPHREY. The Senator's analogy has a certain amount of relevance, at least for parochial purposes, but not for the bill.

Let us consider what the Senator's amendment would do. In the long run his amendment would accomplish nothing, because it would leave an escape hatch for the President. The amendment would not apply to the Communist nations anyway, since they are excluded under the purview of the act. The nations that are listed, with few exceptions, are very poor countries. According to the amendment of the Senator from Iowa, the President must determine that—

Such government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis, or determines that such government, by reason of unusual and exceptional circumstances, is economically unable to give such assurance.

I point out that there are many countries that could make a pretty good case in explanation of why they are slow in their payments, just as many people could make a good case as to why they are slow in paying their taxes. That is not unusual. But the 1 year requirement would go further than the present requirement of the U.N. itself. The U.N. today has a requirement of 2 years. The Senator wishes to write into the bill a new provision so that if the arrearage were more than 1 year, the nation in arrears would lose the benefits of the Foreign Aid Act, if that nation should otherwise qualify under the criteria of the act.

I point out further that article 19 of the U.N. Charter now deprives any member country of its vote in the General Assembly if its arrears equal or exceed the contributions due from it for the preceding 2 years. The International Court of Justice ruled in an advisory opinion that assessed contributions for U.N. peacekeeping operations are subject to article 19. The General Assembly specifically accepted this ruling. Thus, any country substantially in arrears on its contributions either to the regular U.N. budget or to the peacekeeping budget is already subject to the severe sanction of loss of its vote in the General Assembly.

This sanction, directly attached to U.N. participation, would have a more direct effect in obtaining payment than would the unavailability of some forms of U.S. assistance.

The principal impact of the amendment would be upon the less developed countries which are most in need of U.S.

assistance and least able to keep payment of assessments on a current basis. These countries will be in this situation, not in unusual and exceptional circumstances—for which the amendment provides an exemption—but more often than not on a fairly long term basis. They will pay, but to expect them to do so on a current basis is not realistic. Supporting assistance is being reduced and every effort is being made to get countries off the supporting assistance list and onto the list of countries getting loans on a dollar repayable basis. The amendment is shortsighted in allowing only supporting assistance to countries in arrears.

Moreover, the amendment is inadvisable because it appears to tie U.S. assistance to support of the U.N. This may create the impression, already urged by the Sino-Soviet bloc, that the U.N. is a tool of the United States and other western countries.

The U.N. needs the broadest possible participation and cooperation of all its members, but the way to do it is to work within the organization, not to unilaterally impose pressure from outside.

I believe that the U.N. needs broad support. I do not contest the Senator's motives in relation to the amendment. It appears to me that the Senator's amendment is a great expression of support for the United Nations and for its peacekeeping operations. It seems to me that the Senator feels that our own payments to the United Nations have been very desirable. I would expect from the amendment support for even bigger payments, since we are so interested in having American policy have a direct effect upon the policy of other countries relating to the U.N.

The amendment is not the type of amendment that should be attached to the foreign aid bill—surely not to the development loan section. If the Senator wishes to attach the amendment, he ought to include all the aspects of foreign aid. The Senator should include military assistance, supporting assistance, the contingency fund, and development loans, because they are all tied together.

Perhaps the most important aspect which the amendment would tend to cripple is the development loan program.

Mr. MILLER. Mr. President, first, I wish to make clear to the Senator from Minnesota that I cannot share his opinion with respect to the comparison between development loans and military assistance. Earlier in my statement I pointed out that military assistance, supporting assistance, and the contingency fund, if used properly, are of much more direct and immediate impact than the long-term development loan. That is precisely why they were excluded from coverage of the amendment. Now the Senator suggests that the countries to which we are extending development loans and grants are countries we are trying to help so that they can pay their bills. If they cannot pay some of the bills I have pointed out in the table, I do not believe they are ever going to be able to pay.

It sounds incredible to me that the Senator from Minnesota should say, in

effect, that Brazil, which received \$67,-200,000 in development loans and grants last year, cannot see its way clear to paying \$287,990 in back dues and assessments to the United Nations.

I grant that there are probably some countries listed as to which the President could make a finding that there were unusual and exceptional circumstances which would prevent them from making payments on a current basis. If they are in that situation, I believe we should provide that the President can make such a finding. I do not believe we should cut them off. We should give them development loans and grants so that they can build themselves up and reach a position where they can pay their dues and assessments.

To me, it is incredible that countries such as those I have commented on specifically cannot see their way clear to paying their dues and assessments.

The Senator from Minnesota said this would put us in the form of a collecting agency. I pointed out earlier in my comments that this would do nothing of the sort. The United States will not collect 1 cent. The United Nations will do the collecting. The analogy—if it can be called an analogy—is just as applicable to our policy with respect to the Alliance for Progress, when we say to a nation, "You will engage in internal tax reforms. You will see to it that people who owe their taxes pay their taxes." If the argument is not then made that we are dabbling in the collection business, collecting tax moneys for them, the argument should not be made in this respect, either. I do not think much of the argument.

The point is made that someone—I am sure it was not the Senator from Minnesota—"dreamed up" the argument that if the amendment were adopted it might make us suspect in the eyes of the world for using the United Nations as a tool for our policy. If there were any grounds for suspecting that the United States was using the United Nations as a tool, those grounds have long ago been laid to rest.

An amendment like this, which in effect says, "We only want to see to it that the recipients of our taxpayers' money are going to play fair with the United Nations" will not provide any more grounds than already exist.

The sum and substance of the argument I have heard against this amendment is that it is not tight enough, that we should make it more restrictive, that we should say to those countries, "You are not going to get any military assistance, or supporting assistance, or assistance from the contingency fund, or any grants or loans, if you do not pay your dues."

I do not believe we should be that harsh. I am concerned about the direct and immediate connection between our national security and military assistance and supporting assistance. But, if Senators will look at the figures set forth in the second column on the second table, they will find plenty of leverage without getting into military assistance and supporting assistance. Those figures amount to several hundred million dollars in loans and grants. I do not believe we

should bring in anything else. I believe there will be sufficient leverage so that most of the nations can "get right" with the United Nations. If they do not, our taxpayers will be asked to "shell out" more money for the support of the United Nations, to prevent the United Nations from going bankrupt.

We have already been asked to support the bond issue. The time on that bond issue is rapidly running out. I do not know what the next step will be, but how many times are we going to have this situation brought to the attention of Members of Congress? Will I be here 2 years from now, or 3 years from now, making the same argument? The United Nations faces a fiscal crisis. It has been termed the most important crisis the United Nations has faced. Why we are supposed to do nothing about it, in connection with our foreign aid program, I do not know.

I hope this amendment will be adopted. I suggest that if it is not adopted, 1 year from now we shall be considering the problem again, and the figures in those tables will not be any better. The figures of 2 years ago are not so bad as the figures are today. The situation is becoming worse. It is not growing better. I wish to see the United Nations prosper. I do not wish to see it go bankrupt. I am not about to call upon the people of my State—the taxpayers of my State—to underwrite the United Nations, when there is such a glaring list of delinquencies on the part of its members. Let them "get straight." Let us gear our foreign policy and our foreign aid program together.

Mr. President, I ask unanimous consent that the two tables to which I have referred in my remarks may be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1

Total United Nations arrearages as of September 30, 1963: \$103,830,553.05.

These included:

Regular budget.....	\$4,738,141.36
Emergency force.....	27,258,371.04
Congo ad hoc.....	71,834,040.65

Summary of payments due United Nations and number of countries in each category:

Regular budget:	
Calendar 1962 (18 countries).....	\$4,273,456.36
Calendar 1961 (9 countries).....	493,553.00

Nine of these countries owe for both years. Sixteen of these countries have received economic assistance from the United States and fifteen are still receiving assistance: Nepal, UAR, Yemen, Cuba,¹ Argentina, Bolivia, Chile, Niger, Costa Rica, Guatemala, Haiti, Nicaragua, Paraguay, Uruguay Mauritania, China.

EMERGENCY FORCE

January 1–June 30, 1962; \$2,370,402.50 (48 countries).

Calendar 1961: \$4,797,622.45 (44 countries).
Calendar 1960: \$4,685,276.09 (36 countries).

Calendar 1959: \$4,304,907.00 (30 countries).

Calendar 1958: \$7,174,259.00 (28 countries).

Calendar 1957: \$3,928,296.00 (25 countries).

Twenty-four of these countries have payments due extending back to 1957; three back to 1958; three to 1959; five to 1960; four to 1961.

Thirty-seven of these countries have received economic assistance from the United States since 1946 and 35 are still receiving assistance: Afghanistan, Iraq, Jordan, Lebanon, Nepal, UAR, Yeman, Argentina, Bolivia, Chile, Costa Rica, Cuba,¹ Dominican Republic, Guatemala, Haiti, Honduras, Mexico, Poland, Nicaragua, Panama, Paraguay, Peru, Uruguay China, Chad, Guinea, Libya, Mali, Mauritania, Niger, Senegal, Sudan, Togo, Upper Volta, Belgium,¹ Spain, El Salvador.

CONGO AD HOC

November 1, 1961–June 30, 1962: \$25,525,-980 (54 countries).

January 1 to October 31, 1961: \$29,789,-220.25 (51 countries).

July 14 to December 31, 1960: \$16,533,-394.40 (42 countries).

Forty-two of these countries have payments due extending back for all periods involved.

Forty-two of these countries have received economic assistance from the United States since 1946 and 39 are still receiving assistance: Afghanistan, Iran, Iraq, Jordan, Leba-

non, Nepal, Saudi Arabia,¹ United Arab Republic, Yeman, Argentina, Panama, Bolivia, Brazil, Chile, Costa Rica, Cuba,¹ Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay, China, Mali, Mauritania, Morocco, Niger, Yugoslavia, Senegal, Somali, Togo, Upper Volta, Austria, Belgium,¹ France, Poland, Portugal, Spain.

TABLE 2

Forty-six countries to which we have furnished more than \$22 billion in economic assistance from fiscal year 1946 through fiscal year 1963 are delinquent in one or more of their assessments by the United Nations. These arrearages amount to over \$42 million. They include: regular budget, \$4.4 million; emergency forces, \$9 million; and Congo, \$29.2 million.

Of these 46 countries, 44 received some type of economic assistance in fiscal year 1963 from the United States; and of these 44, there are 35 which would have been affected by the Miller amendment if it had been adopted last year, inasmuch as these countries have received grants and development loans covered by the amendment. These 35 countries include:

Country	Combined amount, grants, loans, fiscal year 1963	Public Law 480, fiscal year 1963	U.N. total arrearages for all years	Arrearages for calendar year 1961 and prior ¹
Afghanistan	\$17,700,000	\$100,000	\$73,688	\$66,723
Iran	21,200,000	34,200,000	99,281	75,413
Iraq	800,000	100,000	152,342	139,948
Jordan	7,000,000	16,300,000	67,772	62,267
Lebanon	100,000	None	31,953	25,064
Nepal	3,900,000	200,000	8,729	1,027
United Arab Republic	38,600,000	140,100,000	625,166	529,959
Argentina	109,700,000	None	2,182,925	1,432,623
Bolivia	36,300,000	21,400,000	80,019	50,234
Brazil	67,200,000	61,600,000	410,942	287,990
Chile	46,200,000	26,500,000	412,289	226,158
Costa Rica	13,000,000	1,600,000	40,847	26,105
Dominican Republic	12,000,000	12,500,000	52,354	45,465
El Salvador	19,600,000	2,600,000	11,735	6,241
Guatemala	11,200,000	1,000,000	89,828	50,736
Honduras	10,400,000	300,000	32,385	26,874
Mexico	8,400,000	15,500,000	1,129,359	1,027,380
Nicaragua	3,700,000	1,400,000	42,699	21,430
Panama	8,200,000	700,000	52,218	46,707
Paraguay	5,900,000	3,400,000	85,567	43,943
Peru	4,500,000	6,900,000	158,745	152,143
Uruguay	15,900,000	600,000	220,970	140,183
China	38,600,000	41,700,000	12,592,384	9,356,629
Guinea	6,100,000	3,600,000	8,219	7,484
Libya	1,400,000	None	24,108	23,373
Mali	3,300,000	None	14,336	9,527
Morocco	1,100,000	52,600,000	117,823	101,113
Niger	1,200,000	None	22,152	14,798
Senegal	2,200,000	600,000	8,965	2,000
Somalia	7,800,000	1,200,000	7,507	2,713
Sudan	6,500,000	4,500,000	71,118	69,821
Togo	800,000	200,000	20,369	19,592
Poland	2,800,000	8,000,000	3,121,919	2,677,929
Yugoslavia	100,000	113,400,000	299,358	253,980
Mauritania	100,000	100,000	35,587	3,825
Total			42,000,000+	

¹ Under Miller amendment, withholding of economic assistance would only occur in the case of those nations over 1 year delinquent.

Sources: United Nations Secretariat, statement on the collection of contributions as at Sept. 30, 1963; U.S. Aid to Foreign Assistance Act countries, by region and country, obligations and loan authorizations, fiscal year 1963—preliminary, Statistics and Reports Division, Agency for International Development.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa [Mr. MILLER], to the committee amendment in the nature of a substitute, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

¹ Not currently receiving economic assistance.

Source: United Nations Secretariat, Statement on the Collection of Contributions as of Sept. 30, 1963; Agency for International Development reports.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Georgia [Mr. RUSSELL], the Senator from Mississippi [Mr. STENNIS], and the Senator from New Jersey

[Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia [Mr. BYRD], the Senator from California [Mr. ENGLE], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Wyoming would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Kentucky [Mr. COOPER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wyoming [Mr. SIMPSON] are detained on official business.

I also announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 20, nays 60, as follows:

[No. 226 Leg.]

YEAS—20

Bennett	Gruening	Mundt
Bible	Hruska	Robertson
Curtis	Johnston	Thurmond
Dodd	Jordan, N.C.	Tower
Eastland	Jordan, Idaho	Williams, Del.
Edmondson	McClellan	Young, N. Dak.
Ervin	Miller	

NAYS—60

Aiken	Gore	Moss
Allott	Hartke	Muskie
Anderson	Hill	Nelson
Bayh	Holland	Neuberger
Bartlett	Humphrey	Pastore
Boggs	Inouye	Pearson
Brewster	Jackson	Pell
Burdick	Javits	Prouty
Cannon	Keating	Proxmire
Carlson	Kennedy	Randolph
Case	Kuchel	Ribicoff
Church	Mansfield	Scott
Clark	McGovern	Smathers
Cotton	McIntyre	Smith
Dirksen	McNamara	Sparkman
Dominick	Mechem	Symington
Douglas	Metcalf	Talmadge
Ellender	Monroney	Walters
Fong	Morse	Yarborough
Fulbright	Morton	Young, Ohio

NOT VOTING—20

Beall	Hayden	McGee
Byrd, Va.	Hickenlooper	Russell
Byrd, W. Va.	Lausche	Saltonstall
Cooper	Long, Mo.	Simpson
Engle	Long, La.	Stennis
Goldwater	Magnuson	Williams, N.J.
Hart	McCarthy	

So Mr. MILLER's amendment to the committee amendment in the nature of a substitute, as amended, was rejected.

Mr. FULBRIGHT. I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader whether he can ascertain what amendments are likely to be offered this evening and how long the discussion on them will last, as well as what Senators can expect, because of commitments and arrangements heretofore made.

Mr. MANSFIELD. Responding to the question raised by the distinguished minority leader, it will be recalled that earlier today the leadership indicated that it would like to continue in session until around 10 o'clock this evening, provided amendments and votes were in the offing. It is my understanding that the distinguished senior Senator from Oregon [Mr. MORSE] has an amendment to offer. If he offers the amendment, I assume there will be a little debate on it. I would hope that the Senate would be able to vote on that amendment this evening and then take a recess until 12 o'clock noon tomorrow.

Mr. MORSE. That is satisfactory to me. This has been a rather good day. We have made some progress. We have worked out some negotiated settlements, and have agreed to several amendments, and have had votes on other amendments also.

I shall offer my amendment now. If Senators wish to go to dinner, they have time now to go to dinner.

Mr. MANSFIELD. Does the Senator mean downstairs?

Mr. MORSE. Downstairs. When the discussion of the amendment is concluded, the Senate can vote. I do not expect to take more than 30 minutes, and probably not more than 20 minutes. There will probably be about 20 minutes for reply, and then there will be a little rebuttal. I do not believe that it will take more than about an hour.

Mr. DIRKSEN. I understand that the amendment which the distinguished Senator from Oregon has in mind deals with certain restrictions upon the use of assistance funds for budgetary purposes, particularly in Latin American countries.

Mr. MORSE. It is the Alliance for Progress amendment. The heart of it is that none of the funds now available under authority of this act may be used to furnish assistance to any country covered by this title for balance of payment or support purposes.

Mr. DIRKSEN. I had hoped that after an hour or an hour and a half of discussion this evening, the vote on the amendment might go over until tomorrow, when the Senate could resume the discussion of the bill.

Mr. MORSE. That is satisfactory to me.

Mr. MANSFIELD. Because of the fact that for the first time in a long time

there are so many Members of the Senate present, I would hope that the vote could be taken tonight, and that the Senate could start afresh tomorrow. Many Senators who are now present have given up engagements, and I believe they are entitled to the right to vote tonight.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The amendment has not yet been offered.

Mr. MORSE. I offer the amendment. First I would explain that I have modified the amendment. It is amendment No. 254. I wish Senators would look at it. In line 9 of the amendment I strike out the words "in the form of" and substitute the word "for."

In line 9 I strike out the word "loans."

In line 10 I strike out the period and add the word "purposes."

I send the modified amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 39, line 10, after the section heading insert "(a)".

On page 39, strike out the quotation marks at the end of line 17.

On page 39, between lines 17 and 18, insert the following:

(b) None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title for balance-of-payment or budget support purposes.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, my amendment No. 254 is designed to halt aid to Latin American countries for budget support and for balance-of-payment purposes.

I have modified it slightly in order to make its purpose a little clearer. I have explained those provisions. I have already spoken on the results of using the contingency fund for Latin American aid. Those results have increased the resistance of applicants to the conditions that they must meet under the Alliance for Progress.

In our debate the other day on the contingency fund, we pointed out that several Latin American countries have been the recipients of millions of dollars of contingency fund money, not for any emergency affecting the United States, but for their own monetary emergencies, their own inflation emergencies, and their own balance-of-payment emergencies.

I expressed the view that that was a misuse of the contingency fund, and I hold to that point of view.

However, I point out what I call attention to in the last sentence in the portion of my manuscript that I have just read; namely, that those results have been to increase the resistance of applicants to the conditions that they must meet under the Alliance for Progress.

The fact that Argentina and Brazil have been able to dip into the contingency fund and get very large allotments from the contingency fund for their

budgetary problems could be a major reason for their failure to submit a plan under the Alliance for Progress, which they are expected to do.

However, it is an interesting coincidence, at least—and I only express my personal view—that as long as Argentina and Brazil can continue to get heavy dosages of Presidential contingency fund money to help them out with their budgetary support programs and their monetary programs, they are not going to be the least bit moved to meet the plans called for under the Alliance for Progress program.

Those countries ought to submit their plans for cooperation under the Alliance for Progress program. They agreed to the Act of Punta del Este. Under the Act of Punta del Este, they committed themselves to self-help. All we ask is that they help themselves, along with our willingness to cooperate and help them.

I am greatly disturbed about the news of today in regard to Argentina's attitude toward the entire Alliance for Progress program. I cannot quite understand what Argentina is up to.

Also, we are getting statements from high positions in Brazil to the effect that Brazil does not know whether the Alliance for Progress program is to her economic advantage or not. That comes from a beneficiary to whom we have given many millions of dollars. It is perfectly obvious what Brazil is up to—and Argentina, too. Apparently, they are seeking to scuttle the Conference at Sao Paulo, because the Conference at Sao Paulo is, in particular, designed to try to have our Latin American associates act more responsibly in the implementing and administering of the Alliance for Progress program. Apparently, Brazil and Argentina do not want to have any multilateral administration of the Alliance for Progress program. That causes me to suspect that perhaps one reason why they do not is that they have done so well by getting what they want from the contingency fund. Why should they agree to any commitments? The representatives of Brazil can come to Washington, plead a sorry tale, and point out how inflation is running away with Brazil. Before I finish with this speech, I shall show how far inflation has run away with Brazil, and why she is weeping such international crocodile tears to get more and more millions out of the Presidential contingency fund.

I speak most respectfully, but I do not believe the contingency fund should be used for that purpose. I do not know about other Senators, but certainly the senior Senator from Oregon never had any idea, when he agreed heretofore to providing a contingency fund, that he was authorizing the President to use contingency money for any other purpose than a U.S. emergency—not a Brazilian monetary emergency, not an Argentine monetary emergency, but a U.S. monetary emergency. The contingency fund should be used only because of a time element. The President ought to have some money available to act on the spur of the moment in the national interest, on the theory that time is not available to come to Congress and lay the problem before Congress.

I cannot imagine an emergency so great that the President would need more than \$100 million for any immediate expenditure, biding the time it took to come to Congress, lay the facts before it, and make a formal request for emergency money.

Earlier today, in connection with another amendment, I said that at the time of the Berlin crisis the President came before Congress and received \$3 billion in additional defense appropriations. He had no trouble in that instance, for it was a serious American emergency.

Administration witnesses testified before the Committee on Foreign Relations that in connection with the Cuban crisis a little more than a year ago—October 1962—no contingency fund money was used. Yet that was as serious a national crisis as we have had in a long time.

We shall be dealing with a basic policy question that will strengthen the hand of the President, if we adopt this amendment. The President needs to be put in a position where he will have to say—and he is not the only President that has done this; it has happened in preceding administrations, too—"I am sorry but Congress has limited the use of the contingency fund, and has stopped payments from the contingency fund to Latin American countries for certain purposes."

It is interesting to note that up until the latest information I received from the State Department—unless something has changed within the last several days, it is still true—only eight countries have submitted plans under the Alliance for Progress program. The program calls for their submitting plans as to what they are willing to do and what their procedures are for reform, before they will be eligible for Alliance for Progress money in any great amount. If we want to speed up those plans, we had better close the door to money from the contingency fund and from supporting assistance, as well.

But I want to talk about the theoretical soundness of my proposal. The amendment has a very sound theory in connection with our form of government. We should be strict about ever giving unchecked discretion to any officer of the government, including the President. I speak not of an individual, but of an office. The office of the President should never be allowed to exercise unchecked discretion over the expenditure of too much money. Particularly in the field of foreign relations, the expenditure of money without its being spent under a checking system can very well cause serious international complications.

In committee, I fought rather vigorously against a \$300 million contingency fund. I moved that we reduce the amount by \$200 million. Although I received some support in the committee, I did not have a majority. I finally offered a \$150 million compromise. As I remember, I joined with the Senator from South Dakota [Mr. MUNDT] in proposing a \$150 million compromise.

Then it was suggested that there be an agreement to provide \$175 million. I refused to vote for \$175 million; I thought \$150 million was as far as we should go.

But tonight I seek only to place some controls on the use of the contingency fund by the restrictions set forth in my amendment.

The contingency fund is not the only source of nonproject grants and loans. The supporting assistance category is another source; and tomorrow I shall offer an amendment reducing the whole supporting assistance category. I care not whether this form of aid is in the nature of a grant or a loan; it is unsound everywhere in the world. But in Latin America, it cannot even be justified on the ground that the recipient lives in the shadow of the Communist bloc and hence must maintain an oversized military establishment, the cost of which the United States helps to meet.

Every year for 10 years and more I have been urging a foreign aid program that will seek to extend capital for specific projects. Budget support is exactly the opposite of that concept. Budget support merely goes into the pot of some government to balance its domestic budget. I feel that the United States has deficit problems of its own with which no nation in the world is going to help us, and which we should not worsen merely to enable another country to escape the same problem.

When money is taken out of the contingency fund—which is made up of money which belongs to the taxpayers of the United States—and is given to Brazil, the Argentine, Ecuador, or any other Latin American country, to help that country balance its budget, that makes the U.S. budget that much worse. We can be sure that other countries will not help us balance our budget. So I am at a loss to understand the process of reasoning behind the practice of using the U.S. taxpayers' money—without congressional authority—in instance after instance to balance the budget of Brazil or the budget of Argentina or the budget of Ecuador or the budget of any other country. As I have said, we have our own deficit and budget problems, and we should not worsen them by making the U.S. taxpayers' money available to other countries, to help them balance their budgets, at a time when we cannot balance our own budget.

Much the same is true of American money extended to balance the international payments of another country. What we really do with these balance-of-payments loans or grants is make it possible for the recipient country to pay off its foreign creditors. Most of these creditors are in Western Europe. Some are American businessmen.

I wish to stress that point. American taxpayers' money has been made available to Latin American countries to help them pay their creditors. Many of their creditors are citizens of countries of Western Europe, but some of them are American businessmen. I am satisfied

that if the American people knew that the Presidential contingency fund was being used to provide balance-of-payments support and budget support and to make payments to help Latin American countries pay their creditors, the American people would be shocked. They would say, "That is not cricket." Mr. President, such procedure runs against the grain of fair dealing with the taxpayers of the United States.

Mr. ROBERTSON. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Oregon yield to the Senator from Virginia?

Mr. MORSE. I yield.

Mr. ROBERTSON. I have listened with interest to the statement of the Senator from Oregon. Last October, when I was in Rio de Janeiro, a group of American businessmen told me that in recent years Brazil had been paying one-half of the expenses of the Brazilian Government by printing money. The Government of Brazil gives an I O U to the Bank of Brazil, and the Bank of Brazil then furnishes the money—after getting a firm in the United States to print the money. I was told that one-half of the Brazil deficit has been paid by using our money. So we have been furnishing Brazil the money with which to pay the operating expenses of the Government of Brazil—including the interest on her foreign loans.

Mr. MORSE. That is correct. I thank the Senator from Virginia for his statement. There is no question about what he has said. The record is crystal clear that that is what we have been doing. But we should stop it; and that is why I have offered this amendment.

Mr. PELL. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I am glad to yield to the Senator from Rhode Island.

Mr. PELL. I thank the Senator from Oregon for yielding to me.

Mr. President, more than a year ago, when we were considering the foreign aid bill and the authorization of funds for the Alliance for Progress, I drew the attention of this body to the use—or what might be better characterized the "maluse"—of funds for balance-of-payments financing or budget-support purposes. I did not then support an amendment to limit expenditures of Alliance for Progress funds, or, in fact, any AID funds, to specific development projects, because I hoped that in the intervening period of more than 15 months there would be a marked reduction in the percentage of Alliance for Progress funds used for balance-of-payments or budget-support purposes.

At this time, I ask unanimous consent to have printed in the RECORD a comparison of AID assistance in the fiscal years 1959–63. This includes both pre-Alliance and Alliance assistance.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

A comparison of AID assistance in fiscal years 1959-63

[Dollars in millions]

	Fiscal year 1959	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963
(1) Development project loans and grants.....	\$103.5	\$87.2	\$210.6	\$300.0	\$381.6
Percent of total.....	(84)	(83)	(83)	(63)	(68)
(2) Development program loans.....					\$95.0
Percent of total.....					(17)
(3) Balance of payment financing.....	\$7.3	\$8.4	\$11.6	\$154.7	\$70.8
Percent of total.....	(6)	(8)	(5)	(33)	(12)
(4) Budget support loans and grants.....	\$12.2	\$9.5	\$31.5	\$19.5	\$17.4
Percent of total.....	(10)	(9)	(12)	(4)	(3)

¹ \$60,000,000 to Colombia and \$35,000,000 to Chile.² Including \$23,750,000 grant to Dominican Republic.

Mr. PELL. Mr. President, from these figures, we can see that there has been a fairly significant drop in the percentage of funds used for balance-of-payments financing—from 33 percent in fiscal 1962, to 12 percent in fiscal 1963. While I think this is commendable progress, I still believe more of our assistance—presently 68 percent—should go into direct development projects.

We have something of a problem with terminology. For instance, category (2) refers to development program loans. This has been explained to me as assistance to encourage the importation of capital goods. It is distinguishable from balance-of-payments financing insofar as it is before the fact assistance, whereas balance-of-payments funds—or, as the Senator from Oregon has perhaps more properly called them, “bailout funds”—are after the fact assistance. Nevertheless, program loans do have the effect, although this is not their purpose, of helping a country in reducing its balance of payments.

Without laboring the point, let me again state that while some progress is being made, we should direct our energies more toward assistance for development projects and less toward assistance in the form of balance-of-payments financing or budget-support assistance.

I believe the distinguished Senator from Oregon [Mr. MORSE] has done all of us a very real service by raising this question in connection with his amendment (No. 254). This subject needs ventilation, and I congratulate the Senator from Oregon for raising it.

Mr. MORSE. I thank the Senator from Rhode Island both for his valuable statement and for the table he has submitted for the RECORD. The table speaks more effectively than any words of mine, for it shows us exactly what the problem is.

I realize one of the problems which confronts me when I offer an amendment of this kind. Some will be inclined to think I am seeking to restrict the President. But my amendment has nothing to do with the President as such. Instead, I am seeking to stop a policy that should be stopped, no matter who is serving as President of the United States. I seek to protect a very precious right of Congress—namely, the right to pass judgment on any specific proposal submitted by some country which wishes to obtain American taxpayers' money for balance-of-payments purposes, budget-support purposes, or similar uses. I do not think that issue should be decided by the executive branch of our Government.

It should be authorized, approved, affirmed, and granted by means of congressional action, including appropriations. In that way, the constitutional check is observed. As I stated earlier today, that is what the Constitution calls for. There is no question that I am fighting for preservation of this constitutional right; that is my purpose in connection with all these amendments. That is why I differ with the views stated by the Secretary of State at his press conference of the other day. I respectfully suggest that he should refer to the Constitution, for it provides Congress with this checking power; congressional authority must be obtained, and funds cannot be paid out except when appropriated by Congress by law.

But what has happened is that general authorization is obtained for an unchecked exercise of discretion; and once that power is granted, we do not know what happens. So I am seeking to take back that power. As I have said, what Congress can give, it can later take back; or it can change or restrict. At the very least, we should provide for the kind of checks my amendment provides.

Mr. ALLOTT. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I am glad to yield to the Senator from Colorado.

Mr. ALLOTT. I am concerned with two instances which have gone far beyond the argument the Senator from Oregon has made. The first is the situation in which we committed ourselves to an expense of \$10 million a month for the Congo operation. I have stated many times that if at that time I had been in the position of the President, no doubt I would have done that. Yet 5 months later, when representatives of the State Department came before the Senate Appropriations Committee and sought to justify that, they sought to shift their ground three or four times. First, they said they would take the money from the President's contingency fund. But when it was demonstrated to them that the President's contingency fund did not contain that much money, they sought to put it on other grounds.

So during that 1 year, that is, from January through October, whether we think the results were right or wrong, we committed ourselves to the expenditure of \$110 million for that particular purpose.

Then we did the same thing at Punta del Este. Secretary Dillon went to Punta del Este and, as he subsequently explained to the Appropriations Committee, committed himself for only \$14

million, but as the news went out to the world, for a total of \$20 billion over a 10-year period.

I happen to agree with the Senator in one respect and perhaps disagree in another. If the people of our country elect a President, we must repose some confidence in him. We should have a contingency fund, and that fund should be large enough so that the President can take care of any emergencies or contingencies that might arise. But in those two instances particularly I am faced irrevocably with the thought that there was no excuse for the State Department or the President not to come to the Senate, the House, or to either of the Appropriations Committees—and from the testimony on record they did not—even to state what was in their minds about those two circumstances. What does the Senator from Oregon think about that?

Mr. MORSE. I completely agree with the observation of the Senator from Colorado. What he has said bears out the thesis of my argument.

Congress must be given that information as a condition before the fact and not as a condition after the fact. The authority of Congress must be obtained for the specific use to which the Government seeks to put the money. The Senator may disagree with me in that he thinks the President ought to have enough money in the contingency fund to meet an emergency. We may disagree as to how much that amount of money should be. I believe that \$100 million is enough. The committee brought in a report requesting authority for \$175 million. The adoption of the Humphrey-Morse compromise amendment the other day on the Alliance for Progress and the contingency fund left the figure at \$175 million. I would have preferred \$150 million, which is what I finally urged in the Foreign Relations Committee after I was beaten on my proposal for a \$100 million fund.

But our difference becomes a question only of degree and not of objective. The President should have enough money to meet a U.S. national emergency. I find it difficult to conceive of any emergency so serious that \$100 million would not give the President all that he needed for the short period of time that it would take for him to act on that emergency, and then lay his request before the Congress for whatever additional amount of money he might need. He did so at the time of the Berlin crisis. He then received \$3 billion. He never had any trouble in obtaining that money. He never would have any trouble in obtaining the necessary money quickly for any U.S. national emergency.

A part of the burden of my argument involves the use of the money for purposes that do not involve U.S. national emergencies, such as balance-of-budget problems in Brazil and Argentina which would not possibly fall under the definitive terms of a U.S. national emergency. They would be Brazilian emergencies and Argentine emergencies, but not U.S. emergencies.

Mr. ALLOTT. I understand the Senator's point of view. More than any-

thing else, it is a question of degree, in which I am inclined to differ with him. Under certain circumstances a Berlin emergency could very well be a U.S. emergency. I understand the Senator's position with respect to the Humphrey amendment, which was before the Senate the other day. He would have preferred a lesser figure. We did provide \$175 million on that particular portion of the program. It occurs to me that even if we should get to the place where the Congress would return to some sense of rationality and adjourn early in the fall in accordance with the rules of the Senate and the House, the President could always call back the Congress, and, at the expense of a few thousand dollars, allow it to pass on these important questions, which involve hundreds of millions of dollars.

I have been reading the amendment of the Senator from Oregon. I have checked it at the desk to see the manner in which he has modified it. I ask the Senator if he really believes that under the bill none of the funds, under any circumstances, or at any time or any place, might be used to furnish assistance to a country in the form of balance-of-payment loans or budget support. I see that the Senator has changed the amendment slightly. Does the Senator wish to apply that principle to the President's contingency fund? No Senator has been as critical of the President in his conduct of foreign affairs as has the senior Senator from Colorado. I have taken the floor of the Senate innumerable times to voice my opinions, particularly with respect to the actions of the President concerning Cuba. But does the Senator really think that the overall statement of the amendment should include the President's contingency fund? I feel that if we are going to have a contingency fund for the President, perhaps it should have more latitude than it would have with the restrictions which the amendment of the Senator would place upon it.

Mr. MORSE. My answer is that that is exactly the restriction I mean to impose. I do not believe that the President should have any discretionary power whatsoever about using the American taxpayers' dollars for budget support purposes or for balance-of-payment purposes in Latin America. He ought to have specific authority for such purposes.

I point out that some months ago the Finance Minister of Brazil came to Washington and spent several days negotiating in regard to Brazil's financial plight. There was no such emergency that prevented the expenditure of that amount of time. A few more days, it seems to me, would be reasonable to expect any President of the United States to spend in asking for congressional authority for whatever amount of money he would like to recommend that Brazil should get for budget support purposes, and have the Congress approve it. If he has a good case, why should he fear it?

What worries me is the question as to whether the President should be given all that money on the assumption that U.S. national emergency problems should be met with it, and then find that a part

of the contingency fund is being used to help out with a budgetary problem in Brazil without the specific approval of the Congress for that specific expenditure of the funds.

Mr. ALLOTT. Mr. President, will the Senator indulge me further?

Mr. MORSE. I yield.

Mr. ALLOTT. I agree that in most instances what the Senator has said is true. The Senator from Colorado has little sympathy with the national policies of Brazil, as he has seen them develop over the last 2 or 3 years. As I said on the floor of the Senate last week, I saw Brazil try to thwart in many instances at the U.N. last year basic questions of freedom, economic rights, and economic opportunity that the United States was trying to promulgate. I have seen them pursue an economic policy which none of us could condone unless we happened to support the present administration 100 percent, which the Senator from Colorado does not. But seriously, I say that Congress might find itself in a position in which, for example, it would be in recess, and it would be a question of acting not within a week or 10 days, which we could do in an emergency between the House and the Senate, but of acting in a few hours. For this reason, although I would be the first to join the distinguished Senator from Oregon in his general sentiments about some of the uses for which this fund has been used, at some time we must repose a little confidence in our President, even though he is not from my party. He should have a little more latitude than the strict language of the amendment of the Senator from Oregon.

I would follow the Senator in the general context, but if we create a contingency fund it seems to me we should provide a little more latitude, even granting that this President—and perhaps the President before him, and the President before that—used the contingency fund in a way we did not quite approve. At least we should recognize the necessity of a contingency fund and the purpose for which it was created.

I know the Senator has very strong feelings, but I wonder if he would not consider an exception such as "excepting contingency funds provided herein for the President of the United States." Otherwise we may very well be killing our own goose in the situation.

Mr. MORSE. Let me say, most respectfully, that I do not believe we are killing the goose at all, but giving some assurance that it will keep on laying eggs.

Mr. ALLOTT. I have not explored the parliamentary situation, but perhaps we have gone too far. Perhaps we should not give the President any contingency fund at all, but let him come to Congress for everything he needs. The way I am thinking at the moment, it occurs to me the amendment would restrict, in a way, the President's contingency fund.

I am willing to restrict every other fund that is given under this act, but surely we must allow someone the latitude to act. After the past 2 weeks of debate, no one can be mistaken about the sentiment of the Senate; that is to

say, no one can be mistaken about the sentiment of the American people about foreign aid. I believe "discretion is the better part of valor," that we should make such an exception in this instance.

I appreciate the Senator's yielding to me and permitting me to discuss this question with him. I believe it involves a very serious problem.

Mr. MORSE. I am indebted to the Senator from Colorado, because he has helped point out the issue I wanted to point out.

I do not believe it is conceivable that a budgetary problem in Brazil, or Ecuador, or in Argentina, or in any other Latin American country—and my amendment deals with Alliance for Progress countries—could create such a U.S. emergency as to make it not feasible for the President to call Congress back into session, if the situation were that serious, for the quick action which he would get. He could bring Congress back into session in a matter of hours.

But the point that we differ on, as I understand the Senator from Colorado, is the question of what is a U.S. national emergency. I do not believe the contingency fund as we established it in the first instance contemplated that a President of the United States could use the money, by way of exercise of unchecked discretion, unless the operative facts of the emergency involved our national emergency.

Certainly a balance-of-payments problem or a budget-support problem in Brazil or in Argentina would probably be discussed for weeks in those two countries anyway, and discussed probably for quite some time in the presentation to our Government of a request for contingency funds. With the elapse of that amount of time, all I am suggesting is that when the request is made, the President should lay it before Congress. He should be put in a position of saying to them, "I am sorry, but I am under a congressional prohibition. I am prohibited from using funds for balance of payments or budget-support purposes."

Mr. ALLOTT. The distinguished senior Senator from Oregon is subcommittee chairman of the American Republics Affairs Subcommittee of the Foreign Relations Committee, and he knows, I am sure, as well as or perhaps better than I—even though the rest of us try to inform ourselves—the volatile situation which now exists in Latin America. We could easily find ourselves in a situation in Latin America in which the President's contingency fund would be completely ineffective to do any one of 2 dozen jobs that we might have to do in 3 days. I am sure that the Senator well remembers—I well remember it, because it happened when I came to the Senate of the United States in January of 1955—the critical condition in the Quemoy-Matsu area in the Western Pacific, a situation with respect to which I took the opposite side from the distinguished Senator from Oregon. I believe the debate in the Senate continued for approximately a week. If a debate in a situation as critical as that could run for a week or 10 days, surely the President needs some freedom to act more quickly.

I have no hope that I can change the opinion of the Senator from Oregon, because I have no such great powers of oratory or persuasiveness; but I hope that the reason and the logic of the situation will appeal to him. The Senate already has adopted many amendments. The Senate has talked and conferred and voted on amendments which condemn the use of the President's contingency fund in the manner in which it has been previously used. Is this not enough? Can we not leave the President some freedom of action?

I say very frankly, as one Member of the Senate who has been critical of the President's foreign policy, that I cannot let this moment pass without calling the attention of the distinguished Senator from Oregon to this matter, which in the next 6 months might well be of prime importance to the country.

Mr. MORSE. I do not think the Quemoy-Matsu issue which the Senator has raised is in point with our discussion here, because, if there had been an attack on Formosa, that debate would not have lasted an hour. Congress would have declared war. The President would have obtained support immediately. But that debate went on for the period of time the Senator has mentioned because some very vital constitutional policy issues were raised on which we had honest differences of opinion. But it was not an emergency which required immediate action. The debate dealt with a proposed resolution as to what our policy should be in that part of the world in futuro. An immediate emergency which called for immediate action did not threaten us at that time.

Mr. ALLOTT. If the Senator will yield, I think he had better refresh his recollection. There was an immediate emergency, with a then present, imminent threat, if the Senator will think about it for a moment. He probably has not had occasion for a long time to think about it. I think he will realize that there was an emergency. That is why President Eisenhower called upon the House and the Senate to pass the resolution.

Mr. MORSE. That was one of the fundamental differences of opinion. We took the position that there was not an immediate threat; that there was no hour-by-hour danger that threatened us; that there was a policy to be determined one way or the other. Those of us who took a point of view opposite from that of the Senator from Colorado stated that any time a declaration of war was wanted, and a need could be shown for it, the President would get it.

I am saying that there is no basis in fact for the conclusion that a budgetary problem in Argentina, Brazil, Ecuador, or anywhere else in Latin America would be of such an emergency to the United States that the President would not have time, even if Congress were in recess, to get us together and ask us for an authorization to make a loan to one of those countries for budgetary purposes. In fact, my point is that here is a place where such an unchecked power should never be given to the Presidency.

I think that, under our Constitution, Congress should insist that the money be made available only by a specific appropriation by law for that purpose. We have given the President \$175 million to meet any emergency, to use a hypothetical case—and I speak only hypothetically—that might arise in the Caribbean. Let us assume the President should learn at 10 o'clock tonight that Castro is planning some kind of invasion of the Florida coast. He has plenty of contingency funds, in addition to his other military funds, to move into action immediately. He could lay the problem of any further assistance he needed before Congress tomorrow or the next day, or whenever he wanted to.

That is the use to which the contingency fund should be put, and not as a form of economic aid. If the President wants to give such countries economic aid, he should get an authorization for that specific aid. He should not be able to go ahead, by an exercise of his own will, and grant aid that Congress would find out about subsequently.

We in the United States have a balance-of-payments problem, too. Does anyone suppose that Brazil or Argentina is ever going to lend the United States the money to balance our European payments deficit? Of course not.

I think it is nonsense to extend money for these purposes in Latin America. It is not only bad in itself; but it also merely postpones the day when these recipient countries must face the music of economic self-control and reform.

I have tried to get at this problem by reducing the contingency fund and by reducing supporting assistance, because both categories are sources of money for these purposes. The purposes themselves are bad, in my opinion, and should be stopped for all of Latin America. Unless we do so, we will continue to weaken the Alliance for Progress.

Let Brazil, Argentina, Bolivia, and the Dominican Republic—if the latter ever returns to a constitutional government—obtain their economic assistance through the channels of the Alliance for Progress. Let them meet its criteria and get their capital through its procedures.

To put it bluntly, this type of aid in Latin America has been "bailout" money. They have been used to bail out Latin American governments that have not had the courage, or the determination, or the political backing at home, to undertake the reforms required for them to obtain funds through the Alliance for Progress.

I spoke on this subject on the Senate floor on June 25. At that time I pointed out that Latin American nations were finding it too easy to obtain grants and loans from the United States from non-Alliance sources. One of these has been the contingency fund; another has been supporting assistance.

In my opinion, by far the biggest problem the Alliance for Progress faces is the faintheartedness of the nations to the south to get started on the economic and social development that our capital is supposed to finance.

Many of our friends in Latin America are complaining that the money is not coming as fast as they would like. But the real problem is that they are not moving fast enough to meet the conditions and requirements of sound investment.

And why should they, if they can always obtain the money without regard for the requirements of the Alliance itself? I do not see much point in Congress authorizing the Alliance for Progress, setting forth the purposes of the programs and the amounts to be available under it if the whole section—the whole program—can be circumvented with funds from other sources.

When the Humphrey amendment was under debate the other day, I pointed out that only eight participants in the Alliance for Progress have submitted any country plan to the Panel of Nine, which is supposed to pass judgment upon them.

When the Senator from Minnesota asked me if I would join with him in such an amendment, and we negotiated an adjustment with respect to a contingency fund of \$175 million, it was done with the understanding that there would be returned to the development loan program for the Alliance for Progress a total of \$600 million. We did it on the basis that the committee itself had recommended \$175 million for the contingency fund. I was glad to join with the Senator from Minnesota in what became known as the Humphrey-Morse amendment. I thought it was sound. I said then, however, that I would offer subsequently the amendment I am offering now to put some restrictions on the use of the contingency fund.

The two largest nations of the hemisphere, Brazil and Argentina, have not submitted any plan. But they have nonetheless obtained large sums from the United States for nonproject purposes, which means for balancing their budgets and the international payments. Argentina received nonproject loans from us of \$20 million each in fiscal years 1962 and 1963. Brazil received them in the amounts of \$74.5 million in fiscal 1962 and \$25.5 million in fiscal 1963.

That is a good deal of money.

The Dominican Republic received a nonproject loan of \$25 million in fiscal 1962. Ecuador has received budget support loans of \$8 million in fiscal 1962 and \$7 million in fiscal 1963.

Hence, we have been putting out around \$50 million a year for this purpose in Latin America. It is no accident that three of the four recipients of this form of aid last year also received it in fiscal 1962. And I predict that unless Congress takes a firm hand, they will go on getting it in fiscal 1964 and thereafter.

I know, without seeing it, what the position paper of the State Department and AID will be. It will be what it has always been in the past back through the Eisenhower administration and back to the Truman administration.

It will agree that this type of aid is a bad practice which it hopes will stop.

And it intends not to extend it any more, so there is no need for Congress to put the language into the law. But then, the position paper will continue, we must have flexibility and be able to make such grants or loans if the necessity arises. It is always the same answer to every bad foreign aid practice Congress desires to stop.

"Ah, there's the rub," Mr. President. That is the phraseological escape hatch that the State Department always resorts to—"You must not tie our hands. You must leave us flexibility." By "flexibility" they mean they must be left flexible so that they can walk out on the implied promise that they made to us.

They are very careful, but they are very evasive, too. I have lost confidence in the language of the State Department on such matters as this. It is the answer that the administrators do not intend to continue it anyway, but that they must still be free to do so if they wanted to. What kind of promise is that? It is not a good faith promise. I am sad to say it, but I have lost much confidence in the good faith of the State Department in dealing with the Foreign Relations Committee on matters such as this. I do not trust them any more, to put it bluntly. In this respect, as well as in our military aid to Latin America, we are the ones who are undermining the Alliance for Progress program itself.

My amendment would put a stop to aid in the form of grant or loan for budget support or balance-of-payment support, regardless of where it might come from under the act. On the other hand, my amendment does not affect the operations of the Export-Import Bank, which also makes occasional loans in Latin America for refinancing of past debts, both public and private. I do not, in this amendment, intend to go into Export-Import Bank functions, even those in the same field. But I do intend to call a halt to the use of foreign aid funds for these uses.

Mr. President, I call attention to an article published in the New York Times of Tuesday, November 12, 1963, written by Tad Szulc, entitled "Alliance Report Shows Latin Stagnation in 1962."

The article is dated São Paulo, Brazil, November 11. It refers to the conference that is being held there, at which Brazil and Argentina are following a course of action that I believe, to put it mildly, is subject to the interpretation that they seem to be trying to scuttle the conference. Mr. Szulc writes:

Economic-growth rate slowed last year, reflecting "stagnation" in the region, according to the annual report of the Alliance for Progress.

He discusses the 300-page report and sets out some vital statistics which show a constant worsening of conditions. He gives us a pretty gloomy picture. The main reason for the gloomy picture is that these Latin American countries are not doing their share in keeping with the commitments under the act of Punta del Este. The adoption of this amendment will serve notice that they cannot get any props for their budget out of the contingency fund, and that the only solution

to their problem is to live up to their obligations under the Alliance for Progress program by submitting a plan that qualifies them for assistance under the program, and by bringing about reforms in their own countries.

We cannot pour enough money into Brazil to stop that runaway inflation. Brazil must do that for itself. We can be of assistance to Brazil if it will come forward with a plan and if she qualifies for assistance under the Alliance for Progress program.

I ask unanimous consent to have the entire article printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALLIANCE REPORT SHOWS LATIN STAGNATION IN 1962

(By Tad Szulc)

SÃO PAULO, BRAZIL, November 11.—Economic-growth rate slowed last year, reflecting stagnation in the region, according to the annual report of the Alliance for Progress.

The 300-page report will serve as the basic document for consideration at the alliance conference that opened here today. The finance and economic ministers attending will vote on the report's conclusions and recommendations later this week.

A key aim of the alliance is to bring about a 2.5 percent annual increase in Latin American per capita income. But the report showed that the 1962 figure ranged between 0.6 and 1 percent, a drop from 1961 levels.

This deterioration was primarily a result of developments in Argentina and Brazil, the report said. These countries jointly account for about half of Latin America's population and industrial and agricultural production.

The income growth rate in 10 of the 19 Latin American countries in the alliance exceeded the 2.5 percent goal, though the hemisphere average was pulled down by economic crises in Argentina and Brazil.

Argentina's gross national product in 1962 was 3.4 percent below the 1961 level, the report said. Brazil's growth rate fell sharply in 1962 from the record 7.7 percent increase in 1961.

The decline in Argentine production was linked to a general depression and to the country's long political crisis.

In Brazil, the phenomenal growth cycle that began in the late 1950's came to a virtual standstill in 1961 through a combination of inflation and political unrest.

BRAZIL TO FALL BACK

Brazilian economists say that Brazil's annual rate of population increase, 3.2 percent, will exceed the growth in gross national product for the first time this year.

This means that Brazil, faced by a cost-of-living increase of more than 100 percent, will see her per capita income receding in 1963 instead of growing.

Economists here thus believe that 1963 figures for all of Latin America will continue to reflect stagnation. No 1963 figures were included in the report circulated today.

The report stressed the growth in the 10 Latin Republics that met or exceeded goals, including six of the seven countries that have submitted national development plans to the Alliance's economic review panel. The objective of the U.S.-sponsored Alliance is social and economic reform in Latin America.

The most notable 1962 improvements were reported in Nicaragua, which had a 7.2 percent increase in per capita income, and in Panama, Haiti, El Salvador, Colombia, and Venezuela.

Venezuela achieved a 3.9 percent increase

in per capita income and a 7.1 percent rise in gross national product, despite political unrest aggravated terrorist activities.

These gains were achieved in the face of a decline in petroleum revenue.

Venezuela raised her agricultural production by 11 percent in 1962, compared with 2 percent in 1961, when land-reform measures began operating effectively. She doubled the increase in her overall industrial output.

In Brazil, by contrast, industrial production remained stationary, while the increase in farm output dropped from 8 to 1 percent.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon to the committee amendment in the nature of a substitute.

Mr. FULBRIGHT. Mr. President, I wish to take only 2 or 3 minutes to say that I believe the amendment would be a very serious setback to the Alliance for Progress program. All loans are directly or indirectly made for the purpose of supporting the balance of payments. The main purpose of the whole program, whether it be in Latin America or anywhere else in the world, is to provide the means by which the recipient country can import materials which it cannot produce. This is particularly true of Latin America. It is very difficult for me to think of loans which would not come under the prohibition of the pending amendment, particularly with regard to the balance of payments.

Budget support applies particularly to countries such as Bolivia which are rather extreme cases of our trying to support governments from collapse internally because of a deficiency in external resources, and also for internal stability of the country. However I believe the amendment would, in effect, scuttle the whole Alliance for Progress program.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Oregon [Mr. MORSE] to the committee amendment, in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], and the Senator from Minnesota [Mr. MCCARTHY] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Michigan [Mr. HART]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Michigan would vote "nay."

On this vote, the Senator from West Virginia [Mr. BYRD] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Arizona would vote "nay."

On this vote, the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from South Carolina would vote "yea" and the Senator from Massachusetts would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Kentucky [Mr. COOPER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Wyoming [Mr. SIMPSON], the Senator from New Hampshire [Mr. COTTON], and the Senator from Pennsylvania [Mr. SCOTT] are detained on official business.

I also announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

On this vote, the Senator from New Hampshire [Mr. COTTON] is paired with the Senator from Maryland [Mr. BEALL]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Maryland would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Arizona would vote "yea" and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 31, nays 44, as follows:

[No. 227 Leg.]

YEAS—31

Bayh	Gruening	Proxmire
Bennett	Hruska	Randolph
Bible	Jordan, N.C.	Ribicoff
Burdick	Jordan, Idaho	Robertson
Curtis	McClellan	Talmadge
Dodd	Mechem	Thurmond
Dominick	Miller	Tower
Douglas	Morse	Williams, Del.
Eastland	Neuberger	Young, N. Dak.
Ellender	Pearson	
Ervin	Pell	

NAYS—44

Aiken	Hartke	Monroney
Allott	Holland	Morton
Anderson	Humphrey	Moss
Bartlett	Inouye	Mundt
Boggs	Jackson	Muskie
Brewster	Javits	Nelson
Cannon	Keating	Pastore
Carlson	Kuchel	Prouty
Case	Long, Mo.	Saltonstall
Clark	Mansfield	Smith
Dirksen	McGee	Sparkman
Edmondson	McGovern	Walters
Fong	McIntyre	Williams, N.J.
Fulbright	McNamara	Yarborough
Gore	Metcalf	

NOT VOTING—25

Beall	Hayden	Russell
Byrd, Va.	Hickenlooper	Scott
Byrd, W. Va.	Hill	Simpson
Church	Johnston	Smathers
Cooper	Kennedy	Stennis
Cotton	Lausche	Symington
Engle	Long, La.	Young, Ohio
Goldwater	Magnuson	
Hart	McCarthy	

So Mr. MORSE's amendment, as modified, to the committee amendment in the nature of a substitute was rejected.

Mr. KUCHEL. Mr. President, I move that the vote by which the modified amendment to the committee amendment, as amended, was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

AMENDMENT NO. 317

Mr. GRUENING. Mr. President, I send to the desk an amendment to H.R. 7885, and ask that it be printed and lie at the desk.

This amendment is identical to the language in the House-passed bill relating to the interest rate on development loans. The rate would be set, under this amendment, at 2 percent per year, as the House-passed language provided.

Last Friday, I offered an amendment which would raise the interest rate on development loans to the amount which we have to pay in order to borrow money—about 4 percent. The Senate in its wisdom did not see fit to adopt my amendment, which was an attempt to be absolutely honest with the people of the United States and to make these real loans, rather than combination loans and grants.

The Senate committee, apparently recognizing the inconsistency of calling transfers of U.S. dollars to foreign countries at three-fourth of 1 percent interest loans, limited the three-fourth percent interest charge to the first 5 years, and then provided for a minimum interest rate of 2 percent thereafter.

Much is made of the fact that these are minimum rates, and that it is within the power of the AID Administrators to charge higher rates. However, experience has shown that minimum rates prescribed in the law tend, in this program, to become maximum rates. Thus, of the \$3,003 million loaned since the 1961 changes in the Development Loan Fund, \$1,315,775,000 has been loaned at three-fourths of 1 percent for 40 years, with 10-year grace periods.

It is most likely, Mr. President, that under the language recommended by the Senate Committee on Foreign Relations, within 2 years, or sooner than that, we shall find the majority of new loans being made at three-fourths of 1 percent for the first 5 years, with 5-year grace period, and 2 percent thereafter for the remaining 25 years.

While the House of Representatives, in adopting a minimum interest rate of 2 percent commencing immediately, did not go all the way—as I proposed Friday—nevertheless it has made a beginning which the Senate should emulate.

Therefore, Mr. President, I am submitting an amendment containing the

House-passed language and raising the minimum interest rate to 2 percent.

Mr. President, I submit the amendment on behalf of myself and the distinguished Senator from Oregon [Mr. MORSE].

Mr. HUMPHREY. Does the Senator from Alaska wish to have his amendment the pending question?

Mr. GRUENING. Yes.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 50, it is proposed to delete lines 1 through 17, as follows:

(d) Amend section 635, which relates to general authorities, as follows:

(1) Amend section 635(g) by striking out the word "and" at the end of subparagraph (4); by striking out the period at the end of subparagraph (5) and inserting in lieu thereof a semicolon and the word "and"; and by adding the following new subparagraph:

"(6) in the case of loans under part I (except under section 205), shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 percent per annum during the five-year period following the date on which the funds are initially made available under the loan, and not lower than 2 percent per annum thereafter, and (B) repayment on an amortized basis, beginning not later than five years after the date any funds are initially made available under the loan, and ending not later than thirty years following the end of such five-year period."

And to insert in lieu thereof the following:

(d) Section 201(d) of the Foreign Assistance Act of 1961, as amended, which relates to interest rates on development loans, is amended by inserting immediately after "in no event" the following: "less than 2 percent per annum nor".

Mr. HUMPHREY. Mr. President, as I understand, there has previously been entered an order that when the Senate completes its business today, it stand in recess until tomorrow, at noon.

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. Very well.

Mr. President, we have had a very busy day, and have accomplished a great deal. I feel that our work tomorrow will be every bit as productive in terms of our accomplishments in connection with our work on this most important bill.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENTS NO. 316)

Mr. MORSE submitted amendments, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. GRUENING (for himself and Mr. MORSE) proposed an amendment (No.

317) to House bill 7885, supra, which was ordered to be printed.

CIVIL RIGHTS—RESOLUTION

Mr. MILLER. Mr. President, I ask unanimous consent to have included in the RECORD a copy of a resolution which I have received from the National Conference of Christians and Jews of Sioux City, Iowa.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

SIoux CITY, IOWA,
October 30, 1963.

The Honorable JACK MILLER,
U. S. Senate,
Washington, D.C.

My DEAR SENATOR: At a meeting of the Sioux City branch of the National Conference of Christians and Jews, held October 10, 1963, the following resolution was unanimously adopted:

"Whereas Judaism and Christianity affirm as fundamental principal the brotherhood of man under the fatherhood of God; and
"Whereas the purpose of the National Conference of Christians and Jews is to better relationships between various religious and racial groups: Be it

Resolved, That the Sioux City branch of the National Conference of Christians and Jews go on record in support of Federal civil rights legislation; and be it further

Resolved, That our Senators and Congressmen be informed of this action.

FRANKLIN GILL,
SIDNEY KALIN,

A. J. TOLLER,

"Resolutions Committee."

We urge you to take cognizance of our resolution and to consider our stand when taking future action with regards to civil rights legislation.

Very sincerely,

LAWRENCE S. SLOTSKY,
Chairman.

RECESS TO TOMORROW, AT NOON

Mr. HUMPHREY. Mr. President, if there be no further business to come before the Senate this evening, and with the understanding that the Gruening amendment is the pending question for tomorrow, I move that the Senate take a recess, under the previous order, until tomorrow, at 12 o'clock noon.

The motion was agreed to; and (at 9 o'clock and 4 minutes p.m.), under the previous order, the Senate took a recess until tomorrow, Wednesday, November 13, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 12 (legislative day of October 22), 1963:

DIPLOMATIC AND FOREIGN SERVICE

Benson E. L. Timmons III, of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Haiti.

IN THE MARINE CORPS

The following-named woman officer of the Marine Corps for permanent appointment to the grade of lieutenant colonel, subject to qualification therefor as provided by law: Warner, Nita B.

The following-named women officers of the Marine Corps for permanent appointment to the grade of major, subject to qualification therefor as provided by law:

Cox, Martha A.
Land, Florence E.

The following-named women officers of the Marine Corps for permanent appointment to the grade of captain, subject to qualification therefor as provided by law:

Graham, Adele A. Kilday, Jo Anne
Beavers, Nannette L. Orr, Nancy B.
Swickheimer, Georgia L.

The following-named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer, W-4, subject to qualification therefor as provided by law:

Jozwicki, Henry S. McKonly, Norman E.
Colglazier, Richard B. Yeater, Otto L.
McCormick, Charles A., Jr. Marquette, Jacob H.
McDaniel, John H. Jones, Robert W.
Holliday, John H. Blakslee, Robert R.
Addis, William J. Monagle, Edward J.
Engemann, Ralph A. Post, Raymond A.
Day, Francis L. Wall, Warren G.
Robinette, James A.

The following-named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer, W-3, subject to qualification therefor as provided by law:

Campbell, Jesse E. Kazmerzack, Ervin L.
Markello, Charles A. Brouillard, Albert J.
Hays, George C. Bordeleau, John, Jr.
Hornstein, Joseph Connolly, John J.
Potter, William T. Tinsley, John E.
Murphy, Robert L. Hayes, Glen M.
Hebert, Leonard S. Rhynard, Leslie
Johnson, Emil D. Wadginski, Kenneth F.
Farris, John L.

Johnson, James E. Lott, Wilmer J.
Lowe, Alfred C. Rust, Edward S.
Trowbridge, John E. Mott, Lotus T.
Sayre, Oscar D., Jr. Elkins, James L.
Shelton, Jackson G., Jr. Williams, Fowler S.
Lampi, Edwin H. Buck, Clarence J.
Mowery, Oscar R., Jr. Vick, William L.
Ailes, John F. Keck, Irving L.
Poudevigne, Pierre Fogle, Ralph T.
Bailey, Oliver W., Jr. Chrisman, Addison L., III.

Stein, Max Bookhardt, Henry A.
Scroggins, Frederick D. Brown, George W.
Anasiewicz, Edward A. Baird, Maynard K., Jr.
Scharlach, Edward A. Vismont, Joseph V.
Hofmann, Charles E. Williams, David C.
Twomey, Leslie T., Jr. Teichmann, Edward
Tedesco, George M. McLendon, Jesse N., Jr.

Eisenhauer, George W., Jr. Brown, William M., Jr.
Gill, William J. Fawcett, James L.
Buccieri, George J. Griffin, Clair E.
Drewyor, Joseph A. Bayer, Robert, Jr.
O'Callaghan, Daniel M. Dancy, Robert W.
Miller, Edward H. Peacock, Hubert W.
Conant, Robert M. Farrington, Arthur C.
Rhine, Karl W.
Bowers, Clarence A.

The following-named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer, W-2, subject to qualification therefor as provided by law:

Flournoy, William E. Murray, Peter J.
Dickerman, William N., Jr. Carpenter, William J.
Smith, William C. Panicali, Louis V.
Krieger, Edward T., Jr. Conny, Robert A., Jr.
Bjornaas, Forrest R. Spillane, Raymond J.
Sansom, Howard D. Chesnick, John F.
Palmer, Thomas P. Marzioli, Joseph
Pierce, Charles G., Sr. Walls, William B.
Glodowski, Raymond J. Rousseau, Donald F.
Thomason, James W. Baker, Robert C.
Baer, Robert A. Davis, James H.
Wolfe, James F., Jr. Fraiser, Martin S.
Brennan, Edward J. Redmann, Paul E.
Smith, Darrell M. Kirk, Paul C.
Sawyer, Harry E., Jr. Kammeier, Cyril L.
Holt, Paul L., Jr. Wood, William H., Jr.
Williaford, Cecil R. Gustin, Walter W.
Vincent, William T.
Marshall, Alvin F., Jr.
Collins, John L.

McClure, Raymond B.

Hawkes, Lawrence D.
Feaselman, Charles H.

Gordon, Robert D.
Keller, Richard S.
Yaeger, Richard A.
Miksad, John R.
O'Rourke, James M., Jr.

Reed, Doyle R.
Kohler, William C.
Rouse, Albert C.
Strayhorn, Kenneth E.

Doyle, James A., Jr.
Bodree, Eugene A.
Bridges, Robert, Jr.
Striker, Frederick H.
Mosley, Donald H.
Williams, Robert F.
Burchette, Bernard V.

George, Leonard E.
Koms, Wayne J.
Vanderhoof, Rex F.
Curran, James E., Jr.

Nagazyna, John K.
Pratt, Donald L.
Kindler, Gary L.
Flanigan, John N.
Welch, William H., Jr.

Cooper, Charles L.
Kaczinski, Marcellus J.

Moore, William T., Jr.
Manco, Edward J.
Darou, Ronald B.
Burns, Kenneth R.
Pederson, Richard C.

McKee, Larry E.
Land, Carlton E.
Helber, Lawrence N.
Dye, Nellis C.
Harvey, Ellis R., Jr.

Kerr, Howard E.
Jesse, Clyde A.
Baker, George W.
Kobel, William L.
Hardie, Richard A.

Fairchild, Guy R.
Hart, Robert H.
Max, William J.
Pallo, Mathew, Jr.
Cantrell, Harold E.

Culp, Leo V.
Caudill, Oscar L.
Schwarz, Frank H., Jr.
Lemay, Granville T.
Harris, Billy M.

Cisneros, Philip C.
Shepherd, Thomas C.
O'Brien, Thomas M.
Hartkopf, Albert I.
Selbeck, Albert L., Jr.

Schulze, William A., Jr.
Paulk, James S.
Cusick, Richard D.
Barthold, Frank E.
Taylor, Robert T.

Fehr, Kenneth A.
Dow, Arnold H.
Van Grol, Daniel P., III
Harbison, Bobby L.

Davis, Delmont I., Jr.
Newell, Charles A.
Ghia, Frank J., Jr.
Stafford, Donald E.
Ter Horst, Kenneth C.

Chen, Robert L.
Hodgins, Edward F., Jr.
Cox, Robert D.
Haase, Harold C.
Skrobialowski,
Stanley C.
Grinager, Vernon L.

Winters, John W., Jr.
Heath, John F.

Maynes, Robert L.
Tracey, Robert L.
Nowicki, Norbert J.
Schneider, Roger J.
Rosenthal, James H.

McPeak, Melvin E.
Freeman, Bobby S.
Ralphwater, Gerald K.
Stoner, Raymon E.
Mendoza, Raymond A.

Martin, Joseph M., Jr.
Mills, William F.
Scarborough, Neil H.
Walter, Lowell W.
Sable, Ivan R.

Janke, Jimmie E.
Stowe, Billy J.
Meisner, Donald E.
Kimmey, Henry C.
Simmons, Clyde M.
Van Der Does, Nicholas C.

Smith, Clarence D.
Marnon, John J.
Hartman, Donald E.
McCoy, Paul
Vance, Kenneth R.

Angelo, Nicholas J.
Smith, Harold W., Jr.
Robinson, Jean O.
Crouch, Jerry L.
Marcum, George L.

Jarvin, Donald C.
Schultz, Donald D.
McHugh, Jack D.
Simcox, Clarke J.
Goguen, Albert A. J.

Miranda, Anthony
Keagle, Byron W.
Coffin, Charles T.
Fisher, Ronald F.
Gajewski, Francis J.

Garvey, William F.
Long, Donald W.
Garner, James D.
Snyder, Bruce W.
Ransom, Morris E.

Johnston, James M.
Smith, Robert J.
Waldvogel, Irwin F.
Van Amburg, David E.
Lloyd, Eli J.

Myers, Carl E.
Frederick, John W., Jr.
McGreevy, Arthur V.
Timmons, Richard K.
Ellis, Bruce W.

Eller, Henry R.
Knox, Charles, Jr.
O'Connor, Patrick R.
Shutak, Emil M.
Blix, William C.

McMakin, John F., Jr.
Hall, James A.
Freburger, Hamilton P., Jr.
McCauley, Benjamin D.

Johnson, Wesley D.
Woodworth, Donald F.
Charles, Maurice A.
Rundle, Randolph K.
Lackey, Earl R.

McCallum, John E. B.
Raymer, Erwin O.
Kelly, Fred L.
Freeman, Peter E.
Weyand, Jacob, Jr.

Offutt, Charles W.
Hoffman, Danny R.
Bangs, William L.
Wilbur, William J.
Favaron, John T.

Galvin, Eugene A.
Chytka, Lawrence J.
Bowen, Henry E., Jr.
Dale, Robert E.

Merritt, Jimmy M.
High, Roger D.
Bea, Robert L.
Balderson, Tennyson C.

Panza, Ralph A.
Flanagan, Philip E.
Rawlins, Malcolm S.
Eubank, William E.
Hunter, Joseph T., Jr.
Smith, James G., Jr.
Wilson, Donald T.
Pretsch, Donald C.
Davis, Raymond A.
Sands, Charles L.
Di Muzio, Camillo A.
Sirpis, Alexander F.
Moffitt, Kermit
Clark, Adrian L.
Sanborn, Richard S.
Sanchez, Milton
Edelen, Kenneth D.
Riggs, Charles
O'Neill, Donn L.
Crowell, Howard W.
Burch, Verle E.
Shoffner, Mann, Jr.
Head, Joe M.
Gore, Harold E.
Stone, Thomas
Carpenter, James E.
Simpkins, J. V.
Cook, Loy E.
Ringler, Dean R.
Hodgson, Donald W.
Ward, George B.
Walker, George E.
Callahan, Howard L.
Hill, William P.
Hosek, Louis O., Jr.
Marcheso, Gerald E.

The following-named officers of the Marine Corps for permanent appointment to the grade of first lieutenant, subject to qualification therefor as provided by law:

Brennan, John V.
Tingley, Lew E.

The following-named officers of the Marine Corps for temporary appointment to the grade of captain subject to qualification therefor as provided by law:

Pardee, Dennis L.
Williams, Carroll
Hilgers, John J. W.
Gavis, John S., Jr.
Evans, Robert V.
Mixon, Miles E.
Dean, Alan J.
Pastrell, Darrell K.
Janssen, Audrey A.
Miller, Richard A.
Cunningham, Francis J., III

Eichelberger, John M.
Buchanan, John H.
Loftus, William E.
Cohan, Leon, Jr.
Jordan, Lawrence W.
Spence, Jack R.
Thomas, William L.
Marks, James A.
Harris, John E.
Ramsay, Charles J.
Magee, James T., Jr.
Mahoney, John M.
Sperry, Charles B.
Nicol, Alton E.
Trenski, Daniel F.
Herlocker, James E.
Hudson, Jerry E.
Hale, Harold W.
Fry, Duane E.
Abshire, Ronald M.
Vindich, Joseph G.
Orsburn, Lyndell M.
Powell, Donald A.
Rountree, Lee C.
Beason, Richard W.
Anthis, Bobby G.
Uises, Robert J.
Smith, Walter G., Jr.

Labby, Charles E. J.
Walters, Bud R.
Smith, David M.
Williams, Saville L.
Siemasko, Paul R.
Madsen, Alfred L.
Sanderson, Stephen H.

Handley, Clarence I.
McAlister, John T.
Allen, Russell R., Jr.
Vollmer, Dorothy L.
Phillips, Bruce M.
Washam, Frank W.
Anderson, Joseph C.
Gates, Hardy D.
Smith, Blakeslee A.
Berrey, Charles H.
Doyle, Teddy J.
Mitchels, William L.
Palmer, Leonard E., Jr.

Brady, Harry S., Jr.
Patton, Robert F.
Berger, Donald J.
Kelly, William D.
Connolly, John L., Jr.
Bengtson, Norbert J.
Anderson, Glen R.
McKee, Dennis T.
Ford, Wayne H., Jr.
Chastain, James S.
Galbreath, Bobby F.
Adamson, William L.
Tardif, Edward G.
Hartigan, William T.
Byrnes, Ronald F.
Jones, Richard D.
Scovell, Jay D.
Lott, Bobby
Morris, Stanley S., Jr.

Patrick, Jimmy L.
Rozman, John J.
Nugent, Wallace R.
Wogan, Christopher M.
Kazalunas, John
Hodgen, Donald A.
Reddick, William G.
Shoptaw, Robert D.
Huff, Edwin L.
Brown, Peter C.
Vorreger, Richard W.
Keane, Michael F., Jr.
Wood, Howard C.
Wall, Melvin N.
Cowley, Everett L.
Taylor, Richard H.
Himmerich, Robert T.
Phillips, Billy G.
Tutterow, Henry W., Jr.
Burleson, Eugene B., Jr.
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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Lausche proposed open market financing for REA cooperatives. Senate committee reported independent offices appropriation bill. Sen. Young (N. Dak.) inserted items favoring a sale of wheat to Russia and defending USDA budget. Sen. Proxmire inserted item supporting enactment of dairy legislation. Sen. Proxmire urged caution in considering sales of wheat or other products to Russia. Rep. Quie criticized U.S. policy of trading with Communists. Rep. Bromwell urged Congress to act against increased importation of meat. House committee reported pay bill. Rep. Cooley urged enactment of his cotton bill.

SENATE

1. FOREIGN AID. Continued debate on H. R. 7885, the foreign aid authorization bill (pp. 20640-1, 20648-58, 20660-70, 20678-704). Agreed to an amendment by Sen. Simpson to provide that the services of private enterprise shall be used to the fullest extent practicable in the technical assistance program (pp. 20666-9). Agreed to an amendment by Sen. Ellender to strike out a provision of the bill increasing from 25 to 50 percent the amount of foreign currencies that may be used by private industries to promote the consumption of U. S. Agricultural products abroad (pp. 20697-9). Agreed to an amendment by Sen. Carlson to provide that fishery products included in the food-for-peace program shall not include fish flour until this product has been approved by the Food and Drug Administration (pp. 20699-700).

2. INDEPENDENT OFFICES APPROPRIATION BILL, 1964. The Appropriations Committee reported with amendments this bill, H. R. 8747 (S. Rept. 641). p. 20605

3. PERSONNEL. The Post Office and Civil Service Committee reported with amendments S. 1561, to amend the Federal Employees Health Benefits Act (S. Rept. 642). p. 20605
4. ELECTRIFICATION. Sen. Lausche proposed open market financing for REA cooperatives and referred to a group of rural cooperatives in Ohio which "formed a supercooperative called the Buckeye Power Co." which "has gone into the open market to raise their share of the capital by borrowing from general institutional lenders." pp. 20616-7
5. WHEAT; FOREIGN TRADE. Sen. Young (N. Dak.) inserted an editorial favoring a sale of wheat to Russia. p. 20618
6. BUDGET. Sen. Young (N. Dak.) inserted an editorial quoting Sen. Ellender as defending the budget of this Department as not being "out-of-line with spending by other branches of the Government." pp. 20618-9
7. DAIRY INDUSTRY. Sen. Proxmire inserted an editorial supporting both the Proxmire and McCarthy dairy bills. p. 20676
8. FOREIGN TRADE. Sen. Proxmire stated his belief that "officials of our Government should think long and hard about the wisdom of selling American products at subsidy prices to the Soviet Union - whether they be wheat or dairy products," and inserted an article in support of his position. pp. 20675-6
Sen. McIntyre discussed and inserted an article on the impact of world trade on New Hampshire, particularly with respect to textile products. pp. 20619-22
Sen. Humphrey inserted an address by the president of the Inter-American Development Bank reviewing problems in the economic development of Latin American countries. pp. 20629-37
9. FORESTRY. Sen. Proxmire inserted an article commending material in the Yearbook of Agriculture on the reforestation program in Ohio. pp. 20676-8
10. CREDIT. Sen. Simpson inserted a statement of the Ill. Retail Merchants Association critical of the proposed truth-in-lending bill. pp. 20622-3
11. STOCKPILING. Received from the Joint Committee on Reduction of Nonessential Federal Expenditures a report on Federal stockpile inventories, including CCC commodity inventories, as of July. pp. 20605-13
12. TAXATION. Sen. Fulbright inserted an address by Under Secretary of the Treasury Fowler supporting the proposed tax reduction bill. pp. 20670-5

HOUSE

13. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 8986, the Federal pay-increase bill (H. Rept. 899); and with amendment H. R. 10, to extend the apportionment requirements in the Civil Service Act to temporary summer employment (H. Rept. 897). p. 20602
Rep. Libonati inserted President Eisenhower's explanation of the Group Life Insurance program for Federal Civilian Employees. pp. 20587-8
14. PEACE CORPS. Passed without amendment H. R. 9009, to increase the appropriation authorization for the Peace Corps from \$63,750,000 for fiscal year 1963 to \$102,000,000 for fiscal year 1964. pp. 20548-78

order to maintain the competitiveness of U.S. coal in the Japanese market.

The results of the trip to the United States were a reduction in the price of coal from at least some of the U.S. exporters, some progress in obtaining serious consideration by the U.S. railroads to reduce freight rates to tidewater, but (according to the Japanese steel executives) little hope in obtaining changes in Panama Canal rates. On the contrary, they understand that canal tolls may soon be revised upward.

EASTERN GAS AND FUEL ASSOCIATES VISIT TO JAPAN

For several weeks in late May and early June, Mr. Eli Goldston, president, and Mr. William B. Ross, senior vice president of Eastern Gas & Fuel Associates of Boston, visited Japan to discuss coal exporting problems with the Japanese steel industry. They visited the Embassy several times and explained the problems they were having in maintaining and increasing their sales in the Japanese market. They noted that Eastern now sells approximately 1 million tons of coal to Japan and that it is considering the opening of a new mine in West Virginia at an investment of about \$9 million which is expected to be able to produce about 1 million tons annually. In order to make the new mine a paying proposition, Eastern believes it must have reasonable assurances of being able to export about half of the mine's output to Japan. They are consequently looking for new long-term contracts with Japanese consumers for 400,000 tons annually.

The Eastern executives observed that their plans correspond with two important U.S. Government objectives: (1) the export promotion program and (2) the program to economically rehabilitate West Virginia. They expressed the hope therefore that the U.S. Government would provide assistance to Eastern's efforts in those areas where the Government can properly do so. They felt there were two ways in which this could be done. In the first place, the Embassy could be of assistance in holding a conference with the Japanese steel industry representatives who had visited the United States several months earlier with the objective of giving their case a sympathetic hearing and, most importantly, providing by this action a symbolic indication of the interest of the U.S. Government in promoting this important export to Japan.

The second area in which the Eastern executives felt the U.S. Government could properly be of assistance is to give serious consideration to the possibilities of reducing the Panama Canal toll charges which currently amount to about \$1 per ton of coal moving through the canal. They noted that canal charges are based solely on weight which unfairly discriminates against bulk cargoes. They thought that if the matter were given serious study, bearing in mind the advantages that could accrue to the United States and the canal authorities through the potential increase in bulk cargo movements to Japan following toll reductions, a solution might be found.

EMBASSY CONFERENCE WITH JAPANESE STEEL EXECUTIVES

On June 4, 1963, the economic counselor hosted a meeting with the four steel company executives who had visited the United States earlier in the year. Present were the two Eastern executives, the Deputy Chief of Mission, the Commercial Attaché and the reporting officer. The discussion was very frank and centered on the competitiveness of Soviet K-10 coal with the U.S. product. The steel executives agreed with the contention of the Eastern representatives that they could not reasonably expect further significant reductions in the price of coal from the U.S. producers. They felt, however, that the railroads should cut their inland

freight rates and observed that inland freight rates from mine to tidewater for coal destined to U.S. east coast markets are considerably lower than those for coal destined abroad. They mentioned the Panama Canal toll problem but felt that this was one of primary concern to the United States.

Embassy representatives questioned the value of canal toll reductions since, in total cost and freight price of coal landed in Japan, these rates amount to only \$1 approximately of the \$18.50 total price. The Japanese steel representatives replied that they did not expect, even with the most sincere effort on the U.S. part, to achieve reductions in the cost and freight price of coal down to the level in which it would be directly competitive with Soviet coal. They felt strongly, however, that the U.S. side must bring the price down to a level somewhat closer to the Soviet political price if they were to be able to continue to justify buying U.S. coal in the future. By implication, they indicated that even a small reduction in the Panama Canal rates would be helpful in this regard.

In discussing the possibilities of increasing imports of Soviet coal, the steel executives made clear that they understood the dangers of becoming overdependent on that source. It was for that reason, as well as the traditional friendliness toward the United States, that they will continue to buy U.S. coal even though it is several dollars higher in price than Soviet coal of similar quality.

EMBASSY COMMENT

Neither the Japanese steel executives nor the Eastern representatives indicated that U.S. coking coal exports to Japan are likely to be reduced significantly in absolute terms as the result of more attractive alternative offers being received from other sources. Steel industry representatives have on a number of occasions told the Embassy that they value the dependable source of supply of this commodity provided by the United States. We believe, however, that the U.S. coal industry does run the risk of losing out of its share in the market growth for imported coking coals in Japan.

The Japanese steel industry hopes to achieve a production of 48 million tons of crude steel by 1970 and will, therefore, require ever-increasing quantities of imported coking coals. (Domestic production is limited and mostly of fairly poor quality.) Imports of coking coal in 1962 amounted to about 9.6 million tons. These are expected to rise to almost 15 million tons by 1970. In the meanwhile, over the past several years, imports of U.S. coking coal appear to have plateaued out at slightly over 5 million tons. While changes in technology which require lesser amounts of high quality coals for blast furnace charging may be responsible for part of the relative reduction in demand for U.S. coking coals, more attractive (in terms of price) alternative opportunities for importing coal have probably played an important role in the development of these processes which require less of the U.S. coals.

While it is not likely that Soviet low volatile coking coal would ever completely replace U.S. coal in the Japanese market, the price advantage offered by the Soviets increases the possibility that the Japanese steel industry will give the Soviets a greater share of its increased demand than might be the case if the price differential were not so great. One steel company executive thought that the industry may be willing to increase its imports of Soviet and Communist China coking coal from the present 11.5 percent of total metallurgical coal imports to 20 percent in the near future.

While the Japanese industry representatives have talked much of the direct competition between Soviet and U.S. coal, the indirect competition with medium volatile Australian and Canadian coal is at least as important. The Japanese have become ac-

customed to using U.S. coking coal and find generally that it mixes best with the lower quality Japanese varieties. They are reluctant to shift to other varieties of coal but have been doing so to an increasing extent over the past several years because of the price advantages offered by these alternative sources.

Direct price comparisons are difficult to make since even among coals which are generally similar, differences in ash, sulfur and volatile matter can have considerable significance. Japanese industry sources have been reluctant to discuss the price reductions required to make U.S. coal more competitive with similar varieties elsewhere but one trading company representative stated that U.S. coals, depending on variety, can be priced from 5 to 20 percent above Canadian and Australian coals and still be competitive. The head of the raw materials purchasing department of a major steel company said it was his personal opinion that a reduction of \$1 to \$2 per ton in the landed price of U.S. coal should be adequate to maintain competitive status.

OPEN SPACES LAND GRANTS IN NATIONAL CAPITAL AREA

Mr. BREWSTER. Mr. President, it is my understanding that the Independent Offices Subcommittee of the Senate Appropriations Committee has reported language on open spaces land grants which would continue the eligibility for grants under this program to Maryland and Virginia communities contiguous with the District of Columbia. These areas had been singled out by the House committee as no longer eligible for assistance because they had already received substantial grants under this program.

In the statement which I made before the Senate subcommittee, I rejected completely the idea that the National Capital area should be penalized because of its ability to qualify quickly for Federal assistance, and to expend substantial sums of its own money for open space lands. I urged the subcommittee to take action to set aside the direction contained in the House committee report.

If allowed to stand, the language of the House committee report would have had a most serious and unfortunate effect not only on Montgomery and Prince Georges Counties in Maryland, but also on the entire National Capital area.

I am pleased that the report of the Senate committee specifically bars the unfair and discriminatory exclusion of a significant geographic area from a law meant to apply equally throughout the country.

The area between Washington and Baltimore is one of the fastest growing regions of the country. The urban population in Montgomery County increased 136 percent between 1950 and 1960. In Prince Georges County the increase was 112 percent. Clearly this increase in population results in many thousands of acres of once open space land being lost to homes, streets, shopping centers, and parking lots. I am proud to say that the Maryland counties in the National Capital area have been foresighted in providing the necessary local funds to match Federal contributions, thereby acquiring fast disappearing undeveloped land for

urgently needed park, conservation, and historic purposes.

I urge all communities to take advantage of this important program, and ask unanimous consent that the article by Ernest Baugh appearing in the Monday edition of the Baltimore Sun be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WASHINGTON AND BALTIMORE: PATUXENT GREENBELT AS BUFFER

The Maryland State government, through a 1961 act of the general assembly, is committed to the development of an open strip or greenbelt along the Patuxent River from Frederick County to tidewater. So, too, are the counties bordering the river: Anne Arundel, Calvert, Charles, Howard, Montgomery, Prince Georges, and St. Marys.

The reasons for that commitment are increasingly urgent. The Baltimore and Washington metropolitan areas are expanding rapidly and threaten to merge into each other. Planning experts are in agreement that the areas should be kept separated for the good of each and that the place for division is the Patuxent, a natural open-space separator and reserve.

The preamble of the 1961 act is quite specific. It reads in part:

"The legislature finds that the Patuxent River and the land bordering thereon constitute some of Maryland's most scenic natural or esthetic assets, and that rapid growth and spread of urban development is encroaching upon or eliminating many of these bordering lands.

"It is the intent of the legislature to provide means whereby the State department of forests and parks with [the seven counties] may cooperatively provide for the protection of the said Patuxent River and for the acquisition and use of the lands bordering thereon, so that the harmful effects of flooding, silting and erosion by the expansion of urban development may be discontinued or eliminated.

"The legislature declares that it is necessary * * * to expend or advance public funds for, or to accept by, purchase, gift, grant, bequest, devise or lease, the fee or any lesser interest or right in real property to acquire, maintain, improve, protect or limit the future use of lands bordering on, and within, the Patuxent River watershed."

The State's general improvement loan of 1961 carried an appropriation of \$150,000 for the purchase by the State of property along the Patuxent or for contributions toward such purchases by the participating counties. The general improvement loan of 1963 carried two similar appropriations amounting to \$500,000. Several of the counties either have money available for land acquisitions or are taking steps toward that end.

But to be realistic, the money on hand or in sight is insufficient. Development of the envisioned greenbelt is a big undertaking, involving as much as 40,000 acres of land and maybe more. Because of the lack of sufficient money in sight, there is no timetable for the fulfillment of the project.

However, there is, as noted, the statutory commitment by the State and the seven counties and there are signs that progress is accelerating. The most promising sign was last week's approval of a general Montgomery-Prince Georges plan to acquire 18,000 acres of land, all of it, of course, within the boundaries of those two counties or, to put it another way, only on the Washington side of the river.

The major portion of that tract (16,000 acres) would be in Prince Georges County and would be in a continuous strip running down river from Laurel to almost the Charles

County line. The 2,000 acres in Montgomery County would be along streams tributary to the Patuxent, primarily the Hawlings.

Another promising sign of accelerated progress also came last week when the Senate Independent Offices Subcommittee wrote into the \$15 million Federal open-spaces bill a provision making Maryland, the District of Columbia and Virginia eligible for grants under the measure. A bar against eligibility for the three jurisdictions had been raised in the House on the ground that they had been given more than their share of open-space money under a current appropriation. If the House accepts the Senate action, Federal money for the Patuxent project will be available.

Unfortunately, the State has been moving slowly with its share in the greenbelt development. It is supposed to buy a total of about 8,500 acres, including a large tract along the upper reaches of the river above the Triadelphia Reservoir, a smaller tract between that reservoir's dam and the Rocky Gorge Reservoir and a relatively narrow strip to carry the greenbelt through the Laurel area. State work to date has involved surveying in the main.

To refer to the two reservoirs is to refer to the one really bright spot in the whole greenbelt plan. The reservoirs are the base of the water supply system for Montgomery and Prince Georges Counties and are under the Washington Suburban Sanitary Commission. About 5,700 acres of open land surrounding the reservoirs are owned by the counties and so are within the public domain and reserved for greenery.

Howard County is just beginning to tackle its share in the big project. Anne Arundel County is lagging. The southern Maryland counties below Anne Arundel and Prince Georges seem to be doing nothing. All of which suggests that the foresighted and active Montgomery and Prince Georges Counties can't do the job by themselves. If we are to have that highly desirable greenbelt to prevent Baltimore and Washington from colliding, there will have to be early determinations at the State House and county courthouse levels.

CONVERSION OF WAR INDUSTRY TO PEACE—RESOLUTION

Mr. McGOVERN. Mr. President, the Industrial Union Department of the AFL-CIO has sponsored a resolution calling for the conversion of the nuclear industry to constructive peaceful purposes. I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Since 1942, the United States has spent over 33 billion dollars to develop atomic industry. Over 95 percent of this sum has been spent on military application of this science. The stockpile of nuclear weapons has reached the stage of overkill with some estimates as high as twelve times the maximum needed to knock out all potentially military bases.

Senate ratification of test ban treaty and the filling of all possible military requirements poses the question of continued use and the very existence of the industry established to develop nuclear science. Capital investment in plants and structures alone exceed \$10 billion. This large investment is threatened with disuse and potentially destruction unless it is converted soon to effective peaceful uses.

The same nuclear force which creates military destruction can under proper controls be used to provide energy to meet mankind's needs. The present first tentative uses of

nuclear energy for production of electric power are uneconomic. They are uneconomic in part because of the artificially high costs which have been established for uranium and the custom-built plants in which the atoms of uranium are split to produce energy to turn the wheels of generating plants. These economic problems can be solved with the traditional methods of mass production and production line techniques which have been the boon to American industry: Therefore be it

Resolved, That the Industrial Union Department, AFL-CIO, calls for conversion of nuclear industry as a forerunner, and as proposed by Senator McGOVERN in the establishment of a National Economic Conversion Commission (S. 2274), of conversion of the military industries generally through the use of modern production line techniques to build nuclear powerplants and help light the underdeveloped world through the production of 1,000 power reactors established in the areas of greatest need to produce electricity and 1,000 reactors especially designed to use the energy of the atom to produce fresh water from the ocean for arid areas throughout the world.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to amendment No. 317, proposed to the committee amendment in the nature of a substitute, as amended. This amendment was proposed by the Senator from Alaska [Mr. GRUENING] as a substitute for lines 1 through 17, on page 50, of the committee amendment, as amended, relating to interest rates on development loans.

Mr. CHURCH. Mr. President, we are fortunate in having some columnists who understand the reasons and justification for current congressional efforts to reduce foreign aid. Such a balanced and objective observer is Arthur Krock, of the New York Times. In an article which appeared in the November 12 issue of the Times, Mr. Krock points out the legitimacy of current congressional concern over the foreign aid program. Although I cannot agree with the article in all particulars, it generally states a case worthy of our notice and approval. I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE CONSTITUTION KEEPS GETTING IN THE WAY

(By Arthur Krock)

WASHINGTON, November 11.—The Secretary of State, who is a man mild of manner and speech but—as they say in his native State of Georgia—"sot in his ways," last week supplied one of the two reasons for Congress' sharp reduction in the foreign aid budget when he said he doesn't "understand it."

Merely by reading the Senate speeches of the self-named liberals who are leading the fight for the budget cuts the Secretary could readily discover the first reason. It is, that the executive proposes to give President Nasser of Egypt the aid which pays for the military force he is using to back his refusal to withdraw his troops from Yemen; and to continue to provide aid to President Sukarno of Indonesia, who is sworn to destroy the new state of Malaysia, and to Brazil, where President Goulart is dissipating the aid by failing to control inflation. The second reason is that the only effective means Congress has to show disapproval of executive policies it disapproves is through the appropriating powers that the Constitution reserves exclusively to Congress, foreign policy not excluded.

The Senate, led by the Members who have been the staunchest supporters of foreign aid, simply has turned to the use of this means to impose on the executive budget for the next fiscal year the revision and rationalization of the foreign aid program that long has been overdue. Rusk's statement to his November 8 news conference that he disapproved of this "tendency to legislate foreign policy" is not at all surprising. What is surprising is his other statement that he doesn't "understand" the why and wherefore; and seems not to realize that with this assertion he was furnishing the general explanation of the situation he "does not understand."

Until and unless the President and the Secretary of State comprehend, if they really do not, what is so clear, the part of Rusk's news conference that states a sound principle of Government will not have the desired beneficial effect on Congress. This principle the Secretary phrased as follows: "I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries."

"It is not possible for the Congress to anticipate * * * what the circumstances are going to be in any given situation. * * * These are responsibilities carried by the President [who is] the one the country will hold responsible if things go wrong."

FLEXIBILITY IN DISUSE

But support in Congress of this sound precept in foreign policy is impaired when the Executive continues disuse of the flexibility in judgment it admonishes Congress not to impede—by perpetuating aid programs, such as those for Egypt, Indonesia, and Brazil. These are automatically self-defeating of the plain and declared objective of foreign aid. The eventual consequence, as is now being demonstrated, is that Congress will go too far in its efforts to restrain Executive flexibility.

An example was the Senate vote denying aid to any nation interfering with American fishing vessels in what the United States unilaterally decrees to be international waters. Diplomatic negotiation is the proper means, instead of legislation requiring other nations to accept U.S. charting of the seas. And only the Executive, not Congress, can conduct diplomatic negotiations.

Congressional foreign policy support by appropriation is also impaired when the Executive assumes leadership for this Government in coercing another to yield to military blackmail, and in violation of the United Nations Charter. Yet the administration, in concert with Secretary General Thant of the U.N., did precisely this to assure the success of Indonesia's threats of seizure of west New Guinea from the Netherlands.

This helped to build up the revolt in Congress. And in furthering the revolt Congress, of course, is using its constitutional power to

cut authorizations and grants from the revenues contributed by American taxpayers. Thus again the Constitution annoys one arm of the true Federal Government by getting in its way.

Yet though this constitutional power, and the reasons for the tendency to invoke it, are plain, strangely enough the Secretary of State "doesn't understand it."

Mr. GRUENING. Mr. President, the amendment now pending before the Senate is my amendment No. 317. In order that there may be a full attendance of Senators for debate on the amendment, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 228 Leg.]

Aiken	Gruening	Morton
Allott	Hart	Moss
Anderson	Hartke	Mundt
Bartlett	Hayden	Muskie
Bayh	Hickenlooper	Nelson
Beall	Hill	Neuberger
Bennett	Holland	Pastore
Bible	Hruska	Pearson
Boggs	Humphrey	Pell
Brewster	Inouye	Prouty
Burdick	Javits	Proxmire
Byrd, Va.	Johnston	Randolph
Cannon	Jordan, N.C.	Ribicoff
Carlson	Jordan, Idaho	Robertson
Case	Keating	Russell
Church	Kennedy	Saltonstall
Clark	Kuchel	Scott
Cooper	Lausche	Simpson
Cotton	Long, Mo.	Smathers
Curtis	Magnuson	Smith
Dirksen	Mansfield	Sparkman
Dodd	McCarthy	Symington
Dominick	McClellan	Talmadge
Douglas	McGee	Thurmond
Eastland	McGovern	Tower
Edmondson	McIntyre	Walters
Ellender	McNamara	Williams, N.J.
Ervin	Mechem	Williams, Del.
Fong	Metcalf	Yarborough
Fulbright	Miller	Young, N. Dak.
Goldwater	Monroney	Young, Ohio
Gore	Morse	

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

The PRESIDING OFFICER (Mr. NELSON in the chair). A quorum is present.

The Senator from Alaska has the floor.

Mr. BEALL. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. Mr. President, I shall be happy to yield to the Senator from Maryland, with the understanding that I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, the foreign aid debate during the past 2 weeks has generated a great deal of editorial comment. On November 10, 1963, the Washington Sunday Star, in an editorial entitled "Tired of It All," expresses what I believe to be the sentiment of the American people on the subject of foreign aid.

I am confident that the bill which the

Senate approves will reflect the demands of the American people that our tax dollars be expended with greater care and discrimination.

I now read the editorial, entitled "Tired of It All," for the RECORD at this point:

TIRED OF IT ALL

President Kennedy, in accepting a distinguished service award from a Protestant group, got in the following plug for his foreign aid program:

"I think the American people are willing to shoulder this burden. * * * Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?"

The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.

It is our belief that the American people, or most of them, are sick and tired of foreign aid. They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as "the American way of life." They are bored to tears with the threadbare argument that the Communists will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?

To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of Congress—an attitude which the President either can't or won't understand.

This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

I concur with what is written in the editorial. It certainly expresses my opinion. I believe it expresses the opinion of a majority of the American people.

I thank the Senator from Alaska for yielding to me.

CAN LAWS MAKE MEN EQUAL?

Mr. MILLER. Mr. President, one of the most scholarly and thought-provoking articles that I have read in a long time appears in the November 18 issue of U.S. News & World Report. It is written by Dr. Walter R. Courtenay, minister of the First Presbyterian Church of Nashville, Tenn.

I believe that the readers of the CONGRESSIONAL RECORD and others will find the article worthwhile reading, and I therefore ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAN LAWS MAKE MEN EQUAL?—A MINISTER'S ANSWER

(By Dr. Walter R. Courtenay, minister of the First Presbyterian Church, Nashville, Tenn.)

(NOTE.—"Equality"—That's the battle cry now, in the United States and around the world. But what does it really mean? Are all men actually equal? Can they be made equal by laws or by other government action? Does liberty necessarily provide equality? Can democracy guarantee it? This problem of "equality," says a Nashville, Tenn., minister, "may be in many ways the greatest problem of our day." In a sermon that has attracted widespread attention, this minister discusses the whole question of individual rights—also of individual and governmental responsibility.)

During the past summer the air was filled with the raucous sounds of conflict in Birmingham, Chicago, New York, and Danville. It was also redolent with discord within the United Nations, and within the backward countries demanding recognition. Accompanying these was the endless struggle of labor and capital, and the seemingly endless drain of our resources into the giveaway programs at home and abroad. The air was charged with social electricity as individuals, groups and nations fought for new status under the banner of equality.

Equality has intoxicated the modern world. Men walk starry-eyed through streets and halls dreaming of new days and improved status. The whole world seems in a peppy mood, and the bonfires grow larger and burn more fiercely, even as the songs, chants, and shouts of the participants become louder and more fervent. In a thousand tongues men scream their demands for equality, for place, for recognition, for rights, for privileges.

As one listens, he frequently hears the words, "All men are created equal, and are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness." But the words never end there, but hurry on to declare that it is the responsibility of government to make all men equal and to maintain equality amongst men. Still other words are heard, declaring that democracy has failed to establish equality, and that man, therefore, must now turn to socialism and communism.

In my summer setting, close to nature, I looked around for evidences of equality in nature, and found none. Trees and hills are not the same in breadth and height. Rivers and lakes are not of uniform size. Not all animals and birds are swift and beautiful. The lion does not recognize the equalness of the antelope, nor the fox the rabbit. Some fields are fertile and others sterile, and clouds and puddles are not the same, though both are water created. In nature inequality seems to prevail, and yet the inequalities of nature produce the beauty we admire.

As I thought of it, the same seemed to be true of history. Nations and races do differ in size, wealth, prestige, power, creativity, and vision. Some soar like eagles. Some build like beavers. Some grow like vegetables and weeds in the garden called the earth. Between individuals, races, groups, and nations there are broad differences, and equality is not a characteristic of either nature or human nature.

Having reached this point, my mind asked the question, "Can we have both freedom and equality?" Someone has said, "Freedom without equality tends to become license. Equality without freedom tends to produce stagnation." How can these great objectives

be secured without damage to the highest social system men have yet devised—democracy?

Looking back across history, I realize: that the Jews preached concern for the poor, but not equality. The Greeks preached democracy, but not equality. The Romans preached justice under law, but not equality. The Middle Ages in Europe preached Christ, but not equality. In fact, not until the French Revolution did men openly affirm that "Men are born and always continue free and equal in respect to their rights," and not until our declaration declared that "All men are created equal" did the world come alive to the possibilities of equality. These two events placed a new chemical in the cup of life, and the contents of that cup are changing men.

Here I paused to rethink the words, "All men are created equal." Are they? I could see that all men are created equally helpless, equally ignorant, equally inexperienced, equally sin touched, but I could not see how they could be said to be created equal in any other sense. Men do not begin life with an even start for all. Their beginnings are marked by differences in pedigrees, health, educational and moral levels, economic strength, social status, and personality potentials. There are broad differences in temperament, talents, drives, and desires. They do not begin life on a common line.

And what of the so-called unalienable rights, such as life, liberty, and the pursuit of happiness? Life is the gift of God, and so are liberty and happiness—in a certain sense. But being born is never enough. Getting here alive is only a beginning. In order to really live, one needs medical science, proper nutrition, adequate care, and a chance to become educated and equipped for adult responsibilities. As to liberty, it is not something that comes with birth. Liberty is man created, man achieved, and man maintained. God approves it, but man must win it.

Happiness is a byproduct of a way of life rather than something granted us by birth. It, too, is something we achieve by effort. It depends on many things: employment, purpose, personal development, and the right use of the opportunities and duties of life. Life God gives, but liberty and happiness we must achieve.

Having reached that state of mind, I wondered why men ever thought that government could make men equal and keep them equal. How can mere laws produce equality among men on a heart level? How can coerced fellowship ever become real fellowship?

WHAT GOVERNMENT MUST DO

That government has a role to play in the mighty, moving drama of man's progress is not to be denied. Our Constitution and our Bill of Rights stand to affirm it. It is the function of government to state the conditions of liberty, equality, and responsibility, but unless it is the will of the people to give life to the law, it will not work. The prohibition era proved that beyond our contesting.

Then why do we believe and state in our legal documents that "all men are created equal," and have "unalienable rights"?

I presume it is because we must find some means of limiting the powers of the powerful and of protecting the rights of the weak. Great power, unpoliced, tends to become destructive power. The rights of the weak tend to be lost in a land where only the strong prevail.

We all understand this, even as we all realize that the clamor for equality is always a push from below rather than a pull from above, although it has often been both in these United States. Slaves have never enjoyed being slaves. The poor have never enjoyed being poor. The exploited have never

been happy with exploitation. Those who fail have never been proud of their shortcomings, and the employed have always felt that it would be better if they were the employers.

It is from this level of life that the hunger for equality rises. It is here that Utopia displays its broad green fields and still waters. It is from here that the valley of Shangri-La appears as the answer to all the ills of man. It is the hopelessness of the masses that provides the soil for hope in those who will not surrender to the accidents of birth and environment, and it is well that it is so.

And yet, one must face facts. In any classroom of pupils only a few qualify under the letter A. Below these leaders of the class are the B students, and then the C's, and then the D's, and then the F's. Some, by ability and effort, rise to the top, while others, because of lack of ability or application, take their places on the descending curve of scholarship.

In every nation it is the same. Only a small percentage of people have the ability, the desire, the drive, the willingness to work and sacrifice, to foresee and prepare for success in any realm. The people who struggle to succeed are never interested in equality, but in superiority. Their goal is never the level of the masses, but a level above the masses. They endorse and espouse liberty because it creates for them a favorable climate in which to think, plan, create, work and achieve according to their abilities and desires. They never pace themselves by the speed of the mediocre, but by the speed of the best. They are never satisfied by crumbs; they want half loaves and whole loaves.

PEOPLE WHO MAKE PROGRESS

It is such people who made America possible, and who have always led men in the upward climb. They are, in truth, the benefactors of the race. It is their ideas and creativeness that establish businesses and industries, thereby providing employment for others, and the taxes that make community and national progress possible. They furnish our best leadership, and give to the Nation our best guarantee of security. It is because of them that progress is produced in all areas of life—the intellectual, the artistic, the economic, the governmental and the social. While they did not build America alone, they provided the means whereby our Nation came into existence and has continued on its upward way.

Looking critically at such a line of thought, I suddenly realized that the success of the few creates the inequalities that loom large in the minds of the many. The haves high-lite the have-nots. It is the successful who outlive the failures and all others who take their places on the curve of life as it sweeps downward.

During my summer days it seemed to me that:

It is the nature of some men to succeed, and others to fail.

It is the nature of some men to get by, and others to achieve.

It is the nature of the have-littles to want more.

It is the nature of the successful to seek to dominate.

It is the nature of those who are unsuccessful to resent it.

It is the nature of the poor to envy.

It is the nature of the wealthy to assume unjust privileges.

It is the nature of those who inherit wealth to use it well, to misuse it, or to feel guilty because they have it.

It is the nature of the intellectuals who receive their compensation from taxes or the gifts of the economically successful to advocate a change of system in order to get one wherein the intellectuals will be generously rewarded as business executives under free enterprise.

peaceful purposes with the widest possible dissemination of the fruits of that effort. But if development is to proceed under a rule of law rather than a rule of might, all nations must agree upon and accept international rules of behavior governing space activities.

These international rules of behavior, if they are to be fully effective, must relate to the conduct of both nations and individuals. When developed and accepted, these rules will become space law.

Some may question the need for "law" and its application in outer space, an environment in which man is now taking only his first experimental steps. Already, however, certain practical legal questions, though they have not yet arisen as judicial controversies, can easily be foreseen.

The basic question, fundamental to solution of all others, is: Where does space begin and national sovereignty end? The member nations of the U.N. have tentatively agreed that no nation may assert sovereignty in outer space, but they have not agreed on where above the earth's surface this injunction takes effect.

Usually we think of space as the area beyond the earth's atmosphere. But the atmosphere does not just end all at once. It simply gets thinner and thinner until finally there isn't any to speak of.

This presents a problem. For even on the surface of the earth there is often disagreement among nations about the geographical limits of national sovereignty. This is true, for example, with respect to the law of the sea. Some nations, including the United States, subscribe to the traditional theory that national sovereignty extends seaward a distance of 3 miles from shore. This "rule" came into being many years ago when 3 miles happened to be about the maximum range of weapons then in existence. But some nations insist that sovereignty should extend to 12 miles seaward from the shoreline. Quite a bit more is involved in this controversy than questions of national defense. For example, a nation may control fishing rights within the area of its sovereignty, but not in international waters.

But when legal questions arise in the settlement of disputes involving international waters, there is at least a body of international law that can be applied. Why, then, cannot there be general agreement that the basic principles of the law of the sea would also apply to outer space?

This would appear logical, but the problem is hardly that simple. The subject is complicated, among other reasons, because of the existence of the cold war and the fact that the United States and the U.S.S.R., the leading space powers, are also the chief antagonists in the cold war.

Moreover, within the framework of the tensions of the cold war it is often difficult or even impossible to differentiate between questions that are legal and those that are political. Even where the distinction can be made, agreement on international legal questions is obviously often influenced by international political considerations.

Both the United States and Russia have joined other member states in support of a United Nations resolution passed unanimously relating to peaceful uses of outer space. Among other things, this 1961 resolution commended to member states of the United Nations two important principles—first, that international law, including the United Nations Charter, applies to outer space; and, second, that outer space and celestial bodies are free for exploration and use by all states and are not capable of appropriation by any state.

It will be noted that this resolution reflects agreement "on paper" that international law applies in outer space. The resolution does not, however, purport to reflect agreement on what the law is, or ought to be, other than

incorporating by reference the provisions of the United Nations Charter. I need not remind the reader that more often than not there is disagreement between East and West concerning the application of United Nations Charter provisions to specific facts or circumstances.

Significantly, there is not even agreement on what constitutes "peaceful use" of outer space. It seems obvious enough that arming this new environment with weapons of mass destruction for aggressive purposes would not be a "peaceful use." And the United States has clearly and repeatedly stated its policy of not placing nuclear weapons in orbit unless forced to do so by action of the Soviet Union—while at the same time making clear our determination to take every legitimate step necessary to preserve our security and that of our allies. A United States-Soviet agreement not to orbit weapons of mass destruction has now been followed by a unanimous U.N. General Assembly resolution to the same effect.

But if "peaceful use" precludes launching H-bombs from outer space, what about orbiting observation satellites? The argument about so-called "spies in the sky" serves to illustrate how military-political issues act as roadblocks to progress in reaching agreement on practical legal questions.

In supporting the United Nations resolution of 1961 on the application of international law to outer space, the Soviets endorsed the principle that no nation could claim sovereignty over space or any celestial body. (There are some indications that they may have had second thoughts about the wisdom of this position, but they are clearly on record in support of the principle.) The law of the sea recognizes the free right of transit of international waters by the ships of any nation, including warships. Similarly, the use of the air space above international waters by military aircraft is perfectly legal and is generally accepted as a peaceful operation. At least, in the absence of some aggressive action, such transit is generally not characterized as nonpeaceful.

If space is to be really international territory, then its use by vehicles which have both military and civilian purposes would appear to be wholly permissible. But the Russians denounce the use of observation satellites as espionage, and seek to declare their use to be an invasion of sovereignty, on the grounds that the mechanical eyes of such satellites might look through the atmosphere above the terrestrial area over which a nation exercises sovereignty.

This Russian contention is somewhat novel from the standpoint of legal theory. If it is a violation of international law to observe any activity in a nation from a point outside that nation's border, then it would be a violation of law for anyone standing on a ship outside the 3- or 12-mile limit to look at the shore. If this is a violation of international law, then it surely is frequently violated.

In fact, this Russian contention is based more on political considerations than on legal considerations. It is probably influenced by their conviction that we are well ahead of them in the development of this type of satellite. The Russians frequently condemn something someone else has and they do not have.

It is also quite possible that Russian opposition to observation satellites is really a reflection of their fear of penetration of the secrecy upon which their society is built. If the Russians dared to open up their society as ours has always been open, the thought of mechanical eyes looking across hundreds of miles of air space would not be disturbing to them. But then, if the Communists really did open their society, it would constitute such a basic change in the nature of the Communist way of life that the whole course of the cold war would be changed anyway.

The fact is that observation satellites can serve both civilian and military purposes. They can measure solar and stellar radiation, observe the atmosphere or observe the earth and thus add significantly to the science of geodesy. Any major scientific or technological breakthrough in space development inevitably has both civilian and military applications. It would be impossible to eliminate the military implications of space research, and it would be foolhardy to ignore them. If the Russians persist in seeking to declare illegal any use of space which might have some military application, little progress can be expected in the development of space law.

The orbiting of nuclear weapons and the possible use of space vehicles for military purposes generally are not really legal issues at all. They are political issues. I do not think it realistic to expect that space can be isolated and dealt with just as though the political issues of the cold war did not exist. Neither East nor West will voluntarily abandon an advantage they believe themselves to possess, and all the talk about what is "legal" and what is not "legal" is often nothing more than propaganda.

But failure to resolve political issues need not mean that no progress at all can be made in reaching agreement on the application of international law in outer space. There is hope for progress through the approach of concentrating on the areas where political considerations are not dominant. The policy of the U.S. Government in seeking to emphasize specific legal topics (rather than propagandistic political pronouncements) in the discussions in the United Nations is fully consistent with this approach.

An example of a problem that should be susceptible to legal solution is this: What rule should govern financial liability for injury or damage to persons or property caused by a space vehicle accident? It is not beyond possibility that two space vehicles might collide. Perhaps likely to occur sooner is a space vehicle landing by accident or mistake in a country other than that from which it was launched.

In the latter eventuality, is there any obligation on the part of the state to provide assistance to astronauts who may land in their territory unexpectedly? What about the return of the astronauts and the space vehicle to the country from which the vehicle was launched? As of now, there are no agreed rules concerning the obligation of states to provide such assistance or the terms upon which they should do so.

The list of questions that might arise is almost endless. It is conceivable, to take another example, that before many decades a crime may be committed aboard such a vehicle in space. If so, what nation would invoke jurisdiction to investigate the crime and to punish the offenders? Would it be the nation above whose territory the incident occurred, or would it be the nation from which the vehicle was launched?

Again, we are hearing already about trips to the moon and back. If colonization of the moon or some other celestial body should become feasible, what rules will govern the ownership of property there? By what process will rights, if any, be established?

These are the types of questions on which the beginnings of a body of space law might gradually be built.

The law of the sea was not developed overnight. In fact, it is still in the process of elaboration and refinement and there is still disagreement about what the law is. That is one of the things that keep international lawyers busy.

The law of outer space will take some time to develop, too.

It must be remembered that international law is effective only to the extent that it is accepted by nations through their actions.

sion to a treaty or convention or through custom and practice over a period of years. A resolution adopted by a substantially divided vote in the U.N. General Assembly on a controversial cold-war issue will not be accepted as law by those nations which vote "no," and it will not have the force and effect of law.

On the other hand, it would appear wholly reasonable to expect the world community to agree, for example, on the rules for assessing liability, damages and means of collection should there be damage to property or persons arising from an accident associated with space research. Other topics that are primarily legal in nature should be equally capable of resolution. If agreement can be reached on this type of question, perhaps the formula by which it was reached can be successfully applied to broader questions relating to the conduct of nations in a world community within the framework of law.

There is some basis for encouragement in the fact that we have achieved an agreement for cooperation with the Russians in space research experiments. The bilateral agreement was an outgrowth of an exchange of letters between President Kennedy and Mr. Khrushchev which was followed by talks between Dr. Hugh L. Dryden of the National Aeronautics and Space Administration and Dr. Anatoli Blagonravov of the Soviet Academy of Sciences. The agreement was announced during the United Nations debate on outer space last fall. It provides for joint United States-U.S.S.R. experiments in mapping the earth's geomagnetic field, in meteorology and in space communications.

This agreement, though limited in nature, is significant if for no other reason than that it indicates there are some areas in which our two countries have found it possible to cooperate in outer space development. If successfully implemented it can, perhaps, lead to other and broader agreements. The Dryden-Blagonravov agreement relates to scientific and technical matters. It was achieved despite political differences. Similarly, agreement should be possible on some legal questions if we can isolate those questions from political considerations.

Perhaps if we can build on these small areas of agreement an escalation of the arms race into outer space can be avoided. It is conceivable that science and technology, so often in history energized by the threat or event of war, may, through space research and development, pave the way for removal of the barriers erected by hate, fear and suspicion.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. GRUENING. Mr. President, I offer my amendment 317, and ask that it be read again.

The PRESIDING OFFICER. The amendment has already been read and appears in the CONGRESSIONAL RECORD.

The question is on agreeing to the amendment offered by the Senator from Alaska [Mr. GRUENING] to the committee amendment in the nature of a substitute.

Mr. GRUENING. I should like to have the yeas and nays. Apparently there is not a sufficient number of Senators in the Chamber. Therefore I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, the bill before the Senate makes a minor but, I believe, an important reform in the terms by which development loans are made under our foreign assistance program.

Last week I suggested that the borrowing rate be precisely the same as that which the United States is required to pay, which is in the neighborhood of $3\frac{1}{4}$ to 4 percent. By a small margin the Senate, in its wisdom, defeated my amendment to accomplish that purpose.

The present amendment is designed to make the interest rate a flat 2 percent. The present Senate version of the bill provides three-fourths of 1 percent for 5 years, and then 2 percent. I can see no reason for that unusual and unsound combination. Loans should be loans and loans with a concealed grant. If the rate were made as modest as 2 percent, I do not see how anyone could seriously object. Two percent is also the rate in the House version of the bill. If both Houses could agree on that rate, we would have obviated a possible long wrangle which might take place in conference. We want to pass a foreign aid bill. It has been a long time coming. This is a wise, sound amendment. I can think of no reasonable objection to it. I can see no reason why any Senator should object to exacting a modest 2 percent on foreign development loans.

I hope the amendment will be adopted.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield to the Senator from Oregon.

Mr. MORSE. Does not this amendment provide the same rate as is provided in the House bill?

Mr. GRUENING. It is identical with the rate in the House bill. If it were adopted, it might obviate a long wrangle and possible deadlock in conference. It would remove one area of conflict. For that reason alone, in addition to its saving of funds, the amendment should be adopted.

We want to move along with the foreign aid bill. It has been greatly improved in the past 10 days. When it goes to conference, there should be eliminated as many areas of conflict as possible. If this modest amendment, which would make the interest rate a straight 2 percent, were adopted, there would be no conflict with the House over this issue, because this provision is identical with the House provision.

Mr. MORSE. Mr. President, I hope the Senate will adopt the amendment. We have reached the time in our foreign aid program when the so-called giveaway feature of our loans must be ter-

minated. The interest rate ought to be more than 2 percent. It ought to be a rate which would cover the cost of the use of the money. However, such a proposal has been rejected.

The House has proposed a 2-percent interest rate. That would bring to an end the three-fourths of 1 percent rate, which hardly covers more than the bookkeeping cost of the loan.

Furthermore, we are not buying friends with the three-fourths of 1 percent loan program. We are not developing in those countries a satisfactory judgment concerning the use to which the money is put, as would be the case if the interest rate were 2 percent.

Also, the 2-percent interest rate would have a salutary effect on the nature of the projects with which those countries would finally initiate.

More important, raising the rate to 2 percent would have great psychological value. It is important to impress upon the recipient countries that the era has passed when the United States will give away its taxpayer dollars. We are willing to lend money to them for sound projects. To help them to compete longer by way of what amounts to a combined loan and grant program, we will offer a 2-percent interest rate, which is less than the cost of the money.

Furthermore, we should think in terms of what is fair to the taxpayers. It is interesting to observe that other countries, when they enter into any foreign aid program, by and large—there are some exceptions—charge an interest rate in excess of the rate we charge. Sometimes we find ourselves in the position of making loans at low rates of interest, only to learn that some of the money is used to pay off loans that have come due in other countries at a much higher rate of interest. That is not fair to the American taxpayers. It is not only the calamity howlers we hear on this point. Some are howling, but to increase the interest rate would not bring the program to an end. There would still be a strong demand for loans at 2 percent. Stronger projects would result. It seems to me that we have a duty to charge a minimum of 2 percent in fairness to the taxpayers.

Mr. FULBRIGHT. Mr. President, the committee bill contains a provision on loan terms that the committee worked on at some length. The bill now provides a rate of three-fourths of 1 percent for a maximum of 5 years, and a rate of 2 percent thereafter. This is quite a stepup from the administration of the present law, which has included a 40-year limitation and whatever interest terms the President may determine, which have been three-fourths of 1 percent. This is the minimum, of course, throughout the period.

As reported by the committee, the bill retains some discretion for the President, and some flexibility for the new, underdeveloped countries. It is believed to be important that they be given a chance to start with the minimum burden upon their requirements for foreign exchange. In other words, it is desired to enable projects in the newly developing coun-

tries to be started without creating a serious problem in the servicing of the loans.

This is not a moneymaking proposal; no one pretends that it is. We are not operating a pawnbroker's shop. This program is strongly influenced by U.S. foreign policy considerations, as distinguished from the operations of the International Bank and some of the other international financial institutions, or the Export-Import Bank. The program is designed to provide for really needy countries. It was never intended, and is not now intended, to make money, but to afford the developing nations an opportunity to get on their feet.

The ultimate repayment, which is the important part, would be promoted by the terms of the committee bill. I believe they would ease its administration.

I hope the Senate will not accept the amendment.

The PRESIDING OFFICER (Mr. NELSON in the chair). The question is on agreeing to the amendment of the Senator from Alaska [Mr. GRUENING] to the committee amendment, as amended, in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from California [Mr. ENGLE] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Minnesota [Mr. McCARTHY]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Minnesota would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER], the Senator from Colorado [Mr. DOMINICK], and the Senator from Vermont [Mr. PROUTY] are detained on official business.

On this vote, the Senator from Colorado [Mr. DOMINICK] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 41, nays 47, as follows:

[No. 229 Leg.]

YEAS—41

Allott	Fong	Proxmire
Bartlett	Goldwater	Robertson
Beall	Gruening	Scott
Bennett	Hruska	Simpson
Bible	Jackson	Symington
Burdick	Johnston	Talmadge
Byrd, Va.	Jordan, N.C.	Thurmond
Cannon	Jordan, Idaho	Tower
Cotton	Long, Mo.	Walters
Curtis	McClellan	Williams, Del.
Dodd	Mecham	Yarborough
Eastland	Morse	Young, N. Dak.
Ellender	Mundt	Young, Ohio
Ervin	Pearson	

NAYS—47

Aiken	Hill	Miller
Anderson	Holland	Monroney
Bayh	Humphrey	Morton
Boggs	Inouye	Moss
Brewster	Javits	Muskie
Carlson	Keating	Nelson
Case	Kennedy	Pastore
Church	Kuchel	Pell
Clark	Lausche	Randolph
Dirksen	Magnuson	Ribicoff
Douglas	Mansfield	Saltonstall
Edmondson	McGee	Smathers
Fulbright	McGovern	Smith
Gore	McIntyre	Sparkman
Hartke	McNamara	Williams, N.J.
Hickenlooper	Metcalf	

NOT VOTING—12

Byrd, W. Va.	Hart	Neuberger
Cooper	Hayden	Prouty
Dominick	Long, La.	Russell
Engle	McCarthy	Stennis

So Mr. GRUENING's amendment to the committee amendment, as amended, was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the amendment to the committee amendment, as amended, was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay on the table the motion to reconsider.

Mr. GRUENING. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the motion of the Senator from Arkansas [Mr. FULBRIGHT] that the Senate reconsider the vote by which the Gruening amendment to the committee amendment, as amended, was rejected.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I offer my amendment No. 316, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 33, line 2, it is proposed in lieu of "\$225,000,000" to insert "\$220,000,000".

On page 40, line 5, it is proposed in lieu of "\$400,000,000" to insert "\$350,000,000".

Mr. MORSE. Mr. President, before I turn to the amendment, I wish to comment on a statement made last night by the committee chairman which appears on page 20531 of the RECORD, dealing with my contingency fund amendment. The Senator from Arkansas [Mr. FULBRIGHT] said:

Mr. President, I wish to take only 2 or 3 minutes to say that I believe the amendment would be a very serious setback to the Alliance for Progress program. All loans are directly or indirectly made for the purpose of supporting the balance of payments. The main purpose of the whole program, whether it be in Latin America or anywhere else in the world, is to provide the means by which the recipient country can import materials which it cannot produce. This is particularly true of Latin America. It is very difficult for me to think of loans which would not come under the prohibition of the pending amendment, particularly with regard to the balance of payments.

The theses of my argument were that there existed many loans that would not come under the amendment. The AID officials themselves so admit. They know what loans would not come under it, contrary to the views of the chairman of the committee.

The Senator from Rhode Island [Mr. PELL] had printed in the RECORD a table which he obtained from AID. The table lists the loans, and, of course, it lists the classifications that would come under my amendment. The list is as follows:

1. Development project loans and grants, percent of total.
2. Development program loans, percent of total.
3. Balance-of-payment financing, percent of total.

That is what came under my amendment.

4. Budget support loans and grants, percent of total.

That is the other classification that came under my amendment. The first two groups—development project loans and grants and development program loans—did not come under the amendment. They could not come under the amendment. AID recognizes this fact. They maintain their own category of differentiation. I merely wished to put that statement into the RECORD because I knew whereof I spoke when the amendment was offered and knew the distinctions among such loans.

AMENDMENT NO. 316

I turn now to the consideration of my amendment No. 316. The amendment would combine and revise my earlier amendments numbered 256 and 257. Those amendments may be offered separately later with different figures.

The material on page 33 of the bill deals with both the grants and is section 212 of title II. My amendment would reduce the figure of \$225 million proposed by the Foreign Relations Committee to \$220 million, thus bringing it closer to the House figure of \$217 million.

Mr. President, I am being very considerate when I propose a cut of only \$5 million in the program. I am not proposing more because the program does deal with projects, although great savings could be made and great waste could be eliminated in some of the project loans.

The material on page 40 of the bill deals with supporting assistance, and is

chapter 4 of the program. My amendment would reduce the \$400 million proposed by the Foreign Relations Committee for supporting assistance to \$350 million. That is a small amount. It could very well be much larger. Yesterday I indicated, and wish to indicate now, that I hope some understanding can be reached during today, tomorrow, the next day, or next week—the earlier the better—whereby the cut in the Senate would be \$500 million, which would leave a Senate version of \$3,700 million and a House bill of \$3,500 million. It is impossible to say what the conference would do, but I do not think it would do much better than split the difference. But why delude ourselves? I do not believe that there is a Senator who believes that the final appropriation will be any considerable amount, if any, over \$3 billion. When the two Appropriations Committees go into conference, they will probably be compromising between approximately \$2.7 billion and \$3 billion.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. We speculate on the total amount of the bill, but, as I have proposed, the bill should be examined country by country. Today in the news we read that another country has eliminated itself voluntarily from our aid. Cambodia has said that it does not want our aid, either economic or military.

Mr. MORSE. Unless we take her dictation.

Mr. GRUENING. It does not want our military aid nor our economic aid. It wants us to get out. Cambodia is one of the so-called dominoes in the Far East that we do not want to see fall. But this has now become Cambodia's choice and decision. Cambodia is a middle domino which has taken itself out voluntarily.

Will our foreign aid administrators go to Cambodia and insist that it must take our money? Obviously not. At least I assume not. So there is approximately \$18 million or \$20 million which we can take off the total.

As I said on the floor the other day, we should go through the list of countries one by one. We should determine the countries that would be eliminated by the Church amendment. They are the countries that are prosperous, made so by U.S. aid—France, West Germany, the United Kingdom, the Netherlands, Belgium, Spain, and Japan. We should take out the aggressor nations which have been barred by specific amendments, such as Egypt and Indonesia. We should take out the countries that have been dropped from the program—more or less as they should be—because they have received enough aid. I refer to such countries as Israel, Lebanon, and Greece. We should consider Taiwan. If we would do so, we would arrive at a figure which is much more reasonable than that which is now being discussed.

Though it is all very proper to make them. I do not believe in blanket cuts. I think we should approach the question in a scientific, scholarly, studious, and

detailed manner. We should consider the program country by country and find out what the countries have been doing. In the past 2 days we have had ample confirmation of the fact that Argentina and Brazil do not qualify under the rules established by mutual agreement of the American republics at Punta del Este. These two, Brazil and Argentina, do not want any part of that program. They do not want to revise their economy. They make no effort to stop inflation. They shy at making the needed reforms. President Goulart has said as much. He said that the Alliance program is no good. Although we have poured \$2.5 billion into Brazil, he did not have the courtesy to mention our generous contributions. Argentina has rebuffed Secretary Harri-man's efforts to obtain a square deal for the American oil companies and to abide by agreements made with them. There goes the Argentine.

As we debate, we may find that more and more countries will drop out for one reason or another either because they "want out" or because they are obviously disqualified. So I believe the estimates which the Senator from Oregon makes are very generous. It is much more likely that the program will be cut further, and the cuts will improve the program, because they will enable us to concentrate on the countries which are qualified and are trying to do their part in self-help, which wish to "play ball" with us, by establishing a program that will be fiscally sound and make the necessary reforms. So I invite the attention of Senators to the fact that as every day passes this country-by-country approach seems much more logical, reasonable, and proper.

Mr. MORSE. Does the Senator from Alaska propose to have the article published in the New York Times on Cambodia printed in the Record?

Mr. GRUENING. Yes, Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the New York Times of November 12, 1963, entitled, "Cambodia To End U.S. Aid—Says Troops Must Go," with the sub-heading "We Will Be Poorer, But More Independent," Prince Says." That is Prince Norodom Sihanouk.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 12, 1963]

CAMBODIA TO END U.S. AID—SAYS TROOPS MUST GO—"WE WILL BE POORER, BUT MORE INDEPENDENT," PRINCE SAYS—CHINESE COMMUNISTS TO BE ASKED FOR ASSISTANCE

PNOM PENH, CAMBODIA, November 12.—Prince Norodom Sihanouk renounced today U.S. military and economic aid as of January 1, 1964, and said French and American troops must leave his southeast Asian kingdom.

There was no indication that the neutralist head of state would renounce the aid he has been receiving from the Soviet Union, Communist China and other Communist countries. He said he would call in five Chinese Communist experts to help organize state control.

Only yesterday the Prince announced the nationalization of import and export business here and the nationalization of Cambodian banks as of the end of next June.

He called the moves part of his program of advanced socialism.

Prince Sihanouk, who stepped down as king so he could rule more firmly as chief of state, has received about \$365 million in U.S. aid since his country became independent in 1955. At that time French Indochina was divided into Laos, Cambodia, and North and South Vietnam.

The Cambodian leader has tried to maintain a strictly neutral role in southeast Asia. In announcing his decision to give up American aid he said at a news conference that "by this measure we will be poorer but more independent."

There was no sign that Prince Sihanouk planned to abandon his neutrality in the cold war. But in recent years he has been increasingly annoyed with the United States for the vast military aid given to neighboring Thailand and South Vietnam.

Border clashes have been frequent with South Vietnam, and on August 20, 1962, the Prince asked the 14-nation group that wrote the cease-fire agreements for the civil war in Laos to meet again to guarantee Cambodia's neutrality.

Most of the Communist countries agreed, but the United States and Britain were lukewarm. President Kennedy suggested that interested countries reaffirm their respect for Cambodian integrity and independence.

Prince Sihanouk said this was not enough. He later threatened to ask Peiping to send in enough forces to discourage aggression.

U.S. OFFICIALS CONCERNED

WASHINGTON, November 12.—Officials expressed concern today over the announcement by Prince Sihanouk.

Cambodia, which is about the size of Utah, has a strategic importance in the cold war that overshadows its dimensions. The United States keeps about 60 men there to oversee the military aid program, which last year totaled \$10.4 million. Economic aid was put at \$18.8 million in 1963.

Some officials were disturbed by the possibility that Prince Sihanouk might draw Cambodia closer to the Communist bloc, particularly Communist China.

Cambodia is bordered by South Vietnam, Thailand and Laos. If she shifted away from her nonalignment policy she could drive a wedge between Thailand and Vietnam, creating a serious situation for the United States on the Indochina peninsula.

Mr. MORSE. We are dealing with a kingdom.

Mr. GRUENING. Yes.

Mr. MORSE. This great democrat in Cambodia is a monarch. If we read the article, it is clear that if we should surrender to his dictation he might condescend to take more American aid, but on his terms, of course. That is what is wrong with much of the foreign aid program.

I am glad the Senator made mention of the so-called domino theory. It has always been highly fallacious, but as the Senator says, Cambodia is not the end domino but a middle domino. It will merely withdraw from the line.

One of the great fallacies is that we require the so-called domino countries for the defense of American interests in the Pacific. That is complete nonsense. It has always been nonsense. The American position in the Pacific and the defense of those countries as well happen to be dependent upon the U.S. 7th Fleet, the American air armada, and the thousands and thousands of American boys in uniform scattered throughout the Pacific.

In most of those countries, 10 Boy Scout troops could lick their armies. In many of those countries there is no will to fight. Yet we continue to pour into those countries heavy dosages of military aid, and we pay their armies out of the pockets of American taxpayers, as a sort of employment program.

They are most remarkable armies. They go into battle and come out either with no casualties or no wounded or only a few scratches, because they have no will to fight. We have been "taken for a ride" in this entire program in that part of the world. As one Senator, I am not going to vote for it.

I was opposed to our going into South Vietnam, and I am opposed to staying there and do not intend to vote to murder American boys in South Vietnam. We are not going to get any effective military fighting out of the South Vietnamese. We should pay attention for it may be only a few years before they will be making a deal with the North Vietnamese, anyway.

I am for protecting American interests in the Pacific, but I am for protecting them with American forces—the American naval, air, and land forces. Any time those countries want to offer to go along with a program of sound foreign aid, in which they will agree to help themselves and get off the American dole, I will begin being interested in some foreign aid in that part of the world.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. Does not the defection, if we can call it that, of Cambodia, from our foreign aid program, in the judgment of the Senator from Oregon, necessarily give us pause for consideration of a revision of our military policy in southeast Asia?

Mr. MORSE. Of course, I believe there should be a revision of our military policy in South Vietnam. There is an article in this morning's press about one of our generals who has been in charge of the American military program in South Vietnam, who is reported to be not in the best of grace with the new regime. So, I suppose we will once again surrender to that group of politicians. I do not know what the outcome will be, but we should not downgrade American generals and American military forces anywhere, including South Vietnam.

Mr. GRUENING. Is it not also obvious that, although our military assistance program has not been materially modified in recent years, strategic considerations have very greatly changed, as demonstrated by the success of the great airlift, which has proved that in a matter of a few hours we can transport the troops necessary to any given point?

Why must we support standing armies in all kinds of little countries, in some of which as the Senator from Oregon has said, there is not even the will to fight?

Mr. MORSE. All the world—including, incidentally, West Germany—knows that protection of freedom is dependent upon U.S. nuclear power. All Europe knows that if Russia makes an offensive

move against a NATO ally, under our commitments she will be confronted with American nuclear power. The sad and awful thing about it is that we, too, will be confronted with nuclear power. That is the terrible gamble and risk mankind is running.

I do not propose to vote to weaken the greatest defense weapon we have, the American economy, which makes possible our nuclear power, until that glorious day of peace, when all mankind comes to its senses and recognizes it must have an enforceable disarmament program that will bring an end to this insane nuclear armaments race. That probably will not happen in the Senator's time or in mine; but we cannot justify continuing to undermine the American economy, as we are doing, with so much of this foreign aid program—the President's speech in New York last Friday to the contrary notwithstanding.

I reiterate by reference at this moment to the criticisms I made of that speech yesterday on the floor of the Senate. In my judgment, it was not a sound speech.

With respect to what Europe knows and what we have demonstrated by the airlift program, as to how fast we could move men to Germany, if we wish to move men—we will not be using many men in a nuclear war—that airlift was a great demonstration of American military efficiency, might, and power.

But, what did our Secretary of State do? In spite of that demonstration, he assured Erhard that we will not bring our American boys home. We should bring home four divisions. That would have a terrific effect on the American balance-of-payments problems. It would have a great effect on the American economy. I know that is political heresy for a Democrat to utter on the floor of the Senate. I do not mind being a heretic, when I know I am right, and when I know I am supporting the best interests of the American taxpayers, as the American taxpayers are going to make perfectly clear in the months ahead. A good many persons are not thinking ahead as to what the position of the American people will be.

Mr. GRUENING. I am confident that when the bill, in its vastly bettered form, is passed by the Senate, there will be almost universal approval in our country of the improvements that have been made under the leadership of the Senator from Oregon. If any criticism is to be made, it may be that we have not gone far enough.

Mr. MORSE. We have not gone far enough.

Mr. GRUENING. But that is not because of any lack of enthusiasm or energy on the part of the leaders or of Senators who have sought to improve the bill.

Mr. MORSE. I do not know about that; all I know is that we have not had the votes. A majority should have stood with us.

Mr. GRUENING. That is correct.

Mr. MORSE. For example, last night, in connection with the contingency fund, we tried to end a misuse by the President of the United States of the taxpay-

ers' dollars in a contingency fund, whereby the President and his predecessors poured millions of dollars into balance-of-payments and budget support programs in Brazil, the Argentine, Ecuador, and, of all places, Indonesia, and other countries in the world. But the American people do not know such ugly facts. They do not know that Congress has voted the President of the United States unchecked discretion to spend, at his will, without obtaining prior approval of the Congress for the specific amount of money he wished to pour into some country's "slipping" money, or budget support money.

We must inform the American people in the months ahead. I am convinced of the sound judgment of the American people once they grasp an understanding of the abuse of Presidential power.

Under our system, I do not think any Congress can justify voting to give any President such unchecked discretionary power to take, at his will, millions of dollars of the American taxpayers' money and say to the President of Brazil, "You can have it for budget balancing, for budget support," when we in this country have a serious deficit, running into billions of dollars, and when we have such a serious balance-of-payments problem that some of our leading economists are very much concerned about the American gold supply.

When will there be a stop to the raiding of the U.S. Treasury? When will there be a stop to the raiding of the pockets of the American taxpayers? I will tell Senators when—when the American taxpayers obtain the facts and enter that great citadel of freedom, the voting booth, and hold officials to an accounting for such malpractices.

I thank the Senator from Alaska for his contribution.

Speaking of the pending amendment, I fully appreciate that taken together, these changes would reduce the pending bill by only \$55 million. To some, it would appear that to discuss figures amounting to less than \$100 million is to waste the time of the Senate.

But \$55 million is not chickenfeed. If we add the 5's and the 10's and the 25's and the 50's, a careful pruning of the bill adds up to a substantial accumulated saving for the American taxpayer. That is the objective of the Senator from Oregon and my wonderful colleagues who have stood with me in this fight in the Senate to bring about, at long last, some reforms in the shocking foreign aid program.

I consider such a saving to be important because it deals with grant programs. Supporting assistance is, in particular, a source of concern to me for the reason that, if we are ever to get foreign aid on a loan rather than a grant basis, we will have to see the end first of supporting assistance.

"Supporting assistance" is a deceptive phrase. We must watch the State Department when it uses such phrases. It uses genteel words that have a tendency to lull public opinion. They act as opiates. Explanation is in order for the record as to what "supporting assistance" involves.

Supporting assistance is most frequently the category used for political purposes. It is the most frequently used to enable other nations to balance their budgets, a goal that we are willing to go into deficit financing in order to help others achieve. Supporting assistance is nonproject grant aid.

Supporting assistance is nonproject grant aid. No forensic weeping should be heard on the floor of the Senate, from any of the spokesmen for the President, about any interference, in this amendment, with project aid, for in connection with supporting assistance there is not a project involved. What is involved is an attempt to stop American support of the Brazilian budget. Even if the President of Brazil had not made his attack yesterday on the United States, I would say this. Why should we grant a dime to the President of Brazil to shore up his budget, when the President of Brazil has made an economic record as worthless as an infertile goose egg? If anyone can tell me anything more valueless than an infertile goose egg, I would like him to tell me what it is.

The President of Brazil has done nothing about inflation in that country. He has done nothing to carry out the commitments his Finance Minister made in Washington a few months ago—the so-called austerity reform Brazil was supposed to inaugurate, and the great program in the field of fiscal reform Brazil was to inaugurate, if she could get only a few more million of dollars for budget support, for supporting assistance.

We are taken for a bunch of suckers in conference after conference. Our State Department falls for it, and the American taxpayers are rooked. The press does not like that word. It has criticized me for saying that the American taxpayers are being rooked. The American people know what it means, and the press knows what it means. But if the press engaged in a Pravda line of supporting the administration on the foreign aid giveaway program, it does not like specific language that leaves no room for doubt as to what I mean.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Iowa.

Mr. MILLER. In connection with the comments on Brazil, it might be well to show at this time that for the fiscal year 1963 Brazil received \$67,200,000, in development grants and loans, and \$61 million in assistance under Public Law 480.

I point out further that while this was going on Brazil was unable to pay \$287,000 in back assessments to the United Nations for 1961 and prior years.

The point I am making is that one wonders why, with \$61 million in Public Law 480 assistance and \$67,200,000 in development loans and grants, somehow or other Brazil was unable to become current in its payment of assessments to the United Nations.

Mr. MORSE. I thank the Senator very much for bringing out those facts. While those are startling enough, I shall cite even more startling figures as to what Brazil has been getting.

The amendment is offered not only on behalf of the Senator from Oregon, but also the senior Senator from Louisiana [Mr. ELLENDER].

He is known familiarly and affectionately in the Senate as the "Little Giant." So far as I am concerned, he is a big giant. I wish to pay my respects to him. He has been far ahead of us for many years in connection with the need for reform in foreign aid. When some of us were still engaged in the luxury of wishful thinking and hoping that the State Department would bring about some needed changes in the foreign aid program, and when year after year in the Foreign Relations Committee I participated in the debate, and when we pleaded with the State Department to do something about it, the Senator from Louisiana [Mr. ELLENDER] year after year stood on the floor of the Senate and forewarned us of many of the things which now have become known as facts to all Senators.

It has been a long time coming. I thank the Senator from Louisiana publicly for the privilege that I have had of working with him on the bill this year and standing shoulder to shoulder with him as we fought on amendment after amendment to try to protect the interests of the American taxpayer.

I had made the point that supporting assistance was nonproject grant aid. In that respect, it is far more deserving of elimination than development grants, because development grants go into specific projects that may be in the nature of education, health, or some similar social improvement that does not repay itself on a scheduled basis, but which nonetheless can be evaluated for its impact upon the welfare of the people.

The small amount that I am recommending in development grants is much smaller than what really should be offered, but the amendment makes a package, along with the \$50 million proposed cut in supporting assistance of \$55 million. I repeat that it is not true that supporting assistance goes into projects. For the most part it goes into budget support in countries which have not been willing to adopt reforms that they ought to adopt, in order to settle their own budget problems. The Senator from Iowa [Mr. MILLER] and the Senator from Alaska [Mr. GRUENING] have been pointing out the great deficiencies which have prevailed in Brazil. Yesterday we were treated to an anti-American speech by the President of Brazil, whose country has been the recipient of millions of dollars of supporting assistance and contingency fund assistance from the President of the United States, but who is opposed to any arrangement being arrived at in São Paulo for a multilateral group to study and evaluate the Alliance for Progress programs. Apparently he is a "go-along-alone-er." He is the President of a country which has been the beneficiary of millions of dollars of misused presidential contingency fund money, unknown at the time to Congress or to the American taxpayer.

It is never safe in a democracy to give any administrator of government—Pres-

ident, Senator, Congressman, sheriff, constable, or anyone else—unchecked discretionary power. That is when abuses develop. A procedure that permits abuse is a bad procedure, and restrictions ought to be written into it that will check the abuse.

Last night I gave the Senate an opportunity to write restrictions. That was a vital rollcall. The voters of America should pay attention to that yea-and-nay vote, for that vote shows that the majority of this body is willing to let the President of the United States continue with unchecked discretionary power.

We cannot reconcile that procedure with our representative form of government. We cannot reconcile it with our system of checks and balances, which is so essential to maintain and preserve and protect the freedom of the American people.

We are dealing with support assistance, which ought to be checked. Support assistance is the American dole to countries that refuse to initiate reforms. Support assistance is a dole to the President of Brazil, for the runaway inflation that has gone over 100 percent, to the president of a country that refuses to adopt economic reforms which are necessary to stabilize the country, to a president of a country whose wealthy oligarchs make money from American foreign aid and sink it in New York and Swiss banks, not in the future of the economy of their country.

That is the problem we are dealing with.

Mr. President, after a series of conferences, I announce a modification of my amendment No. 316, by striking out lines 1 and 2 of the amendment. This modification of my amendment would eliminate from consideration any cut in the development grant program.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The Senator from Oregon will state it.

Mr. MORSE. Is it true that I have the parliamentary right to modify my amendment?

The PRESIDING OFFICER. The Senator from Oregon has the right to modify his own amendment.

Mr. MORSE. I thank the Chair.

I announce that at a later hour amendment No. 257 shall be called up, which deals directly with development grants. Several Senators have told me they will support that part of my amendment which deals with support assistance, but they find it difficult to support a cut in development grants. In order to separate the two issues, I have modified my amendment accordingly.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CHURCH. I am pleased to learn that the Senator from Oregon has chosen to modify his amendment by striking from it that part which would reduce the technical aid program. I ask the Senator whether this leaves the amendment in such form as to be limited to defense support exclusively?

Mr. MORSE. That is correct.

Mr. CHURCH. Does the amendment now provide for a reduction in the defense support program from \$400 to \$360 million?

Mr. MORSE. To \$350 million.

Mr. CHURCH. To \$350 million?

Mr. MORSE. It would be a \$50 million cut.

Mr. CHURCH. I should like to support the Senator in his objective. He knows that I have long felt that the program of military support assistance is open to very serious question, because this is the kind of aid we are giving some countries that receive an excessively large slice of the American aid "melon." Therefore, I believe the amendment would reach through to some of the countries the Senator and I discussed yesterday in the course of our colloquy in the Chamber. I feel that we need to take into account the action which has already been taken in the other body, where this particular item was reduced to \$380 million.

If the Senate were to approve the amendment offered by the Senator from Oregon in its present form, it would mean that the Senate would reduce this item \$30 million below the House figure. In view of the large cut that has already been approved in the House, I am not prepared to cut this item below the House figure.

If the Senator from Oregon were willing to modify the amendment and substitute the House figure of \$380 million, the result would be to effect another \$20 million cut and reduce this item to the same level as the House figure. If the amendment were so modified, I would support it. In fact, I would like to join the Senator in offering the amendment in such modified form.

Mr. MORSE. I appreciate the suggestion of the Senator from Idaho and shall give it careful consideration. I am not in a position at the present time to accept the suggestion, because of my commitment to other Senators and because of another problem I frankly presented to the Senator from Idaho and other Senators.

This is one place where the House could have cut the item more than it did and left us a sounder foreign aid bill. The Senate could take \$50 million off the authorization for supporting assistance and have a much sounder bill. But I have suggested to some of the proponents of the bill that we ought to face the reality of what the final appropriation is likely to be. In my judgment, it will not be more than \$300 million, and probably not that much. If we are to have a conference with the House, it would be well to have figures below the House figures, at least for consideration.

Be that as it may, I had hoped that some understanding could be reached on an additional \$40 million cut. It would bring the total cut in the Senate to \$500 million. It stands at \$460 million now. Although we could save more money, so far as I am concerned that would be a pretty workable figure to take to conference. It would save much time because, unless we can arrive at what we think is a workable figure, we shall have to con-

tinue to try to cut the authorizations in the bill amendment by amendment, which will involve a list of amendments providing for cuts country by country.

I have said that I do not believe that defeating those of us who believe this cut should be greater by yea and nay votes—which will continue to show, I am sure, a substantial number in this body who are fed up with the bill and the programs it represents—is helpful to obtaining ultimately good foreign aid support in this country. But if that is the way the administration wants to operate, it is all right with the Senator from Oregon. I will not be deterred by what probably was a very unsound speech of the President in New York City the other night. The President himself, or his secretary ought to be in consultation with us on this subject. We have no intention of stopping the fight. We are going to give the Senate an opportunity to work its will amendment by amendment.

I thank the Senator from Idaho very much. I am not rejecting his suggestion and shall go into consultation with other Senators about it later. However, this is the place where the administration could agree to take another \$40 million cut and have a stronger bill, because if there is one area which we ought to reform, it is in connection with supporting assistance.

Supporting assistance is the payroll on which we put nations all over the world that are unwilling to put their economic houses in order and unwilling to live within their means.

We offer to make up the difference between the scale on which they want to live and the scale on which they can afford to live, and we do it with supporting assistance, at the expense of the American taxpayer.

Supporting assistance goes into a nation's budget and is forever lost to the sight of the American taxpayers whose money it was. Wherever there is a country in the world receiving supporting assistance, there is a country that wants a military machine that it cannot support, or maintains inefficient socialized industries that are really used to give jobs to the unemployed, or a country that is simply thought to be important to us for political reasons.

In my opinion, none of these reasons justifies our giving them supporting assistance. I invite Senators to come to my desk and inspect the list I have prepared of major recipients of aid around the borders of the Communist bloc, which shows how much supporting assistance they are down for in fiscal 1964.

I cannot read the figures, because they are marked "top secret." They should not be top secret. There is no reason why the American taxpayer should not be informed of these figures. I can put in the RECORD, and I shall, the figures for fiscal 1963, 1962, 1961, and 1960, and from the beginning of the support assistance program, but we must not disclose to the American people the figures for 1964. Such a procedure cannot be justified. I wonder why we cannot disclose the figures. All the reasons given are fallacious. It is argued that if we disclose this information, some of the countries that do not receive as much as others will

request more, on the ground that they are being discriminated against. That is more nonsense.

It is argued that we should not disclose information that would be of use to our potential enemies. Does anyone believe that Russia does not know that we give substantial support to certain countries? Of course she does. I am more inclined to think that we cannot make the figures public because the Government does not want the American citizen to know, because the American citizen might not be kind about it. I hope the American people will not be kind about the program itself, and will be more unkind because their Government will not take them into its confidence. I am not going to support that kind of government by secrecy. There is little I can do about it, because my lips are sealed, as a member of the Foreign Relations Committee, by the "top secret" label. I do not propose to engage in any improper course of action. Let Senators take a look at the millions of dollars that it is proposed to give to countries which ought to be told, "Your Santa Claus period is over. It is not going to be Christmas for you 365 days a year any more, with Uncle Sam putting on the attire of Santa Claus. You must stop it."

All my present amendment proposes to do is to make a cut of \$50 million. That is long overdue. I hope that the Senate will adopt the amendment. None of the reasons given justifies our giving supporting assistance. That is why I invite Senators to inspect the list I have prepared of major recipients of aid around the borders of the Communist bloc, which shows how much supporting assistance they are scheduled to receive in fiscal 1964. The figures show a total far under the \$350 million I am proposing. One of the arguments of the State Department is, "We must give this supporting assistance to countries on the periphery of the Communist bloc." The total indicates that many countries which are not on the periphery of the Communist bloc are to receive millions of dollars of support assistance. That is why I say that the figures show a total far under the \$350 million that I am proposing in my amendment so far as countries on the periphery of the Communist bloc are concerned.

Even so, the supporting assistance to many countries should be drastically cut, even if they are on the periphery of the Communist bloc. Supporting assistance to nations in Latin America, which are not included on the chart, should probably be eliminated altogether.

We have agreed to a \$10 billion Alliance for Progress program for the next 10 years for Latin America. We have entered into two agreements with Latin American countries, the Act of Bogotá and the Act of Punta del Este. They are signed agreements, in which commitments were made by our Latin American friends that they would submit plans, which were to be submitted in advance of approval for Alliance for Progress funds. Such plans would outline the program of economic reform and other reforms essential in those countries if there is to be any hope of their becoming stable economies.

Only eight countries have submitted plans, and many of those plans need drastic revision, because the mere submission of a plan which is not sound and feasible does not entitle the particular country to Alliance for Progress funds. However, certain countries have circumvented the Acts of Bogotá and Punta del Este by obtaining funds from other sources.

A major source is supporting assistance funds. We are not going to make the Alliance for Progress program work if we are to give these countries an escape hatch which they can use to walk out on their obligations under the Alliance for Progress program.

Brazil and Argentina are two notorious examples. That is why I say that for Latin American countries supporting assistance money should be cut off entirely, and we should say to them, "Keep the commitments you have made in exchange for our proffer to cooperate with you in the Alliance for Progress program."

When we permit Latin American countries to obtain money from the supporting assistance program, we are a party to defeating the Alliance for Progress program.

I put into the RECORD yesterday the article written by Tad Szulc of the New York Times at São Paulo, Brazil, showing the stagnation in the economies of one Latin American country after another, and pointing out that, instead of the situation improving, it is growing worse. We do not have enough money in this country. We could pour all the wealth of the United States into Latin America and it would all go into a sinkhole, and not stabilize those countries. The leaders of those countries and the people of those countries must be willing to reform their economic and political systems.

The President can say all he wants to say in New York City about the rich helping the poor. Having only 6 percent of the world's population, the United States cannot solve the problems of poverty throughout the world.

Furthermore, we had better take a look at some of our own domestic needs. The President makes a nice sounding, plausible, emotional argument when he talks about this program being a moral issue. Some basic moral issues are involved in the fight over the foreign aid bill. One of them is that it is about time this Government started treating the American taxpayers fairly and stopped sinking millions of American taxpayers' dollars into sinkholes on the basis of some political slogan to the effect that the rich must help the poor.

When countries in which millions of poverty-stricken people live are willing to reform themselves, we will then go in on the basis of sound economic projects and be of assistance to them. But the rich of Brazil, the rich of the Argentine, the rich of Ecuador, and the rich of every other Latin American country must stop making huge profits out of the American foreign aid program in Latin America, and depositing such profits in New York and Swiss banks, while American taxpayers, through their Government,

through their support of the assistance program, and through the Presidential contingency fund, pour millions upon millions more of American taxpayer dollars into Latin America.

I yield to no other Senator in my capacity as chairman of the Subcommittee on American Republics Affairs, in my desire to make the Alliance for Progress work. Together with many others, I worked hard to help bring the program into being in the first place. But some of the fiscal policies being followed by our Government may defeat the Alliance for Progress, and this is one of them. We cannot justify a dollar of supporting assistance to Brazil, Argentina, or Ecuador, so long as those countries' governments take the position, which they have taken to date, of not fulfilling their commitments under the Alliance for Progress.

Yesterday the United States was the subject of an insulting speech by the President of Brazil, who raised the question as to whether American aid is really of any value to Brazil. That is gratitude. How long shall we take it? How long will this administration take it? How many more millions of dollars will the President, through his contingency fund, pour into Latin America? I have tried to give the Senate an opportunity to check it. I gave it that opportunity last night. I shall figure out other parliamentary ways of giving the Senate another opportunity before the debate is concluded, for that hole must be plugged.

The Senate cannot justify allowing millions of dollars of supporting assistance funds be spent in this manner. Funds spent this way defeat some of the most precious objectives of the American foreign policy. One of them is the objective of a workable Alliance for Progress. That is why I have said in this speech that, in my judgment, all supporting assistance to Latin America probably should be stopped, and the Latin American countries told that we have a program to help them, the Alliance for Progress, but that, of course, it creates obligations upon them to do something to help themselves. They must reform the system that has brought them into the stagnation that Tad Szulc reported in the previously mentioned article.

The main reason why the Latin American economy is stagnate is that our Latin American friends, in country after country, are refusing to adopt the economic changes that are essential if they are to have a stable, growing, expanding economy, instead of a stagnating, degenerating one.

Ever since the closing years of the Eisenhower administration, we have been told that American foreign aid is now more than 60 percent loan and less than 40 percent grant. That figure relates only to economic aid; if it took into account military aid, which is all grant, the percentages would be reversed. The statistics of the State Department are inaccurate, in the sense that what they include as loans do not meet the definition of loans in the terminology of the American taxpayer. A loan at three-fourths percent interest, with from 40 to

50 years to pay and a 10-year grace period in which not a cent has to be paid, is not a loan.

Furthermore, I ask Senators to put it down in their memory, for future recollection, that the largest percentage of those loans will never be repaid. It will be only a few years until speeches will be made on the floor of the Senate urging the forgiveness of those loans because the countries have not made a move to repay them. It will be argued that we must not play the part of Shylock. It will be argued that the failure to repay is creating friction, misunderstanding, and problems; and that therefore, in our great generosity, we ought to forgive those loans. That is the way this game is played.

It is time to write a new rulebook for the State Department, and to say, "You must play from now on in accordance with the rules of this rulebook. You will no longer have the opportunity to filch from and milk the taxpayers of this country in a program that is so economically unsound as the program involving, for example, supporting assistance."

Mr. DOMINICK. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Colorado.

Mr. DOMINICK. In connection with the Senator's point as to whether loans will be repaid, an interesting table appears on page 712 of the hearings, to which I referred yesterday. As to the repayment of loans, the table shows that for Alliance for Progress loans, which have been in effect for only a few years, \$13,858,789.97 has been disbursed. Under the heading "unrepaid balance," the identical amount is shown. There has not been a single instance of repayment of such a loan.

Secondly, as to the overall loan disbursements, the table shows that we have disbursed over a long period of years \$6,517,974,743.06, while \$5,728,534,659.28 is still owed to us. In other words, about 90 percent of the total amount that has been loaned in the program through the years is still owed to us.

Mr. MORSE. It is my opinion that at least 50 percent of the money will never be repaid under this kind of unsound fiscal policy.

Mr. DOMINICK. I agree.

Mr. MORSE. To devise a loan program that is actually a loan program, we should say to the borrower, "These are the terms and conditions on which the loan will be made. You will have to undertake certain obligations to obtain the loan. You will have to pay an interest rate that will cover the cost of the use of the money to the American taxpayers. You will pay for the service rendered."

Then the borrowers will pay some attention to their investment of that money, and will put it into economic projects which will do economic good for the mass of the people. They will be projects which will pay out. That is what I call exporting economic freedom, and that is what we should be exporting, because until there are established in

those countries systems of economic freedom based upon sound fiscal policies, the people of those countries never will be saved from poverty and degeneration.

It is interesting to note that the Foreign Relations Committee in its unsigned report made a good many criticisms similar to mine, but the committee "passed the buck" to the administration; the committee slapped the administration on the wrist, and said, "Next year, bring us a program which will take into account some of these criticisms." But the committee cannot "pass the buck" insofar as its responsibility to the American people is concerned, for if all the things the committee has said all along are wrong with the program are wrong with it—and there are also many other things about it that are wrong—the committee had an obligation in writing the bill to proceed to correct all the wrongs it knew about in the program. If the committee had done that, we would not have had to turn the Senate into a Committee of the Whole to proceed to rewrite the bill paragraph by paragraph, section by section. But the committee gave us no alternative, if the opponents to the bill are to carry out our commitments to our constituents.

It matters not to me how inconvenient that process may be to certain Senators. They were elected to serve in this body, and they should adjust their convenience to their job.

I have done my best to try to reach a fair negotiated settlement of our differences, and it still is possible to do so. But until such a settlement is reached, I shall continue to offer amendment after amendment and, with each amendment, to make a record for future reference as to what is wrong with the parts of the program to which my amendments are addressed.

When the administration claims that the foreign aid bill is now 60 percent loans and less than 40 percent grants, I point out that those statistics are "phony." In the first place, they deal only with the economic side; in the second place, they do not tell the true story about the nature of the loans, which in effect are in large measure grants concealed by a veil of semantics; but if we take a long look, we can see through the veil. Thus it is that I say that if the administration's own statistics took into account military aid, which is grant money, the percentages would be reversed.

Moreover, the economic aid program itself has remained rather stationary at the proportion of roughly 65 percent loan to 35 percent grant. That proportion should become one of 90 percent loan and 10 percent grant for economic aid. Supporting assistance is the major roadblock to attainment of that objective. It bears no relationship to any given project or program. It is extended, not on the basis of the sound financial undertakings of the recipient, but on a political basis.

The \$400 million proposed by the Foreign Relations Committee for this category of aid is only \$35 million less than the amount carried in the original bill. If Congress is going to steer the admin-

istration down the path of true and meaningful reform in foreign aid, we must reduce further this huge source of nonproject grant money, as provided in my amendment. We can do it by reducing supporting assistance to \$350 million, as provided in the amendment.

Congress has tried over the years to reduce this category of aid. Our effort has not been notable for the cooperation it has received from the executive branch, which is another reason for my loss of faith in the ability of the executive branch to recast its anachronistic foreign aid structure.

My colleagues know that we on the Foreign Relations Committee have made many attempts to compel the executive branch to recast the foreign aid program into a manageable one, with specific goals and objectives. We have tried to promote an examination of a basic philosophical premises about foreign aid, and, indeed, to find out whether such fundamental tenets actually exist. Prominent among such efforts has been the "Mansfield amendment."

Mr. President, before I discuss the Mansfield amendment, I note the presence in the Chamber of the Senator from Ohio [Mr. LAUSCHE], a member of the Foreign Relations Committee. I am perfectly willing to submit him as a witness to the statement I now make, and then let him deny it if it is not true. Again this year in the committee discussion in regard to supporting assistance, which goes into supporting the military forces of a good many other countries, it was alleged that they are not able to support by themselves military forces of the size we seek to have them maintain, and there was discussion about countries such as South Korea. In the course of that discussion, several Senators expressed perplexity and a lack of understanding as to why we should continue to pour so much money into South Korea, and they asked whether that was one place where some money could be saved. Mr. President, my amendment would do that to the extent of at least giving the administration an opportunity to cut back our supporting assistance in Korea.

Taiwan is another example.

The American people are maintaining there the army of Chiang Kai-shek; and, as I have said before in this debate, Chiang Kai-shek maintains more generals than the total number of generals in the entire U.S. Military Establishment—and at high salaries, too; and the American taxpayers are paying the bill. But if anyone believes Chiang Kai-shek's army is worth a tinker's dam to the United States, in connection with the defense of the Pacific, I point out that that is far from the fact. If an attempt ever were made to land that army on the mainland of China, I am of the opinion—on the basis of many reports I have ever seen in regard to the military efficiency or lack of efficiency of that army—that it would trample itself to death in the process of retreat.

I repeat that neither Taiwan nor South Korea is of support to the American defenses in the Pacific. The support of American defenses in the Pacific depends upon thousands of American troops who

are stationed throughout the Pacific area, on the 7th Fleet, and on the U.S. Air Force.

Mr. President, we are spending too much money in South Korea, in Taiwan, and elsewhere in that area, in supporting assistance; and I am asking that it be cut back \$50 million.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. In the Foreign Relations Committee the subject of the amount of money which should be allocated for supporting assistance was discussed, and it was stated that probably a cut could be made.

I submitted written questions to Secretary McNamara in an endeavor to find out how many troops were in the Armies of Vietnam, Thailand, the Republic of China, Korea, Greece, Turkey, Iran, and Pakistan. I desired to know how many troops might be available in those foreign countries if we became involved in trouble. If Senators will look at page 217 of the hearings before the Committee on Foreign Relations of the Senate during June and July of 1963, they will find the answers to the several questions which I asked. The answer to the particular question which I have described was as follows:

Answer. The total number of troops maintained by the 8 nations mentioned is 2,793,623.

My recollection is that the answer also identified the number in each of those nations, but the number was deleted because supposedly the information was classified.

I then asked how much it cost to maintain a military man in the U.S. Army and how much it cost in the respective countries identified on page 218 of the hearings. Senators will note that in 1962 it cost \$3,948 to maintain a man in the U.S. Army, not including paraphernalia and equipment. The cost in the other countries is listed. In Belgium the cost is \$1,571, Denmark \$2,107, France \$1,966, Germany \$1,689, and Italy \$878.

I shall not mention each nation individually, but the cost to maintain a military man in Korea is \$247; in the Republic of China—Taiwan—\$177. I desired that information for the purpose of determining whether financially we were not better off by having those nations provide military men at less cost than the cost to the United States of providing military men from among its citizens.

In round figures, for every military man that we in the United States can provide at a cost of \$3,948, the Republic of China can provide 23 military men, because the cost of maintaining a military man in Taiwan is only \$177 per man. The Republic of Korea can provide about 15 men for every 1 that we provide.

I am not making an argument one way or the other. I am merely stating the figures. I could not wait until the Senator from Oregon had concluded his questions. I submitted written questions. I feel that the questions and answers are deserving of reading and study.

I have the following issue to decide in my own mind: Would we profit by reducing the number of Korean military men and the number of military men in Taiwan, with the probable consequence that we would have to increase the number of our own military men? I should like to hear what the Senator from Oregon has to say on that question.

Mr. MORSE. I am delighted to reply. What the Senator has stated is typical Pentagon fallacious propaganda. Its major premise is erroneous. Its major premise is that maintaining a Chinese Army in the large number Chiang has on Taiwan is some help to the defense of the United States.

Mr. LAUSCHE. That is the argument made.

Mr. MORSE. It is not a valid argument. If there is to be an invasion of Formosa, the Senator from Ohio knows what would stop it. It would not be Chiang's army. It would be the American 7th Fleet and the American air armada.

What the Senator has been told is merely a house of cards that McNamara has built up in order to justify pouring out wasteful support assistance.

Let us consider South Korea. Does the Senator know what ought to be done with most of the members of the army in South Korea? We ought to be put them to work building roads. We ought to put them to work on irrigation projects. We ought to put them to work in civilian jobs, because South Korea will not be defended by that army. South Korea should have an army, but its size should be greatly reduced to the point at which the economy of the country could support it. South Korea knows that if Red China should make a move toward South Korea, again we shall go into action with the 7th Fleet. We will not be wasting the lives of free American boys on the basis of thinking that we can win a conventional war against the Red Chinese with South Korea's army.

(At this point Mr. INOUE took the chair as Presiding Officer.)

Mr. MORSE. We know that we could not whip them in that manner. We could greatly reduce their numbers. The argument is made by the Pentagon that we could go around the periphery of the Communist bloc and maintain the native armies for less money than we can maintain the American army.

The point is that we would not have to substitute an equal number of American boys for that army, because we would not be fighting that kind of war if we had to fight a war over there.

We ought to be demobilizing a great many of the soldiers in those indigenous populations and putting them to work rehabilitating the country, serving clear notice that we would not weaken their defenses and would not encourage any invasion of Formosa. The Red Chinese know the 7th Fleet and the air armada are present. The Red Chinese have heard the announcement of the United States, for it is known to all the Communist world, "You make an attack on an ally of freedom and you have had it." That is the only check we have against war, and not Chiang Kai-shek's overaged army.

Has the Senator seen the statistics on the military efficiency of the South Korean Army? They could be whipped with Boy Scout troops.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. The record shows also that our Government has been insisting upon the utilization of the troops in those countries in the very projects that the Senator from Oregon has recommended. I agree with him entirely.

Mr. MORSE. To a minutia degree they pay lipservice to the program. They say, "We have this little project going." What they ought to have is an overall program of putting the armies to work on a civilian basis in keeping with the great record of the U.S. Army Corps of Engineers.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. I should like to have printed in the RECORD a transcription of the questions which I asked and the answers given. They appear on pages 217, 218, and 219 of the hearings before the Committee on Foreign Relations on the bill, S. 1276, in June and July 1963.

Mr. MORSE. I am delighted to have them in the RECORD.

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the portion of the hearings to which I have referred.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

The CHAIRMAN. I wish to submit, Mr. Secretary, or to your aid, some written questions that Senator LAUSCHE asked me to submit to you. He had to go to another meeting.

Secretary McNAMARA. Surely. I will be very pleased to answer them, Mr. Chairman. The CHAIRMAN. Please answer them in writing. Senator LAUSCHE had to attend the Committee on Interstate and Foreign Commerce this morning.

QUESTIONS AND ANSWERS ON MILITARY ASSISTANCE PROGRAM

The following questions were submitted in writing by Senator LAUSCHE with answers to be provided as inserts for the record:

Question. It is my understanding that over 60 percent of the total military assistance program will be allocated to eight key countries in south Asia, the Far East, and the Near East. They are Vietnam, Thailand, the Republic of China, Korea, Greece, Turkey, Iran, and Pakistan. Is that correct?

Answer. That is correct; 62 percent to be exact.

Question. Can you supply for the record, if such information is not classified, the respective number of troops that are maintained by these eight nations?

Answer. The total number of troops maintained by the eight nations mentioned is 2,793,623.

[Deleted.]

Question. What is the present cost per year of maintaining each military man in the field in the United States?

(See table below.)

ANNUAL PER CAPITA MILITARY PERSONNEL COSTS

Cost estimates for countries receiving military assistance shown below are confined to pay, allowances, subsistence and individual clothing. They do not include operation and maintenance expenditures, as no meaningful comparisons could be made due to differing weapons systems and technologies.

For comparative purposes, figures are included for 1961. Principal reasons for changes, where available, are indicated. Changes are primarily due to either new exchange rates, increased pay and allowances, or the proportion of personnel in the lower pay grades.

Cost to maintain a soldier

	1961	1962	Net change 1962 versus 1961	Remarks
United States.....	\$4,014	\$3,948	-\$66	
Belgium.....	1,571	1,571		
Denmark.....	1,650	2,107	+457	Increase due mainly to higher pay and bonuses.
France.....	1,788	1,966	+178	Increase due to higher pay and allowances.
Germany.....	1,689	1,689		
Italy.....	960	878	-82	
Luxembourg.....	1,486	1,486		
Netherlands.....	832	771	-61	
Norway.....	1,706	1,985	+279	Increases in all services.
Portugal.....	435	837	+402	Increase due to higher pay and allowances.
Spain.....	466	522	+56	Do.
United Kingdom.....	2,332	2,495	+163	Increase due to higher pay and reduced numbers in lower grades.
Ethiopia.....	375	483	+108	Increase due to increase in number of students attending schools CONUS and promotions in higher ranks.
Greece.....	385	389	+4	
Iran.....	501	564	+63	Increase due to greater number of junior officers and increase in Government retirement contribution.
Libya.....		670		
Pakistan.....	437	438	+1	
Turkey.....	404	427	+23	Increase due to higher pay and allowances.
Korea.....	219	247	+28	Different exchange rate and small pay increases for noncommissioned officers.
Cambodia.....	829	842	+13	Increase due to promotions, longevity, and a slight strength increase.
Thailand.....	406	417	+9	
Vietnam.....	1,049	651	-398	Decrease due to more realistic exchange rate.
Republic of China.....	174	177	+3	
Philippines.....	742	527	-215	Decrease due to decontrol of peso.
Japan.....	818	850	+32	

Question. It is my understanding that it is your belief that the military assistance program should be continued because in addition to other advantages to the United States, the program insures "our continuing access to overseas bases and installations which are still essential to full deployment of our military strength." If we must still have continuing access to overseas bases and installations, why did we after last October 22 give up the Turkish base?

Answer. Recent actions involving replacement of Jupiter missile squadrons in Turkey (and Italy) did not result in any significant change in existing U.S. base rights. Thus, access to overseas bases and facilities required to support U.S. overseas deployments was not affected by the Jupiter replacement action.

Utilization of overseas bases and facilities by the United States and allied forces is subject to almost constant change as new weapons systems enter the operational inventories of these forces and as the overall strategic situation varies. One such change, involving modernization of NATO forces, was replacement of the Jupiter missiles. These missiles, originally provided under the military assistance program, were replaced by U.S. manned Polaris submarines. The submarines are now operating in the Mediterranean and are assigned to SACEUR, as were the Jupiter squadrons they replaced.

Replacement of Jupiter missiles was initially taken under consideration in 1961, primarily as a result of a report by the Joint Congressional Committee on Atomic Energy, entitled "The Study of U.S. and NATO Nuclear Weapons Arrangements," dated February 11, 1961. Secretary McNamara testified at length on this report, and subsequent actions relative to Jupiter missiles, in February and March of this year before the Senate Committee on Armed Forces. Appropriate passages of this testimony appear in the published record of hearings on military procurement authorizations, fiscal year 1964 (pp. 7, 8, 147, 312, 313, 314, 349, and 350).

Question. What direct payment do we make respectively to Spain and Portugal for the bases which we have there?

Answer. We do not make any direct payment, in the sense of rental, to Spain for the bases jointly used with the Spanish. We have provided military and economic assistance to Spain in accordance with bilateral military assistance and economic assistance agreements.

We do not make any direct payment, in the sense of rental, to Portugal for our use of the base facilities in the Azores. We have provided military assistance to Portugal in accordance with a bilateral military assistance agreement.

Question. It is my understanding that in addition to the direct payments for the right to have the bases, we grant other military and economic aid?

Answer. As mentioned in the answer to the previous question, we do not make any direct payments, in the sense of rental, to either Spain or Portugal.

In the 1953 defense agreement between the United States and Spain, the United States agreed to support Spanish defense efforts for agreed purposes by providing military end-item assistance to Spain during a period of several years to contribute to the effective air defense of Spain and to improve the equipment of its military and naval forces.

In the same agreement, Spain authorized the United States to develop, maintain, and utilize for military purposes, jointly with the Government of Spain, such areas and facilities in territory under Spanish jurisdiction as may be agreed upon.

[Deleted.]

Since 1953 the United States has provided Spain a total of approximately \$500 million in military assistance and a total of

\$1.4 billion economic aid in the form of defense support, technical assistance, Public Law 480, and Export-Import Bank and development loan funds.

In the 1951 Defense Agreement on the use of facilities in the Azores, as specified by the Defense Agreement of 1957, Portugal granted the United States certain rights in the Azores. We also have a Mutual Defense Assistance Agreement with Portugal. Since 1950 Portugal has received \$328 million in military assistance to assist in maintaining forces to meet NATO commitments. Portugal has not requested or received any U.S. economic assistance since fiscal year 1951, except surplus agricultural products under Public Law 180.

[Deleted.]

Mr. LAUSCHE. Finally, I feel a bit of comfort in the knowledge that in those countries there are 2.8 million men in military uniform. I cannot vouch for their efficiency, but I feel much better to know that they are there than I would feel if I knew they were not there.

Mr. MORSE. I would have them working for the rehabilitation of the economies of their countries, rather than sitting around in Army uniforms on American payrolls. I am satisfied that they would not be of any effective assistance in time of war.

Mr. President, the statistics deal with the amount of money required to maintain some of the foreign soldiers in Taiwan, South Korea, and elsewhere. In addition to the arguments that I have already made against supplying supporting assistance, I stress the point that those countries cannot support such armaments. Their economies will not support them. We are supporting them. It is better for the defense of the United States and of those countries that they support armaments only large enough to be supported by their own economies, and that we help them build up their economies so that they in turn can build up their defenses. We should make loans to them for economic projects.

By maintaining these arms with supporting assistance we are putting their whole economy on the American dole. It is degenerating and dissipating, and it has not encouraged them to build themselves up, but, rather, as a type of international beggar, really, made them rely upon us. Furthermore, I point out that in time of war they would be of little help to us, because in addition to our own war effort, we would have to maintain them completely, by an additional war subsidy to them. That might turn out to be a real disadvantage to the United States. It is much better to have them maintain the arms that their economy will support and have us, under a foreign aid program, come to their assistance in the economic field, to help strengthen their economy, so that their economy will expand, and in that way put them in a better position to protect themselves.

Mr. President, I shall now discuss the Mansfield amendment of several years ago, because the subject matter covered in the amendment has been under discussion in the Foreign Relations Committee for a number of years.

In 1959 the distinguished senior Sen-

ator from Montana took the fine initiative of securing the acceptance of section 503(c) in the Mutual Security Act of 1954, as amended. This section directed the executive branch to present concrete plans for reducing and terminating bilateral grants of economic aid in the defense support and special assistance categories.

For those who have lost their way in decade-long game of semantics, I should note that these categories have since joined together under the title of supporting assistance; when the latter is combined with military aid the two are entitled strategic assistance.

The greatest phrasemakers imaginable are in the State Department and the Pentagon. To a greater extent than any other group I have ever met, they can coin new phrases to disguise meaning and conceal programs not in the public interest.

Now just where do we stand, 4 years after the notable initiative of our respected majority leader? I fear the answer is: in pretty much the same old place.

CHANGES SINCE 1960

Both reports delivered in response to section 503(c) are depressing reading, and I shall spare my colleagues the pain and boredom of having to hear lengthy quotations from the unclassified version. Suffice it to say that much of the latter is devoted to a pedestrian defense of grant aid—although the Mansfield amendment contemplated no such evasion in directing that a specific plan be made for ending that aid in recipient countries. That is what the Senator from Montana was after, an ending of it, not a reshuffling and a continuation of it under a new semantic label of "supporting assistance."

Thus we read, for example, that:

Against this background, the overall purposes of the defense support and special assistance programs are sound. * * * To reduce or end the requirements for grant aid by altering or abandoning the goals of such aid is a conceivable but not an acceptable approach.

In other words, it is all right for the Congress to have conceptions, but the executive branch in its majesty and wisdom does not have to pay particular attention to them.

The mistake we made in the Mansfield amendment was putting in the words "insofar as practicable" when we asked that specific plans be worked out for ending supporting grants.

In a blaze of honesty, the unclassified report of 1960 revealed that AID had no real intention of eliminating the defense support aid to the five countries which received about 75 percent of that aid in 1960. It comes as something of a shock, therefore, to discover that two of the five are not receiving supporting assistance today. But there are many other categories of assistance, and our two friends together are scheduled to receive a total approaching half a billion dollars in the coming fiscal year, not including the Public Law 480 program.

After virtually excluding 75 percent of the economic grant program from seri-

ous consideration, the executive branch report of 1960 grudgingly saw a possibility of ending grant aid over a 5-year period in 10 countries receiving something over half the remaining 25 percent. Here there has been some progress: nine were on the list for this aid in fiscal 1962; this year only four are getting these grants. I think there is some reason gratefully to ascribe this progress to the change of administrations downtown.

Next, we turn to the list of eight countries which the executive branch considered as being subject to reductions. We find that five of the eight are still firmly entrenched in the supporting assistance category. In short, we were not promised much in 1960, and we have not gotten much reduction today.

The executive branch scarcely bothered to think about specific reductions in small grant programs. Despite its unwillingness to contemplate change, changes did occur, and six of nine listed areas are not now on the supporting assistance list. On the other hand, new candidates have appeared to vitiate the meaning of this development. Indeed, the executive branch unclassified report forecast this in noting:

Moreover, new needs for grant aid are likely to arise. The grant method of economic assistance * * * has been an essential instrument of foreign policy and, in an uncertain world, promises to remain so.

We were thus told that foreign aid administrators expect to give grant aid as long as the world situation remains uncertain. Under such circumstances, the American taxpayer might start looking to the Almighty for relief, since he would be unlikely to get it on this earth.

I do not want to minimize the importance of the Mansfield amendment. Without it I daresay we would have made no progress at all. And we have made some small progress.

On the face of it, we seem to have reduced the total of that assistance quite substantially. In fiscal year 1960, the actual appropriations for defense support and special assistance totaled \$940 million. In contrast, the appropriation for supporting assistance in fiscal year 1963 amounted to \$395 million. That looks like real, if slow, progress.

CONGRESS MUST GO FURTHER

But stop a moment and consider the end result. By the time the executive branch completed its normal mystifications—including recoveries, carryovers, transfers and uses of contingency funds—the total for supporting assistance in fiscal year 1963 had risen to roughly \$550 million. Moreover, the request for this supporting assistance category for the forthcoming fiscal year has gone up to \$435 million. The bookkeepers give and they take away in a dazzling display of paperwork.

The central question is where we are heading, and my answer is that we do not really know. To the degree that supporting assistance has declined in amounts, we have turned to the categories of development grants and loans. The latter category appears to fulfill the desire of the Congress and the American people for a program of recoverable loans. Yet all indications are that the loans in time

will turn out to be grants. Meanwhile, the token interest charges—almost uniformly less than the cost of the money to us—do little to satisfy my concern over the direction the program is taking.

Mr. President, I frankly doubt that the present means of distinguishing categories in the foreign aid bill amount to very much at all. The bill reminds me of a half-inflated balloon: we squeeze one spot and another bulge appears. The time has come to apply the needle to the balloon, to collapse it, and to build a better structure with better materials.

Our experience with foreign aid makes it overwhelmingly clear that the executive branch bureaucrats will always perform marvels in evading the intent of Congress so long as they are given any latitude whatsoever. Four years have passed since the Mansfield amendment, and we still find ourselves being asked to authorize close to half a billion dollars of a kind of aid we had every right to believe would have disappeared by now. The time has come for the Congress to flex its flabby muscles and create the kind of program it believes the President should carry out.

A further reduction in this category of grant money is a necessary element in such a program.

So I close my argument on my amendment, subject to later rebuttal, by announcing again that I have modified my amendment. Lines one and two have been stricken, which dealt with development grants. This amendment is limited to support assistance alone. I ask that it be reduced from \$400 to \$350 million—a \$50 million reduction. In my judgment, it is a small one indeed in comparison with what we really could be justified in reducing it to.

I renew my suggestion to this administration, through its spokesmen in the Senate, that it ought to take a long look at the opportunity which it now has, and suggest that the \$40 million reduction be added to the cut already made, which is \$460 million. That will be a total of \$500 million. It would greatly expedite the handling of the bill in connection with the money-cut amendments.

I yield the floor.

MEDICAL CARE FOR THE AGED

Mr. JAVITS. Mr. President, I have the great privilege of announcing to the Senate a report which I think will bring to the fore once again to the Nation the need for a health care bill for the aged. Today we have witnessed a most extraordinary and constructive development. A task force which was formed on the basis of a suggestion which I made after the Anderson-Javits bill was defeated in this Chamber by a vote of 48 to 52 has been functioning in this field for a year.

Arthur Flemming, former Secretary of Health, Education, and Welfare, became chairman of the task force, which was named the National Committee on Health Care of the Aged. The other members of the committee are among the most distinguished members of medical profession, hospitals, Blue Cross, insurance and business authorities in the

country concerned with the problem of medical care for the aged. Also included is Marion Folsom, a former Secretary of Health, Education, and Welfare.

Not only has the task force a distinguished membership, but it was given aid in a very material way for its legal drafting by Henry Foster, one of the professors of New York University Law School. Assistance was also furnished by a medical economist, Howard Bost, who is assistant vice president of the University of Kentucky as its study director.

The committee issued its report this morning. This report is the rock upon which a successful measure for health care for the aging can be built.

Many of the aspects of the committee's report follow the provisions which the Senator from New Mexico [Mr. ANDERSON] and I had the honor to establish in our bill, but the departures are significant and of the greatest moment, and lend themselves to implementing legislation of a character and quality which I think will make the difference between success and failure.

This morning the task force reported that there is need for a basic Federal law based upon social security financing which would give fundamental hospital and nursing home care to those over 65. That will include all persons over 65, whether or not they are social security beneficiaries. However, once that is done, once that basis is laid, the report recommends a tremendous program of insurance for the risks of health care above the basic minimum hospital and nursing home care. It is estimated that hospital care cost is about one-third of the total of the annual medical bill; that one-third is attributable to physicians, surgery and similar emergency care; and that the other one-third if made up of numerous other, but generally less urgent, types of medical care.

This proposal deals with two-thirds of the medical care needed, one-third being hospital and nursing home care and the other one-third being emergency health and surgical services; the first third to be on a Government plan based on social security financing, the second third to be covered by private insurance, but on a nonprofit, tax-exempt pooled basis, very much like the plan now being so successfully carried out in Connecticut and New York, which is known as the 65 extended health insurance program.

There is no desire or design on the part of the task force to invalidate the Kerr-Mills law. They are perfectly content to have Kerr-Mills. It has a place, but that place is in a welfare program for welfare clients. It is not insurance and it does not in any way perform the service which needs to be rendered for the rank and file of older people who are covered by the terms of this report.

I hope Members of the Senate will read the committee's report with the greatest care.

I ask unanimous consent to have printed in the RECORD a press release which covers the particular report. The report itself is quite extensive, consist-

ing of 79 typewritten pages. Copies may be obtained upon application to me or to Winslow Carlton, of New York, who has functioned as a member as well as secretary of the task force.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

NEW FORMS OF PUBLIC-PRIVATE HEALTH INSURANCE FOR THE AGED PROPOSED IN POLICY STATEMENT ISSUED BY NATIONAL COMMITTEE ON HEALTH CARE OF THE AGED—MAJOR ROLE SEEN FOR PRIVATE INSURANCE

WASHINGTON, November 13.—A major policy statement on financing health care of the aged through governmental and private insurance plans was issued here today by the National Committee on Health Care of the Aged.

The committee is an ad hoc group of leaders from medicine, education, industry, and insurance. The report of its work, entitled "Financing Health Care of the Aged—Guiding Principles for a National Program of Complementary Public and Private Action," is intended to help shape public policy on what has become the perennial domestic issue of the decade.

The report's basic thesis is that the health needs of the aged can be financed best through complementary but separate Government and private insurance plans. The proposed Government plan would be limited to covering the costs of hospitalization and skilled nursing home care under an insurance plan financed independently by an increase in the social security tax. The aged population, relieved of the burden of major hospital bills, would then be better enabled to purchase private insurance policies for other large medical expenses. The committee advocates congressional action that would permit private insurance organizations to develop tax-free, low-cost special insurance plans to complement the publicly financed coverage. Legislation would be required to allow private insurers to join in concerted efforts for selling and risk pooling, and certain advantages would accrue to plans that meet regulatory standards.

Citing the abnormal health care burden of the aged as a group, caused by greater usage and higher costs of services while receiving lower incomes, the committee urges a shift in emphasis in Government action from relief measures to social insurance. The committee sees insurance as a key measure to prevent dependency and points out that current public assistance programs are designed to deal with dependency after it occurs rather than preventing loss of independence due to illness.

MEMBERS OF THE COMMITTEE

Officers of the National Committee on Health Care of the Aged are Arthur S. Flemming, its chairman, the University of Oregon president who served as Secretary of Health, Education, and Welfare during the Eisenhower Administration; Russell A. Nelson, M.D., vice chairman, who is also director of Johns Hopkins Hospital; and Winslow Carlton, its secretary, who is chairman of the board of Group Health Insurance, Inc., of New York. The members of the committee are James P. Dixon, M.D., president of Antioch College; Marion B. Folsom, also a former HEW Secretary and currently a director of the Eastman-Kodak Corp.; Russel V. Lee, M.D., director of the Palo Alto Clinic; John C. Leslie, chairman of the Committee on Aging, Community Service Society; Vernon W. Lippard, M.D., dean of the Yale Medical School; Dickinson W. Richards, M.D., nobel laureate in medicine from Columbia University's College of Physicians and Surgeons; Thomas M. Tierney, director of Colorado Hospital Service (Blue Cross); Hubert W. Yount, former senior vice president of the

Liberty Mutual Insurance Co., and Arthur Larson, director of World Rule of Law Center, Duke University, and former Under Secretary of Labor.

DETAILS OF PUBLIC INSURANCE PLAN

The public segment of the proposed dual insurance program would be limited to coverage of institutional services provided in hospitals or skilled nursing homes during the acute period of an illness, but would not pay for long-term or custodial care. Although the report was not explicit in describing the number of days the plan should cover, the committee indicated that the rough national average of 70 days of hospitalization insurance among the younger population would be desirable for the aged as well, in view of the report's stated goal of offsetting "substantially the abnormal burden that results from greater use and higher cost of services required in old age." Relatively short-term hospitalization is the most frequent major health expense of the aged, most of whom have severely reduced incomes. Worry over the "shock-loss" of such costs, which cause a sizable number of aged dependency cases, frequently prevents persons from seeking medical care until a sickness is very serious, usually resulting in longer, more expensive hospitalization. By having the Government plan cover the kinds of health care that most frequently result in concentrated expense, the committee would seek to break the circle of anxiety worsened sickness and encourage private financing of other medical costs, particularly physician care.

FINANCING THROUGH SOCIAL SECURITY

The report calls for the public insurance plan to be financed by an increase in the social security tax, with the increase deposited in a separate trust fund. The amount of the increase would depend on the scope of the plan's benefits and thus was not determined by the committee. Benefit payments under the plan would be limited to receipts from the additional tax, however, to keep the plan self-financed. The public plan would protect all persons aged 65 or over, irrespective of their financial condition, without further tax payments or means tests.

ADMINISTERING THE PUBLIC PLAN

The committee also recommends that legislation establishing the public plan place administration in the hands of the Secretary of HEW. The Secretary's responsibility would include authority to contract with existing voluntary agencies for provision of benefits or performance of administrative services.

In addition, the administration of the plan is intended to stimulate progressive improvements in the quality of medical care purchased. High quality standards would be established at the outset, with reasonable time allowed for currently substandard facilities to meet the program's standards.

CONGRESSIONAL ACTION FOR PRIVATE INSURANCE

In the committee's opinion, the Government insurance plan would pay for about one-third of the total health care costs of the aged. An additional one-third, or an equal portion, should be financed by special private insurance plans, leaving the balance to be paid for independently, either through ordinary insurance or out of personal income or savings. The special private insurance coverage, designed to complement the public plan, is the subject of half of the committee's statement.

Calling for private insurance organizations to assume responsibility for protecting the aged against costs not covered by the public plan, the committee urges that Congress remove impediments to concerted action in the private sector. The statement advocates exemptions from State premium taxes and

antitrust and anticompetitive laws for basic complementary policies meeting certain regulatory standards. In addition, it recommends official public endorsement of acceptable plans, including establishing a national symbol to identify them. The legislative action would result in mass enrollment opportunities because of large-scale pooling of risks and nationwide promotion, and in the lowest possible premium costs by allowing high-volume operations.

STANDARDS FOR PRIVATE INSURANCE PLANS

In the view of the committee, social security coverage of hospitalization (a major insurance risk of the aged) would make it possible for private insurance companies and nonprofit health plans to develop better insurance protection. Although any insurance organization could sell aged health care policies, the tax exemptions, and legal benefits would apply only to those that meet national minimum standards. Among the standards advocated by the committee are: open enrollment of all persons in their 66th year without restrictions or penalties because of condition of health; limited administrative costs; and nonprofit operation. The committee suggests that the "State 65" consortiums, now operating in a number of States, provide the precedent for such insurance, but that the recommended principles will extend the value of concerted effort and protect the participating insurance companies from the threat of adverse risk selection, a major problem of the "State 65" plans to date.

PROCEDURE FOR PRIVATE INSURANCE PLANS

The committee recommends that private insurance organizations propose plans for intended coverage to the Secretary of HEW and the National Advisory Council on Health Insurance for the Aged. If the proposals, in the view of the Secretary and the Council, provide a sound balance of health care for the aged when combined with the public plan, and if an approximately equal share of the total health care costs would be covered, then the proposed private insurance plan would be endorsed officially and allowed to operate under the special Federal legislation. The committee's opinion is that many private insurers would compete to develop bold new insurance policies, once the burden of hospitalization coverage has been removed.

INSURANCE ANNUITIES URGED

A distinguishing feature of the proposed private plan is the recommendation that the cost of private health insurance after retirement be prepaid as much as possible during working years. The committee suggests that prepayment could be accomplished through the purchase of health insurance annuities, which would be vested with the individual and would transfer during employment shifts. The annuities would be applied toward the purchase of private health insurance after age 65. The committee argues that such prefunding of private insurance during working years would bring the costs of protection within the ability of most people to pay. The statement also recommends increased continuation of group insurance for retired members of employed groups and their dependents.

ADVISORY COUNCIL RECOMMENDED

Finally, the committee recommends forming a National Advisory Council on Health Insurance for the Aged. The Council would be charged with advising the Secretary of HEW on policy for the public plan and reporting through the President to Congress on the combined public-private program to solve the aged's health-care problems. In the public plan, the Council would respond to queries from the Secretary and issue recommendations to him at its own initiative.

NEED FOR PUBLIC ASSISTANCE REDUCED,
BUT NOT ELIMINATED

The committee concedes that its principles for combined action, if carried out, would not eliminate the need for public assistance measures. By covering the major causes of dependency due to illness, however, the statement declares that the load on relief resources would be reduced substantially. The committee does not discuss the value of current assistance programs, beyond pointing out that some individuals will continue to need such assistance regardless of the success of its proposals.

COMMITTEE FORMED IN 1962

A bipartisan, nonpolitical task force, the National Committee on Health Care of the Aged, was formed at the suggestion of Senator JACOB K. JAVITS, of New York, following debate of the Anderson-Javits "medicare" bill in the Senate in July of 1962, in order to get a fresh and independent review of the issue. The committee is not responsible to Senator JAVITS, nor is he bound by its recommendations.

The committee's study director is Howard L. Bost, Ph. D., a medical economist who is assistant vice president of the University of Kentucky. Dr. Bost was previously a staff member of the Committee on Financing Hospital Care.

Prof. Henry Foster of New York University Law School served as legal consultant to the committee.

The committee's work was financed by private benefactors.

Mr. JAVITS. I also ask unanimous consent to include in the RECORD a statement hailing the work of this task force, issued by Nelson H. Cruikshank, director of the Department of Social Security of the AFL-CIO.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COMMENTS BY NELSON H. CRUIKSHANK, DIRECTOR, DEPARTMENT OF SOCIAL SECURITY, AFL-CIO, ON THE REPORT OF THE NATIONAL COMMITTEE ON HEALTH FOR THE AGED

The report issued today by the National Committee on Health for the Aged has, in our opinion, made a real contribution to the public understanding of the problem of health care for the aged which is still very much with us. This committee, chaired by Dr. Arthur Flemming, formerly Secretary of Health, Education, and Welfare, and made up of distinguished citizens all of whom have expert knowledge in the field of medical care and methods of financing such care has obviously made a careful and thorough study of the problem and approached its solution with imagination and courage.

We in the AFL-CIO are pleased that the report recommends the social security method for the basic institutional health care. The report also indicates how social insurance and private insurance can complement each other in meeting the problems of financing health care for the aged.

The proposals made by this distinguished committee, which was originally organized by Senator JAVITS, of New York, merit thorough study by all those interested in this vital problem. Its recommendations should certainly be included in the proposals to be examined in the hearings on the King-Anderson bill beginning next week in the Ways and Means Committee.

Mr. JAVITS. The thanks of the Nation should properly be given to the chairman and members of the National Committee on Health Care for the Aged, which was formed at my suggestion in September 1962, for their dedicated and most important work in developing and making public this report.

This report is the most significant development in the field of health care for the aged since July 1962, when the Senate turned down the Anderson-Javits bill by the vote to which I previously referred. The report should serve to put this issue once again in the forefront of national consideration, where it rightfully belongs.

From my preliminary review of this report, it seems to me to establish an excellent basis, in fact, for implementing legislation for health care for the aged. I shall study it further and invite our colleagues to join with me in the introduction of new legislation, and I shall also invite the prompt attention of the executive department and the appropriate congressional committees to this report.

It is my urgent hope that I may be able to join the Senator from New Mexico [Mr. ANDERSON], our colleagues on his side of the aisle, and colleagues on my side of the aisle, in sponsoring immediately the legislation which I am now engaged in drafting.

This report brings a Federal program of health care for the aged measurably closer to realization.

This issue, which seems to have been shoved off the boards, has been brought back to the front and center of the stage by the report.

For the information of Senators, I shall read into the RECORD the names of the distinguished gentlemen who gave of their time and attention to bring to the country a meaningful analysis of such a program:

Arthur S. Flemming, chairman, University of Oregon president, former Secretary of Health, Education, and Welfare.

Russell A. Nelson, medical doctor, vice chairman, director of Johns Hopkins Hospital.

Winslow Carlton, secretary, chairman of the board of Group Health Insurance, Inc., of New York.

The members of the committee are: James P. Dixon, medical doctor, president of Antioch College.

Marion B. Folsom, former HEW Secretary, and presently a director of the Eastman-Kodak Corp.

Russell V. Lee, medical doctor, director of the world-famed Palo Alto Clinic.

John C. Leslie, chairman of the Committee on Aging, Community Service Society.

Dr. Vernon W. Lippard, dean of the Yale Medical School.

Dr. Dickinson W. Richards, Nobel laureate in medicine from Columbia University's College of Physicians and Surgeons.

Thomas M. Tierney, director of Colorado Hospital Service—Blue Cross.

Hubert W. Yount, former senior vice president of the Liberty Mutual Insurance Cos.

Arthur Larson, director of the World Rule of Law Center, Duke University, and former Under Secretary of Labor.

I extend the gratitude of many millions of Americans to these extraordinarily able and distinguished Americans who, I trust, will have measurably forwarded this historic proposal of provid-

ing adequate medical care for our aging citizens.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, on my amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment No. 316, of the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute.

Mr. ELLENDER. Mr. President, I support the amendment of the Senator from Oregon. I earlier presented a similar amendment, No. 284, affecting supporting assistance, in which I sought to reduce the amount by \$75 million from \$400 to \$325 million. I do not know of any program in the entire bill that has been more abused than the so-called supporting assistance program, which at one time was known as the defense support program. Supporting assistance is really economic grant assistance pure and simple. The funds provided under the title of supporting assistance are supposed to be used to assist countries such as Korea and South Vietnam, which have to sustain large armies.

Last year, Congress appropriated \$395 million for this purpose, but the amount actually programed was \$548,969,000. This increase was possible because of augmentations from the contingency fund. As I stated in a previous speech in the Senate, the amount of money needed to make up the difference between the amount made available and \$548,969,000 came from the contingency fund. The Foreign Relations Committee justifies the \$400 million it provided for supporting assistance on page 21 of its report, which I quote:

Most of the supporting assistance funds are intended to strengthen the military-economic positions in Vietnam, Korea, and Thailand. The program in Vietnam is designed to supply essential imports and to advance rural relief and development activities including the strategic hamlet program. Supporting assistance programs for Korea are intended to finance raw materials and capital goods imports which maintain current production and contribute to long-range economic development. In Thailand, the United States and Thai Governments have agreed to a 50-50 cost sharing project for strengthening internal security forces and improving both military and civilian mobility in the threatened northeastern part of the country.

Mr. President, the same reasons were advanced last year to justify supporting

assistance, but what happened after Congress made funds available? Korea, was programed to receive \$125 million last year. But under the revised program, Korea received \$90 million. Vietnam was programed to receive \$140 million, but this amount was reduced to \$120 million under the revised program.

So in order to take care of these two countries during the previous fiscal year, the sum of \$210 million, was required.

It is my contention—and I am sure it is that of the distinguished Senator from Oregon [Mr. MORSE]—that if \$350 million is provided there will be \$140 million in excess of what was needed to provide the supporting assistance that is so important, according to our military leaders, in South Vietnam and South Korea.

As I previously pointed out, last year Congress appropriated \$395 million, but the administrators programed \$548,969,000 by taking moneys from the contingent fund and other parts of the bill in order to augment the program. I should like to show how some of that money was used.

For example, let us consider Tunisia. When the AID made its presentation for fiscal year 1963, no funds were programed for supporting assistance to that country. But the revised program included \$6,813,000. The agency stated in its fiscal 1964 presentation that this money was necessary to provide non-project commodities in the amount of \$6.7 million and disaster relief in the amount of \$100,000. Yet we are told that this sum is to be used in order to assist countries that have huge armies to maintain.

In justifying this action, the agency states that fiscal year 1962 funds programed for Tunisia were deobligated because of technicalities—because the 1963 appropriation act precluded reobligation of prior years' funds, the agency approved the use of the 1963 contingency fund rather than reobligate the prior years' funds. Thus AID got around the letter of the law by violating the spirit of the law.

Another example may be found in the case of Egypt, where \$10 million of the contingency fund was used, not directly from that fund, but through the supporting assistance fund. The amount was transferred from the contingency fund to the supporting assistance fund.

It is interesting to note that the agency reduced its supporting assistance program in only one area of the world; namely, the Far East. Yet when a plea was made by the agency for a restoration of the amount asked last year, the reason given was that the Far East needed it. As I stated a while ago, the agency reduced that amount, but used the money in other areas.

In that connection, I point out some of the areas where it was used. The money could not have been obtained from Congress if the purposes for which it was desired to use it had been stated. In Latin America, a total of \$41,535,000 was added to the amount appropriated by Congress; there was added in the Near East, a total of \$9,113,000; and in Africa, \$10,462,000 was added—for a total increase from the original program

of \$17,719,000. But in the areas where it was intended to be used to the greatest extent, upon which was based the argument for an increase last year, the program was cut back. These cuts were made in South Vietnam and Korea.

Now the same arguments are being made in connection with the claim that this amount should be increased, because, it is said, it is badly needed in South Korea, in South Vietnam, and elsewhere in southeast Asia. But I contend that if the authorization for this fund is cut to \$350 million, South Vietnam and Korea will receive the same amounts that they received last year, and the administrators will have a surplus of \$140 million to spread around as they may desire.

Again, I point out where some of this money was used last year. While reductions were being made in the Far East, Indonesia—a country which continues to play "footsie" with the Reds—had its supporting assistance program increased from \$2,500,000 to \$21,900,000—an increase of 776 percent. How can such deception be tolerated? A program is justified for countries that have the sympathy of Congress and of the American people, but the funds are used in a country which tries to play both sides against the middle. In this connection, the Clay Committee said, in its report about Indonesia:

We cannot leave this area of the world without special reference also to Indonesia. Because of its population, resources, and geographic position, it is of special concern to the free world. However, we do not see how external assistance can be granted to this nation by free world countries unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures.

But, Mr. President, Indonesia has not done that.

I read further from the Clay committee's report:

If it follows this path, as we hope it will, it deserves the support of free world aid sources.

But, Mr. President, Indonesia has not done so. I would not be at all surprised to find that much of the supporting assistance funds in the amount of \$20 million which was made available last year to Indonesia was used to grab certain islands or parts of islands which formerly belonged to our friends in Europe and in other parts of the world.

It is my judgment that an authorization in the amount of \$350 million, as proposed by the Morse amendment, will be entirely sufficient to take care of the areas which must be cared for, according to our military leaders.

So I hope the modified amendment of the Senator from Oregon to the committee amendment, as amended, will be adopted.

The PRESIDING OFFICER (Mr. EDMONDSON in the chair). The question is on agreeing to amendment No. 316, as modified, as proposed by the Senator from Oregon [Mr. MORSE] to the committee amendment, as amended, in the nature of a substitute.

On this question, the yeas and nays have been ordered.

Mr. FULBRIGHT. Mr. President, I shall say only a few words, because very little is left to be said about the amendment.

This item has already been cut severely, as have all the other items. The supporting assistance item has been decreased from \$917 million, in 1961, to the requested authorization of \$445 million, this year; and in the committee it was cut to \$400 million.

I do not know that anything further remains to be said in this case.

I hope the Senate will not adopt the modified amendment of the Senator from Oregon to the committee amendment, as amended.

Mr. SALTONSTALL. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. As a member of the Appropriations Committee, it has always seemed to me that after we provide military assistance, we must provide some supporting assistance, because after we help a country to develop its military forces, we have to assist in their support through local agencies and local people in view of the fact that a certain number of people are thus taken away from their normal occupations. So it has always seemed to me that supporting assistance is a valuable and necessary part of military assistance.

Mr. FULBRIGHT. The Senator from Massachusetts is entirely correct. With a few exceptions, that is the major use of supporting assistance—in cases in which a major military effort is made—for example, in Turkey, which has already been referred to. There is also the critical situation in the Congo, particularly in Leopoldville, which is in desperate need of assistance for stabilizing purposes. The countries in these areas are threatened with serious problems, both external and internal. This general situation has been explored; and both the Senator from Louisiana and the Senator from Oregon have spoken extensively on what is involved in this case.

But the amount has already been greatly reduced until it is now quite small. In pursuance of what was called the Mansfield amendment—which was adopted in 1961, I believe, and which called for a reduction of this item—the administration has followed the advice of Congress, and in my opinion has done a very good job in that connection.

So I hope the Senate will reject the pending amendment, as modified, to the committee amendment.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. Can the Senator from Arkansas state how this fund will be used, and can he also state what countries will receive it?

Mr. FULBRIGHT. That information is classified. However, what is proposed is shown in a list which I have before me. The Senator from Louisiana can examine it if he wishes to do so. The past figures in connection with this item are not classified; but, as the Senator from Louisiana knows, there is a very good

reason for classifying this material in connection with the pending bill, for after the appropriations process is engaged in, the amounts are always altered. So it is obviously undesirable to permit this information to be issued at this time, for if it were issued now, perhaps it would be bandied about by those interested in these programs. Clearly, there is always a certain amount of adjustment to be made before the appropriations are voted and are made available.

Mr. ELLENDER. But I should like to have Senators see that statement or list.

Mr. FULBRIGHT. They can do so; but it should not be printed in the RECORD. There is nothing new about the situation in that connection.

Mr. ELLENDER. I understand that.

However, is it not true that last year, as I have pointed out, there was programmed and justified for Korea not less than \$125 million, but the administrators gave that country only \$90 million?

Mr. FULBRIGHT. As I have said, when a certain amount is proposed, but when thereafter the amount proposed is severely cut, obviously the amount finally provided will be less than the amount originally proposed. What else could be done? The administrators say, "If you grant us x dollars, we propose to use it in this way." But if the proposed amount is cut by 20 or 30 percent, obviously they cannot spend the amount which they had proposed.

Mr. ELLENDER. As I pointed out—and I should like to be corrected if I do not have the correct figures—last year \$395 million was provided for supporting assistance but there was programmed \$548,969,000.

Mr. FULBRIGHT. The Senator has stated the estimate before any cuts were made.

Mr. ELLENDER. No, I have stated the amount of the program. The appropriation was only \$395 million.

Mr. FULBRIGHT. Yes.

Mr. ELLENDER. That is what was demanded.

Mr. FULBRIGHT. What would the Senator expect the agency to do if the program changed and a cut were made in the amount below the program estimate? Would the Senator have it spend more than the amount which was authorized?

Mr. ELLENDER. No. If the money appropriated last year had been used for countries such as South Vietnam, Korea, and Southeast Asia that, it was said, needed the money so badly, they would have had enough money. But they increased the programs in Indonesia and other countries that should not have received the money. That is what happened.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MORSE. I hope that Senators will announce to the latecomers that my amendment has been modified by omitting lines 1 and 2, which involved the development grants, and the amendment is now limited entirely to a proposed \$50 million cut in supporting assistance. It has nothing to do with developing grants.

I may offer an amendment in relation to development grants later.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] as modified, to the committee amendment, as amended. On that question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. CANNON], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Mississippi [Mr. STENNIS], and the Senator from Nevada [Mr. CANNON] would each vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from California would vote "nay," and the Senator from Louisiana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER] is detained on official business, and if present and voting, would vote "nay."

The result was announced—yeas 43, nays 52, as follows:

[No. 230 Leg.]

YEAS—43

Beall	Jackson	Randolph
Bennett	Johnston	Ribicoff
Bible	Jordan, N.C.	Robertson
Burdick	Jordan, Idaho	Russell
Byrd, Va.	Magnuson	Simpson
Cotton	McClellan	Symington
Curtis	McGovern	Talmadge
Dodd	Mechem	Thurmond
Edmondson	Morse	Tower
Ellender	Mundt	Williams, Del.
Ervin	Nelson	Yarborough
Goldwater	Neuberger	Young, N. Dak.
Gruening	Pearson	Young, Ohio
Holland	Pell	
Hruska	Proxmire	

NAYS—52

Aiken	Gore	McNamara
Allott	Hart	Metcalf
Anderson	Hartke	Miller
Bayh	Hayden	Monroney
Bartlett	Hickenlooper	Morton
Boggs	Hill	Moss
Brewster	Humphrey	Muskie
Byrd, W. Va.	Inouye	Pastore
Carlson	Javits	Prouty
Case	Keating	Saltonstall
Church	Kennedy	Scott
Clark	Kuchel	Smathers
Dirksen	Lausche	Smith
Dominick	Long, Mo.	Sparkman
Douglas	Mansfield	Walters
Eastland	McCarthy	Williams, N.J.
Fong	McGee	
Fulbright	McIntyre	

NOT VOTING—5

Cannon	Engle	Stennis
Cooper	Long, La.	

So Mr. MORSE's amendment, as modified, to the committee amendment, as amended, was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. McCLELLAN. Mr. President, since the foreign aid bill now under consideration is being debated at great length, I should like to state briefly why I shall vote against it. As the RECORD will show, I have not voted for any foreign aid spending since 1954. I do not mean by that statement to imply that I have not felt that some judicious spending might not be to our benefit. However, I concluded, about that time, that we were spending at least \$2 for every \$1 that was necessary to carry out our program that we had in mind and for which we envisioned a need for our assistance.

Prior to 1954 I voted for foreign aid bills designed to implement the Marshall plan, because I believed the situation was such that there was some prospect of achieving some kind of results. I was willing, and I thought it proper, and I believe it was well justified, that we should help rehabilitate the war devastated countries. That we did.

Looking back, I believe most people would agree that our assistance since under the Marshall plan achieved a significant and quite satisfactory result. When it became clear that the proponents of foreign aid intended to make it permanent, with large scale programs of exorbitant expenditures aimed at the achievement of what I conceived to be impossible, unrealistic, or questionable goals, I concluded that I could no longer in good conscience support the program.

I have observed that since I quit voting for the program in 1954, the number of nations receiving aid has increased, I believe, from 71 countries that were receiving aid then to approximately 111 which are now receiving our assistance.

The amount of funds appropriated increased from \$2,712 million in fiscal 1956 to \$3,929 million in fiscal 1963. The current request for funds maintains the trend toward ever larger authorizations and appropriations. This year the President submitted an original budget request for \$4,945 million. Later he reduced his request for fiscal 1964 to \$4,529 million. The House further reduced the amount to \$3,502 million in the bill now before the Senate.

Since July 1, 1945, the United States has spent or committed more than \$103 billion for economic and military assistance. We have made available about \$45 billion to Europe; \$24 billion to the Far East; \$20 billion to the Near East and southern Asia; \$7 billion to Latin America; \$2 billion to Africa and \$5 billion on a nonregional basis. Both the obligation authority and expenditures for economic assistance and military support have been steadily increasing in recent years with no indication as to when or where this merry-go-round will slow down or come to a halt. With only about 6 percent of the world's population, the United States has attempted to conquer poverty, illiteracy, disease, and oppression throughout the world. We have aided our foes as well as our friends.

What achievements can we point to as a result of this monumental expenditure of funds? I submit the results are not too gratifying; indeed, they are extremely disappointing. It is unnecessary at this

time to describe again and in any detail instances of waste and wretched administration in the foreign aid program. Through the years, Members of this body, the press, commentators, and other sources have cited countless examples of shortcomings and spectacular failures in the program. Even the friends of foreign aid apparently concede that the program has been completely unsatisfactory or, at the least, that it is most unsatisfactory in its present state of operation and that the program must be revamped or completely changed. Only the other day, the Washington Post stated that "few can deny that the present program is beset by contradictory policy objectives and occasionally by wretched administration." The Committee on Foreign Relations has indicated that it gave serious consideration to ending the program as presently constituted in 1965. In my judgment, even that period of delay is not acceptable. A complete list of the specific instances of corrupt, short-sighted, or inefficient administration of the program would fill volumes.

The fallacies and shortcomings in our foreign aid program have been rather thoroughly exposed during the debate on this bill. Senators have presented detailed examples and many valid generalizations which reflect true conditions respecting our foreign aid program.

I shall not attempt to go over the same ground, but will merely summarize my own views in this area.

One of the more serious shortcomings in the program is the lack of clarity in our goals. We have often undertaken projects with no clear objective in mind. When we have pursued particular goals, they have often been either contrary to our national interest or unrealistic and impossible to achieve. In many instances, we have pursued contradictory policy objectives. While attempting to solve each problem which arises in the world, we often forget what we are trying to accomplish and why we are concerned with the problem at all. Until such time as we clarify our goals, any foreign aid program which we undertake will not be fully effective.

As the Senator from Alaska [Mr. GRUENING] has so ably pointed out in his report to a subcommittee of the Government Operations Committee, of which I have the honor of serving as chairman, there has been far too great a tendency on the part of our administrators to proceed on the assumption that any nation in the free world not only should, but is entitled to, receive U.S. foreign economic aid. I do not agree that all nations of the free world are entitled to or should receive economic assistance from us. An indiscriminate outpouring of aid results in a waste of public funds and often does more harm than good.

Our assistance to underdeveloped nations in many instances has created envy and hatred instead of friendship. Our projects in many countries result in a flaunting of our great wealth and prosperity before the eyes of people whose situation almost inevitably causes them to react with envy and resentment, if not with outright hatred. Furthermore, since no consistent yardstick exists for

an equitable distribution of aid, some nations inevitably feel that they are being discriminated against. We also generate resentment each time we turn down an applicant for our aid. The initial receipt of aid creates the expectation of continued aid and produces adjustments which often make such a continuation imperative. Thus, after a nation becomes dependent upon this aid, its reduction or elimination causes understandable frustration and anger.

Our aid program often encourages the development or perpetuation of socialism, which, I believe, in turn impedes the growth of an underdeveloped country. Tremendous amounts of aid are granted directly to foreign governments. By doing so, we are, in many instances, subsidizing the political career and often the financial enrichment of those in power. In too many cases, these political leaders are lovers of power and big government, and they are contemptuous of the businessman and his everyday concrete reality. The planners and leaders in these nations are often concerned with the displacement of the market mechanism when the improvement of this mechanism is what is most needed. Moreover, some of those administering our aid program appear to be hostile to those institutions in our society most responsible for our own growth and development—free enterprise and limited government.

In Turkey, for example, we have been financing government industries for 16 years. We are indebted to the Senator from Oregon [Mr. MORSE] for calling to our attention a report by a U.S. expert on investment laws, Mr. Norman Littell. Mr. Littell pointed out that the history of Turkish confiscation of foreign enterprises and the fact that these enterprises have been run for years by the state have been the chief trouble with the Turkish economy. Mr. Littell also points out that he was informed by people in a position to know that the average Turkish citizen realizes full well that private operations are far more efficient than public operations but is still reluctant to take the leap from public to private ownership. It would seem, therefore, that little, if anything, has been done to educate the citizens of Turkey on the dynamics of private enterprise and the benefits it can bring to the employees in a depressed and underdeveloped area.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield to the Senator from Oregon.

Mr. MORSE. I am glad the Senator from Arkansas has mentioned the work of Norman Littell. He is one of the best versed and informed men on the problems of Turkey who is available to the Senate. I have conferred with him at great length. I believe the Senator from Arkansas has conferred with him.

He has pointed out that the aid we have given to Turkey has had many unfortunate results, not the least of which is the socialization of its industry and the operation of many industries by the Government, at great waste, with those industries' payrolls actually being a form

of unemployment insurance, in that they have many times the number of employees needed.

Mr. McCLELLAN. In other words, they are engaged in made work.

Mr. MORSE. And they are paid by means of the American dollars that Government receives. In that sense, we are pouring into Turkey a great deal of aid which is unneeded.

Littell also pointed out that we are not supporting democracy in Turkey, and that the situation there is a far cry from the situation in a land of freedom. Yet we continue to pour our money into Turkey.

I shall offer some amendments which will specifically deal with Turkey, and in that way I shall try to end much of the waste which has crept into our foreign aid program.

Mr. McCLELLAN. I thank the Senator from Oregon. I pay tribute to him for the highly valuable service he has rendered in the Senate at this session.

In the past 8 years, although I have not voted for this program, yet I have not made an all-out fight against it on the floor of the Senate, for that seemed to be useless. In the early stages I thought I might be mistaken, but I had to vote my convictions.

I see no end to this program; there is no prospect of reaching an end to it. It will be a continuing and growing program, unless we meet our responsibility, and thus stop it. But as I view the situation—and I have been around a little, even though perhaps I have not traveled abroad as much as some Senators have—we are not striking at the root of the troubles. We are merely handing out doles to those temporarily in power in these countries, and those donations are not of benefit to the average citizens in those lands, and do not result in making resources available to them in order to help them build up an improved livelihood, or in amounts sufficient to enable to lift themselves out of the poverty in which so many of them are enmeshed. Instead, we aid them to live from day to day, but no improvement is being made. One of the difficulties is that the program is not organized correctly. Apparently we do not have a proper conception of what needs to be done, and we do not have in the AID enough people who know differently and know how to reach the problem and how to deal with it adequately.

Mr. GRUENING. Mr. President, will the Senator from Arkansas yield to me?

The PRESIDING OFFICER. Does Senator from Arkansas yield to the Senator from Alaska?

Mr. McCLELLAN. I am glad to yield.

Mr. GRUENING. I thank the Senator from Arkansas.

First, I thank the Senator for his very kind reference to my report. I believe it is the first investigation in depth of this subject that has been made in the Senate, and I believe it was long overdue.

I share the concern the Senator expresses. I felt that when the foreign aid program carried out the Marshall plan, it was a great success. It was specific in purpose, limited in scope, directed at

countries that were qualified to receive such aid, and accomplished its objectives; and if we had adhered to similar procedures and standards in connection with the program subsequently we would not have had the errors and the waste that have characterized the foreign aid program which we are now trying to reform.

I do not wish our foreign aid to be eliminated; but I believe it must be curtailed and reduced until it is sound and sane and until it is based on fundamental principles, such as the willingness of the countries we aid to help themselves, to administer honestly and effectively the funds we give them, and to reach a termination point in the program. As the Senator has said, we cannot continue this program indefinitely. Furthermore, it would be fantastic for the United States with about 6 percent of the world population to attempt to eliminate poverty everywhere in a world of more than three billion persons. As the Clay report stated, we have attempted too much too rapidly.

I wish to refer also to the commendation by the Senator from Arkansas and the Senator from Oregon of Norman Littell, a very experienced and able attorney, a former Assistant Attorney General and a man of unblemished reputation. I am not particularly familiar with the work he has done in Turkey, but I know of his excellent work as attorney for the Navajo Tribe. He has held that position for the last 15 or 16 years; he has served those Indians of the Southwest with great devotion and ability, and I am glad to join these Senators in expressing our appreciation of his excellent work and in paying tribute to him for his accomplishments, his valuable services both while in the Federal service and in private practice, his integrity, and his fine public spirit.

Mr. McCLELLAN. I thank the Senator from Alaska. It would be most desirable for us to have in that country more men of ability who manifest a sincere desire to do something effective about the needs which exist there. Under such circumstances, I think the program might be quite helpful. But at present, waste, extravagance, and indifference characterize the program there; instead of taking positive steps, there seems to be only a desire to get rid of the money we send there and—in short—to attempt to buy friends. Such a program makes no sense to me, and certainly it is the grossest kind of governmental folly.

I wish to pay tribute to the Senator from Louisiana [Mr. ELLENDER], who has traveled most extensively. When I entered the Chamber a few minutes ago, I think the Senator from Oregon was referring to him. I join in the sentiments I heard the Senator from Oregon express.

Following each trip the Senator from Louisiana has made abroad—they have not been junkets; they have been journeys in the course of which he has obtained large amounts of valuable information about our program, the policies followed, the method in which the expenditures were being handled, and the

results being obtained—he has made a detailed report to the Senate. I think it most unfortunate that the Senate and the House of Representatives have not earlier heeded some of the reports he has given us and have not acted upon them. I believe we are now reaching the point where there is some hope; apparently, judging from what has happened in the last 2 weeks, there is now some hope that Congress will begin to measure up to its responsibilities in this field, and will either stop the entire program for the present or will reorganize it in such a way that it will accomplish something worth while.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield again to me?

Mr. McCLELLAN. I am happy to yield further to the Senator from Oregon. First, let me say that I believe I have supported almost every amendment he has offered in recent years in the attempt to reduce this program in size and to make some necessary corrections in it, even though until now we have not been particularly successful in such attempts. I am gratified that we are now making some progress in that direction; and among the outstanding Senators who have led that fight are the Senator from Louisiana [Mr. ELLENDER], and Senator from Alaska [Mr. GRUENING] and the Senator from Oregon [Mr. MORSE]. Again I commend the Senator from Oregon, because he has performed a most valuable service. At this time I am glad to yield to him.

Mr. MORSE. Mr. President, on behalf of the Senator from Alaska, the Senator from Louisiana, and myself, I thank the Senator from Arkansas very much. He has stood shoulder to shoulder with us as we have tried to bring about necessary reforms by means of making necessary changes in the bill.

In view of the fact that the Senator from Arkansas paid tribute to Norman Littell—and his tribute was followed by the tribute paid to Mr. Littell by the Senator from Alaska [Mr. GRUENING]—and in view of the fact that the Senator from Alaska stated that for a great many years Mr. Littell has been legal counsel for the Navajo tribe, in which work he has performed distinguished service, I ask unanimous consent to have printed in the RECORD at the conclusion of the speech of the Senator from Arkansas an editorial, written by Josephus Daniels, editor of the Raleigh, N.C., News and Observer, at the time when Mr. Littell was Assistant Attorney General. The editorial is entitled "Would Be Knighted," and is in high praise of this great lawyer and distinguished American.

I read only the first sentence:

If public men who render distinguished and patriotic service in America were knighted, the highest decoration would go to Norman M. Littell, Assistant Attorney General.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD following the speech of the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McCLELLAN. Mr. President, it is too often forgotten that the developed countries of the world achieved their greatest development under relatively laissez faire conditions. Massive government intervention was adopted by the West only after a century of development. The underdeveloped countries of the world are attempting to start with extreme versions of policies adopted by the nations of the West after they had already achieved their period of greatest growth.

It is argued that the underdeveloped nations of the world cannot afford to wait for gradual development and hence feel constrained to hasten development through government enterprise. We must accept such policies, it is said, because to do otherwise would be an undue interference in the domestic affairs of these nations.

I do not desire to interfere in the affairs of other nations, but when they expect us to pay their bills, I wish to have something to say about those affairs. So long as a nation attends to its own business, it can have whatever dictators, inflation, or whatever else it wishes—if it does not know better. But when such nations come to us and present the bill and ask us to finance those things I have enumerated, then I am ready to interfere or cut off the money. When I say "interfere" I do not mean that I would force anything on them but I wish to know that their policies and their programs will result in some benefit and that some benefit will be derived from the assistance that we give to them. But have the results of such efforts indicated that this approach is the most effective way of securing the desired development? I think not. Our experience to date has not proved that to be true. For that reason we now find opposition to the program, and some of us are trying to bring about certain changes in the program and organize it so that it will be effective and function efficiently.

Not being subject to automatic correction through individual trial and error, such efforts require a miracle of planning and coordination. Failures tend to be numerous and large in scale. All too often, the net result is massive inflation resulting from an overexpansion of the governmental apparatus, the support of expensive armies, massive wage increases ordered by governments or enforced by government-sponsored trade unions, and attempts to invest capital at too fast a pace for orderly development.

Mr. President, we have examples of that in the Latin American countries. We have poured out a great deal of assistance to countries in Latin America. Conditions become worse all the time, according to the reports we receive. Private capital is flowing away from the countries of Latin America as fast as we provide American dollars to try to stabilize conditions in those countries. We cannot save any country under conditions like that. There must be a reasonable effort on the part of the nations themselves—on the part of the people and their governments. We are very foolish to undertake programs until we get some cooperation and effort on the

part of those countries to help themselves.

At the same time, the changed political climate operates to discourage foreign investment capital from coming into the country. When foreign investors must reckon with inflation, exchange control, price control, confiscation, and nationalization of industries, they often conclude that the possibilities for profit are outweighed by the hazards involved. So they do not invest. The underdeveloped nations are thus deprived of what could be a major source of capital for their development. It is foolish for us to encourage and subsidize such policies. I do not believe that the United States or the recipients of our aid will in the long run benefit from a continuation of our current approach to this problem. A change should be made before we appropriate more billions for such expenditures.

The hopes and rising expectations of 90 percent of the peoples of the world cannot be realized with American dollars but only with American ideals and experience which are far more valuable. In only 150 years our forefathers transformed a wilderness into the most productive, most powerful, most considerate civilization known to the history of man. The manner in which this was accomplished is the real American wealth. The rest of the world can go and do likewise if it will only recognize and carry out the essential actions prerequisite to our way of life. We on our part must recognize that money alone will solve few problems; that money is only a tool useful to those who know how to use it. The greatest gift we can give the developing countries and peoples is our knowledge and experience in the fields of government, technology, and commercial enterprise. With all of our wealth and the best of intentions we cannot help other countries and peoples unless they are willing to recognize, accept, and act on the principles we have developed from hard experience.

In all too many instances, our aid does not go to the people of the nations receiving our assistance. When aid is turned over to those in power, they often convert it into personal gain. At best, it is filtered through the existing power hierarchy whose members or supporters derive all or most of the benefits therefrom.

The United States has, in effect, forced foreign aid upon countries in some instances. We insist upon giving them aid which they are not equipped by training or background to handle.

It is a common occurrence for the United States to furnish substantial sums of money for a project and then receive no recognition for it whatsoever. For example, in recent weeks, the newspapers carried accounts of the dedication of a highway in Indonesia which was constructed with U.S. aid. President Sukarno issued an ultimatum that no U.S. flags could be flown during the dedication.

One of the most puzzling parts of the foreign aid program to me has been the assistance given to avowed Communist countries. Moreover, we have given

such aid in staggering amounts. Yugoslavia alone received about \$2.4 billion during the period from July 1, 1946, through June 30, 1963. Approximately \$696 million went for military assistance, and this amount is misleading when we realize, for example that the United States gave, sold, or contracted for the sale of 683 military planes for a few million dollars that today would cost close to half a billion dollars.

Our balance-of-payments deficit must also weigh heavily in our consideration of this bill. There is no need to dwell at length on this matter, for we are all aware of the seriousness of the problem. Suffice it to say there seems no question but that our foreign aid program is a major factor in the creation of the balance-of-payments deficit.

In my judgment, we are mistaken in assuming that the military aid furnished to many nations is responsible for keeping them from falling behind the Iron Curtain. The nuclear arsenal and military might of the United States is the real deterrent to Communist aggression against these nations, not the military assistance which we provide.

There are other criticisms which I could make, but the foregoing are sufficient to illustrate to some extent my dissatisfaction with the foreign aid program.

In answer to the criticism of foreign aid, its proponents always argue that we only need to improve the administration of the program. We have heard this same argument and excuse each time during the past 10 years that this issue has come before the Congress. We are continually promised that changes will be made. But they have not yet been made, and the evidence that they will be is not at all convincing. I see no reason to believe that the money authorized by this bill will be utilized any more effectively than the money authorized by past bills and the many billions heretofore expended. Expenditures may well be improved by reason of some amendments that have been adopted by the Senate, provided the amendments are retained when the bill becomes law. The whole thrust and emphasis of our program is, in my judgment, misguided, so I have no alternative but to continue my opposition until such time as it appears that these exorbitant expenditures have some chance of achieving much better results than they have in the past.

In concluding, I should like to go back into history for an analogy to our present situation. The rulers of Byzantium sought always to impress less fortunate peoples with the wealth and prosperity of Constantinople and used lavish foreign aid as their diplomatic instrument. Money was regarded as an irresistible argument and was used indiscriminately and sometimes unwisely.

I am glad to say that we have not yet reached the point of failing to maintain our military posture. We have not maintained it as well, perhaps, as some of us would like, but it is an expensive necessity. At least, I believe we have sufficient military strength today to provide a deterrent to a would-be aggressor.

The result? Lulled by a false sense

of security, they failed to maintain their own military and economic strength. When the Turks threatened, friends purchased by money proved to be false friends. If we were threatened today, I wonder where Mr. Tito would be? And there are others we could mention. I can say one thing: They would not be with us. The once resplendent Eastern empire shrank to a hollow shell and ultimately collapsed without a struggle.

We should never forget that the real bulwark of freedom in the world is a strong and growing United States. If our Government continues its present course of useless and wasteful spending in a so-called foreign aid program, and continues to spend billions each year in excess of its income in wanton disregard of sound fiscal policies and governmental integrity, we, too, may someday have to answer for our folly. That "someday" may well be nearer—sooner than we think.

Let us stop this folly, conserve our resources, balance the budget, live within our income and strengthen America from within. When we do that, we will have greater resistance to and defense against any danger that may lurk from without, or may ever threaten us from without.

EXHIBIT 1

[From the News and Observer, Raleigh, N.C., June 27, 1943]

WOULD BE KNIGHTED

(By Josephus Daniels, editor)

If public men who render distinguished and patriotic service in America were knighted, the highest decoration would go to Norman M. Littell, Assistant Attorney General, whose wisdom and courage compelled the annulment of the illegal, invalid, and indefensible lease of the naval oil reserves in California to the Standard Oil Co. Any official who stands against the exploitation of national reserves by the greed of monopolists is entitled to honors that go only to those who render service beyond the call of duty. When Mr. Littell uncovered the fact that the contract made last fall was worse for the Government than the one Fall made with Doheny, he knew what he might expect from the Standard Oil lobbyists and henchmen. The Associated Press story of yesterday of the hearing before a congressional committee had the following disclosures of methods which shocked the American people.

Norman M. Littell, Assistant Attorney General who originally labeled the contract "illegal," told the Lands Committee that he had been subjected to considerable personal attack on the basis of his qualifications to pass judgment on the transaction.

Littell, who was requested to make the study by the White House, said a lobbyist of the Standard Oil Co., of California, had sat in the committee room all morning, smiling and smirking at his remarks.

This same person, Littell said, had damned him last night before other people for posing as an oil expert.

Littell said Ralph K. Davies, assistant petroleum administrator and vice president of Standard Oil of California, had offered him a retainer of \$6,000 annually some years ago following Littell's service in administering oil problems under the National Recovery Administration (NRA) code.

"I declined it," stated Littell, "because I did not want to defend the old NRA code they were maintaining."

Representative ELLIOTT threatened to call to the witness stand the "lobbyist" to whom Littell referred, and said he himself had

been accused by this unidentified person of making unfair statements against Standard Oil of California. ELLIOTT told the committee members that they would have the unidentified person before them for questioning before this is over.

Littell's report termed the contract "a masterpiece of equivocation" that was "illegal and invalid" not only under the Oil Conservation Act of 1938, but also under the war powers acts. Its terms, he said, called for a pooling of approximately 8,300 acres of land owned by Standard Oil with approximately 35,175 acres owned by the Government, without taking into consideration that water seepage into Standard's share had impaired the value of the company's holdings.

From the day the Wilson administration blocked the attempt to grab oil reserves, the oil men have resolved by hook or crook to own or control the naval oil reserves. First, they threatened to open their offset wells and drain the naval reserves of their oil. That threat was met by the Secretary of the Navy, who declared that if that sort of looting was attempted, the Navy would play the same game and double the offset wells. During the World War, the California Chamber of Commerce sought to compel the exploitation because unless the naval reserve oil was made available the war work on the Pacific coast would be halted. That false plea was exposed and defeated. Then Colorado exploiters sought to get a lease of Teapot Dome but the Wilson administration refused to consider it. As soon as the Harding administration was inaugurated, the scandalous and corrupt deal was made by Fall (with a \$100,000 bribe) to turn over the Navy oil reserves to Doheny. That deal drove Denby, Secretary of the Navy, out of the Cabinet and likewise changed Fall from a Cabinet portfolio to residence in a prison cell.

Again, hoping in the stress of war to obtain the long-coveted naval oil reserves, the Standard Oil Co. of California managed to secure a contract worse for the Navy than the one Fall made with Doheny. While this contract, now annulled, was attended by no \$100,000 or other bribe, the general public which heard about it only when a congressional committee uncovered it, thought it was a plan that would benefit the Navy. It turned out to be better for the Standard Oil Co. than the contract Fall made with Doheny, and therefore worse for the Navy.

Mr. MORSE. I thank the Senator from Arkansas very much for the able and penetrating speech he has made in opposition to the bill. I shall stand shoulder to shoulder with him in his continued opposition to the bill.

Mr. SIMPSON. Mr. President, I call up my amendment No. 308 to the committee amendment, as amended, and ask that it be stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 48, between lines 7 and 8 in the committee amendment, it is proposed to insert the following:

(a) Amend section 621, which relates to exercise of functions, by striking out the last sentence thereof and substituting the following: "In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enter-

prise, and can be made available without interfering unduly with domestic programs."

On page 48, lines 8 and 22; page 49, line 5; page 50, line 1; and page 51, line 10, it is proposed to redesignate subsections (a) to (e) as (b) to (f), respectively.

Mr. SIMPSON. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. SIMPSON. Mr. President, the purpose of this amendment is to bring uniformity to the Foreign Assistance Act. The amendment would utilize the efficiency of our private enterprise system in giving aid to foreign countries. It would emphasize the role of private enterprise rather than enlarging upon the activities of the Federal bureaus and agencies which become a drain on our economy.

I compliment the Foreign Relations Committee on its attempts to utilize private enterprise in developing and aiding the other countries of the world. In the Foreign Assistance Act of 1961, Congress stressed the importance of free enterprise in part III of that act, which is entitled "Encouragement of Free Enterprise and Private Participation."

The Foreign Relations Committee has recognized that private channels must be used to the greatest extent practicable. This year the committee has recommended three changes in the act to further encourage and facilitate participation by private enterprise.

One change which was adopted by the House of Representatives and is in the bill recommended by the committee would improve and strengthen the role of private enterprise in the field of foreign aid. In part III, section 601(b) the act states:

In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall * * * (6) utilize whenever practicable the services of United States private enterprise (including, but not limited to the services of experts and consultants in technical fields such as engineering.)

I believe that the committee has acted wisely in recommending this language. I endorse it completely.

I find that the bill is not consistent with this approach and have offered as an amendment to the bill a provision which would bring uniformity. Section 621 of the Foreign Assistance Act of 1961 states:

In providing technical assistance * * * the head of any such agency or such office shall utilize to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibility for domestic programs in such fields.

This contradicts the purpose of the committee's recommendations regarding section 601. My amendment is technical and would bring harmony to the act.

My amendment would strike the conflicting sentence of section 621 and insert in lieu thereof the following:

In providing technical assistance under this Act, the head of any such agency or such office shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health,

housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

I am confident that there will be little, if any, objections to this amendment, because the President has stressed the importance of stimulating our economy and a need for the balance of payments. Our economy can be stimulated if we will use American private enterprise in giving assistance to foreign countries.

We are at a period in our history when our approach to world affairs should be reoriented, particularly in regard to the administration of our foreign aid. If the purpose of our lending assistance to other nations is to encourage freedom, promote the betterment of the people, and establish an economy founded upon private enterprise, then we should do it in a manner in keeping with these principles.

Private enterprise and initiative has been the dominant factor in the development of the United States, and if we are to expect other nations to follow in this philosophy we must utilize these basic principles to the fullest extent in the implementation of our assistance programs.

The foreign aid program is supporting a bureaucracy within our own Government and correspondingly encouraging the recipient countries to do likewise. Domestic Federal agencies have been encouraged to offer their services to foreign government, subagencies, and individuals.

They have been given increased appropriations to obtain additional personnel, equipment, and office space in which to carry out their new functions. They have become so involved in providing these services that their primary domestic responsibilities are often set aside.

While it is true that we have an interest in seeing that the moneys we spend are spent wisely, on technically sound projects and programs, there are ample people in private enterprise who could be engaged to aid in this area.

America has a highly developed business of providing technical services for foreign projects as well as domestic ones. Competition from Federal bureaus threaten to take over a large part of this market. The Foreign Assistance Act of 1961 stimulates Government competition with private enterprise. That should not be so. The committee has wisely tried to change this. My amendment brings uniformity to the act.

There can be little question regarding the capabilities of the technical and scientific community in this country. We now possess the world's most extensive, flexible, versatile, and capable source of technical knowledge and services for project development in our history. And instead of encouraging them to go outside our borders and demonstrate to the world, on a personal basis, how Americans work, we discourage them and send arms of our Federal Government whose interest is not always in a job well done, but, rather, just another job.

This problem of Government bureaucracy in our foreign aid program has become so acute in recent years that several professional associations representing segments of our private industry have called my attention to cases of wasteful spending, duplication, and outright discouragement of private interest in foreign aid.

The Legislative Council for Photogrammetry, representing the mapping industry of this country, has informed me of an agreement between the AID and the Corps of Engineers that will ultimately result in no further work for private businessmen in the location and development of natural resources of Latin America.

This agreement, known as the Participation Agency Service Agreement, or PASA, as it is more commonly referred to, has resulted in complete control, by the Corps of Engineers and its subagency, the Inter-American Geodetic Survey, of the natural resource development in Latin America.

Instances have been reported of officials of Latin American countries being told by U.S. officials not to utilize the services of U.S. firms but to ask the U.S. Government to perform these projects under the guidance of the Inter-American Geodetic Survey.

The Consulting Engineers Council, representing the engineers of America, has added still further instances of Government competition with private engineers. Just this past month they reported that the Agency for International Development completed an agreement with TVA for consulting services in connection with a feasibility study for the proposed \$150-million Yaque del Sur irrigation project in the Dominican Republic. This not only is competition from a governmental source but competition from a source not even experienced in the irrigation field. Upon inquiry of the matter, agency officials admitted one person on TVA's staff had had some previous experience in the irrigation field. TVA officials were scheduled to go to the Dominican Republic on September 28 but a revolution intervened, resulting in a termination for the time being, of economic aid to that country.

Another example was an agreement between AID and the Department of Agriculture in which the latter enters the engineering business to prepare drawings and specifications for construction of facilities in Trinidad, British West Indies. The Bureau of Public Roads is another agency rendering engineering services throughout the world, although it has a big enough job with the mammoth road construction project here in the United States.

When a Federal engineering agency takes an assignment from AID, then it harms private enterprise both in the United States and in the recipient country. This can be particularly harmful to the fledgling private enterprise sector of emerging economies.

My amendment proposes to change some of these inequities and place the basic principles of our country at the

forefront of our AID policies and administration.

Government agencies are established and organized for governmental purposes. For providing technical services, their organizations are cumbersome. They lack the incentive of competition for economic survival to provide rapid and efficient services. Private enterprise has the greatest incentive and facilities for rapid and efficient completion of contract services. When a contract has been completed and the project for which it was intended finished, the company and its personnel go off the Government's payroll, but much of the fruit of their labor goes into the Treasury of the United States in the form of taxes.

The adoption of this amendment will be of great assistance to our American private enterprise system and will clearly demonstrate to the world that we use the free enterprise system which we are attempting to establish in the underdeveloped countries.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield to the Senator from Oregon.

Mr. MORSE. I congratulate the Senator on his speech. I had read it before he delivered it. I was very favorably impressed with it then. I am even more favorably impressed with it now that it has been delivered.

I think the proposal is in line with what the Senator from New York [Mr. JAVITS], the Senator from Minnesota [Mr. HUMPHREY], and other Senators have been trying to work for; namely, a greater contribution in the administration of the foreign aid program by the private segment of our economy. Speaking for myself, when people have asked me what I was trying to do in this connection, I have said: "I am trying to move the bureaucrats out and the entrepreneurs in."

That is the objective of the Senator's amendment. Perhaps some Senators have questions to ask in regard to it, but I believe that wherever possible private industry should be used to carry out a program which, for the cogent reasons expressed by the Senator from Wyoming in his able speech, can be done by it. That is the answer. Private industry must be brought in. It should be brought in, because we are not exporting a government to the underdeveloped areas of the world. We should not be. We are not exporting bureaucracy. I thought we were trying to export economic freedom. I thought we were trying to export the processes of a private enterprise system, its technologies, its profit motive, its incentives, and its stimulation.

The amendment seeks to accomplish that end. The amendment ought to be accepted, with whatever clarification may be asked for, and taken to conference.

Mr. SIMPSON. I thank the Senator from Oregon for his observation.

Mr. AIKEN. Mr. President, may I ask the Senator a question or two?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Vermont?

Mr. SIMPSON. I am glad to yield to the Senator from Vermont.

Mr. AIKEN. First, the Senator's objective in offering the amendment appears to be a good one. However, it provides:

In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

The Senator does not intend, does he, to limit the fields to education, health, housing, and agriculture?

Mr. SIMPSON. No; I did not intend such a limitation.

Mr. AIKEN. Did the Senator intend that the wording of his amendment would preclude temporary assistance from the Army Engineers, provided that a private engineer were available, although it may be at greater cost?

Mr. SIMPSON. No; and in that connection I call the attention of the Senator from Vermont to the fact that the Javits amendment called for an advisory report. My amendment would implement that provision by establishing an area in which selection could be made.

Mr. AIKEN. I thank the Senator. I thought these points should be made clear for the RECORD.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, about 2 years ago, I believe, I offered an amendment to the foreign aid bill, which is now section 621 in the act. That section calls upon the AID agency to utilize the so-called domestic agencies of Government in so far as it is practicable to do so in carrying out the programs of technical assistance. My objective then was to preclude the possibility of the AID administration building up, for example, a large housing section, when a housing section already exists in the Housing and Home Finance Agency which could meet these responsibilities; also, asking the AID agency to utilize the U.S. Public Health Service, with reference, for example, to some of its health programs, because there are competent health personnel in the U.S. Public Health Service.

The Humphrey amendment of 1962 was designed to implement the AID administrative structure, with the AID administration actually making contracts with an established department of Government of cabinet status, such as the Department of Agriculture or the Department of Health, Education, and Welfare, to perform certain functions with available on-the-job technicians; in other words, dealing with people who were already on the Government payroll, so that it would not be necessary to build up a whole new array of Government personnel with a new bureau.

As I understand the Senator's amendment, the Senator does not propose that such services should be dispensed with but that where the private instrumentality or private enterprise sector could

provide trained and competent personnel to do the required work, as well as or better, they should be called upon, on a contract basis, to perform a particular service, such as, let us say, in the development of a savings and loan association, or in the development of a veterinary college in a country, or in aiding housing construction. As I understand, the Senator's amendment emphasizes the private sector as a part of the AID program, and would utilize the private sector to the maximum extent possible. Is that correct?

Mr. SIMPSON. The Senator is correct.

Mr. HUMPHREY. If, for example, the cost involved were heavy, and far beyond what could be obtained through the utilization of existing Government personnel, for example, cost would be a factor which could very well work against the hiring of a private group. Is that correct?

Mr. SIMPSON. That is entirely correct, I believe; I would subscribe to that statement.

Mr. HUMPHREY. I believe the Senator's amendment is within the spirit of what some of us have been trying to do, namely, bring more fully into the foreign assistance program the great resources of the United States which are found in the private sector of our economy. That is our real strength. It is not only Government that represents that strength.

Mr. SIMPSON. Yes. I thank the Senator very much.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. JAVITS. I should like to ask the Senator whether the words in lines 7 and 8 "on a contract basis" are words of art. What does the Senator have in mind? Is he trying to invoke some part of Federal law to prescribe how contracts shall be made?

Mr. SIMPSON. Several Senators have discussed that point thoroughly. There was some contention with respect to the use of those words. The feeling was that the private enterprise sector would in all instances enter into a particular field on a contract basis.

Mr. JAVITS. Does the Senator feel that the words "on a contract basis" represent what he is trying to accomplish?

Mr. SIMPSON. I do not know. It occurred to me that, quite conceivably, a company might not be allowed to enter into a field without a contract, and, as a result of that feeling we used the words "on a contract basis." However, the language makes sense without those words.

Mr. JAVITS. I would appeal to the other lawyers in the Senate; but to me it seems that "on a contract basis" could mean that a Government official could interpret what was meant by those words, and the language might prove restrictive instead of expansive.

Inasmuch as the Senator did not have in mind using those words as words of art, it occurs to me that perhaps the Senator's intention could be carried out by the statement which he now has made,

without the use of those words. I did not want to assume it without some explanation from the Senator as to why the words were used.

Mr. SIMPSON. I would agree to the deletion of those words, because I believe it is a very good amendment without the use of those words. As I said, the thought was that it would be done on a contract basis. We understand that a Government function in working on the basis of a contract, or in delineating specifications for it, could do a disservice to our country. I would be willing to accept the deletion of those words, because I believe the amendment would still remain a strong amendment without them.

Mr. JAVITS. Perhaps other lawyers in the Senate would like to examine the amendment. I notice that the Senator has made some changes in the sentence which he strikes out in section 621. A rather hasty reading indicates that the changes made include striking out the preliminary provision with respect to providing technical assistance under the act relating to such fields as education, health, housing, and so on. It provides:

In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when—

Then, instead of "to the fullest extent practicable," the Senator provides "shall be utilized when such facilities are particularly or uniquely suitable to technical assistance."

Unwittingly we may be creating a vacant place. If we wish private enterprise utilized to the fullest extent practicable, and there is no private enterprise in a particular specialty available, or it is too expensive, the Senator states that in that case it is not practicable.

Now to move into the field of Government enterprise, or another department. In that connection the Senator says: "when such facilities are particularly or uniquely suitable for technical assistance."

Suppose the facilities are suitable, but it is still impracticable to buy from private enterprise what it is desired to buy. Does that mean that the amendment would set one up, and thus cause us to make the same mistake that we are trying to avoid?

I ask the Senator whether it might not be possible to obtain everything he wants by starting the last sentence of the statement: "consistent with the foregoing."

And then to continue and complete the sentence exactly as it is now. These are words in the law that are well understood. They have been interpreted by the Department. In short, if the Senator's primary idea is to have everything bought from private enterprise that is practicable, the Senator might say: "consistent with the foregoing."

That is, buy everything from private enterprise that is practicable; use everything in government that is practicable; then the agency would have to do it itself.

I am merely asking questions, because, as the Senator properly says, his proposal fits in exactly with what I have tried to do in the Committee on Finance. May

not that give the Senator a pattern of legislation, a pattern of enactment, which is precisely what he wants? I do not know; I am only asking the Senator a question.

Mr. SIMPSON. The difficulty with the experience there was in the absolute exclusion from section 621, which is the area that the Senator has just described.

That was the reason for saying "are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs."

We felt that that was a qualifying of section 621, to bring it into closer accord with section 601(b)(6).

Mr. JAVITS. I shall support the Senator's amendment, no matter what he does about the language. I say that for this reason: All these questions can be unraveled in conference. But it is extremely important, if we are to support the Senator, that we have an understanding of what he has in mind.

When the Senator from Arkansas [Mr. FULBRIGHT] and his colleagues rewrite the language in conference, if the Senator from Arkansas has voted with the Senator, then certainly they would wish to rewrite the language by dealing with the situation in a substantive way as the Senate intended it. I am trying to learn the Senator's intention, so that we may know what he intends.

Mr. SIMPSON. I have great regard for the Senator from New York. Probably I should have consulted with him in preparing the language of the amendment, because I think his suggestion is perhaps better.

Mr. JAVITS. The Senator is very kind.

Mr. FULBRIGHT. Mr. President, will the Senator from Wyoming yield?

Mr. SIMPSON. I yield.

Mr. FULBRIGHT. I should like to have the Senator explain, along the lines suggested by the Senator from New York, the real meaning of the language "shall utilize, to the fullest extent practicable." Let us assume that an engineering problem arises. The Army Corps of Engineers has some outstanding experts, and we have faith in their ability. Would the Senator say that under his amendment the agency would have to hire private engineers, whose services might cost twice as much as those of the Army engineers, to serve on a consultant basis?

Mr. SIMPSON. I would not.

Mr. FULBRIGHT. Consider a private university as against a land-grant university. Suppose the agency needed, as it sometimes does, services in the field of technical assistance, services that could be performed by a university. Would the Senator say that the agency would have to use the services of Harvard instead of those of the University of Minnesota?

Mr. SIMPSON. God forbid the former.

Mr. FULBRIGHT. Harvard is a private enterprise as opposed to the University of Minnesota, which is a public one. Does the Senator mean that

services of the University of Minnesota could not be utilized?

Mr. SIMPSON. No. The Senator's suggestion is very helpful.

Mr. FULBRIGHT. Highway maintenance is another example. Problems arise in that field. The Government has what it believes to be an efficient Bureau of Public Roads. The Senator would not say, would he, that his amendment means that the agency would have to hire private engineers if Government engineers were available for the particular work involved?

Mr. SIMPSON. No; I would not. I thank the Senator from Arkansas for his observation. These are difficult problems to be included in language to be interpreted. At the same time, I agree with the Senator that it would not be my intention to require private services when public services could be obtained.

Mr. FULBRIGHT. With that interpretation—if the agency could use the services of public experts in this field—in the field of technical assistance, which is particularly where they might do a good job, I would have no objection to the amendment. With that interpretation, I think it is a matter of slight rewriting and a placing of a little different emphasis from what is contained in the bill. If that is the way the Senator means the language to be applied, I see no objection to the amendment.

Mr. JAVITS. Mr. President, will the Senator yield, to allow me to have this question clarified?

Mr. FULBRIGHT. Mr. President, does the Senator from Wyoming propose to strike out the words "on a contract basis"?

Mr. SIMPSON. I would be agreeable to that. That phrase does circumscribe the language in such fashion that there might be some difficulty in interpretation.

Mr. JAVITS. The Senator would have to obtain unanimous consent to modify his amendment, because the yeas and nays have been ordered.

We now have the Senator's intention. Let us forget the language that is in the amendment. Let us talk about his intention. The Senator has defined the word "practicable" and has had colloquies about it with the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Arkansas [Mr. FULBRIGHT]. Wherever it is practicable to obtain goods and professional or other services from private enterprise, or private technical assistance, under this act, the Senator's amendment means that the agency shall proceed in that way.

Mr. SIMPSON. Yes; it does.

Mr. JAVITS. Clearly so. Second, if that were impractical, as the Senator has defined that word in his colloquy, the next step would be to move to Government agencies which could provide such service.

Mr. SIMPSON. That is correct.

Mr. JAVITS. Lastly, if it could not be done in either of those two ways, under those priorities—priority No. 1 being Government, and priority No. 2 being other government, in the third place, the agency might do it itself.

Mr. SIMPSON. There would be no other choice.

Mr. JAVITS. Instead of trying to wrestle with the language, I think that is the intent of the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. MORSE. Senators are making a good legislative history as to the meaning, but perhaps we had better pause a moment and consider the language "on a contract basis" and make certain that we want to drop it. When the amendment reads, "to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis," how could one possibly make use of those services except on the basis of some contractual relationship with the Government. I think we have made the record clear that we do not mean "contract basis" in any narrow sense; but we certainly want the Government to enter into contracts with businesses and private entrepreneurs whenever it is found that it is practicable to have them do specific work. How else would they do it except on the basis of a legal arrangement with the Government? We could not find a better term than "on a contract basis."

Mr. JAVITS. Mr. Chairman, will the Senator from Wyoming yield?

Mr. SIMPSON. I yield.

Mr. JAVITS. I was concerned about the words "on a contract basis" as being words of art. The Senator has explained that they are not words of art.

Mr. MORSE. They are not.

Mr. JAVITS. We are standing here, somewhat ad hoc, and assuming that that is so. What concerned me was that when the Government lawyers interpreted the language, they might say, "We are sorry, but these words, in this section, mean so and so." Therefore, I was trying to make clear the Senator's intention, so that when the bill went to conference, and assuming the amendment was approved, the conferees would understand what the Senate intended—that we were not running afoul, and, therefore, could reach an agreement.

Mr. MORSE. I believe the legislative history has been established. My only difficulty was concerning the elimination of "on a contract basis." I did not know what the Government lawyers might assume that to mean. They might say that it did not leave them any modus operandi or any vehicle, since we had eliminated "contract basis"; therefore, their interpretation might be that they could not enter into a contract.

What is intended is to enable the Government to enter into a contract, but not in the limited, artistic sense to which the Senator from New York just referred. I think we have cleared that point in the legislative history.

My recommendation would be to leave the language "on a contract basis" in the amendment and let the legislative history speak the intent.

Mr. SIMPSON. I thank the Senator from Oregon. The feeling was that there would have to be a legal arrangement; and, of course, these are not words of art, as has been disclosed. The feeling

is that whatever legal arrangement was made, it would naturally have to be on a contract basis. I suppose nothing would be gained by leaving the phrase out or in; but, by the same token, I would want to have in the amendment words that the committee would sanction.

Mr. FULBRIGHT. With this history, I do not see that the amendment is objectionable. Certainly some kind of agreement or contract would be needed. "Contract" used in that sense is a broad term, whether it be reduced to formal writing or be a verbal contract.

The main point I wished to make was that the agency would not be forced to pay twice as much to get an expert to advise it or to prepare a design for an irrigation or reclamation project, when one was available in the Government.

Mr. SIMPSON. I assure the Senator from Arkansas that my intention was the same as that of the committee—merely to bring unity into the act.

Mr. FULBRIGHT. Some of the scandals which have occurred in the past and which came to the attention of Congress arose, unfortunately, from contracts with American contractors, as in Saigon, and other places. The contracts did not reflect much credit upon the private contractor. They are not always without blame; they take advantage of the Government abroad as well as at home. So this amendment would not be a cureall for the whole program.

However, with the explanation that has been made, I am perfectly willing to accept the amendment. I think the Senator is emphasizing a point which is agreeable with the sentiment of the committee.

Mr. BENNETT. Mr. President, if the chairman is willing to accept the amendment, should a request be made to withdraw the order for the yeas and nays?

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, are we to understand that when the amendment uses the words—beginning in line 11, on page 1, and continuing in line 1, on page 2—"are not competitive with private enterprise," the Senator from Wyoming construes them to refer to the phrase "to the fullest extent practicable," in regard to the use of private enterprise, as he has defined it?

Mr. SIMPSON. Yes.

Mr. JAVITS. Because otherwise the word "practicable" would not be effective in that connection.

Mr. SIMPSON. I fully agree.

Mr. JAVITS. I thank the Senator from Wyoming.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 308 of the Senator from Wyoming [Mr. SIMPSON] to the committee amendment, as amended, in the nature of a substitute.

The amendment to the committee amendment, as amended, was agreed to.

QUALITY FOCUS ASKED IN AID

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed

in the RECORD an article in regard to the foreign aid bill being considered by the Senate. The article, which was written by Godfrey Sperling, Jr., and was published in the Christian Science Monitor, deals with an interview with Mr. Eugene R. Black, formerly president of the International Bank. The article is pertinent to this debate, and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BLACK AIRS VIEWS: QUALITY FOCUS ASKED IN AID

(By Godfrey Sperling, Jr.)

NEW YORK.—Eugene R. Black, one of the architects of the Clay advisory report on foreign aid, says "there is too much emphasis on quantity, the amount, and not on quality in foreign aid."

By "quality," the long-time president of the World Bank and now with Chase Manhattan as a director, means "making certain the aid is used for the proper project, that the project is selected because of priority of need, that the project is carefully engineered and studied before money is advanced."

However, he adds, "it would be very unfortunate if the amount (being asked for foreign aid by the administration) is reduced below what the Government asked for."

"Aid should not be given a country," he said in an interview, "when it is not willing to put its financial affairs in order." He continued: "A country should be willing to take steps to control inflation, undertake tax reform—to do its part."

The interview covered a wide variety of subjects, including how to speed collection of United Nations assessments, the balance-of-payments problem, and the domestic economy. Mr. Black is financial consultant to U.N. Secretary General U Thant.

AN EYE ON CONGRESSIONAL DEBATE

"Foreign aid, at best," he continued, "is only part of the effort to solve the problem of economic development. Countries, through their own efforts, must do much of the job themselves. They can't unless they put their financial affairs in order."

Here, undoubtedly with an eye on the current debate in Congress, Mr. Black said: "We would find less difficulty in getting foreign aid passed if we put the emphasis on quality."

He said that "most of the talk" in the past, in furnishing reasons for foreign aid, has centered on "preventing the spread of communism and making friends with nations." This approach, he says, "hasn't worked." Instead, he said, the focus should be primarily on doing a qualitative job.

This qualitative objective, he said, "can best be achieved through multilateral aid. I was happy to see that the Senate Foreign Relations Committee recommended that more aid should be channeled through multilateral organizations."

INTERNATIONAL APPROACH FAVORED

Mr. Black said that as much aid as possible should come through international organizations like the World Bank:

"That is the way to really do a job in developing the country—not [restricted] by political or commercial motives.

"If the World Bank makes a loan to a country, the country can ask for bids and make its own decision on who will do the work." This decision, he said, can be made without reference to what country gave the aid—but just on what bidder is best qualified to undertake and complete the project at the lowest cost.

"The primary objective of an international organization in giving aid," he emphasized, "is developing a country—not in selling goods of any one country or in political motives."

"As you know, there is quite a discrepancy between the House and Senate (in the foreign aid amount). It will be too bad if the findings of the Senate Foreign Relations Committee are reduced in any substantial way."

What of his job as financial troubleshooter for the U.N., where he was selected as special financial consultant last spring to speed collection of assessments from lagging U.N. members?

"What I've been doing is this," said Mr. Black. "I've made a very careful survey of the status of the different countries."

"I've been trying to collect from those in arrears, and there has been some success."

"However, I haven't come up with a solution to put the United Nations in good shape."

He said the main problems are political, the unwillingness of the Soviet Union and France to pay for the Congo operation, the unwillingness of the Arab countries to pay for the Gaza strip operation that followed Suez, and so on.

"This is not a lack of ability to pay assessments," he said. "It is political."

"However," he said, "I've been working at it (collecting). When money is due or overdue and not overdue because of political aspects, I am having some success."

Focusing on his collection problems, he said: "The trouble is . . . in the U.N. Charter . . . you don't have any punitive powers . . . only if a nation's arrearages amount to 2 years of accumulative assessments."

Detailing his problem, he said:

"Take a golf club: You don't pay dues for 2 years, and they would put you out of the club before the 2 years is out. Not in the U.N., you don't have to pay for 2 years. When arrearage amounts to 2 years' assessments, then this is what can happen:

"The nation will lose its vote in the General Assembly. But it won't lose its vote in the Security Council. It won't be thrown out of the U.N. And it still can talk all it wants."

"Also a country with quite a lot of accumulative arrearage can pay only a very little just before the amount reaches 2 years—and then stay in (the General Assembly)."

"If the U.N. could change this—so nations would have to pay up right away—it would provide a powerful [leverage]."

Referring to the \$200 million in bonds, Mr. Black said: "\$140 million have been sold . . . if the rest could be sold, it would be helpful in terms of the U.N. deficit." Of the U.S. agreement to match purchase of the bonds up to \$100 million, he said: "The other nations have only bought about \$70 million."

On other subjects, Mr. Black had this to say:

BALANCE OF PAYMENTS

"I think the Government is doing some constructive things to ease this problem. It is a serious problem. The Government is aware of that. It is employing various ways and measures in solving it. The Government must always be careful to watch the soundness of the dollar. I think this is one of the things to watch—the expenditures of the Government, how much you spend. Spending over our head will dilute the soundness of the dollar and aggravate the balance-of-payments problem."

"We must do everything possible to encourage exports. We have to, for we are in a competitive position. There can be a labor problem here, too: If labor is not willing to cooperate, we cannot be in a competitive position with the rest of the world when it comes to exports."

DOMESTIC ECONOMY

"The economy looks very favorable. An important factor, the auto business, is very fine. . . . people are optimistic about its continuing for a while."

"I think a lot of people feel if this business climate is to be sustained, a tax cut is important. . . . There has been so much talk about a tax cut, that, from a psychological standpoint, it would not be good if there were no cut."

"I think there will be a tax cut, perhaps this year, certainly by the next session of Congress."

"But [along with it] I think there should be a very determined effort to hold down on Government expenditures."

Financial study for projected supersonic commercial jetliner (for which Mr. Black was recently appointed special financial adviser to President Kennedy): "I haven't made up my mind. . . . It is proving an exhaustive study. . . . We have been calling on aircraft manufacturers, engine manufacturers, airline corporations, and various agencies in Washington. I am supposed to make a report to the President . . . but I haven't crystallized things yet. There are a whole lot of very serious problems in connection with this, money and other aspects. . . . The report may come from the President when it is made public. . . . It may come in the next month or so."

THE TAX BILL

Mr. FULBRIGHT. Mr. President, the tax bill now being considered by the Senate Finance Committee is one of the most important economic measures to come before the Congress in recent years. Since it is a matter which eventually will receive the serious attention of each Member of the Senate, I wish to call attention to a recent speech by the Honorable Henry H. Fowler, the Under Secretary of the Treasury. He began by asking three fundamental questions, which are basic to consideration of the proposed legislation. The questions he asked are:

First, is the national interest served by the enactment of a law substantially reducing the rates of Federal income taxes?

Second, should this rate reduction be a balanced one designed to increase both consumer purchasing power and direct investment incentives or be predominantly aimed at only one of these objectives?

Third, is the early enactment of the tax program likely to be more beneficial to the national economy than a later one next year?

I think the points Mr. Fowler brought out in answering these questions are very persuasive, and deserve careful consideration by all Senators, regardless of their views on the tax bill.

In connection with the tax bill, we have heard much discussion of the problems of controlling Federal expenditures. It is my conviction, and I am sure it is also Mr. Fowler's, that expenditure control will be far easier to achieve and maintain if we act promptly to reduce the level of Federal income taxes, which will, in turn, stimulate a better rate of economic growth. Mr. Fowler, in his speech, dealt with the need for prompt action. He also dealt specifically with the administration's record and the administration's intentions for controlling spending.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LET THE COUNTRY SING WITH BEAUTY

(By H. P. Quadland)

Nature, if left alone, probably would make most land beautiful in time. Man largely is responsible for making land ugly. But man also can make land sing with beauty, if he wishes to help it flower—whether it is a tiny yard, a street, suburban plot, a farm on the plains, a cutover area in need of reforestation. Ugliness and growth need not be synonymous.

Economic and social benefits come from planting and beautifying the land. Sound conservation practices cannot end at the city or town line without helping to foster slums and endangering the future of the Nation.

I believe that love of our land is necessary for our survival. We will not love our land unless we care for it, and a growing population, which inevitably becomes further removed from the land, tends to turn aside from natural beauty toward the vulgarities of life.

In cities and suburbs, beautifully planted spaces are needed if urban renewal programs are not to run into the same trouble in the future that cities have run into in the past. One of the biggest threats to the permanency of completed urban renewal projects is the failure of communities to provide for planted and beautified space.

It is preferable if the plantings become part of the long-range improvement of cities rather than temporary expedients. Urban renewal presents a great opportunity for planted, open space that is a vital need in many cities.

I see no reason why we should ruin the land in order to build the houses in a subdivision. Often trees that have taken years to grow are destroyed by bulldozers in a day. Emphasis in housing by lending authorities has been on the house; the lot may be ignored.

Some housing developments have become slums in a decade because little thought is given to yards and streets. Other developments, well landscaped, remain livable indefinitely.

An example is the Plant America program, sponsored by the American Association of Nurserymen. It offers a pattern for making our land more productive, beautiful, and livable.

The program was launched on January 5, 1950, in New York by representatives of national organizations.

An outline of the original Plant America program, offered in 1950, is applicable today. I quote parts of it:

"The program is predicated on the premise that the land is our most precious heritage. It is believed that the objective of the program in its entirety can only be accomplished by replanting our forests, our farms, our cities, our roadsides, our church and school, or home and factory grounds wherever the need lies.

"For the first time in history our farm population generally is prosperous. But much still needs to be accomplished for a more fruitful and abundant farm home life. Landscaping and improved design of farm homesteads, farm home fruit gardens, landscaping and planting of grange halls, rural schools and rural communities in general are needed.

"Most of our cities and towns have blighted areas that can be made green and beautiful by planting trees, shrubs, and oaks. Much has been accomplished by civic authorities, civic planning groups, park executives, and garden clubs. But here, too, we are just awakening to the task ahead. A consciousness of the fact that the land is our most precious heritage is sorely needed by the general public * * * for its

own good. Open spaces, beautifully planted, seriously are needed in all metropolitan areas for recreational as well as conservational purposes; in fact, just for us all to look at, in order to fill our souls with beauty.

"Safety, conservation, beauty as well as happier motoring and recreation enter into the proper development of our roadsides. Despite the great achievements of highway officials and others, general public awakening is needed to prepare for and provide the most efficient use of these roadside facilities for all.

"Beautiful church and school gardens are rare rather than commonplace. Churches and schools can be made more beautiful and inspiring cultural centers through cooperation of educational groups, community improvement groups, garden clubs, parent-teacher associations, etc., in landscaping. This work easily can be accomplished at small expense if public consciousness is awakened to the task.

"Changes are developing in home landscaping and planting. Plantings are more natural, for better living. Outdoor living rooms, indoor-outdoor living on the home property, home fruit and rose gardens, climate control by planting to increase both inside and outside home comfort, are coming to the fore to enable a more enjoyable family home life. There is practical therapy in green growing things—pleasure and health combined. Plant America requires individual as well as group and community cooperation. We need to develop all our land for living, not just the house alone.

"Landscaped and planted industrial sites are important from the viewpoints both of community and employee relations, as well as increased value of the land.

"Plant America—for more natural living will help to conserve the land and the well-being and health of people. By instilling in the public mind a consciousness of the fact that 'the land is our most precious heritage' and by action in planting in accordance with both need and the proper design not only will Plant America give Americans greater satisfaction in living, but it will make them more proud of their homes, their factories, their communities, and their country."

What has been accomplished?

Governors in 39 States have issued proclamations calling for more planting in their States.

The first was issued by Chester Bowles, then Governor of Connecticut.

It stated: "Land in the past has been abundant. Man in those days was able to ravage the land and move on to virgin territory. This led to abuse. * * * Most of these blighted and barren areas can be made green and beautiful if all citizens fully realize their moral obligations to others in the ownership of private, civic, or State land. * * * Much of the future progress of our State and its rare natural beauty rests upon the extent to which we replant and care for all the land. Our State can produce more if we strive to make and keep it beautiful. Everyone will benefit in equal measure."

A highly successful State campaign was conducted in Ohio, as part of the State's sesquicentennial activity. Some 22 million forest seedlings and more than 3 million ornamental trees and shrubs were planted in a year by homeowners and organized groups.

The sesquicentennial's "greatest tribute to the past," Gov. FRANK J. LAUSCHE pointed out, "would be wise planning for the future." He added: "In this connection, tree planting for reforestation, beautification, and recreation, is of vital importance. The program encourages farmers to plant waste land; homeowners to plant ornamental and shade trees; municipalities to plant trees and shrubs; establishment of school forests, as well as other local programs featuring the plant Ohio project."

The program in Ohio was efficiently organized. All State departments and 65 private organizations were represented on the Plant Ohio Committee, under the direction of an executive committee, which was headed by the Governor and comprised representatives of the Ohio Department of Natural Resources, the State chamber of commerce, Ohio Nurserymen's Association, forestry associations, garden clubs, the Agricultural Extension Service, and the federation of soil conservation districts. County and local committees were formed to work on publicity, school and community forests, beautification of factory sites, planting of trees and shrubs around homes, public plantings, industrial reforestation, rural reforestation, and sources of planting materials.

Many community plantings grew out of the effort in Ohio. A plant Columbus program was a forerunner for that city's establishment of a large municipal rose garden.

In a natural course of events, the plant America program expanded into plant (State, county, and city or town) programs.

The plant America program includes the dissemination of information that will help homeowners upgrade the values of their properties by landscaping and beautifying them. It includes standards for nursery stock and a guide for home landscaping. A movie was produced, "Basic Technique for Home Landscaping." Materials on the pleasures and values of garden living are made available for use in newspapers, magazines, radio, and television.

In relation to cities, schools, highways, and factories, the program attempts to do much the same within the limits of a small budget.

An industrial landscaping competition is conducted with awards for "achievement in industrial and institutional landscaping and beautification contributing to employee and civic pride in our American heritage."

Among the 200-odd winners of awards are the Reader's Digest, Pleasantville, N.Y.; General Motors Corp.; the Washington Water Power Co. in Spokane; the Board of Water Supply, Honolulu; church groups; the little St. Cyprian School in River Grove, Ill.; the Shelburne Museum in Shelburne, Vt.; and the Boscobel restoration, Garrison, N.Y.

Some striking benefits of industrial landscaping have come to light.

A cement company found that trees and shrubs helped to hold down dust and reduced absenteeism.

Some restaurants have reported that good landscaping increases patronage. Banks, department stores, and shopping centers use landscaping to attract and win the approval of customers.

The plant America movement took cognizance in 1950 of the need for roadside landscaping. Meetings were arranged with landscape authorities and engineers to find economical methods for functional landscaping. The outgrowth was an illustrated booklet, which outlined 10 purposes of highway landscaping:

To screen out, where necessary, blinding headlight glare of cars in opposing traffic lanes; stop fast-moving cars with little or no damage to their occupants at dangerous intersections; relieve monotony and lessen fatigue; delineate curves and serve as directional traffic guides; restore natural beauty; reduce traffic roar and serve as buffers to adjacent residential areas; screen off unsightly, distracting views; serve as natural snow fencing; control erosion on slopes; and make rest areas.

One development seems particularly interesting. In Tuscaloosa County, Ala., all home grounds bordering on a highway were landscaped to enhance the beauty of the route. The plan has possibilities in improving and beautifying secondary and rural roads after the manner of azalea trails, dogwood trails, and other trails, which attract tourists.

When the plant America program first was visualized, contact was made with the National Education Association. A great deal of attention is devoted to instruction in planting.

The American Association of School Administrators advises sound recommendations for landscaping and planting school grounds. Annual Arbor Day tree plantings are performed on some school grounds. There is great need, however, for more widespread planting and landscaping of school grounds. It is incongruous that students are taught principles of land conservation and planting, while many of their school grounds and athletic fields are bare, eroded, and ugly.

The planned planting of school grounds affords a basis for practical instruction in the conservation of land and in plant life. Well-landscaped and planted schools encourage school pride among pupils and teachers. Beautiful school grounds encourage community pride and greater support for education. Landscaped and planted schools afford a more pleasing recreational environment and are a facility for recreation in themselves.

Landscaping and planting should be a requirement along with the construction of all new schools, as recommended by educational administrators. Where this has not been done, it should be accomplished by local cooperation, along with education by teachers of the reasons behind caring for the land by planting and conserving it.

The Chicago Community Trust gave \$10,000 to the Chicago Horticultural Society to encourage schoolchildren to take up gardening: "We think gardening will make a good long-range hobby that the children will benefit from all their lives. More immediately, we think it will curb vandalism. People who learn to grow things are less likely to destroy trees and flowers or other people's property."

The first community planting project under the plant America banner was carried out in Grandby, Conn., in August 1951, during Plant Connecticut Week. All public grounds in the town were landscaped and planted, including schools, churches, and the firehouse. Local groups cooperated to serve luncheon to the planters and the nurseryman who supplied the plants. Since this project was completed, the nurserymen each year have landscaped and planted grounds of a public building to commemorate a Plant Connecticut Week.

Another planting project, in Stow Village, Mass., was sponsored by community groups, a garden club, the extension service, and New England nurserymen. The grounds of three churches, two schools, the town hall, and the library were landscaped.

Some of the subsequent activities include the planting of dogwood trees given to Morganstown, W. Va., to start a planting project; a tourist arboretum in Tennessee; sample highway plantings in many States; the establishment of municipal rose gardens; and 71 planting projects in Iowa towns through the cooperation of garden clubs, 4-H, Future Farmers of America, Boy Scouts, and others.

Los Angeles planted 296 trees in a 10-block area in downtown streets in 1962. The Textile Association of Los Angeles has a goal to plant 300 trees in the garment area. Living flowers in containers also add color to the area.

New York City's Salute to the Seasons program, in which thousands of trees, shrubs, and bulbs have been donated by business firms, is another example.

The New York City Commerce Department issued a booklet that said: "Massed plantings along major thoroughfares . . . are intended to alleviate this hunger (for green growing things) by bringing greater beauty to our city . . . to make New York a pleasanter place in which to live and work . . . a more attractive place to visit."

Along Lincoln Boulevard in Miami and in Kalamazoo, Mich., where a central mall has been planted, and in other cities, the results of such plantings have been strikingly beneficial. Where they have been made a part of the permanent planning of the city, they have been most successful. Where temporary, they sometimes have failed. Good maintenance is necessary.

A successful program was carried out in Spartanburg, S.C., a city of 45,000 population, in 1962. Banks, industrial firms, and retail firms cooperated with the Men's Garden Club, the sponsor of the project. In various projects there have been planted: 210,000 bulbs, 200,000 azaleas, 1,600 rose bushes, 50,000 pansies, and 6,000 petunias. Some of the plants are in a garden in which citizens can choose labeled varieties for their home grounds.

In North Carolina, Charlotte and Winston-Salem have planted roses and trees in expressway medians. Greensboro has appointed a city beautification coordinator.

A Plant America Award for landscaping was presented in 1962 to Mayor Melvin T. Matlock for the town of St. James, Mo. Many local trees had lost their vigor in an extended drought. The citizens, helped by the James Foundation, planted 4,000 sweetgum, flowering crabapple, and holly trees. These plantings gave this small town new beauty and new spirit. Townspeople talk about "the new St. James" and plan to develop a three-block-long strip in the center of town into a central plaza, to be planted with grass, shrubs, and trees.

Various community projects have been taken up at times, as recommended in the plant America program, such as establishment of community gardens; street tree plantings; landscaping and planting around public buildings, including airports; plantings around tourist accommodations, such as gasoline stations and motels and hotels; plantings of highway entrances to the community; developing local parks; cleanup and planting of the banks of local streams; establishment of community forests for recreation; and the planting of flowering plants, or trees, in order to make the city or town known for spectacular azalea, rose, dogwood, lilac, flowering crabapple, cherry, or similar plantings.

As every municipality grows, a long-range program for planting and beautification of land, including acquisition of new park lands, becomes necessary.

Planting America is an extremely rewarding goal for all—individual, community, State, and Nation. With needed and widespread cooperation, our country almost everywhere can be made to "sing with beauty."

Mr. LAUSCHE. Mr. President, I appreciate very much the statements made by the Senator from Wisconsin in calling attention to the article beginning on page 552 of the Agricultural Yearbook. It describes a program adopted in Ohio in 1953. The program was named "Plant a Tree in 1953, the Sesquicentennial Year of Ohio." It is a good program, and it would be well if it were followed in many other States, too.

In that year of the Ohio sesquicentennial celebration, there were planted in Ohio 22 million forest pine seedlings and 3 million ornamental trees. They were planted without expense to anyone, except the very low price charged for the seedlings which were delivered.

The program was followed in 1954, 1955, and 1956. In each year the planting of grasses, flowers, shrubs, trees, and legumes was encouraged through a centrally directed program, followed iden-

tically in each of the 88 counties of the State. In each of those years more than 20 million trees were planted. I make the statement, not critically, but regrettably, that the program was allowed to die in 1957. My hopes are rather poignant that the program will be re-established in Ohio, because if there is anything we need, it is covering the ground with vegetation and trees at a time when concrete seems to be the covering everywhere.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, on behalf of myself, the Senator from Idaho [Mr. CHURCH], and the Senator from Louisiana [Mr. ELLENDER], I call up my amendment No 256 to the committee substitute.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 40, line 5 in the committee amendment, it is proposed, in lieu of "\$400,000,000" to insert "\$380,000,000".

Mr. MORSE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, the colloquy this afternoon will show that the amendment is the one which the Senator from Idaho [Mr. CHURCH] suggested that I consider in case my proposal to make a \$50 million cut in supporting assistance were defeated. The Senator advised me that he would like to join me in the amendment after the vote on the proposed \$50 million cut.

The amendment would cut the supporting assistance program \$20 million, to the House figure. It would be an important \$20 million saving. It would be an important saving from the standpoint of the merits of the amendment itself in regard to the foreign aid program. We ought to be willing to take \$20 million out of that bloated program, for it is a highly inflated program.

In my judgment, it is very much in the interest of the taxpayers of this country to take the House figure of \$380 million, but it is important also from the standpoint of the parliamentary situation in the Senate in regard to which conversations are still in progress. The road ahead to a final vote on the bill can be a very long one. We shall do our best to make a fairly substantial cut in the bill. But, as I have said before, the Senate should try to take another \$40 million out of the bill and then devote its attention to policy changes in the bill. That is the position of the senior Senator from Oregon, although he cannot speak for others, and would not purport to do so. But so far as my money amendments are concerned, I would not be offering them, but I would be free to vote for any that any other Senator would offer, if some were offered.

We must face the fact that there is not a chance, in my opinion, of obtaining

a final appropriation of more than \$3 billion for foreign aid. The administration forces do not like to face that prospect, but I think they will discover it to be a fact. Furthermore, if we go to the House with a conference situation between \$3.7 billion and \$3.5 billion, Senators know as well as I do where the compromise will come. But it is up to the Senate to work its will. It can have it any way it wants it. The Senator from Oregon, of course, will continue to exercise his parliamentary rights.

The amendment before the Senate is one which the Senator from Idaho [Mr. CHURCH] and the senior Senator from Oregon offer on its merits. We also accept the House figure, which is \$380 million.

Unless some other Senator wishes to speak, I intend to suggest the absence of a quorum to bring the Senator from Idaho to the Chamber, for he desires to speak on the amendment. He is on his way to the Senate Chamber at present.

Mr. LAUSCHE. Mr. President, will the Senator withhold his suggestion?

Mr. MORSE. I am glad to yield the floor.

Mr. LAUSCHE. I would not venture to speak, except that the Senator from Idaho is coming to the floor of the Senate.

Mr. MORSE. I yield the floor.

UNESCO AND NATIONALISM

Mr. LAUSCHE. Mr. President, I have a letter from a constituent pointing out the context of a resolution adopted by UNESCO. The constituent states that UNESCO Publication No. 356 makes the following statement:

As long as a child breathes the poisoned air of nationalism, education in world mindedness can only produce rather precarious results. It is frequently the family that infects the child with extreme nationalism. The school should use means to combat family attitudes that favor Jingoism. We shall presently recognize in nationalism the major obstacle to development of world mindedness and world peace.

That statement is contained in a document issued by UNESCO. I assume that UNESCO has forwarded to the United Nations that fantastic conclusion which it reached about the evil to the people of the world caused by persons being taught to be nationalists. I suppose that when the suggestion comes before the United Nations it will not be adopted. I am sure that if it ever came before the Foreign Relations Committee or the Senate, the proposal would be vigorously rejected. However, I feel that Senators and Representatives ought to be acquainted with what UNESCO advocates. It tells the people of the United States, "Do not teach your children to be patriotic or nationalistic. Teach them to be internationally minded, because with national mindedness there will never be world peace."

I wish to offer only one word of advice to these modern, sophisticated, socialistically minded advisers. I do not care how many resolutions are adopted by UNESCO nor what the United Nations does, or what the Congress does. The nationalistic and patriotic attitude in

the hearts of Americans and their feelings toward their country will not be extinguished.

I have asked the Foreign Relations Committee to check into the actual situation as it prevails in UNESCO, to find out what nations voted for the resolution, and whether our country subscribed to this policy. Later, I shall speak again on this subject.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. CHURCH. Mr. President, I am pleased to join in cosponsorship of the pending amendment, which would cut \$20 million from the military support feature of the foreign aid bill. The effect of the amendment would be to reduce the committee figure to that already approved by the House.

As the Senator from Oregon knows, I was unable to support his earlier amendment because I felt that this feature of the bill should not be cut below the level already approved by the other body. However, I feel military supporting assistance is the best place to effect a further cut from the Senate committee figure, because it is in connection with military support that we are extending aid to those countries which get the lion's share of American aid—countries which, in my judgment, are getting a disproportionately large slice of the American aid melon. I believe the \$20 million cut can easily be made, without impairing the aid going to any of these countries. I also believe that if the Senate should approve this amendment, it would be taking a step toward resolving some of the difficulties, some of the barriers still to be surmounted if we are to bring the bill to a final vote.

Adoption of the amendment would expedite the resolution of further difficulties and help Senators to reach an early vote on a measure which has now been debated for nearly 2½ weeks.

For these reasons, I hope Senators will see fit to join in support of the amendment.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. PROXMIRE. I should like to ask the distinguished Senator from Idaho, as cosponsor of the amendment, if the proposed reduction in supporting assistance would bring the level of supporting assistance in the bill more closely in proportion to the military assistance reduction than otherwise? As I understand, the committee recommendation for military assistance has been reduced from \$1.3 billion to \$1 billion.

Mr. CHURCH. The Senator is correct.

Mr. PROXMIRE. The amendment, I take it, would reduce the supporting assistance amount closer to that same ratio. I assume that the administration and the committee computed some kind of relationship. As I understand

supporting assistance, it is to provide economic assistance to countries suffering under a heavy burden of armaments, to keep them from being crushed under the burden. If we reduce military assistance, it makes sense to reduce it in proportion to the military support. Is that not correct?

Mr. CHURCH. That is correct. This feature of the bill lies outside the so-called "powerhouse" amendment, which involved a cut of \$300 million in military assistance. This amendment would effect a somewhat proportionate cut in military support, which would be consistent with the action already taken with respect to military assistance. This is still another reason why adoption of the amendment would result in a better balanced program, overall.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE], for himself, the Senator from Idaho [Mr. CHURCH], and the Senator from Louisiana [Mr. ELLENDER], to the committee amendment in the nature of a substitute, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from California [Mr. ENGLE] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. COOPER] and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 51, nays 41, as follows:

[No. 231 Leg.]

YEAS—51

Allott	Goldwater	Nelson
Bartlett	Gruening	Pearson
Beall	Hill	Pell
Bennett	Holland	Prouty
Bible	Hruska	Proxmire
Burdick	Jackson	Randolph
Byrd, Va.	Johnston	Ribicoff
Cannon	Jordan, Idaho	Robertson
Carlson	Long, Mo.	Russell
Church	Magnuson	Simpson
Cotton	McClellan	Symington
Dodd	McGovern	Talmadge
Dominick	McIntyre	Thurmond
Eastland	Mechem	Tower
Edmondson	Miller	Williams, Del.
Ellender	Morse	Yarborough
Ervin	Mundt	Young, Ohio

NAYS—41

Alken	Hartke	Metcalf
Anderson	Hayden	Monroney
Bayh	Hickenlooper	Morton
Boggs	Humphrey	Moss
Brewster	Inouye	Muskie
Byrd, W. Va.	Javits	Neuberger
Case	Keating	Pastore
Clark	Kennedy	Saltonstall
Dirksen	Kuchel	Scott
Douglas	Lausche	Smathers
Fong	Mansfield	Smith
Fulbright	McCarthy	Sparkman
Gore	McGee	Williams, N.J.
Hart	McNamara	

NOT VOTING—8

Cooper	Jordan, N.C.	Walters
Curtis	Long, La.	Young, N. Dak.
Engle	Stennis	

So the amendment offered by Mr. MORSE, for himself and other Senators, to the committee amendment in the nature of a substitute, as amended, was agreed to.

Mr. MORSE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHURCH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HICKENLOOPER obtained the floor.

Mr. ELLENDER. Mr. President, will the Senator yield so that I may modify my amendment?

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that I may yield to the Senator from Louisiana for the purpose of having his amendment laid before the Senate, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I call up my amendment No. 244. I ask to modify the amendment in line 6, page 1, by changing the figure "1963" to "1964."

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana, as modified, to the committee substitute, as amended, will first be stated.

The LEGISLATIVE CLERK. It is proposed, on page 41, in the committee substitute between lines 8 and 9, to insert the following:

(d) SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) Notwithstanding the provisions of section 614(a) of this Act, the value of grant programs of defense articles for African Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African Republics.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. HICKENLOOPER. Mr. President, I should like to offer a few comments on recent developments in Argentina, and I select this country for two

reasons. First, I think it is generally agreed that Argentina has probably the best potential for development into a stable and self-sufficient free country in its part of the world.

Mr. MORSE. Mr. President, the Senator is delivering a very important speech. I would like to have the Senate hear it.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HICKENLOOPER. I may say parenthetically that the general principles which I shall attempt to develop in my remarks apply to any other countries in Latin America which are engaging in or planning to engage in expropriation of American property, and to any countries in any other part of the world which are engaging in or planning to engage in the expropriation of American property.

Argentina has many advantages not generally shared by most other South American countries, among which are a highly literate population which is predominantly European in stock, the absence of vast land reform problems, plus the possession of natural resources which are considerable.

My second reason for selecting Argentina is that what is happening there has a direct relationship to some of the difficulties our foreign aid efforts are facing in other areas.

On the basis of such measurements as per capita gross national product, number of telephones and radios, miles of railroads and highways and the like, Argentina is already one of the most highly civilized and advanced countries in South America. Its major challenge is to achieve stability of government and to put into practice sound economic policies which can eliminate the effects of years of mismanagement, inflation, a wasting of assets, decline of agriculture, and deficits both in its budget and its balance of payments.

The plight of the Government-run railroads provides a good example of the kind of economic chaos which has been allowed to develop. The volume of freight carried has fallen from 60 million tons in 1942 to less than 30 million tons; yet in the same period, the number of railroad workers has climbed from 90,000 to over 225,000. The result is an annual deficit of some \$300 million which the Government is forced to cover.

Such examples can be found in nearly every sector of the economy. In fact, over recent years there has been only one bright spot of any consequence in the whole picture, and this is in the petroleum industry. For years, imports of oil had been steadily rising, in spite of the fact that there is oil within the country. By 1958, Argentina's total annual oil production amounted to only 36 million barrels, and the nation was forced to import some 65 million barrels to meet its needs. Oil was in fact the largest import item, and cost roughly the Argentines \$220 million a year in foreign exchange.

Looking back over the painful history preceeding them, the Government at that time decided that a different approach might be worth a try. For almost half a century, the control of oil operations had been in Government hands. Foreign cap-

ital and experience had been largely excluded. But faced with such a phenomenal deficit in the balance of payments from a single source, the Argentine Government decided to try a new approach.

It invited outside capital and assistance to supplement the state's own efforts, and the results have been dramatic. In the long decades preceeding this event, petroleum production had been built up gradually to 36 million barrels a year, against imports which had climbed to 65 million barrels, as I have noted.

In the 4 years following the time the Argentine Government opened the doors to assistance from private enterprise, the production of oil nearly tripled, while the amount the country has to import has been reduced by roughly 70 percent. In 1962, production had reached nearly 100 million barrels, while imports had shrunk to less than 20 million.

I believe when we get the accurate figure at the end of 1963, it will be even more startling. In terms of foreign exchange, Argentina's expenditures for buying petroleum or oil products were cut from \$220 million a year to \$75 million, and the goal of self-sufficiency was in sight. There was even talk of an exportable surplus.

Behind this tremendous accomplishment lie some interesting facts. In general terms, what it took to make the job possible was a combination of capital, technology, and efficiency—in all of which the Argentine Government had been lacking. These key elements were supplied by American oil companies, in competition against each other, who came in, negotiated contracts running up to 40 years, and proceeded to supply the money, personnel, equipment, and techniques which turned the tide.

To date, these companies have invested an estimated \$300 million in Argentina since 1958. Their experiences have varied. Several companies have spent close to \$50 million in largely unsuccessful exploration efforts. Another company, which has developed production, brought in some \$60 million in capital and reinvested another \$40 million from the sale of the oil in further exploration and development activities. In general terms, these companies have continued to invest money in Argentina, without any significant return thus far.

This kind of confidence in the country's future has also bred confidence. In addition to the direct investment in exploration and development, there has been the predictable economic fallout in other areas, bringing additional outside investment in transport, refining facilities, and petrochemicals—which together have been estimated at close to another \$100 million, added to the economy.

If we add to this the further stimulation to the economy in terms of royalties to the provinces for oil and gas produced within their territories, plus the very basic fact that the oil industry has provided a growing number of jobs for nationals over a period in which nearly every other segment of the Argentine economy has been stagnant, we recognize that here is a very substantial con-

tribution to the development of the country.

This has been done with private enterprise, private investment, and private venture.

I should note that it has also been a real contribution to the pocketbook of the American taxpayer, since here is something approaching a half-million dollar shot in the arm to a country we want to help, but which did not have to come out of U.S. foreign aid, the International Monetary Fund, the World Bank, or any other of the many organizations to which we so largely contribute.

One could be pardoned for assuming that the Argentine Government would also recognize the magnitude of this contribution to the welfare of its people. Unfortunately, this does not appear to be the case. There is now a new government in office in Argentina, and one of its major articles of political faith seems to be a determination to abrogate the contracts or to nullify them to use their own language, negotiated by the previous government with the U.S. oil companies.

While it is perhaps not too difficult to appreciate the political charm of sloganeering about "throwing out Yankee imperialists" during a Latin-American election campaign, it is very hard indeed to discern any semblance of rationality in such an action in this instance. In practical terms, this would amount to a frontal attack on the only really sound and hopeful economic development that has occurred in that country in the last decade.

The reasons expressed by the new government for this extraordinary proposal have been rather nebulous thus far, consisting mainly of charges that the contracts are illegal and uneconomic. The only argument which the government has advanced regarding their legality, to my knowledge, is that the contracts were not submitted to the Argentine Congress for ratification.

While I am not expert on Argentine constitutional procedure, I cannot help but be impressed by the logic of some of the comments which the oil companies have made in this regard. As they point out, the agreements merely put them in the position of hired contractors. They have engaged to spend a good deal of money, time, and effort in trying to find oil—but any oil found becomes automatically the property of the government. The companies do not have title to it. They cannot export it. All they can do with it is deliver it to the government at a previously agreed upon price. Both legally, and in effect, they are simply contractors hired by the state oil agency to help do a job which that agency had neither the capital nor the ability to do itself.

If the state oil agency has to get the approval of congress to hire a contractor, then presumably the state-run railroad would have to get congressional approval to sign a contract to repair freight cars. The oil companies assert that there is no such precedent in Ar-

gentine law, or anywhere else for that matter, so far as anyone knows, and I find this quite believable. Any country which operated along these lines would have to keep its congress in session 24 hours a day.

Aside from this is the interesting fact that everyone accepted the contracts as legal and binding, and both parties attempted to live up to their terms for about 5 years, until a new government come in. I say "attempted to live up to their terms." The U.S. companies actually overfulfilled their contractual obligations. They drilled more wells and found more oil than even the Government had hoped at the time the agreements were made. While the country is still not self-sufficient in oil, it has gotten a good deal closer than anticipated in such a short period.

The Argentine Government's performance is not quite so good, not so much because it did not try but because of the general fiscal chaos which has existed within the Government. The state oil agency, to which the U.S. producing companies are obliged to deliver the oil, has not been able to pay for the oil. It is currently behind in its payments to the tune of tens of millions of dollars.

One American oil company alone is owed more than \$28 million for oil it has produced with its own capital and know-how, and has delivered it to the Argentine Government agency. It is holding the sack for that amount of oil, to say nothing of any recoupment on its investment. Other oil companies are owed comparable amounts, in keeping with the extent of their operations and contracts.

As for the Government's other charge—that the contracts are uneconomic—it is unlikely that the oil companies would disagree with this assertion. They have clearly been uneconomic for the companies thus far, since the companies have continued to invest, and reinvest, and are left at the moment with not much to show for their effort except overdue bills.

Just why the contracts are uneconomic to the Argentine Government is difficult to see. As I have noted, they have saved the Government millions of dollars in desperately needed foreign exchange. As to the price the Government pays the companies for the oil—and this is quite apart from any considerations of sanctity of contract—it appears to be considerably less than the cost of oil of comparable quality imported from Venezuela, the Middle East, or anywhere else in the free world. The former Secretary of Energy and Fuels recently testified that the oil supplied by the contracting companies costs between 20 and 50 percent less than similar types of imported crude.

That is the testimony of Argentine officials themselves. The witness pointed out that this represents oil which the Government was in no financial or technical position to find oil and develop it itself.

Not only have the U.S. companies been supplying oil at lower rates than it could be imported; under their contracts they

are also charging less for a barrel than the Government oil agency can produce it through its own efforts, on the basis of cost estimates submitted to the Congress by that agency. And on the basis of the Government's own per-barrel valuation, the value of the oil already delivered by one company exceeded the price charged by some \$20 million. To put it another way, the Argentine Government has received oil for a price \$20 million less than it would have cost to produce it itself, according to its own figures. Yet the Argentine Federal company has not even paid for all the oil.

When we add to these considerations the fact that, at the end of the contracts, the Government will receive free of charge all permanent facilities installed by the companies—including pipelines and other expensive installations—it is perplexing, to say the least, to find that Government calling the contracts uneconomic.

It is also appropriate to wonder what lies ahead. In order to find and produce the quantity of petroleum required to meet Argentina's growing needs over the next 9 years, it is estimated that an investment of some \$1.7 billion will be required. This is an average of nearly \$200 million a year, and it would be interesting to know where a deficit-ridden government and a bankrupt state oil agency would propose to get capital funds on this order, particularly if they pursue their presently announced course.

Abrogation of the oil contracts would, to a very considerable extent, succeed in drying up outside capital funds from all quarters and for all purposes. If a contract made with one government is likely to last no longer than the inauguration of the next government—particularly in South America—then the whole concept of long-term investment can no longer apply either, a conclusion which will be speedily drawn by potential investors everywhere.

From reports coming out of Argentina, it appears that some of the politicians there profess to see a solution by simply having the state oil agency take over all oil operations. That such a course would be naive in the extreme is rather obvious. The record indicates that the U.S. companies have done more to increase oil production in 4 years than the state had accomplished in half a century, and it took a large amount of capital in addition to know-how.

Moreover, Argentina simply does not have the financial capabilities to pay the costs of taking over the U.S. operations. Beyond this, it does not have the funds to commit to needed further oil development.

About the only foreseeable consequences of this cavalier course would be to render any contract with the Argentine Government next to worthless in international circles, while hastening the Argentine oil industry down the road its railroads have already gone.

One other alternative has been hinted at—that Argentina might make up its oil deficiency by importing Russian oil. It is no secret that the Communists

would be delighted to see this happen. With the tragic example of Cuba before them, I doubt that a majority of Argentine citizens would care to follow that course, since they value freedom highly.

As I said at the start of these remarks, what is happening in this particular situation typifies some of the dilemmas facing our foreign aid program in a number of areas. It is my understanding that our viewpoint is that we wish to do whatever we can to assist freely elected governments throughout the world, where we can assist, with the necessarily rather imprecise goal in mind of advancing the cause of human freedom, in which we believe.

I have no quarrel with this objective; I support it. But at times it is hard to see how to go about it. Take the case in point. Here is a country which is emerging from the shadow of years of dictatorial rule which left a legacy of bankruptcy and economic decline. The Argentine people apparently want stability and economic growth, under an elected government. Since these are goals which we support, we have been trying to assist in this undertaking, with funds exacted from the American taxpayer and through freely made private investment.

But developments such as those in regard to the oil contracts are enough to give anyone pause. So far as foreign aid is concerned, we must recognize that we are dealing with a sovereign government, and that it is neither proper nor desirable on our part to presume to tell that government how to conduct its affairs.

When such a government proposes to follow a course, however, which is clearly designed to compound its financial difficulties—and damaging bona fide private American interests in the bargain—we had better ask ourselves how long we can continue to underwrite such experiments. We have no mandate from the American taxpayers to continue to pour their income down bottomless pits, and they appear to exist all over.

It is one thing to love thy neighbor as thyself, as the Bible enjoins us; but this is becoming a pretty large neighborhood. American aid just about blankets the globe. If every sovereign government on earth wishes to dig its own economic grave, it has a sovereign right to do so, I presume; but the American Government also has a sovereign right to refuse to pay the cost of excavation. Indeed, we could not do so even if we wanted to; there is simply not that much money in America, or anywhere else in the world, for that matter.

I think it might be helpful if this fact could be slightly better appreciated by some of the many countries which look to us for support. It might as well be understood that while the United States is willing to continue to contribute to the cause of freedom throughout the world, it does not plan to bankrupt itself in the process, and thus sacrifice its own freedom, leaving the field to the enemies of freedom.

To make this understood, I think we had better start today. One way to do this is to make it plainly understood that the U.S. Government is not prepared to give money, goods, or services

to countries which will not even honor their obligations to U.S. citizens and corporations. Unilateral abrogation of such obligations by other countries should be understood to be synonymous with unilateral cessation of aid from this country.

Mr. MORSE. Mr. President, will the Senator from Iowa yield?

The PRESIDING OFFICER (Mr. McNITTE in the chair). Does the Senator from Iowa yield to the Senator from Oregon?

Mr. HICKENLOOPER. I have a number of newspaper articles, communications, and so forth, which I wish to discuss and to have printed in the RECORD, but I can do that a little later. They are in further reference to the amendments we adopted last year and to those we adopted this year in regard to these items.

I am happy to yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to ask about these amendments. The Senator from Iowa and I have held conversations, not only in regard to what is happening in Argentina, but also in regard to what is happening in other Latin American countries. The Senator from Iowa knows that I am very much concerned about the application of the Hickenlooper amendment to these situations. In fact, some of us considered trying to broaden the Hickenlooper amendment; but after my discussion with the Senator from Iowa, I am inclined to agree with his view that probably no other amendment is needed, if there is clear agreement as to what the Hickenlooper amendment already encompasses.

So far as the situation in Argentina is concerned, our proper course is very clearly indicated by the facts in that case. If the Argentine Government nullifies those oil contracts and refuses to follow the procedures of international law which the Hickenlooper amendment encompasses, and if the Argentine Government expects to share in any way in the economic assistance provided by the United States, our State Department must notify the President of the Argentine that the Hickenlooper amendment will be applied, and that there will be no "maybe" about it.

So my first question is—in dealing somewhat with a hypothetical case, but also relating to the situation in the Argentine—if the President of Argentina proceeds to nullify these oil contracts, is it the opinion of the Senator from Iowa that the Hickenlooper amendment will apply and the U.S. Government will be obligated to carry out its provisions, which, if a satisfactory adjustment of these claims is not made by the Argentine Government, will result in the cessation of our economic aid to Argentina?

Mr. HICKENLOOPER. In my opinion, the answer to that question is "Yes." I believe the amendment of last year—the provision now in the law—could be extended, by proper interpretation, to cover such a situation of nullification of contracts, as compared with expropriation or seizure of physical property. But certainly under the amendments we have adopted and under the additional

amendment which now is before us, which specifically refers to nullification and to action which has the effect of destroying the property rights of individuals, I think there is no question that it applies and that it would have to be applied not only to nullification of these oil contracts, which have been in effect since 1958, but also to the fruits of them, of which Argentina has taken advantage. The latter point raises a further question, for this is not a question of nullification of contracts after they were entered into, but before performance was had under them—although under some legal concepts, damages might be due in that situation. On the contrary, in this case performance has been had, and the oil has been delivered under the provisions of the contracts, and up to this time the contracts have been consummated in full good faith. Therefore, at this time nullification would amount to a direct seizure of property rights, and the amendment will apply.

Mr. MORSE. The Senator from Iowa and I have talked with other members of the committee and other members of the subcommittee—because both of us are members of the Subcommittee on Latin American Affairs; these members are very much concerned about whether the nullification amendment applies to this year's bill. I said to them that I think it does. However, this is a good time to clarify that situation and to leave no doubt about that matter.

Will the Senator from Iowa take time to refer to the Hickenlooper amendment of last year and also to the proposed changes in it, as contained in this year's bill. In my opinion this supports his contention, in which I join, that the Hickenlooper amendment, as it will be in existence after the enactment of this bill, will cover the Argentine oil contract nullification case.

Mr. HICKENLOOPER. I shall be very happy to do so; and I think it should be made part of this record.

I call the attention of the Senator from Oregon and the attention of other Senators to the report of the Foreign Relations Committee on House bill 7885, dated October 22, 1963, at page 67, and to the item on that page beginning with "(e)". I ask unanimous consent that this portion of the report be printed in the RECORD.

There being no objection, the excerpt from the report (No. 588) was ordered to be printed in the RECORD, as follows:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any [governmental] government agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

[(2)] (3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such [action or after the date of enactment of this subsection, whichever is later] action or, in the events of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including [equitable and] speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be [.] and such suspension shall continue until [he] the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection) the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

Mr. HICKENLOOPER. Mr. President, the amendment of last year provides as follows:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

Then it provides the methods of determination, arbitration, and so forth.

I have read the language down to that point, as contained in the present law. Now I read the additions which were made in the committee this year, in strengthening that language.

The present law reads as follows:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this—

And this year we added—
or any other.

The words "or any other" were added this year. So the language would then read:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other act when the government of such country or any—

And we substituted for the word "governmental" the word "government"—
government agency or subdivision within such country on or after January 1, 1962—

Paragraph (1), which I read a while ago, would remain the same.

Then we added (2), a paragraph which reads as follows:

(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or—

Then we pass to the new (3), which was the old (2), which would read—

(3) has imposed or enforced discriminatory taxes or other exactions or restrictive maintenance or operational conditions—

And then we would insert the words—
or has taken other actions—

Continuing to read the section—
which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

One of the reasons for inserting the words "or has taken other actions" is that that language would give a direction to the President to use broad discretion in determining the rights and interests of American property abroad. We name it as specifically as it is reasonably possible to do so. The language "or has taken any other action" would have that effect. The President would have the responsibility and the discretion to determine when American property is being seized.

The present law provides, in effect, that those provisions would go in effect if "such country, government agency or government subdivision fails within a reasonable time—not more than 6 months after—such action or after the date of enactment of this subsection, whichever is later."

The law passed last year provided "to take appropriate steps," and so on. This year we have inserted the language that where the country, Government agency or Government subdivision has failed to take, "within a reasonable time—not more than 6 months after such action or"—I am now reading the insertion—"action or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than 20 days after the report of the Commission is received."

We added that language because there is a new addition calling for a referral to the Foreign Claims Settlement Commission, for the reason that that Commission has machinery and legal history to set up for evaluation foreign held properties as a result of their experience

in settling foreign claims, at least especially following World War II.

All of what I am talking about will be in the RECORD.

Another provision provides for the President to request the Foreign Settlement Claims Commission to evaluate such property. He would then make a determination as to whether or not the valuation set on the property abroad would be a reasonable valuation or not. If it is considered to be unreasonable or unfair, he must withhold aid. If it were a fair evaluation, it would be up to the owners either to take it or leave it. If they should prefer not to take it, and the determination should be that the valuation was a fair valuation, then, of course, they would be left to their own devices within the countries to fight it out in any way they might desire.

Mr. MORSE. Mr. President, I thank the Senator from Iowa for joining me in making the legislative history. The language from the old act, with the previous Hickenlooper amendment, plus the new language in the bill that has come to the floor of the Senate from the committee, leaves no room for doubt that it covers nullification of contracts in which property values, as well as outright expropriation of property, are involved. The American business concerns that have expressed such great concern to the Senator from Iowa and to the Senator from Oregon ought to appreciate the fact that the Senator from Iowa sought to draft language that would protect them in connection with almost any possible contingency that could develop if a foreign government should seek, by one means or another, to expropriate the value of the property or nullify contractual relations that would have a bearing upon the value of the property.

As the Senator knows, the Kennecott Copper Co. has extensive copper mining holdings in Chile. So does Anaconda Copper Co. I have met with officers of the Kennecott Co., as has the Senator from Iowa. I have told them that I know nothing about the merits of their case, just as I know nothing about the merits of the case of the American oil companies in the Argentine. It is not for me to pass judgment on the merits of the case, however. It is a Senator's duty, as I see it, to make certain that procedures are established under which these companies would have an opportunity to establish the merits of their case and under which they would be protected from unfair discriminatory practices against them on the part of any foreign government because they are American concerns.

As the Senator knows, it is alleged by the Kennecott Copper Co.—and they have made more than a prima facie case in support of their allegation—that the Chilean Government is following a discriminatory tax policy that is aimed at the Kennecott Co. It may discriminate against other companies. But there is no doubt about the fact that it discriminates against the Kennecott Co. if the allegations are accurate, and they appear to be.

The result is that the Kennecott Co. cannot operate its mining properties, and not being able to operate its mining properties, it is suffering great loss even in trying to maintain the companies. It looks upon this move on the part of the Chilean Government as an effort to finally force Kennecott either to dispose of its property in Chile for an unfairly low price or to abandon it and give up even trying to maintain it, which would thereby make it possible for the Chilean Government to enter into what would amount to a form of expropriation of the property.

Mr. HICKENLOOPER. It is situations of that kind which the words "or any other means" in this year's bill are intended to cover, by way of giving the President discretion to determine that those so-called "any other means" are in effect a denial of property rights, or the destruction of the rights of American owners in foreign countries, and would therefore call for the operation of this amendment. There is a responsibility on the administrator to use his discretion.

Mr. MORSE. Plus the language, now, in the new subsection (3), which was the old subsection:

(2), has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

Mr. HICKENLOOPER. That is correct. There was a provision against discriminatory taxes in the amendment which we put in the bill last year, but we wish to add the words, "or has taken other actions." It is a fine distinction, when one comes to argue with some of the "legalistic" people in foreign countries.

Suppose the Government owns a part of the mining industry, and private operators own some other portion of the mining industry. The Government could very well conduct its own mining without regard to taxes, but could levy taxes upon the one or two other privately owned businesses in an amount great enough to drive them out of business.

The Senator referred to the company in Chile. The company has had imposed upon it, according to my information, a tax of 87 percent of net profits, leaving only 13 percent. I do not have the details, but the government refused to allow what are recognized in this country as the ordinary expenses of doing business. They toss items into "net profits" which are not net profits at all, but are current operating expenses. The company is going backward all the time. The government is proposing new requirements for expansion—new buildings; new this, that, and the other thing—which are beyond the capacity of the company, if it is to keep its nose above water. It cannot operate in that kind of situation.

Those are discriminatory taxes. Those are excessive requirements, which are, in effect, a confiscation of the property of Americans.

Mr. MORSE. They seek to impose requirements for expansion on the com-

pany and force it to operate at a loss, apparently in the hope that forcing it to operate at a loss will also force it to sell its properties for a song, and get out of Chile. There are other copper companies that could very well find themselves in the same position, if they do not watch out.

Mr. HICKENLOOPER. The Senator is correct. The threatened oil property expropriation in Peru, is in many ways patterned after the Argentine proposal.

Mr. MORSE. That is correct.

Mr. HICKENLOOPER. In northwestern Peru along the desert area and the ocean, many millions of dollars were spent by American and other oil companies in an attempt to develop oil fields. The program did not develop too successfully. There is a geologic promise of oil in the Iquitos area, the area back of the mountains. It has cost millions of dollars to fly in equipment and American engineers and technicians to cover the jungle. People have been living in the jungle for years. Private companies have put up their money, exploring on behalf of the Government of Peru under contracts and agreements.

I now understand that there is good promise of oil fields being discovered after years of effort and the expenditure of millions of dollars. But now that oil fields have probably been discovered the proposal is made that Peru expropriate them, to take advantage of all the expenditures made. Such a seizure would be a repudiation of contracts and obligations.

Mr. MORSE. We must beware of such situations all over Latin America, if we let these precedents be set.

I have one final question. Will the Senator to turn to section (e) on page 67 of the committee report, which reads:

The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

Does the things listed thereafter. Does the Senator agree with me that the language "under this or any other Act" would prohibit the President of the United States from using his contingency fund to be of assistance to one of these countries, if it were determined the country had violated the terms and conditions of the so-called Hickenlooper amendment?

Mr. HICKENLOOPER. I believe it would. I believe it is broad enough to do that. It is the intent to cut off aid, bounty, gifts and assistance to countries which not only are using such for their own ulterior purposes but also are defrauding, in effect, American investors whom they have invited to come to those countries. There is one exception. We agreed to an amendment yesterday exempting the Peace Corps.

Mr. MORSE. And the cultural exchanges, also.

Mr. HICKENLOOPER. Yes; the cultural exchanges, as well. I voted for that exemption for various reasons. I believe that humanitarian operations probably have a little different complexion. It is my understanding and my intention—and I believe that of other

Senators who voted for the amendment—that if the abuses are great enough, it is within the discretion of the President even to halt those operations.

Mr. MORSE. We made it very clear yesterday, in the legislative history, that the amendment did not put the Peace Corps in the position where it could not be taken out.

Mr. HICKENLOOPER. That is correct.

Mr. MORSE. Or that the cultural exchanges could not be stopped. That will fall within the discretion of the President.

Mr. HICKENLOOPER. We made that very clear.

Mr. MORSE. I should like to make another point clear, I completely agree with the statement of the Senator from Iowa about the situation in Chile or in Argentina. If it should be found after analysis of the merits of the positions of the companies involved, that those governments are following a course of action—Chile in regard to the Kennecott Copper Co., and Argentina in regard to the nullifying of contracts of these oil companies—in flagrant violation of the Hickenlooper amendment, the President would be prevented also from using the contingency fund to get around the Hickenlooper amendment.

Mr. HICKENLOOPER. I believe the Senator has correctly stated the case. I should like to invite attention to another contingency. There are problems of patent rights which were acquired and exist under law in those countries. Patent rights are not physical, tangible rights.

They are intangible rights, but rights, nevertheless. Many countries are threatening to seize American patent rights, to abrogate them and to destroy them, even though they were granted legally under the laws of the country, or under treaties or agreements, and have a limited time to run, as is the case in our own country.

Those rights are undoubtedly rights, just as tangible property rights are.

Mr. MORSE. Lastly, I spoke recently on the Chilean situation. Tomorrow I shall put in the Record, in support of legislative history being made tonight, further data dealing with the Chilean tax discriminatory policy in connection with American companies in Chile.

I say most respectfully to my President, "You had better prod your State Department to action, because Chile is proceeding with a course of action that cannot be reconciled with granting her any aid, until she changes her discriminatory policy against American business."

The paradox is that Chile, along with the Argentine and many other Latin American countries, has been pleading and begging to get foreign investors to come in. Foreign investors have been offered inducements to come into those countries. That fact places those countries under an obligation to follow a non-discriminatory policy in respect to those investors—the same policy that is followed with respect to domestic investors.

There is an election campaign in progress in Chile, and candidates are vying

with one another to see who can make the strongest anti-American statements; but we cannot let Chilean politics do irreparable damage to American investors, who, in my judgment, must be recognized as having some international law rights.

The State Department ought to be told to "get on the ball" so far as the Chilean and Argentinean situations are concerned, and make perfectly clear to those governments that if the merits of the cases substantiate the allegation that they are in violation of the Hickenlooper amendment, aid will be stopped.

It is our money. If they are going to take it, they ought to take it subject to reasonable terms and conditions that we are seeking to lay down in the foreign aid bill.

I thank the Senator for joining me in making the legislative history. The legislative history being made tonight will not be the last time we shall hear about the subject. We are making legislative history tonight that will arise again and again, and will cause some questions to be asked of the State Department—for example, "What have you done with respect to the Argentine and Chile, or any other country that follows a policy or takes steps that discriminate against American investments in those countries, when they are not protected? What have you done to put the Hickenlooper amendment into full force and effect?"

Mr. HICKENLOOPER. I thank the Senator for his contribution. To button this matter up, I shall put in the RECORD evidence of expropriation and seizure policies. I want to appear in the RECORD in connection with this discussion one thing about which the Senator well knows, because we have discussed it. The Foreign Assistance Act already contains a provision as to the announced and adopted policy of the United States, in section 601, part III, chapter 1, under the head of "General Provisions." For ready reference, this language is contained in the report of the Committee on Foreign Relations on the pending bill, which I referred to earlier in my remarks. I read from page 60 of the report:

Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions—

After referring to several other activities, the paragraph continues—

and to encourage the contribution of U.S. enterprise toward economic strength of less-developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this act.

And so forth. We have announced that it is our policy to encourage these very people to go into those countries with American private capital, private enterprise, private ingenuity and money, whether it be in agriculture, mining, or electrical development, or other development. We have encouraged that with one hand, and with the other hand we

have failed to stand up and protect the claims of those investors, and the equity of their rightful claims.

Mr. MORSE. The Senator from Iowa is correct.

Mr. HICKENLOOPER. That is all we are trying to reach. I think the sentiment of Congress is pretty well developed in that respect.

I call the attention of the Senator to an announcement which is very interesting. It is stated in a bulletin dated November 12, published by the Alliance for Progress: "U.S. Firm Studies Argentine Investment." It calls attention to the fact that Alcan Pacific Co. of Sacramento, Calif., an Alaskan corporation—and the Senator from Alaska should take note of this—with diversified experience in construction contracting is going to conduct a survey in the Argentine, and proposes to make an initial investment of about \$1 million on some kind of development project. As the bulletin states, the company expects to obtain about one-half of this amount, equal to \$900,000, in pesos and dollars from public and private lending sources. The Alliance for Progress is putting out further encouragement and announcements.

The constituents of the Senator from Alaska had better be very careful before they put any of their own money into that area by way of private investment, unless we make clear to those countries that American property will be equitably protected, one way or another, once it goes into that country with the authority and approval of the government that invited it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MILLER. First, I commend my able colleague for his very thorough and timely speech. I should like to ask a couple of questions with a view to adding something to the legislative history which was just discussed by the Senator from Iowa and the Senator from Oregon.

On page 67 of the report of the Committee on Foreign Relations, to which the Senator from Iowa just referred, I invite attention to the fact that subsection (e) reads:

The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

Does certain things. Subsection (2) under subsection (e) has been added by the committee this year.

Is it the intention that any actions taken, as described in subsection (2), from January 1, 1962, on shall have the results that have been described with respect to the other items that were listed in the act last year?

Mr. HICKENLOOPER. That is the exact intention of the amendments. They refer back to January 1, 1962. It is the intention to have the amendments which we are adding to the present law become retroactive to January 1, 1962. I think that is pretty well understood by the State Department.

Mr. MILLER. So if an oil company had a contract repudiated after January 1, 1962, but prior to the date of the enactment of this act this year, it could seek relief under this act?

Mr. HICKENLOOPER. That is correct.

Mr. MILLER. I have another question—

Mr. HICKENLOOPER. Before the Senator goes to his next question, I point out that in the discussions in the committee and with Members of the Senate in connection with these amendments—I am sure I speak without fear of contradiction by committee members in connection with the intent of this legislation—it was believed that, if there should be any technical legal failure of any kind in connection with these amendments, there is still enough discretionary power in the Chief Executive to accomplish the objectives; and we expect the administration to do so, even though there may be some legal question under which someone may attempt to crawl in an attempt to avoid the conditions of this provision.

There is broad discretion in the act. We are merely trying to button it up doubly and triply.

Mr. MILLER. The Senator would like to have the administration take action about the way in which he would expect them to take action with respect to their own personal property or money in a similar situation. Is that correct?

Mr. HICKENLOOPER. I hope they do not handle their personal property in the way in which they handle Government property. Therefore, I do not know whether the comparison is quite apt. However, the Senator's observations are well taken.

Mr. MILLER. I should like to ask one or two more questions.

Mr. HICKENLOOPER. I yield.

Mr. MILLER. On page 67 of the report it is stated that if the foreign government, the recipient of our foreign aid, does any of these acts, and if "such country, government agency, or government subdivision fails within a reasonable time to take appropriate steps to discharge its obligations under international law toward such citizen or entity," and so forth.

I suppose that refers to the confiscation of property, and means that an appropriate payment should be made; and we provide further that it be made in convertible foreign exchange.

My question is with respect to the situation described in subsection 2 regarding the nullification of existing contracts?

We do not have the taking of property as such, but we do have damages. Is it the intention behind this provision that under international law damages which may arise from actions taken to repudiate or nullify existing contracts shall also be paid in convertible foreign exchange?

Mr. HICKENLOOPER. Yes.

Mr. MILLER. Equivalent to the full value of the damages?

Mr. HICKENLOOPER. Yes; there is a body of international precedent and law and agreement that has been built

up. I am not quite sure what international law is. I know what it is said to be. I am not quite sure what it is, however. It is a hodgepodge of itinerant agreements, treaties, international agreements, and this, that, and the other thing. We could probably go back to the days of Genghis Khan, and pick up old parchments to seek out what international law is. However, there is a generally recognized procedure and form and system of evaluation, to the effect that we must give value for property seized. That principle is pretty well recognized.

Mr. MILLER. In other words, we want that procedure to apply with respect to damages which arise under a nullification of a contract.

Mr. HICKENLOOPER. Yes.

Mr. MILLER. I invite my colleague's attention to the wording of the act, about 10 lines from the bottom on page 67 of the report, where it is provided:

To take appropriate steps, which may include arbitration, to discharge its obligation under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange.

We do not include speedy compensation for such property or damages.

Mr. HICKENLOOPER. No; I believe it was the intent of the committee that under our concept and the concept of most jurisdictions which have a system approaching ours, and even under international law, damages apply when a contract is subject to cancellation or nullification. I believe damages are included.

Mr. MILLER. When the Senator refers to speedy compensation for such damages, he means for such property in a broad sense, including not only personal property, but also property rights under contracts. Is that correct?

Mr. HICKENLOOPER. Yes. Damages under any view include property rights. That may have to be determined by hearing.

Mr. MILLER. The reason why I am asking these questions is that I am afraid that our experience has been that some interpreters of what we do in Congress like to play games with words; and we wish to make it clear that we are covering all reasonable contingencies, so that there will not be any confusion or any excuse that they did not understand what we intended, after they read the report.

My last question relates to the next item, in which reference is made to a failure to take steps designed to provide relief from such taxes. There are two ways to interpret that language. One would be that relief from such taxes would mean not imposing them in the future. That is a form of relief. At least we would not get hit a second time. I suggest—and I would like confirmation from my colleague—that the intention is not quite that easy, but that we intend, as I interpret it, that if discriminatory taxes have been imposed, the relief would relate to the imposed taxes, as well as any future taxes of like kind.

Mr. HICKENLOOPER. It most certainly is the intent, if discriminatory or confiscatory taxes have been imposed,

that they be reexamined and readjusted on the basis of equity and fairness, and that, of course, under the law would be the responsibility of the Administrator to determine, or in such other forum as may be properly set up to determine that question.

Mr. MILLER. I thank my colleague.

Mr. MONRONEY. Mr. President will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MONRONEY. I compliment the distinguished Senator from Iowa for his very illuminating and thorough study and presentation of this issue. It strikes me if our aid is to mean anything it will have to be used to make a country self-sufficient. The Senator gave us a graphic illustration when he said that a foreign exchange drain that cost Argentina \$220 million a few years ago has been cut to \$75 million by the great assistance that has come from American oil companies.

It is my impression that these contracts were arranged at the convenience of the Argentine Government, knowing their fetish for preserving for themselves their mineral rights, and that in order to accommodate the Government of Argentina, the oil companies said, "We will contract with you. We will find the oil, if we can find it, and then we will deliver it to you at a price that will be far below the market price." That price was far below the price of the state-owned oil company.

Mr. HICKENLOOPER. Yes; the Senator is absolutely correct. However, it really goes beyond that. The state-owned oil company had been attempting for years to develop oilfields. They had developed a little oil here and there, but they did not have the money, and they did not have the techniques or the know-how or the competence to do it. They invited the American oil companies to come in and look over the field. They then entered into a contract which was in all probability one of the most advantageous oil contracts ever entered into. I happened to be down there after the contract had been in effect for 2 years. I talked with Argentine officials and with private individuals. Everyone was delighted with it. They were getting oil cheaper than they could produce it themselves.

Mr. MONRONEY. And they were saving foreign exchange.

Mr. HICKENLOOPER. Yes; they were saving foreign exchange. I have tried not to be extravagant in my statement in connection with what I have said. I have tried to underplay, rather than overplay it, but there is much competent authority which declares confidently that if the Argentine Government had met its commitments and had paid for the oil as it was received, probably at the end of this year it would have been self-sufficient in oil.

Mr. MONRONEY. Reinvestment of the payment for the American-produced oil to find new sources—

Mr. HICKENLOOPER. And new development.

Mr. MONRONEY. That is correct.

Mr. HICKENLOOPER. The Argentine oil fields—the Senator from Okla-

homa represents, in part, an oil-producing State, so I will not attempt to tell him how an oil field is operated—are in a peculiar situation, so I am told. The oil fields and wells require constant attention and highly skilled know-how. It is not like putting a hole down in the ground and from then on not paying much attention. Oil wells require constant attention. Oilmen could probably describe the situation in more detail; I cannot. But that was one of the troubles. The Argentine Government did not know how to handle the wells. The wells are now producing oil, but the Government is not paying for it. They allowed American capital and know-how to be invested to the extent of \$200 or \$300 million, and are now proposing to confiscate and talk about settlement later.

Mr. MONRONEY. Is that not worse than expropriation? Labor, know-how, techniques, and machinery have been moved into Argentina, at the invitation and request of that country, is now taken without any alternatives being offered in the way of compensation. Argentina land, previously worthless, might now be worth millions of dollars, yet these oil companies would receive no compensation?

Mr. HICKENLOOPER. The land itself probably is not owned by the oil companies. I think the operations are on an employment or contractual basis, as I tried to point out; and under the agreements, at the end of the leasehold or contractual period, the property would eventually revert to the Argentine Government.

Mr. MONRONEY. The producing well would be left intact for the benefit of the country that had invited the oil company to come in. The oil company would be paid for its labor. The arrangement would be a labor contract.

Mr. HICKENLOOPER. That is correct.

Mr. MONRONEY. It would extend for several years, to compensate the company not only for its risk investment, but also for its labor and machinery.

Mr. HICKENLOOPER. It is a production contract.

Mr. MONRONEY. The companies took the greatest risk, it seems to me. The Senator is absolutely correct. The amendment seems sufficient to cover this situation, but does it apply to the Alliance for Progress loans as well as to other aid which is purely and exclusively American?

Mr. HICKENLOOPER. It does. It applies to any act under which we operate.

Mr. MONRONEY. Even though the act authorizes the placement of investments within a consortium such as the Alliance for Progress?

Mr. HICKENLOOPER. That is the intent.

Mr. MONRONEY. I think this is important. Even if a court should perhaps say that it is not, the Senator knows, and it is cited in the earlier reports concerning the act that it is our desire to assist countries by making them self-sufficient, but the act imposes upon the Chief Executive of the United States the obligation to take action of his own

accord when there is a violation of the spirit of foreign aid, which we have so hopefully extended to so many nations of the world.

Mr. HICKENLOOPER. The Senator is correct. The President has power to do that in his discretion.

Mr. MONRONEY. There is no question about it.

Mr. HICKENLOOPER. Two interesting things have begun to develop.

When people begin to scheme how they can take the property of someone else, they develop some interesting theories.

The Argentine Government is now attempting to say—this was a political maneuver in their political campaign—that the contracts which were entered into in 1956 and 1957 were illegal; that therefore, the companies have no rights in them, and that the Government can nullify the contracts. The word “nullification” is used.

However, at the same time, the Government exercised the sole right of taxation on their property and said that it would retroactively tax the property under contract. That was illegal. Of course, if the contract was illegal, the taxes are illegal. There is no provision for taxes. But it depends on whose ox is being gored, as they cast their eyes upon the interpretation of the contract.

Mr. MONRONEY. Can the Senator from Iowa assure the Senator from Oklahoma and other Members of the Senate that even if the language in the amendment does not specifically include the Alliance for Progress, it is the intention of the Senate, in referring to any other law, that those laws authorizing our investment in the Alliance for Progress would be affected, and that the amendment would not only empower, but would in fact be a direction to the Chief Executive that under this set of circumstances the refusal to honor a just debt would bring into force the full effect of the Senator's amendment, even though it involved direct American aid?

Mr. HICKENLOOPER. The Senator is correct. The amendment refers to the AID programs; and the Alliance for Progress is a part of the aid program complex of the United States. It refers to the Alliance for Progress just as much as it does to any other aid program which is in operation anywhere in the world.

Mr. MONRONEY. I thank the Senator from Iowa and compliment him on his fine presentation.

Mr. HICKENLOOPER. I thank the Senator from Oklahoma for helping to develop the basis and effect of the amendment.

Mr. CARLSON. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. The Senator from Kansas is a member of the Committee on Foreign Relations. He can testify in his own right as to the intent, because he, too, labored on the amendment.

Mr. CARLSON. The Senator from Oklahoma raises an interesting point as to whether the Alliance for Progress might not be a part of our foreign aid

program and therefore not be covered by the amendment on which the distinguished Senator from Iowa has worked not only at this session but in previous sessions.

The truth is that title VI of the act is the Alliance for Progress. There was never any question in committee that the Alliance for Progress was covered in the Senator's amendment.

Mr. HICKENLOOPER. There can be no question that the Alliance for Progress is an integral part of the entire international aid or assistance program.

Mr. CARLSON. If there had been any question, it would have been well taken care of because, as the Senator from Iowa has stated—and I want the Record to be clear—there was no division of opinion in the committee, among any of its members, as to what we thought was the meaning of the language; and what we wrote into the language is what is known as the Hickenlooper amendment. We wanted it to be all inclusive. We wanted it to be administered on that basis.

I pay my compliments to the distinguished Senator from Iowa for his continuing efforts in behalf of protecting American investors who, we hope, will go into other foreign countries and help to develop them on a private industry basis. The Alliance for Progress is one of our finest programs, and this is the type of amendment we need to protect private industry, and we hope it will.

Mr. HICKENLOOPER. I thank the Senator from Kansas. It is not my intention to protect any one individual from any other individual. What concerns me, and I am sure what concerns the Committee on Foreign Relations and the entire Senate, is that American investors who are invited to go into other countries and are encouraged to develop land by contributing their own capital, know-how, and risk, and will do other things which will add to the basic expansion of those countries that are less developed, will receive fair, equitable, honorable treatment, by any kind of moral and legal standards which we all recognize as just. We want equitable treatment for them.

The amendment is not an attempt to guarantee profits to any company. It is not an attempt to obtain for any American company any undue concessions. It is merely an attempt to guarantee that their investments, their property, their efforts, their techniques and know-how, will not be permitted to be used in a country under the guise of a fair contract or a fair proposition, and once they have developed something that is worthwhile, have the government of that country, under the claim of a taking for government purposes, take the creation of those people without adequate and full compensation.

Mr. LAUSCHE. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. As the Senator from Iowa knows, I also am a member of the Foreign Relations Committee; and it is my conviction that in the drafting of this section, with the amendments which have been offered to it at this session, it

was the intention of the Foreign Relations Committee to provide protection to American investment: first, against expropriation; second, against unlawful violation of contracts; and third, against indirect expropriation through the imposition of taxes or other exactions and excises by foreign governments. I think a reading of subsection (e) will disclose that to be the fact.

I know that the Senator from Iowa, in attempting to make this provision all-embrasive, insisted upon including, as new language in the bill, the following, which has pertinence to what the Senator from Oklahoma has said: “or any other act.”

That addition and the others will make this part of the act read as follows:

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

I concur in the statement of the Senator from Iowa that if by chance this language is not found adequate to reach the Alliance for Progress, the committee intended that it should be reached and that the President should not extend aid either directly to countries or indirectly to countries through the Alliance for Progress.

Mr. HICKENLOOPER. Yes.

There has been some rumor—although I do not allege this to be a fact, because I do not know—that certain Government officials in handling the program have been thinking about a device under which our aid funds would be put into an international pot, and when that international pot distributes the money, it will not be affected by expropriation within certain country, and in that way an attempt might be made to avoid the impact of this amendment.

I say I do not know that is the case, and I do not allege that it is; but I have heard rumors that that is one device which has been discussed as a means of getting around this so-called Hickenlooper amendment and still getting the money to some of these countries, through an international intermediary or pot or account.

I merely wish to say to all and sundry in the Senate and in the State Department and elsewhere that of course that would be a most inexcusable subterfuge and avoidance of the clear intent, not only of this legislation, but also of the

will of the Senate itself, in my judgment. I do not say that anyone in the State Department is attempting to do that; but those rumors have been going around.

Mr. LAUSCHE. I hope that is not true.

Mr. HICKENLOOPER. So do I.

Mr. LAUSCHE. I believe the provisions we have written into the bill contemplate aiding the countries to which we are sending help and contemplate insuring the doing of justice to the American investors whom we are encouraging to make investments abroad.

I should like to have a discussion with the Senator from Iowa about another point. He has pointed out the bankrupt condition of the Argentine economy because of the governmental ownership of the railroads and the oil mineral mines since 1958.

Mr. HICKENLOOPER. And also the telephones.

Mr. LAUSCHE. Yes, also the telephones and other public services. In the statement the Senator from Iowa made a few minutes ago to the Senate, he said:

The plight of the Government-run railroads provides a good example of the kind of economic chaos which has been allowed to develop. The volume of freight carried has fallen from 60 million tons in 1942 to less than 30 million tons; yet in the same period, the number of railroad workers has climbed from 90,000 to over 225,000. The result is an annual deficit of some \$300 million which the Government is forced to cover.

Mr. HICKENLOOPER. That is the inevitable result that has so frequently come from government takeovers and government operation of what should be private enterprise and private business.

Mr. LAUSCHE. Am I correct in understanding that in 1942, 90,000 workers handled 60 million tons of freight, but after the Government there took over the railroads, the number of railroad workers increased to 225,000, but they handled only 30 million tons of freight?

Mr. HICKENLOOPER. That is correct, according to information which I have received and which I believe correct. That is a fantastic situation, but it is stated to be the case.

Mr. LAUSCHE. It is said by certain labor leaders that unless certain things are done in the United States, our Government should take over the U.S. railroads. I wonder what would happen if that were to be done in the United States. In my judgment we would follow the same course—led by the devil—that has been followed in countries that have tried to socialize the public utility services.

Mr. HICKENLOOPER. In almost every instance—and I know this occurred not only in Argentina, but also in a great many other countries—when the governments took over those businesses, political pressures on the legislative bodies and the other political bodies in those countries forced an increase in the number of jobs in those industries. It was said, "Put this man to work" or "Put this political henchman to work"; and thus the employment rolls became filled with political henchmen, until the result was as in the case of the Argentine railroads, on which the volume of freight has decreased from 60 million

tons in 1942 to less than 30 million tons, although in the same period the number of railroad workers there increased from 90,000 to more than 225,000 who now handle only a little more than one-third of the amount of freight formerly handled by the much smaller number of employees. A similar development has occurred in very many places in the world; and it seems that, inevitably, when the government takes over, the political pressure to create a job for "good old Joe who worked for us down in the third precinct" has its effect, and employment is thus increased greatly, but inefficiency also develops.

Six or seven years ago, when I was visiting in one of the countries of Latin America, I talked with the president of that country, which 4 or 5 years theretofore had taken over the railroads and the telephone system. He said he was trying then not only to have some kind of compensation paid to those companies, but also to get the railroad companies and the telephone company to take back their utilities and operate them again, because his government could not operate them satisfactorily, and was swamped by the burden of making the attempt to operate them, because of the inability of the government to operate them efficiently. So that is the situation which develops again and again.

Mr. LAUSCHE. Mr. President, in that connection I should like to point out that the International Monetary Fund and World Bank has, as a prerequisite to the granting of financial aid to Argentina, insisted that the overstuffed labor force of the railroads there be reduced by at least 60,000. I refer to that as corroboration of the position taken by the Senator from Iowa in regard to what has happened in Argentina, through its panacea of governmentally operated railroads.

Mr. HICKENLOOPER. Yes, indeed.

Mr. LAUSCHE. Mr. President, will the Senator from Iowa yield further to me?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Iowa yield further to the Senator from Ohio?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. Mr. President, will the Senator yield? I should like to get to the subject of mining of oil by the Argentina Government.

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. I understood the Senator from Iowa to say that by 1958, although Argentina was supplied with an abundance of oil in the ground, the nation was importing oil and was not able to supply its own needs.

Mr. HICKENLOOPER. I must take some exception to the Senator's statement that Argentina found itself supplied with an abundance of oil. The trouble was that Argentina thought there was oil there, but they had been unable to develop it in sufficient quantities anywhere nearly to meet their needs. They could not bring out the oil. They thought the oil was there. That is why they brought in American companies and asked them to enter into contracts to try to develop the oil that they hoped was

there. Some was being developed, but not very much.

Mr. LAUSCHE. The oil mining companies were governmentally operated?

Mr. HICKENLOOPER. They had been for many years.

Mr. LAUSCHE. According to the statement of the Senator from Iowa, by 1958 Argentina's total annual oil production amounted to only 36 million barrels of oil, and the nation was forced to import approximately 65 million barrels to meet its needs?

Mr. HICKENLOOPER. The Senator is correct.

Mr. LAUSCHE. Oil was, in fact, the largest import item and cost roughly \$22 million a year in foreign exchange?

Mr. HICKENLOOPER. The Senator is correct.

Mr. LAUSCHE. After the government called in the American companies and gave up its own proclivity toward governmental operation, what was the experience in producing oil in Argentina?

Mr. HICKENLOOPER. The experience was that the American companies went into Argentina under contracts with the Argentina Government and began to develop the oilfields and explore for new deposits. The Senator will note that there was only about a 4- or 5-year period in which not alone American know-how, techniques, and machinery were used, but also American capital went in there. It was private money and not government money. By 1962 production had risen to about 100 million barrels.

From approximately 36 million barrels the production had risen to 100 million barrels. Imports went down from 65 million barrels to 20 million barrels. Meanwhile the population of Argentina had gone up. The number of automobiles in Argentina had risen. The use of oil had gone up. So they needed a great deal more oil in 1962 than they did in 1958.

One or two automobile factories were started in Argentina. The need for oil was expanded. The production of the American companies with American capital and know-how had reduced the import necessity and increased the production.

This year they owe one company about \$28 million for oil that had been produced and handed over to them. They have not paid for it all, and they owe some other companies millions of dollars. It is freely predicted that had Argentina gone ahead in an unrestricted operation under the contracts, by the end of 1963 Argentina would have been practically self-supporting in oil. In another 2 or 3 years Argentina could have been a net exporting nation of a substantial amount of oil.

Mr. LAUSCHE. Mr. President, it is my understanding that the record shows that in Argentina the state-owned petroleum industry was opened to private enterprise in 1958. American and European companies are now operating throughout the country. Although approximately \$280 million of foreign exchange is saved yearly, and Argentina is virtually self-sufficient in oil, the national oil monopoly has dissipated its earnings

and requires budget support from the central government. Is that in substance the understanding of the Senator from Iowa?

Mr. HICKENLOOPER. It is my understanding that that is the evidence which we have.

Mr. LAUSCHE. I should like to get down to what the Senator from Iowa is urging. Argentina asked foreign capital to come in and operate the industry privately.

Mr. HICKENLOOPER. Contracts were made with the companies involved.

Mr. LAUSCHE. They went in in 1958. Now Argentina is threatening to breach the contracts—

Mr. HICKENLOOPER. To nullify them.

Mr. LAUSCHE. The amendment which the Senator from Iowa has offered contemplates an avoidance of that purpose and effort?

Mr. HICKENLOOPER. Not exactly. We recognize the sovereignty of a sovereign nation to do almost anything it desires to do within its own boundaries. We reserve the right of sovereignty here.

What we would say is that if the Government seizes American property which is lawfully there under an agreement without full compensation for the damages and the loss caused and for the property they have seized, we reserve the right to determine what we will do with our aid money. We would withdraw our aid money. We would not attempt to superimpose our ideas of sovereignty upon Argentina or upon any other country, but we would reserve the right to say what we will do with the money of the taxpayers of our country. We would withdraw aid from them and give them no more aid, if they proposed to play that kind of game.

Mr. LAUSCHE. Mr. President, will the Senator yield further?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. I should like to conclude my participation in the present discussion. Several months ago I read in an article that one could travel 60 kilometers in Argentina for the amount of pesos which would be equal to 2¾ cents of American money. I could not believe the statement. I had an investigation made. The report was that in Argentina, for the equivalent of 2¾ cents, one could travel 60 kilometers on the governmentally operated transportation system.

Mr. HICKENLOOPER. Thirty-six miles.

Mr. LAUSCHE. That is the charge. The amount was not adequate to liquidate the costs. For that reason, the Argentine Government is in the distressing position in which it now finds itself. That is why practically all the socialistically operated countries are likewise attempting to meet such conditions as I have described.

Mr. HICKENLOOPER. The example stated by the Senator from Ohio could be applied to quite a number of countries. I have in mind one particular small Latin American country in which the government owns the telephone system. Theoretically, one could talk from one side of the country clear across to

the other side for the equivalent of about 22 cents. Why? Because the government owns the system and the government is afraid of political reprisals at the polls if the rates are raised to the point at which the system would be at least halfway self-supporting. They pour more money into the operation and thus subsidize it heavily. The net result is that unless the average person pays a handsome sum for a telephone, he cannot get a telephone without a 6- or 7-year wait. He might not get through on the long-distance telephone lines anyway, but if he could, the cost would be about 22 cents. That is the rate for a call clear across the country. Political pressure will not permit them to charge a realistic and practical rate to pay the necessary costs and provide a decent or proper telephone service.

Mr. LAUSCHE. I commend the Senator for his contribution.

Mr. HICKENLOOPER. Mr. President, I had not intended to take this long this evening, but I believe a great many points have been cleared up.

I should now like to read a letter which came into my office last Saturday. I have given it my attention last night and this morning. It is a letter from a man who is quite conversant with Latin America. I do not know him personally, but I have talked with him on the telephone. His name is Eric N. Baklanoff, director of the Graduate Center for South American Studies, at Vanderbilt University in Nashville, Tenn.

I believe this letter is quite pertinent and makes some very telling points. Mr. Baklanoff has specialized in Latin America, its development and its economics. I have permission to use his letter.

The letter is dated November 6, 1963:

DEAR SENATOR HICKENLOOPER: I should like to commend you on the provision which you have attached to the foreign aid bill to safeguard the legitimate interests of U.S. citizens and corporations abroad.

In respect to the current investment climate in Latin America, U.S. investors have been disengaging themselves from the area for good reasons. Brazil has expropriated \$145 million of U.S.-owned utilities without compensation and nationalist politicians there are casting hungry eyes upon the largely Canadian owned \$600 million Brazilian Traction Co. The recently enacted profits remittance law penalizes the reinvestment of profits by foreign companies in that country and in the current year the flow of private foreign capital to Brazil is a tiny fraction of the high levels sustained in the period 1956-61. Creeping expropriation of foreign-owned utility companies has been commonplace throughout Latin America as utility rates were frozen by official decree during the course of inflationary rises in money costs and prices. The consequence, of course, has been a squeeze on profits, failure of new investment in this key sector, and poor service. Government-induced shortages and inadequate service then becomes the "grounds" for nationalizing the foreign firms to put an end, once and for all, to their allegedly "exploitative" and "abusive" practices.

In Venezuela and Peru Castro-Communists have with impunity sabotaged U.S. property valued in the millions. In Chile, the U.S. copper companies have been paying taxes to the Chilean National Government equal to 85 percent of net profits—

As I said a while ago, I believe the latest figure is 87 percent of the net profits. That is my best information—and expropriation of their holdings is a credible possibility after the next presidential election in that country. Meanwhile, the new Argentine administration is moving to unilaterally break its contracts with the foreign oil companies to the disadvantage of the latter although it is recognized that these companies, by making Argentina self-sufficient in petroleum, have saved that country roughly \$300 million annually in foreign exchange resources.

The suggestion, increasingly advanced in our country, that the U.S. Government should insure private firms against expropriation by Latin American governments is not a satisfactory answer. The reason for this is elementary: public funds committed by us to the Alliance for Progress would increasingly be used to bail out private American companies rather than for the social and economic development of Latin American countries.

In the absence of totalitarian police state rule in Latin America, which would extract capital from workers and peasants as well as provide the requisite industrial discipline, it becomes necessary, if economic development is desired, to rely heavily on a structure of incentives among which the monetary factor is necessarily important. If our premise is correct, then it would appear that the proper procedure for our Government would be to do everything in its power to remove as many of the political uncertainties which currently face private investors south of the Rio Grande.

One answer, I believe, is power politics—less at home and more abroad: penalize unacceptable behavior, reward that which is acceptable to us; differentiate between trusted allies and uncommitted opportunist states to the benefit of the former. For example, if country B in Latin America threatens to "go Communist" because of a short-fall in U.S. public assistance, let's put that threat to the test.

In short, we are a great power (some like to call us the "Colossus of the North") among nations. For a change, let's act like one.

Sincerely,

ERIC N. BAKLANOFF,
Director.

In closing, let me point out that we have discussed Argentina today at great length, but the same principle applies to Chile, Peru, or any other country in Latin America. It applied to Honduras, when that country threatened to expropriate American property several months ago. It would apply to any Latin American country which attempted to expropriate and seize the property of Americans, legitimately invested in those countries with the prior approval and agreement of those countries. So, I do not wish it to be understood this evening that we are talking about only Argentina. We are also talking about a possible wave of expropriation and seizure which might sweep across the Latin American continent because it may be "easy money" to seize the property of the "Yankees to the north."

It also would apply to any other country in the world.

It already has applied to Ceylon, and it will apply to any other country in the world that wishes to get something for nothing from "Uncle Bountiful," who has been quite generous during the

past 15 to 20 years in his largess. The countries which really need our aid should take advantage of the opportunity to stabilize themselves, to advance themselves, to live with the family of nations, a status to which they aspire and which we hope they will attain.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the following articles and editorials:

An article published in the Christian Science Monitor of October 21, 1963, entitled "Oil Contracts in Argentina Threatened."

An article published in the New York Herald Tribune of November 10, written by Barnard L. Collier, entitled "Fury Impends Over Argentina—U.S. Oil Firms To Be Dealt Out."

An article printed in the Christian Science Monitor of November 11, 1963, written by Isaac A. Levi, and entitled "Argentina Rules Out Renewal of Oil Contracts."

An article from the Wall Street Journal of November 12, 1963, entitled "U.S. Envoys Fail To Convince Argentina To Keep Pacts With Foreign Oil Concerns."

An Associated Press article published in the Washington Post for November 12, 1963, entitled "Argentina Reaffirms Oil Annulments."

An Associated Press article published in the Washington Star for November 11, 1963, entitled "Latins Seeking Greater Voice on U.S. Aid."

An article published in the New York Times of November 12, 1963, written by Edward C. Burks, and entitled "Argentina Bars Oil-Pact Accord."

An article published in the New York Times of November 13, 1963, written by Juan De Onis, and entitled "Latin Leaders See Crisis in Alliance for Progress."

An article written by Mr. Edward C. Burks, and published in the New York Times for Wednesday, November 13, 1963, entitled "Argentina Hints Oil Pacts Won't Be Continued."

An article published in the Christian Science Monitor for November 13, 1963, written by Bertram B. Johansson, and entitled, "Argentina: U.S.-Aid Crisis."

An editorial published in the Washington Post of November 11, 1963, entitled "The Alliance Founders."

An editorial published in the New York Times for November 13, 1963, entitled "Cracks in the Alliance."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HICKENLOOPER. I could fill the RECORD with clippings and news stories from across the seas and in other areas, but I put these numerous clippings in the RECORD to show that this is a movement that has received considerable attention, and that there is a great basis for apprehension.

I ask unanimous consent to have printed following my remarks a study which I have had made, entitled "Creeping Expropriation"; as well as another result of a little research, which is entitled "Some Recent Instances or Threats of Creeping Expropriation," with the specification at the top of the paper that they are only examples, and it is not

an exhaustive listing, referring to such countries as Brazil, Mexico, Venezuela, Colombia, Canada, Ceylon, and France, showing various stages of seizure of American property and expropriation.

The PRESIDING OFFICER. Without objection, the material will be printed in the RECORD.

(See exhibit 2.)

Mr. HICKENLOOPER. Mr. President, I also ask unanimous consent to have printed at the conclusion of my remarks a statement contained in the report of the Foreign Relations Committee on the bill, under the heading "Major Instances of Expropriation of Property Belonging to U.S. Nationals Since World War II." This study was developed as of early 1962. It merely indicates that the problem has been with us a considerable time. I refer to pages 93, 94, and 95 of the committee report.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. FULBRIGHT. The Senator from Iowa has taken the lead in the committee in the introduction and perfection of what is commonly called the Hickenlooper amendment, which I believe, and I am sure the committee believes, would apply to situations such as he has described in Argentina and in other countries.

I think that in fostering this amendment he has rendered a great service and that it is a great improvement in the bill.

I do not believe there is any doubt that the amendment applies to the situation in Argentina. If the officials of that country have any respect for or hope in the Alliance for Progress, they will find a way to comply with the provisions of the amendment. In other words, if they insist on expropriation, they will find themselves in a process of decompensation, as provided for by the amendment.

Mr. HICKENLOOPER. I thank the Senator from Arkansas, the very able chairman of the Foreign Relations Committee, who has been helpful in obtaining an objective study of this matter in the committee, and who has contributed valuable suggestions as to how to best approach a difficult situation.

It is not my feeling, and I think it is not that of members of the committee, to impose conditions or situations which are so oppressive that they will not work. We want, in fairness, equity, and decency, to assist other countries to establish themselves on a basis of stability and progress. That is what we are searching for. But I am sure most of us are of the opinion that for them to continue along the lines which they have been following will lead to nothing but economic chaos and destruction—from which we hope we can lift them, if our aid counts for anything. If it does not, and they are not able to take advantage of the bounty which American taxpayers are supplying them, we had better pull out and see what will happen.

I hope we can work out with those countries a basis of equity, fairness, decency, and appropriate concepts of

property and moral rights, such as their own citizens have, and that we can make progress. I rely upon the State Department to be cooperative in using its vigor, authority, and great influence in accomplishing this objective.

That concludes my remarks, Mr. President. I appreciate the patience of Senators in listening to my remarks, but I believe this is a record which we have made for a firm understanding by countries of the world that there is an end to our gullibility or our unrequited bounty, and that while we are, I am sure, willing to go far in our assistance to other countries, there is a limit beyond which we will not go. Other countries had better understand this quickly, not only for their own general progress, but for the good of the common goal of the advancement of human liberty and economic development.

EXHIBIT 1

[From the Christian Science Monitor, Oct. 21, 1963]

OIL CONTRACTS IN ARGENTINA THREATENED

BUENOS AIRES.—The newspaper La Nacion says that contracts between the Argentine Government and private oil companies soon will be annulled by presidential decree.

La Nacion gave no source for its information. It merely said the contracts with private oil companies "will, according to our best references, be declared null and void by an executive branch decree" to be issued in the near future.

Meanwhile, it added, President Illia's new cabinet is consulting various government agencies and experts on the subject.

According to La Nacion, once annulled, both the contracts and the new decree scrapping them will be submitted to Congress for consideration.

Most of the contracts involve American companies. They were negotiated and signed in 1958 at the start of deposed President Frondizi's government in an effort to boost Argentina's oil production.

Argentina, at the time, spent about \$250 million importing oil from abroad to make up its production deficit. All phases of production were monopolized by a state agency.

Since, Argentina has become nearly self-sufficient in oil and even has some small surpluses for export. Experts claim the enormous boost in production was brought about by the contracts, which still left full title of the oil extracted to the state.

President Illia's Peoples Radical Party (UCRP) won this year's special general elections with "annulment of oil contracts" as the main plank in its campaign.

The UCRP and other parties have repeatedly criticized the oil contracts of the Frondizi administration as "illegal" on the premise that Mr. Frondizi never submitted them to Congress for consideration.

Critics also say the contracts enable the companies to overcharge for the oil. They assert that better terms, much more favorable to the government could have been negotiated.

[From the New York (N.Y.) Herald Tribune, Nov. 10, 1963]

FURY IMPENDS OVER ARGENTINA, U.S. OIL FIRMS TO BE DEALT OUT

(By Barnard L. Collier)

In spite of all the U.S. bellowing and cooing to get him to change his mind, Argentina's newly elected President Arturo Illia is stuck. He is going to keep his campaign pledge and nullify the 6-year-old contracts with eight U.S. oil companies.

The move is likely to come soon—probably within a week. It is unlikely that even Un-

der Secretary of State W. Averell Harriman's chat with Mr. Illia last week, in which "that touchy subject" was so carefully broached, will alter the plans for cancellation.

And just as sure are the repercussions the Argentine decision will provoke. An enormous fuss is imminent in the U.S. Congress; the majority of the oil companies involved are set to attack the "ultra-nationalist blunder." The State Department will fret. And again the Alliance for Progress concept will be endangered.

CAN'T BACK DOWN

But 63-year-old President Illia, a country doctor turned politician, who wooed a lot of nationalistic Argentine votes last July by promising to annul the controversial contracts, is in no position to back down. The realities of Argentine politics and the chauvinistic passions oil arouses in Argentina would make reversal tantamount to jumping off the Casa Rosada Presidential Palace roof.

"Therefore," says a high Argentine diplomatic official, "the thing must be done, the furor allowed to pass over. Then some cool-headed negotiating can take place."

That is the optimistic viewpoint. What bothers many observers both in the United States and Argentina, is whether the matter will explode into such a messy issue that the prospects for negotiation will evaporate in the white heat of nastiness and invective on both sides.

At the moment this is a strong possibility. The first shock waves of the contract cancellation are sure to be felt in the U.S. Senate, which is in no mood these days to cater to the whims of foreign governments when it comes to tampering with U.S. investments legally made.

FOREIGN AID

Most disturbing is the amendment to the foreign aid bill put up by Senator BOURKE B. HICKENLOOPER, Republican, of Iowa, which would make statutory a suspension of economic aid to any country which decides to "repudiate or nullify existing contracts or agreements" with U.S. citizens or corporations.

If Dr. Illia goes through with the oil cancellations, Senator HICKENLOOPER's provision would directly apply to Argentina—a grim prospect for a country trying to recover from almost 3 years of total economic chaos.

If aid to Argentina is cut off under the Hickenlooper measure, a good many people will agree that the Argentines are getting just what they deserve. Foremost among these are several oil company men who pressed Senator HICKENLOOPER into tacking on the amendment which the Senator describes as a "shock treatment" to make it clear that Congress takes seriously treatment of U.S. industry abroad.

The oilmen contend that when the contracts were signed with the regime of former President Arturo Frondizi back in 1958, everything was done in good faith.

"We stuck our necks out to invest in Argentina," says one oil executive, "and we produced more than anyone could have hoped for. The contracts were and are perfectly legal and binding. Now that we stand to make some profit, the Argentines are renegeing."

Unquestionably, the U.S. oil companies which were given contracts to drill, produce and sell oil to the Argentine oil monopoly Yacimientos Petroliferos Fiscales (YPF) did a remarkable job.

In 1958, the Argentine economy was sagging under a \$250-million-a-year foreign trade deficit because it was forced to import the bulk of its oil products. Within 3 years after the contracts were signed, the nation was virtually self-sufficient in oil and the debt was wiped out.

The contractors were given areas for exploration (not land concessions) by YPF, and took the risk of finding or not finding

oil there. At least three of the oil companies found few gushers; others struck oil quickly and under the contracts delivered all that was pumped to YPF for a predetermined price ranging from \$1.75 a barrel to \$1.59 a barrel. The standard import price for oil to Argentina before the contracts, according to the oilmen, was \$2.60 a barrel.

In all, U.S. oil companies invested and re-invested nearly \$350 million in their Argentine operations—one of the largest injections of private capital ever made in Latin America. "Sure, we stood to make profits commensurate with our risks—we invested nearly \$100 million in wildcatting and development on an if-come," said one oil spokesman.

"But all our equipment is now the property of YPF and we found oil and pumped it—which is something YPF could never have done," he added.

NATIONALISTIC FEVER

Although most knowledgeable Argentines agree that YPF had a difficult time finding oil in a crankcase, they are now in the grip of a nationalistic fever that according to State Department sources—and also the oilmen—has ruled out any effective negotiation on the matter so far.

In previous statements, Dr. Illia has said firmly that the contracts would be annulled but would immediately be renegotiated on terms more acceptable to Argentina. The new terms would most likely include a reduction in sale price to YPF, more Argentine representation in operations, and an end to tax benefits for the oil companies.

But the U.S. oil men are worried that an upsurge of even stronger nationalism might rule out Dr. Illia's "honest good intentions" in renegotiating the contracts and result in outright confiscation.

If the companies are indeed expropriated there would be no way—the pie-in-the-sky schemes of some Argentine nationalists notwithstanding—to reimburse the companies with anywhere near the amount to which they are legally entitled.

SILLY PLANS

Says one Argentine businessman: "There are silly plans to pay off the companies out of profits YPF would make over the next 4 years or so. This is absurd. First, YPF is not capable of making a profit; second, it needs all the funds it can get for already accrued debts. Like it or not, Argentina must find some way to get along with the oil companies—but the oil companies must also realize that they must compromise."

At the moment, it appears that unless one side or the other grows childishly rash or irate, a compromise can be worked out.

According to many oil men, the companies are ready to sit down and negotiate new contracts if Dr. Illia will only give assurances that he can get a green light on doing so. Up to now, the oil men claim, they have not tried to press the renegotiation issue because the Illia government, caught up in the nationalist tide, has merely repeated over and over that the nullification will take place to soothe the national conscience.

The nationalists continue to raise the issue of the contracts alleged illegality, charging that the Frondizi regime violated the constitution, harmed the economy, and agreed to pay far too much for the oil the contractors pumped.

SILENT MEN

The Argentine press gives these charges large play and, not wanting to indulge in an all-out battle now, most Argentine businessmen—even those opposed to the nullification—have kept silent on the matter, hoping for a cooling-off period.

For their part, the U.S. oil men, constantly peppered by implications that too many pay-offs were made to get the contracts, have been content to postpone any really hard negotiations and merely say: "The contracts are good. There was no hanky-panky."

If both sides stick to a hard line after the cancellations, most observers agree that the result can only be a catastrophe for Argentina and a blow to the Alliance for Progress. Unless quick action on renegotiation is taken, the flight of foreign capital from Argentina and the rest of Latin America is almost certain to be swift and devastating.

If the Hickenlooper amendment is put into effect, the reaction in Argentina and the rest of the hemisphere is sure to be unanimously anti-United States—a fact which even the oil men who pushed for the amendment admit. State Department officials break into a cold sweat just thinking about it.

What is needed now, says one Latin American diplomat, is a period of calm that isn't going to come.

"Dr. Illia will annul the contracts and there will be the storm. But neither side can forget that the annulling isn't the end. There must be voices of reason who will see the political implications on both sides and realize that Argentina and the United States—two mature nations—can certainly work out this matter without a break that would be pitiful for all concerned."

[From Christian Science Monitor, Nov. 11, 1963]

ARGENTINA RULES OUT RENEWAL OF OIL CONTRACTS

(By Isaac A. Levi)

BUENOS AIRES.—Oil company executives are showing concern at a statement by the Argentine undersecretary of power and fuels that their contracts with the Government—once canceled—will not be renegotiated.

The undersecretary, Juan Sabato, told newsmen the Government's special oil study commission "has absolutely discarded all possibility of renegotiating these contracts."

Oil company executives refused to be quoted by name, but many of them expressed concern privately at Mr. Sabato's statement. Word had been going around the oil industry this week that some of the contracts—once annulled—would be renegotiated.

CONTRACTS CHALLENGED

Annulment was a main plank in the election campaign platform of President Arturo Illia's Peoples' Radical Party (UCRP).

The party maintains the contracts are illegal because they were not subjected to congressional approval when signed by President Arturo Frondizi's government in 1958-59.

The UCRP platform also charges they are harmful to Argentina's interests and detrimental to Yacimientos Petroliferos Fiscales (YPF), the Argentine state oil concern.

Mr. Sabato is the Government's foremost advocate for canceling the contracts. He said the study commission has already drafted the necessary decrees and submitted them to President Illia for his approval and signature.

"The situation is [now] in the hands of President Illia," he said. President Illia is expected to call a full-dress cabinet meeting—probably within a few days—before final action on the measure.

HISTORY TRACED

Oddly enough, the contracts—about 10 in all—were negotiated and signed by Mr. Sabato's younger brother, Arturo, an emphatic proponent of allowing the oil companies to continue working here unhampered.

Arturo was President Frondizi's personal delegate to YPF, and as such was directly responsible for negotiating the contracts—most of them with U.S.-owned companies.

That was in 1958. At that time Argentina imported 65 percent of its oil for a total value of about \$200 million. Since then, Arturo asserts private companies have made Argentina nearly self-sufficient.

The combined investments of the U.S. oil companies alone total an estimated \$397 million. Statements by various Government officials about the possibility of indemnification are conflicting.

Some Government officials indicate the companies would be indemnified. Others, however, have told reporters there will be no compensation.

[From the Wall Street Journal, Nov. 12, 1963]
U.S. ENVOYS FAIL TO CONVINCE ARGENTINA TO KEEP PACTS WITH FOREIGN OIL CONCERNS

BUENOS AIRES.—U.S. negotiators apparently failed in their attempt to deter Argentina from canceling foreign oil contracts in this South American land.

Hardly had Under Secretary of State W. Averell Harriman left Buenos Aires Sunday than the Argentine Government leaked a communique announcing its "sovereign and irrevocable decision" to annul the contracts this week.

The communique had been designed as a joint United States-Argentina statement after Mr. Harriman completed his talks with President Arturo Illia and other Government leaders. But a high Government source said Mr. Harriman "understandably, didn't want to sign."

President Illia and Mr. Harriman firmly stated their positions in conversations Sunday, informed sources said.

ALLIANCE FOR PROGRESS THREATENED

An authoritative U.S. source said "failure by the Argentine Government to act within the concept of the U.S. position can harm this climate (for foreign capital) and with it the Alliance for Progress."

Argentina, it was understood, has promised to act within the law and to compensate the foreign companies if the contracts are annulled. The communique, however, made no mention of indemnification. The United States has demanded just and immediate compensation be paid.

U.S. Ambassador Robert McClintock is known to have planned a trip to Washington later this month to report on Mr. Illia's new administration. Now he may be called home earlier.

In his successful campaign for the Presidency, Mr. Illia assailed the legality of the 1958 foreign oil contracts because he charged Arturo Frondizi, then Argentina's President, signed them without authorization from the Argentine Congress. Mr. Illia restated his views in his inaugural address last month.

Under the disputed contracts, the foreign companies are allowed to explore and develop oil reserves in areas assigned to them by the Argentine oil agency, YPF. Any oil found, however, doesn't belong to the companies. It must be delivered to YPF, which compensates the companies for their expenses at a predetermined rate. For some of the producers, the compensation amounts to \$1.59 to \$1.70 a barrel.

COMPANIES INSIST CONTRACTS ARE LEGAL

The foreign oil companies, mostly U.S. concerns, insist the contracts are legal and that under this assumption they have invested \$397 million since 1958 in developing Argentina's oil industry.

The Government, informants said, hopes that much of the work done by the foreign companies can be taken over by the state oil agency, now undergoing reorganization at Mr. Illia's order.

More information about Argentina's plans are expected to be announced today in a television and radio address by Facundo Suarez, president of the Argentine oil agency.

The affected companies include: Esso (Argentina), Inc., a subsidiary of Standard Oil Co. (New Jersey); Tennessee Argentina, S.A., a subsidiary of Tennessee Gas Transmission Co.; Pan American Argentina Oil Co., a sub-

siary of Standard Oil Co. of Indiana; Transworld Drilling Co., a subsidiary of Kerr-McGee Oil Industries, Inc., and units of Continental Oil Co., Cities Service Oil Co., Marathon Oil Co., the Royal Dutch-Shell Group, Southeastern Drilling Co. and Ente Nazionale Idrocarburi of Italy.

[From the Washington (D.C.) Post, Nov. 12, 1963]

ARGENTINA REAFFIRMS OIL ANNULMENTS

BUENOS AIRES, November 11.—Despite U.S. warnings, the Argentine Government reaffirmed today its sovereign and irrevocable decision to annul oil contracts with foreign companies, most of them American.

A high Government source said the Argentine position was made clear to W. Averell Harriman, U.S. Under Secretary of State for Political Affairs, in talks with Government leaders last weekend.

Informed sources had reported Harriman warned that cancellation of the oil contracts without just compensation could harm the program of U.S. aid to Argentina as embodied in the Alliance for Progress program.

President Arturo Illia emphasized in his talks with Harriman and U.S. Ambassador Robert McClintock that the Government would move in a legal and nonviolent manner, the Government source said. Indemnification also was promised "within the just rights of a company as determined by law," the source added.

However, there was no mention of indemnification in a communique leaked by the Government. The communique was to have been issued Saturday as a joint statement by Argentina and the United States. This communique announced the decision to annul the contracts and said the action will be taken this week.

"Harriman, understandably, did not want to sign," said the source. "That was when the compromise communique was issued which merely referred to the oil issue in vague terms."

Argentina insists the contracts are illegal because they were never submitted to Congress but were entered into by a decree issued by Arturo Frondizi when he was President.

Major oil company representatives met with Harriman yesterday before he left for São Paulo and an important meeting of the Alliance for Progress. They told him that they too had been unable to dent the Argentine attitude on the contracts.

[From the Washington (D.C.) Star, Nov. 11, 1963]

LATINS SEEKING GREATER VOICE ON U.S. AID

SÃO PAULO, BRAZIL, November 11.—A hot ministerial debate is looming over a proposal to give Latin members of the Alliance for Progress a bigger voice in the administration of Washington's multi-billion-dollar program.

The plan, already approved by U.S. and Latin technical experts, came before top-level representatives of the 20-nation Alliance at a conference of the Inter-American Economic and Social Council opening today. U.S. Under Secretary of State W. Averell Harriman was expected to endorse the plan.

The idea behind the proposed change is to minimize the program's Yankee overtones in an effort to make it more palatable to the recipients. The Alliance, developed under President Kennedy's administration, has met stiff resistance from the dominant conservative class in most countries because it calls for reforms that would curtail their privileges.

CLEARINGHOUSE URGED

The technical experts recommended that the Council establish a permanent agency called the Inter-American Committee for the Alliance for Progress. It would act as a clearinghouse for Alliance projects.

The agency, with headquarters in Washington, would consist of seven members selected by the Inter-American Economic and Social Council.

Brazil was reported opposed to the proposed new setup.

Several nations suggested that Brazil—which has received more than \$752 million in foreign aid but has little to show for it—is afraid the other Latin American nations will be less sympathetic to her perennial plight than the foreign money sources she has cultivated.

Also on the Council agenda were resolutions dealing with foreign trade and economic integration.

NO ASSURANCES ON OIL

Mr. Harriman came to São Paulo after conferences in Argentina on that nation's plan to annul oil contracts of U.S. and other foreign firms.

Authoritative sources in Buenos Aires said Mr. Harriman left without assurances that the contracts would not be canceled. An American source there said:

"We did not even find out in our talks with Government officials exactly why Argentina objects to the contracts."

"It was made very plain to Argentina that it would not make much sense for the U.S. Government to make loans to governments which would abrogate contracts and then would seek to do work that could be done adequately by private firms."

[From the New York (N.Y.) Times, Nov. 12, 1963]

ARGENTINA BARS OIL PACT ACCORD—HARRIMAN MISSION IS CALLED FAILURE—AID SAYS U.S. COMPANIES OWE TAXES

(By Edward C. Burks)

BUENOS AIRES, November 11.—Argentine newspapers said today that W. Averell Harriman, Under Secretary of State for Political Affairs, had failed in his mission to persuade Argentina to soften her stand against U.S. oil companies.

Hints that the American companies involved might get relatively little compensation when Argentina took them over were also printed.

The leading afternoon paper La Razón quoted Antulio Pozzio, Fuels and Energy Secretary, as having said the companies owed a huge amount of back taxes.

The compensation to them would thus be sharply reduced when they are taken over. The Argentine Government intends to cancel the contracts under which the American companies have been working here soon, probably this week.

COMPENSATION IS AT ISSUE

The major point of dispute is whether the companies will receive prompt and adequate compensation. They say they have invested more than \$200 million here and that Argentina's State Petroleum Authority owes them more than \$100 million for delivered oil.

The dispute has caused the severest strain in United States-Argentina relations in years.

There are reports that both the Italian State Oil Authority and the Russians are active trying to enter petroleum production in Argentina when the Americans leave.

The issue has taken on highly nationalistic tones in a number of newspapers.

SIGNED WITH FORMER REGIME

The companies involved signed contracts with the government of President Arturo Frondizi to drill wells and produce oil here for the State Petroleum Authority, and in one case to operate a distribution system including service stations. The Government contends that the contracts are illegal, having gone into effect without ratification by Congress. The Frondiz government put the contracts into effect by executive decree.

But Mr. Pozzio and others go further and maintain that since the contracts are illegal, the tax-exemption clauses in them are, too.

Mr. Pozzio has been quoted in the press as having said it is now a question of "who owes whom."

Mr. Harriman left yesterday after having warned Argentine officials that cancellation of the contracts without adequate and prompt compensation would severely impair Argentina's prospects for aid under the Alliance for Progress.

Mr. Harriman is heading the U.S. delegation to the Inter-American Economic and Social Council Conference at São Paulo, Brazil.

The press here is printing articles to the effect that the American companies knew the severe risks they were taking in signing the contracts with the Frondizi government.

The companies say Dr. Frondizi was a legally elected President and that the procedure for the contracts was legal.

President Illia has said the companies will receive "just compensation under Argentine law. Mr. Harriman, however, seemed to be dissatisfied with what he heard from Government officials on compensation or the possible renegotiation of the contracts.

Since the American and other foreign companies began their operations in 1959, Argentine oil production has nearly tripled and the country has almost attained economic self-sufficiency.

But there were many complaints from Argentine officials that the country had to pay too much.

Government sources were quoted today as having said that Dr. Illia had succeeded in getting a high-level Washington negotiator like Mr. Harriman to come here, whereas Dr. Frondizi, despite all his friendly overtures to the United States, had never had such success.

[From the New York (N.Y.) Times, Nov. 12, 1963]

PERIL TO ALLIANCE FUNDS SEEN

WASHINGTON, November 11.—Administration officials suggested today cancellation of Argentina's contracts with United States and European oil companies could upset efforts to get Congress to vote more funds for the Alliance for Progress.

The Argentine proposal and a similar one in Peru strike at the heart of the administration's policy to encourage private capital, in both the United States and Western Europe, to supplement Government financing of Alliance programs.

Aware of the trend toward nationalization, the Senate is considering a provision in its foreign aid bill that would require the President to suspend economic assistance to any country that decides to "repudiate or nullify existing contracts or agreements" with American companies.

Senator HUBERT H. HUMPHREY, of Minnesota, the majority whip, who last week led a drive to restore \$75 million to bring Alliance funds back to \$525 million, was dismayed at the developments in Argentina.

"Congress is no longer in a mood to give lending authority to the administration so that the money can be used by our Latin American friends to expropriate private American properties."

President Kennedy can be expected to express this concern in Miami next weekend to Argentina's Vice President, Carlos Humberto Perette, diplomatic officials disclosed today.

Mr. Kennedy is scheduled to attend the annual convention of the Inter-American Press Association. Mr. Perette will be in Miami for an Argentine Friendship Week.

Diplomatic sources said it was virtually certain that the President would take advantage of Mr. Perette's presence in Miami to emphasize the administration's problems as a result of the proposed Argentine action.

Mr. Perette is considered to be among those advising President Illia to assume an intransigent attitude on the cancellation of the contracts. The Vice President has denounced the contracts as unconstitutional and harmful to the Argentine economy.

It is understood that the Vice President and a group of officials in the recently inaugurated Argentine administration would like to turn over the assets of the private companies to the Government Petroleum Authority. To keep payments for compensation to a minimum, the officials were said to have suggested that the companies pay heavy retroactive taxes for the 5 years they have been in operation.

Under the administration of President Arturo Frondizi, the companies were promised special tax concessions and participation in profits.

[From the New York (N.Y.) Times, Nov. 13, 1963]

LATIN LEADERS SEE CRISIS IN ALLIANCE FOR PROGRESS

(By Juan De Onis)

SÃO PAULO, BRAZIL, November 12.—Latin America's economic leaders agreed unanimously today that there was a crisis in the Alliance for Progress.

The need for powerful new measures to activate economic growth in Latin America was posed before the second annual review meeting of the Alliance for Progress here. There was more criticism of U.S. aid policies and of international trade conditions than there was of Latin American failings.

The assembly of delegates from 20 countries, including the United States, engaged in the Alliance for Progress, heard José Antonio Mayobre, executive secretary of the United Nations Economic Commission for Latin America, Felipe Herrera, president of the Inter-American Development Bank, and Raul Prebisch, secretary general of the United Nations World Conference on Trade and Development.

"What is apparent before the eyes of the world," said Dr. Mayobre, "is that after 2 years of this program we are far from attaining the minimum goals set by us and that in many countries stagnation, economic retrogressions and the inflationary spiral are the predominant situation."

He attributed the problem to the deterioration in recent years of Latin America's share of world trade and a growing inability to pay for imports vital to development. This, he said, has led to indebtedness beyond bearable limits.

Dr. Mayobre said that on the basis of United Nations figures, the net influx of capital into Latin America, excluding Cuba, between 1955 and 1961 was \$8 billion.

"The contribution of foreign capital has barely served to compensate, in incomplete form, for the losses occasioned by the deterioration of prices," Dr. Mayobre added. He said that "in the present condition, foreign financing has not signified a satisfactory substitute for foreign trade."

Mr. Herrera, whose Inter-American Bank has loaned more than \$600 million in Latin America since it was founded in 1961, said that it was "a tangible fact that recent contributions of foreign private investment in the continent show a notorious declining rhythm."

As a result, he said, the Alliance for Progress expectations for foreign private investment had not been fulfilled.

The Alliance for Progress, as proposed by President Kennedy and adopted at the Punta del Este, Uruguay, meeting of American finance ministers in 1961, forecast \$20 billion in foreign investment over 10 years, of which half was expected to come from private sources.

Dr. Prebisch, who is organizing the major United Nations World Conference on Trade

Relations Between the Industrial and Underdeveloped Countries, placed Latin America's foreign income problem in the larger framework of all the less developed countries.

The prominent Argentine economist said that if present trends were not reversed the underdeveloped countries would as a whole be \$20 billion in debt to the industrial countries by 1970.

He added that it was impossible for the underdeveloped countries to carry such a debt and that the consequence would be a reduction in their internal rates of development, highly dependent on imports.

"Unless there is a new formulation of world trade," Dr. Prebisch continued, "the underdeveloped countries of Latin America will not be able to fulfill the target of an annual increase of 2.5 percent per capita in gross national product called for by the Alliance for Progress."

He said a compensation fund should be created by the wealthy nations to offset price declines.

Both Mr. Herrera, a Chilean, and Dr. Mayobre placed heavy emphasis on the political and psychological difficulties posed by an impression that the Alliance for Progress was a U.S. aid program and not a cooperative effort.

The U.S. delegation, led by W. Averell Harriman, Under Secretary of State for Political Affairs, has recognized this Latin American criticism, and is supporting the creation of a predominantly Latin American coordinating committee for the Alliance for Progress.

There is still considerable division of opinion among Latin Americans on what the powers and framework of this proposed seven-man committee should be, with Brazil in open dissent.

Dr. Mayobre, in an open reference to the U.S. Congress, said that such a committee would be doomed to failure in Latin American eyes, if its launching coincided with "the reduction of aid funds, with unilateral conditions imposed on the granting of loans, and the failure to adopt bold decisions to improve the circumstances of our foreign trade."

[From the New York (N.Y.) Times, Nov. 13, 1963]

ARGENTINA HINTS OIL PACTS WON'T BE CONTINUED—OFFICIAL SAYS COUNTRY CAN PRODUCE WITHOUT HELP OF FOREIGN CONCERNS

(By Edward C. Burks)

BUENOS AIRES, November 12.—Facundo Suarez, new president of the Government's Petroleum Authority, indicated in a speech today that the petroleum authority could carry forward Argentina's oil-production program on its own.

This was interpreted by some oil men as an indication that Argentina would not renegotiate the contracts of U.S. companies once these contracts were canceled.

The U.S. companies have been working directly for the petroleum authority.

The government of President Arturo Illia says that the contracts, signed with the Government of President Arturo Frondizi, are illegal because they were put into effect by executive power, without congressional ratification.

Foreign Minister Miguel Zavala Ortiz, in another attack on the disputed contracts, said that Argentina must rid herself of a feeling of dependency. He addressed the Foreign Press Association today. Mr. Zavala Ortiz said: "We Argentines have to affirm confidence in ourselves." He said that the Government's policy was one of peace and friendship with all and of solidarity with the free world.

A major contention of the new Government is that President Frondizi violated democratic procedure by approving contracts detrimental to the economy without getting competitive bids.

NO FORMAL COMPLAINT MADE

The Government has made no formal complaint about the contracts to the U.S. companies. "They have not told us what's wrong," an executive of one company said today. "We have had no chance to explain our position."

When American and several other foreign companies began operations here in 1959, Argentina was spending \$250 million a year—20 percent of her total import expenditure—to import petroleum.

The U.S. companies point out that the Government Petroleum Authority, working without foreign help, had been unable to produce more than one-third of the country's oil needs.

After the foreign concerns began operations, Argentine production nearly tripled by the end of 1962.

Mr. Saurez, the president of the Petroleum Authority, said today that there had been an attempt to run down the abilities of the authority and to cause an inferiority complex here at the time the contracts were signed.

He said the Authority had thus delivered to the U.S. companies large sums of money that it could have used for its own development.

An American executive said that the companies, working to explore for oil and to develop oilfields, had invested a total of \$237 million and by July of this year had only received a return of \$132 million.

Argentine officials deny this.

Mr. Saurez charges that the American companies moved into areas where the state Petroleum Authority had already proven the existence of large quantities of oil. He continued that the state Authority now produced 70 percent of the country's oil, while the private companies working under contract here accounted for only 30 percent.

Official figures show that for 1962, one-half of Argentina's oil was produced either by foreign companies working for the Petroleum Authority or from wells drilled by foreign concerns. Mr. Saurez expressed confidence that Argentina could produce 96 percent of her present petroleum need.

[From the Christian Science Monitor,
Nov. 13, 1963]

ARGENTINA: U.S.-AID CRISIS—SEIZURE TEST (By Bertram B. Johansson)

In the short range, what the Kennedy administration is concerned about in the Argentine petroleum expropriation issue is the reaction it could create in Congress handling of the foreign aid bill.

Expropriation at a time when Alliance for Progress funds are pouring in could sour the foreign-aid bowl of cream even further.

One of the many riders attached to the foreign-aid measure is an amendment filed by Senator BOURKE B. HICKENLOOPER, Republican of Iowa, which would cut off aid to any country expropriating American oil companies.

CURE ON CEYLON NOTED

This is a refinement of an earlier foreign-aid amendment, passed last year and also sponsored by Senator HICKENLOOPER, that cuts off foreign aid to any country expropriating U.S. shareholder-owned properties without prompt and adequate compensation.

The 1962 measure already has been applied in Ceylon where the United States suspended aid in February, 1963. The Ceylon government had taken over American-owned Esso and Caltex petroleum installations in June, 1962, and had not come forward with compensation.

The compensation issue is of extreme interest in the United States, especially since the Castro government expropriated some \$1 billion of U.S.-owned properties in Cuba without coming forward with effective compensation.

Premier Castro's charges of a U.S. economic blockade against Cuba, in the opinion of many persons whose property was expropriated by the Castro government, sound hypocritical. Much of the U.S. isolation policy is based on the fact of the Castro expropriations as well as his deep alignment with the Communist camp.

PAY ACCENTED

In the Argentine instance, where W. Averell Harriman, Under Secretary of State for Political Affairs, has attempted to impress the Illia government of the advisability of providing for just compensation, the petroleum companies have helped bring the country to the point of self-sufficiency in petroleum. In fact, Argentina now exports petroleum, and saves some \$300 million in foreign exchange it formerly spent to import petroleum.

Contracts for oil well drilling, extraction, and, in some instances, for distribution of Argentina's rich petroleum resources were made during the Frondizi administration. President Illia now contends the contracts were not legal because not approved by the Argentine Congress but only by executive decree.

Even if there are differences between the Illia government and the petroleum companies on the amount the American firms should be receiving for their work, the raising of the whole issue at this time tends to discourage other private investment in Argentina.

In the meantime, President Goulart of Brazil, in an address to the opening of the second annual review conference on the Alliance for Progress, stressed two main points:

The necessity for Latin American countries to solve their own problems.

LIMELIGHT SOUGHT

And the need for adjusting the imbalance of low prices for raw materials that Latin American countries sell while having to buy machinery and manufactured products from the United States at high prices.

In the total Latin-American text, British Guiana's Cheddi Jagan sought his share of the limelight by calling on his red-hatted progressive youth organization to "fight imperialism as Castro has done."

He said, "We stand here and support the Cuban revolution and the Cuban people," as he criticized Britain's having put off the colony's independence date.

[From the Washington (D.C.) Post,
Nov. 11, 1963]

THE ALLIANCE FOUNDERS

The sound and fury emanating from Buenos Aires and Sao Paulo signify that the Alliance for Progress is in deep trouble, all the more serious because the Latin Americans themselves do not know what they want to do. It is sad that the President of Argentina feels he must make foreign oil holdings an exacerbating issue. It is no less distressing that the President of Brazil finds it easier to blame everyone but his own government for the economic sickness that afflicts the largest and most populous country of Latin America.

The source of the difficulty was mordantly analyzed by Felipe Herrera, president of the Inter-American Development Bank. Addressing the ministerial meeting in Sao Paulo, Dr. Herrera calculated that the region's annual growth rate has barely reached 1 percent—far below the target of 2½ percent set by the Alliance for Progress. Public investment has increased, he added, but private investment has declined.

Latin America urgently needs capital. But the political instability arising from stagnant economic conditions abets a capital flight—which in turn abets further extravagant attacks on foreign investors. When even so essentially moderate a president as Dr. Illia

feels impelled to threaten nullification of oil contracts as the first order of his nation's business, then the depth of Latin America's malaise is evident.

In his speech at the Sao Paulo gathering, Mr. Goulart expressed exasperation without offering any plausible program for action. The Brazilian president is unhappy with the United States; he is disappointed in the Alliance for Progress; he blames inflation on the need for imports combined with falling export prices. But his prescription seems to be some form of hemisphere treaty that would put the Alliance on a new juridical basis.

Latin Americans have a sovereign right to be touchy about foreign capital. But surely they cannot at once lament the absence of investment while attacking those businesses that do venture into Latin America. They need to be reminded that there is another way of accumulating capital—by taxing their own wealth and restraining wages. This is a prescription that most Latin American countries find highly unpalatable; it is much easier to blame the Alliance for Progress for all that is wrong.

No doubt Under Secretary Averell Harriman may be disconcerted by the confusion of tongues at Sao Paulo. But like all of us, he must learn to live with disorientation of the Latin American mind. These are troubled times in the hemisphere, and things may indeed get worse before they get better.

[From the New York (N.Y.) Times,
Nov. 13, 1963]

CRACKS IN THE ALLIANCE

Brazil and Argentina, according to the annual report of the Alliance for Progress, are showing the slowest rate of growth in South America. Yet these two major Latin American powers appear to be making the Alliance the scapegoat for their own failures. Brazil's President João Goulart has called on the Latin nations to establish a solid front against the industrialized nations. And Argentina's new President, Arturo Illia, is intent on canceling the contracts made with U.S. oil companies, which have invested over \$200 million in developing production facilities in Argentina.

Attacks on Yankee imperialism and the Alliance are nothing new. They have demonstrated political appeal in almost every nation of Latin America, particularly in countries suffering slowdowns in growth. But Brazil and Argentina are exceeding the usual bounds of demagoguery for domestic consumption. While they speak boldly of going it alone, they are evidently hoping that the threat of an inflow of new foreign capital from Western Europe or the Soviet Union will force Washington to continue to provide funds for development. They also may be banking on the administration's desire to make a success of the Alliance, which would be destroyed if its two largest South American members defected.

However, the economies of Brazil and Argentina would be hurt even more than the Alliance if they repudiate their contracts. For other governments or private foreign investors are unlikely to make funds available in view of the cavalier attitude that both Argentina and Brazil have adopted. Argentina's new government has a right to renegotiate or renounce the contracts made under previous regimes. But it cannot expect to attract new investment if it refuses reasonable compensation.

It would be a mistake to cajole the nations of Latin America into maintaining the Alliance by yielding to Brazil or Argentina. At the same time, little would be gained by an immediate cutoff of aid. Such action would only confirm the suspicions of ultranationalists, who despite their vocal strength remain a minority throughout Latin America.

Both Brazil and Argentina may still recognize the danger in cracking the Alliance

and in repudiating foreign obligations. Economic independence and fair treatment of foreign investment are not irreconcilable. Intelligent self-help and greater cooperation within the Alliance can, in fact, lead to an increase in foreign capital needed for development. The choice is not between independence and foreign domination, but between stagnation and growth.

EXHIBIT 2

CREEPING EXPROPRIATION

Recent instances or threats of "creeping expropriation" of American investments have been brought to our attention. In some cases, the foreign government threatens to strangle a company by cutting off essential imports of products, parts, or machinery. In another case, the threatened action is not technically "discriminatory" since the American investor owns and operates the only business to which the action would be applicable; nevertheless, the action manifestly would have the effect of expropriating the enterprise, within the meaning of section 620(e). In another case, the foreign government threatened to prohibit the sale of certain American products under their recognized international trademarks, unless the company also agreed to sell below cost identical products without trademarks.

The congressional intent to cover all expropriatory actions, overt, or creeping, is emphasized in the committee report. The language in section 620(e) concerning creeping expropriation covers all actions which "have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of the property." The proposed additional language—"or has taken other actions"—appears in AID's specimen contract guaranteeing equity investments against expropriation risks. The contract defines "expropriatory action" to include any action "which is taken, authorized, ratified or condoned" by the foreign country and which "results in preventing the foreign enterprise from exercising substantial control" in the "use and disposition of its property". Under the AID contract, such action is expropriatory if it "has caused or permitted a dissipation or destruction of the assets of the foreign enterprise as a going concern." The AID Investment Guaranty Handbook declares that the contract "will usually be written to treat as a total loss expropriation either of all the assets of a foreign enterprise or a portion sufficient to destroy its value as a going concern."

Since 1950, the Foreign Claims Settlement Commission of the United States (and its predecessor agencies) have been interpreting the meaning of "creeping expropriation" in the context of international law and of various international claims agreements to which the United States was a party. In such agreements, the phrase "other taking" is generally used in conjunction with "nationalization" or "compulsory liquidation." The most recent examples are the U.S. agreement with Bulgaria dated July 2, 1963, and the agreement with Poland dated July 16, 1960. The latter agreement includes, in addition to "nationalization or other taking," the appropriation or the loss of use or enjoyment of property under Polish laws, decrees, or other measures limiting or restricting rights and interests in and with respect to property."

In the legislative history of the International Claims Settlement Act, approved March 10, 1950, the Senate Committee on Foreign Relations laid down the following broad standards for the interpretation of the phrase "other taking":

MEANING OF "OTHER TAKING"

"The term 'other taking' in the Yugoslav claims settlement agreement of 1948 is understood to be used in a broad generic sense. 'Nationalization' is in fact a specific form of

'taking' of property. 'Other taking' is designed to include all other deprivation or divesting of property rights for which compensation is properly allowable under the principles of international law, justice, and equity. The Commission is not required narrowly to construe any portion of the proposed act, nor the term 'other taking.'

"It is known that some property owners were effectively deprived of property rights by Yugoslav authorities without formal nationalization. 'Nationalization' under Yugoslav law called for compensation to be paid in accordance with Yugoslav law. Property and property rights have also been confiscated without compensation by Yugoslav authorities, placed under informal or formal sequestration, held under administration, or put in the possession or control of others. Actual transfer of title in a normal sense may not have occurred, yet holders of property may have been effectively deprived of ownership rights. Since the Yugoslav agreement covers the period of September 1, 1939, to July 19, 1948, the intent was undoubtedly to encompass all actual deprivation of property.

"Variations of 'other taking' are many—too many and too complicated to enumerate. The problem is essentially judicial. The most difficult and important legal issues before the Commission will doubtless arise as to the phrase 'other taking.' It is believed that consistent with the intent of the Yugoslav agreement, the specific application of 'other taking' should be left to the Commission. Prejudgment, either administrative or legislative, should be avoided in justice to all claimants." (S. Rept. 800, 81st Cong. 1st sess. p. 10 (1949).)

The Commission has applied these principles in numerous decisions, published in GPO volumes including the following: "Settlement of Claims by the FCSC and its Predecessors 1949-55" (Yugoslav claims); "Tenth Semiannual Report of FCSC for Period Ending June 30, 1959" (Rumanian, Bulgarian, Hungarian, and Soviet claims); and "Fourteenth Semiannual Report of FCSC for Period Ending June 30, 1961" (Czech claims).

These principles embody standards of international law made applicable by act of Congress even where no agreement is signed by the expropriating government, as in the Czechoslovak claims program concluded in 1962 (under title IV of the International Claims Settlement Act, 22 U.S.C., sec. 1642 et seq.) and the Balkans claims program concluded in 1959 (under title III of the act, 22 U.S.C., sec. 1631 et seq.). In the Czechoslovak program, for example, the FCSC recently issued an award to the American owner of a particular type of real property, although he retained record title, on the ground that such owners "are precluded from the free and unrestricted use of their realty and the fruits of such realty. To all intents and purposes, owners of such property, despite the fact that they have remained the record owners, lost all control over the property and were little more than collecting agents for the Czechoslovak Government. In view of the foregoing, the Commission has concluded that improved real property having a gross rental income of 15,000 Czechoslovak crowns or more per year is considered as constructively taken by the Government of Czechoslovakia as of January 1, 1953." (Fifteenth Semiannual Report of FCSC, p. 17 (1962).)

SOME RECENT INSTANCES OR THREATS OF CREEPING EXPROPRIATION

Only examples, not an exhaustive listing:

1. Brazil: An American mining and manufacturing company is threatened with imposition of prohibitive license fees for importation of essential machinery. The proposed license is nondiscriminatory on its face but is applicable only to the particular company and situation and would

have expropriatory effect if imposed as threatened.

2. Brazil: Another American mining company is litigating in Brazilian courts the validity of administrative interpretation of a particular clause in their mining concession. The decree gave the contract an extreme effect not intended or covered by its terms. The company fears that affirmation of the decree on appeal, and the failure of the administrative authorities to correct the manifest error originally made, would have expropriatory effect. International law clearly holds the national government responsible in such cases for the judicial or administrative acts of subordinate governmental subdivisions or states. This responsibility includes conduct deemed to be "within the scope or functions of the agency or agent" if it falls within the general area of responsibility, though outside the actual authority of the agent or agency, whether national or local.

3. Mexico: Mining concessions were recently subjected to the retroactive requirement that they sell 51 percent of their stock to Mexicans within 25 years or lose their concessions. Under a 1962 decree this basic requirement of Mexican law was amended to require that coal mining companies, including one major American company, must "Mexicanize" by May 31, 1963. The American company is suing in the Mexican courts to enjoin enforcement of this decree. For more than 2 years it has unsuccessfully sought a basis for Mexicanization acceptable to the government. Among other difficulties is the fact that the required amounts of Mexican capital simply are not available for investment in the heavily-taxed coal mining industry. (Wall Street Journal, Sept. 21, 1962; New York Times, Sept. 20, 1962.)

4. Mexico: Recent Mexicanization decrees include requirements that American-owned manufacturing and assembling plants cease importing parts from the United States by a particular date or purchase a major percentage of such designated parts from Mexican manufacturers by a particular date. One American automobile manufacturer, owner of a Mexican plant, was forced to close its doors and offer the plant for sale, putting 850 Mexican workers out of jobs. (Wall Street Journal, Feb. 27, 1962.)

5. Mexico: Under Mexican decrees, requiring sale of a majority of shares to Mexicans by a particular date, American companies are finding it extremely difficult to obtain buyers from Mexican investors willing to pay prices for the stock. Mexican Government bonds pay 10 percent interest and Mexican investors are unwilling to buy equity shares that pay anything less. Mexican investors traditionally demand profits as high as 20 percent per year while growth-conscious U.S. investors favor smaller dividends and larger reinvestments. Another American-owned manufacturing company was unable to obtain buyers for its shares among Mexican investors, individual or corporate, although its offering price yielded 11 percent at the current dividend rate. (Wall Street Journal, Feb. 27, 1962.)

6. Venezuela: An American-owned sulfur company is suing the Venezuelan Government in local courts for a claim of expropriation of its property. The corporation, engaged in exploiting sulfur deposits, discovered and developed underground steam deposits for use in generating the electricity. After making major investments and obtaining Government concession, the company was offered a price for the electricity under a Government contract which the company announced would make it impossible to recover all its investments. The claim, totaling \$20 million, includes the value of facilities already constructed and the cost of dollar loans undertaken in good faith on the basis of previous Government contracts in developing the deposits. (New York Times, Sept. 11, 1962.)

7. Colombia: Several American drug manufacturing and importing companies were recently subjected to decrees prohibiting the sale of trademarked drugs unless they complied with Government orders for the sale of equipment and nontrademarked drugs at 50 percent or less of the regular sales prices.

8. Canada, France: Various American companies are threatened with discriminatory taxes on American-owned shareholders above minority interests or with requirements of the sale of shares in the business to local private investors by particular dates. Such requirements obviously discourage or preclude further investments in the particular countries. When such requirements are imposed retroactively they raise strong possibilities of creeping expropriation of existing investments which may be strangled by a lack of normal additions to working capital contributed by the American owners of the business.

9. Ceylon: The Government announced last year a program of nationalization of particular installations owned by American and British oil companies which had been engaged for some years in the sale of their products imported from abroad. The Government selected for nationalization less than half of the installations, but only those which were profitable, leaving to private ownership the more numerous stations which were operated at a loss for the convenience of the Ceylon people and the development of the national market. The Government then proposed to compensate the companies only for the profitable stations nationalized and on a valuation basis limited to the net book value of those net value stations. After extensive and unsuccessful negotiations, the United States suspended certain foreign aid programs under the Hickenlooper-Adair amendment. The Ceylon government thereupon proceeded with the compensation procedures under its domestic statute, in violation of international law standards of valuation embracing the total investments and the total worth of the property on a going concern basis.

The Ceylon government recently took another significant step in its campaign of overt and creeping expropriation by refusing licenses for the necessary foreign exchange to import oil products for resale by the remaining stations under private American ownership. The reason for this expropriatory action was the refusal of the companies to reduce their prices to the unfair level of the Soviet oil products imported under other Government licenses for sale by the Government-owned expropriated properties and stations.

10. France: American, British, and Dutch oil companies are contesting in the courts a recent decree reducing their share of the French market in favor of a government-dominated company. A recent French decree reduced the import quotas allowed these foreign-owned companies under longstanding laws and agreements and gave a higher quota to a corporation recently formed under Government decree and control. Such decrees, under particular aggravated circumstances, made expropriatory effect in whole or part. (New York Times, May 5, 1963; Washington Post, Mar. 24, 1963.)

11. Various countries have imposed compulsory exchange controls blocking or freezing regulations limiting or prohibiting the repatriation of earnings and otherwise restricting freedom of management and control of many American-owned enterprises in those countries. Although such controls may not have expropriatory effect when issued and imposed, their continuation for an indefinite period obviously may strangle particular enterprises and have the effect of expropriation under particular aggravated circumstances varying from business to business.

In the case of public utilities, and particularly in Latin America, the refusal of the state governments to approve rate increases and change depreciation schedules, have resulted in the companies involved being unable to extend services as required by franchise.

12. Brazil: An American public utility, denied necessary rate increases, was forced to cancel all plans for expansion and was unable to maintain its existing plant. A deterioration in service makes the company ripe for expropriation.

EXHIBIT 3

MAJOR INSTANCES OF EXPROPRIATION OF PROPERTY BELONGING TO U.S. NATIONALS SINCE WORLD WAR II

Like the United States, most countries maintain procedures for nationalization or expropriation of property for governmental or other public purposes. Where property of U.S. nationals is subjected to such procedures abroad, the Department of State would not ordinarily become involved unless the taking or provision for compensation did not comply with international law standards, and the adversely affected U.S. national complained. Consequently, a number of expropriation actions are not reported at all or, if reported, are not recorded for purposes of compilation nor collected for ready reference. So far as is known, no complete list is maintained by any U.S. Government agency.

Subject to the foregoing qualification, the list below does include the major instances of expropriation in the period since the end of World War II. A case-by-case breakdown could not be prepared without extremely extensive and time-consuming research.

YEARS 1945-50

Eastern Europe: General nationalization of land and business properties including U.S.-owned property in Yugoslavia, Poland, Czechoslovakia, Bulgaria, Rumania, and Hungary.

Settlement:

Claims agreement between United States and Yugoslavia, July 19, 1948—lump sum settlement.

Claims agreement between United States and Rumania, March 30, 1960—lump sum settlement.

Claims agreement between United States and Poland, July 16, 1960—lump sum settlement.

Claims of U.S. nationals against Czechoslovakia, Bulgaria, and Hungary have been paid in part out of vested assets of respective countries in United States by legislation: International Claims Settlement Act of 1949, as amended, title III (Public Law 285, 84th Cong.—Hungary, Bulgaria, Rumania) and title IV (Public Law 85-604—Czechoslovakia).

Communist China: General nationalization of land and business properties, including U.S.-owned property. United States does not maintain diplomatic relations.

Settlement: None concluded.

OCTOBER 31, 1952

Bolivia: Nationalized tin mines including the Patino interests of which one company was partially owned by U.S. stockholders. None of nationalized companies incorporated in United States.

Settlement: Interim payments pending final settlement made to U.S. stockholders out of proceeds of tin sales under agreement between Bolivia and Patino interests in 1953, renewed in 1956. Final settlement now under negotiation between company and government.

MARCH 5, 1953

Guatemala: Expropriation of 234,000 acres of subsidiary of United Fruit Co. for purposes of agrarian reform.

Settlement: United States submitted formal claim against Guatemala after company exhausted local remedies, but expropriation was rescinded by new government which took power in 1954.

JULY 26, 1956

United Arab Republic: Nationalization of Suez Canal Co. which had some U.S. stock ownership.

Settlement: Compensation agreement signed July 13, 1958, by United Arab Republic and representatives of stockholders. International Bank afforded good offices in negotiations between United Arab Republic and stockholders.

JULY 7, 1958

Argentina: Municipal government of Toberia in Buenos Aires Province expropriated subsidiary of American & Foreign Power Co. (ANSEC).

Settlement: Overall settlement between Government and company for this property and other properties expropriated, seized and intervened previously by local governments in Argentina made November 28, 1958, with all American & Foreign Power electric facilities in Argentina transferred to Argentine Government. Settlement contract called for court evaluation of properties which was issued April 26, 1961, and accepted by company.

DECEMBER 26, 1958

Yugoslavia: Nationalization of urban dwellings, business premises and underdeveloped building lots, including U.S.-owned property.

Settlement: United States and Yugoslavia have agreed to begin negotiations soon for settlement of claims arising after 1948.

MAY 11, 1959

Brazil: Governor of Rio Grande de Sul issued order expropriating American & Foreign Power Co. holdings in state.

Settlement: Case now pending in Brazilian courts.

JUNE 3, 1959

Cuba: Agrarian reform law provided for expropriation of estates over a certain size including U.S.-owned sugar plantations. U.S. note to Cuban Government protested inadequate provision for compensation.

Settlement: None concluded to date.

JULY 5, 1960

Cuba: Law authorized nationalization of all U.S.-owned properties to be carried out as applied to particular properties by subsequent decrees. Law was in specific retaliation against United States cutting Cuban sugar quota. Probably all or nearly all U.S.-owned property in Cuba has been taken under this or other expropriation law. Several U.S. notes to Cuban Government protested discrimination and inadequate provision for compensation.

Settlement: None concluded to date.

YEAR 1962

Brazil: Governor of Rio Grande de Sul expropriated International Telephone & Telegraph properties in that state.

Settlement: Presently under negotiation between company and Government.

Ceylon: Requisition of certain assets of oil companies, including American.

Settlement: Formal note from Ceylon Government received stating its intention to make prompt and effective compensation for all assets requisitioned.

YEARS 1945-62

Mexico: From time to time Mexico expropriates U.S.-owned, and other, property under its agrarian reform program.

Settlement: While there has been no overall settlement of claims, there have been isolated instances of individual settlements.

Mr. ELLENDER. Mr. President, earlier in the debate I called up my amend-

ment No. 244, which is now pending. In the last few moments I discussed the amendment with the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT]. He stated that if I would modify the amendment in certain respects, he would accept it. I have agreed to do that.

The modifications are as follows:

On line 2, strike out: "Notwithstanding the provisions of section 614(a) of this Act".

The next word "the" would have a capital "T".

There is a further modification on line 4 to strike out "Republics" and insert in lieu thereof "countries."

There is a further modification, on line 3, page 2, to strike out "Republics" and insert in lieu thereof "countries."

So the amendment, as modified, will read:

The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

The rest of the amendment remains as is, with the exception of the last word "Republics", which becomes "countries."

The PRESIDING OFFICER. Since the yeas and nays have been ordered on the amendment, is there objection to the request for modification?

Mr. ELLENDER. Mr. President, in view of the fact that the distinguished Senator from Arkansas has stated he will accept the amendment as modified, I was about to ask unanimous consent to withdraw the order for the yeas and nays.

The PRESIDING OFFICER. Is there objection to withdrawing the order for the yeas and nays? The Chair hears none, and it is so ordered.

The amendment offered by the Senator from Louisiana is modified according to his statement.

Mr. FULBRIGHT. Mr. President, with those modifications I think the amendment is quite acceptable. I have no objection to it. I shall be glad to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment in the nature of a substitute, as amended.

The modified amendment was agreed to, as follows:

On page 41 between lines 8 and 9, insert the following:

"(d) SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

"(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African countries."

Mr. ELLENDER. Mr. President, I call up my amendment No. 250 to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 53, beginning with line 6, it is proposed to strike out through line 4 on page 54, as follows:

SEC. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 (et seq.)), is amended as follows:

(a) Section 104(e) is amended as follows: (1) Strike out "25 per centum" and substitute "50 per centum".

(2) Insert after the words "such firms" a comma and the words "and cooperative enterprises."

(3) Strike out "United States agricultural products" and substitute "United States agricultural and industrial products".

(b) Section 106 is amended by adding at the end thereof a new sentence as follows: "For the purposes of this title and title IV, the term 'surplus agricultural commodity' shall include any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

(c) The amendment made by subsection (b) of this section shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965.

Mr. ELLENDER. Mr. President, I wish to modify my amendment by striking out, on line 1, the figure "6" and inserting in lieu thereof the figure "9"; and on line 2, strike out the figure "4" as well as "on page 54" and insert in lieu thereof "16."

The PRESIDING OFFICER. The Senator from Louisiana has that right. The amendment is so modified.

The amendment, as modified, is as follows:

On page 53, beginning with line 9 strike out through line 16, as follows:

"(a) Section 104(e) is amended as follows:

"(1) Strike out '25 per centum' and substitute '50 per centum'.

"(2) Insert after the words 'such firms' a comma and the words 'and cooperative enterprises'.

"(3) Strike out 'United States agricultural products' and substitute 'United States agricultural and industrial products'."

Mr. SALTONSTALL. Mr. President, I believe the Senator from Kansas [Mr. CARLSON] has an amendment to subsection (b).

Mr. CARLSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield?

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state the parliamentary inquiry.

Mr. ELLENDER. The modified amendment I have just offered could be adopted, and thereafter the distinguished Senator from Kansas could offer an amendment to the remainder of the amendment of the Foreign Relations Committee.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the com-

mittee amendment in the nature of a substitute.

Mr. CARLSON. As I understand, the Senator from Louisiana proposes to strike out the language on page 53, beginning with line 9, down through line 16 in the committee amendment; the remaining portion, from line 17 to line 24, would be left in the committee amendment.

Mr. ELLENDER. That language would remain.

Mr. CARLSON. I should like to make this short statement. It was my amendment that increased the 25-percent figure now permitted to be used under Public Law 480 funds to 50 percent. I favor that provision. I hope the Senator from Louisiana does also. I understand that he has agreed to make a thorough study of the entire use of Public Law 480 funds sometime early next year.

Mr. ELLENDER. The committee will hold hearings on Public Law 480, with a view toward revising the entire act. The committee will take into consideration, of course, the provision that the Senator from Kansas has referred to.

Mr. CARLSON. Mr. President, I have great confidence in the distinguished Senator from Louisiana, because he has worked on this problem for many years. I am sure he will make a thorough study of it.

Subsection (b) is now the subject of amendment. I have no objection to including fish products in the foreign aid program. As a matter of fact, on page 41 of the committee report there appears this language:

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I wish it definitely understood that I have no objection to it. My one concern is that there has been some effort to include a product that is known as fish flour under the designation of fish products. I believe that to be a misnomer.

I ask the distinguished Senator from Massachusetts if he would be willing to accept as an amendment on line 20, following the word "product", these words: "not including fish flour". I would be happy to support such an amendment.

Mr. SALTONSTALL. Mr. President, I am glad to accept that amendment.

At the present time, the Federal Government has underway several projects involving fish flour and its acceptability. The FAO mission has also begun a program of acceptability testing and development of commercial production of fish flour in Peru to which it is contributing \$300,000 during the next 3 years. The National Academy of Sciences has given fish flour a clean bill of health. The Bureau of Commercial Fisheries is continuing its research under funds appropriated last year. The Food and Drug Administration has indicated that it will not move from its position

unless ordered to do so by the courts or by congressional action.

In view of these circumstances, although we in Massachusetts and I believe in Alaska and elsewhere—including the Senator from Illinois [Mr. DOUGLAS]—feel very strongly that fish protein is a proper fishfood, under the circumstances it is felt wiser not to insist on that product being included in the act.

Therefore, as one who is interested in fish and fish products, I am willing to accept the amendment of the Senator from Kansas.

Mr. CARLSON. Mr. President, I would like to offer my amendment.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Is not the Ellender amendment now pending?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana to the committee amendment in the nature of a substitute.

Mr. FULBRIGHT. I understand that the substitution of the 50 percent is quite agreeable. I have no objection to it. I have no particular objection to the second part, other than that the Senator from Minnesota [Mr. HUMPHREY] was very much interested in this particular program, and I would like to have him given an opportunity to come to the floor and at least discuss the matter with the Senator from Louisiana before accepting it.

This involves authority to use the so-called Cooley amendment in the use of Public Law 480 funds. I do not believe the Senator from Louisiana considers it an improper objective, but he does not like it to be inserted in this manner, and wishes to handle it in his own committee.

Mr. ELLENDER. That is correct. We would have no objection to it, but since the Committee on Agriculture and Forestry will undertake a full study of Public Law 480 next year, the whole matter will be dealt with at that time.

Mr. FULBRIGHT. The Senator from Minnesota should have an opportunity to say something on this subject before the amendment is adopted.

Mr. HUMPHREY. As I understand, this matter relates to the Cooley amendment for the use of Public Law 480 funds for the development of American institutions. We are making available some of these funds in those areas where they are needed and can be used for cooperative enterprises.

Mr. ELLENDER. Next year, we will study Public Law 480 in its entirety, and the uses of the funds generated. The committee may adopt what we are discussing today, but it is my judgment that we ought to have hearings on it, and it ought to be considered by the Committee on Agriculture and Forestry.

Mr. HUMPHREY. This does not relate particularly to Public Law 480, except the use of the money that it generates. The question of that use is not a prerogative of the Committee on Agriculture and Forestry. It is a matter that relates to commerce and foreign policy.

Under those circumstances, all we are doing is spelling out what has been interpreted under the Cooley amendment to be a fact already; namely, that a cooperative enterprise which can borrow money which is repayable with interest qualifies as a part of our private economy.

I say most respectfully it is only a matter of placing in the law what some people believe is already in the law; but I thought we ought to spell it out precisely.

Mr. ELLENDER. Public Law 480 does spell out how this money is to be used. The Senator appeared before the Committee on Agriculture and Forestry several times in an effort to make certain that some of the money was used abroad. I contend that the manner and method in which the Public Law 480 money is to be used should be considered by the Committee on Agriculture and Forestry. Since we plan to study the entire bill next year, there will be time enough for us to consider this very proposal.

Mr. HUMPHREY. It is not a matter of great consequence. The funds are available. It is not as if we were obtaining new money. We say that a percentage of the funds set aside for the use of American enterprises in that category shall be available to cooperatives. After the words "such firms" will appear "and cooperative enterprises," because they are private enterprises. They will repay the loans exactly as do John Deere or Parke Davis, companies which presently use funds under existing laws.

Mr. ELLENDER. I understand the interest of the Senator from Minnesota in cooperatives, and I share his views. But this matter ought to be considered by the Committee on Agriculture and Forestry. That committee should determine, after hearing the evidence, why the percentage should be increased from 25 to 50 percent. There may be other uses to which the money could be put.

Mr. HUMPHREY. The provision for 50 percent was, I believe, offered by the distinguished Senator from Kansas [Mr. CARLSON]. I am sure he has already explained it. I am not arguing whether the amount should be 25 percent or 50 percent. I would be perfectly willing and content to have it 25 percent—the same formula. But the funds were accumulating under this part of Public Law 480 in what is known as the Cooley fund. It seemed to me that they ought to be put to use. They are foreign currencies and lose much of their productivity and purchasing power by inflation. Enough money has already been wasted under Public Law 480 by inflation to have perhaps paid for the program once again.

We have permitted this to happen in Spain, where the currencies could have been used to build houses. It has happened in other countries. I believe the funds ought to be put to work.

Mr. ELLENDER. It may well be that the funds could be better used in other ways than the Senator has suggested. The only way to determine that is to hold hearings.

Mr. HUMPHREY. We have a 1-year program, and one-half of the year has already passed. I doubt whether the use

of the funds would shake the financial solvency of the Government of the United States, or that Public Law 480 would be basically destroyed if the provision were in or out of the law. I believe it would be a good idea to have it in. A number of other Senators also have an interest in this fund.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The question is on agreeing to the amendment offered by the Senator from Louisiana to the committee amendment as amended. [Putting the question.]

The amendment to the amendment was rejected.

Mr. ELLENDER. Mr. President, I ask for a reconsideration of the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I respectfully suggest that I ought to insist on a live quorum, so that all Senators will be properly notified.

The legislative clerk resumed the call of the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. GOLDWATER. I object.

The legislative clerk resumed the call of the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I have discussed the matter with the chairman of the committee [Mr. FULBRIGHT] and the Senator from Louisiana [Mr. ELLENDER]. The Senator from Louisiana feels that he should move to reconsider the vote by which the amendment was rejected. I have no objection.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion to reconsider.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. DIRKSEN. Mr. President, I cannot address this inquiry to the Chair; I think I must address it to the distinguished Senator from Minnesota: Has a compromise been reached?

Mr. HUMPHREY. Yes; I have discussed the matter with the chairman of the committee [Mr. FULBRIGHT] and with the Senator from Louisiana [Mr. ELLENDER]. In the light of our discussion, I think we have reached an understanding.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee substitute, as amended.

The amendment to the amendment was agreed to.

Mr. BARTLETT. Mr. President, I wish to express my sincere appreciation to the Senator from Louisiana and also to the Senator from Arkansas and to the entire Foreign Relations Committee for having incorporated the fish provision in the bill.

Mr. FULBRIGHT. I appreciate that very much; but the amendment of the Senator from Kansas [Mr. CARLSON] has not yet been acted upon.

Mr. CARLSON. Mr. President, my amendment is at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Kansas to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 53, in line 20, after the word "product", it is proposed to insert: "not including fish flour."

Mr. CARLSON. Mr. President, after discussing this amendment with the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Louisiana [Mr. ELLENDER], I have agreed to support this amendment without reservation.

Mr. FULBRIGHT. Mr. President, I accept this amendment to the committee amendment, as amended.

Mr. PASTORE. Mr. President, first, I wish to know why the Senate is considering fish flour as a surplus commodity.

Mr. FULBRIGHT. This amendment to the committee amendment will except it—take it out.

Mr. PASTORE. But will it then be shipped abroad?

Mr. FULBRIGHT. No.

Mr. PASTORE. But that is the point. Many people in Rhode Island and in Massachusetts are interested in this product. In fact, the distinguished Senator from Illinois ate some of the fish flour while he was standing on the steps leading to the Food and Drug Administration building on Connecticut Avenue; but by means of this proposal we would in one stroke except fish flour, to the prejudice of those who are interested in it.

Mr. CARLSON. Mr. President, I wish to state to the Senator from Rhode Island that the producers of this commodity can still sell all of it that they may wish to sell abroad, but not by using Public Law 480 funds to do so.

I am not opposed to the sale of fish flour, but I am in favor of prohibiting the use of Public Law 480 funds for the sale of fish flour abroad at this time. I am not opposed to the sale of fish products; but the committee report on this item is very plain, as follows—page 41:

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus.

And I call the following to the attention of the Senator from Rhode Island:

The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I think the amendment is fine. I supported it in the committee, and I support it now; and I hope we shall not have to have long debate and a rollcall vote on this amendment, which I have offered in regard to a food product that has not been approved by the Food and Drug Administration for sale in the United States. Why should these funds be used to sell this product to foreigners when we will not permit this product to be sold in the United States?

Mr. PASTORE. Because for a long time we have been appropriating funds for research work in an attempt to develop this product as a food. I realize that it has not been approved by the Food and Drug Administration, but I wonder what the repercussions or effect of this provision will be. First of all, this product is not in surplus; so I do not believe it will fall within the purview of this provision, to begin with. But the mere fact that we are earmarking it or "flagging" it at this point makes me wonder whether such a provision would discourage the work on the development of this product. We have already authorized funds for research in regard to the development of this product; and I wonder why a Senator who is much interested in the sale of wheat flour is going out of his way this evening to except fish flour. I am naturally suspicious; that is all.

Mr. CARLSON. Whenever this product is approved by the Food and Drug Administration, that will be different.

Mr. PASTORE. Then why not say so in the amendment? If the amendment contains such a provision, I will agree to accept the amendment. But I hope the Senate will not proceed tonight, at 8 o'clock, to accept, out of order, such an amendment even though many of us have been fighting for a long time because of our view that if this product proves out, it should be used. The Government has spent many thousands of dollars on research on it; but this amendment would say all that work is now off.

Mr. SALTONSTALL. Mr. President, as one who is just as much interested in fish flour and fish protein as is the Senator from Rhode Island, I would go along with the amendment of the Senator from Kansas, because I believe it is of the utmost importance that domestically produced fish products be included as part of the surplus products to be shipped abroad. I do not think there is a great deal of fish to be shipped as surplus, but I think it important to include it.

Although I am strongly in favor of the use of fish protein, so-called, instead of fish flour, I think it advisable not to have a fight in the Senate over whether fish flour should be included in the bill—for the following reason:

At the present time the Federal Government has underway several projects involving fish flour and its acceptability. The FAO mission has also begun a program of acceptability testing and development of commercial production of fish

flour in Peru, to which it is contributing \$300,000 during the next 3 years. The National Academy of Sciences has given fish flour a clean bill of health. The Bureau of Commercial Fisheries is continuing its research under funds appropriated last year.

The important point is that the Food and Drug Administration has indicated that it will not move from its position of opposing the use of fish flour in this country unless ordered to do so by the courts or by congressional action.

This amendment would make available surplus fisheries products as designated by the Secretary of the Interior for purchase by friendly nations under the food-for-peace program. Occasionally we do harvest more of a particular species than the market can handle.

I think this is a very simple step, one which could prove extremely valuable to emerging nations where bread alone cannot solve the problem of undernutrition.

Already we permit the sale of wheat, rice, eggs, poultry, butter, cheese, milk, pork, variety meats, lamb, onions, potatoes, dates, canned peaches, and beans.

We cannot sell any of these items where they will compete with products from other friendly nations; so the effect of this amendment will be limited, but it would assist our beleaguered fishing industry, and I believe that, more importantly, it could serve to alleviate malnutrition and starvation in many areas of the world.

Mr. President, there are still some ghosts which have not been laid to rest with regard to fish protein concentrate. I am afraid that many of my colleagues are frightened by the term "fish flour" which is applied to this product. It is a misleading name, applying only to its appearance, not to its use. We never could make a loaf of bread with fish flour. It is in essence only a protein additive. Many countries of the world cannot obtain for their people a diet sufficiently high in protein. This product would answer that need by supplementing largely carbohydrate diets.

I think we would be in a bad position if we shipped such products abroad although at the present time we do not permit them to be sold to the people of the United States, and although two research programs in regard to them are being conducted.

Therefore, I am agreeable to accepting the amendment of the Senator from Kansas to the committee amendment, as amended.

Mr. PASTORE. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. PASTORE. Will the Senator from Kansas accept a modification of his amendment—by adding after the words "not including fish flour," the words "until approved by the Food and Drug Administration"? If that modification is made, I shall be perfectly satisfied.

Mr. CARLSON. Of course I would not be in a position to oppose the sale of any product that is approved by the Food and Drug Administration of the United States. I still have questions about this

product; but I shall be willing to accept that modification, in order to have the amendment taken to the conference between the House and the Senate.

Mr. PASTORE. I thank the Senator from Kansas.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Kansas. [Putting the question.]

The modified amendment to the committee amendment, as amended, in the nature of a substitute, was agreed to, as follows:

On page 53, line 20, after the word "product", insert "not including fish flour until approved by the Food and Drug Administration."

Mr. ELLENDER. Mr. President, since subsection 403(a) has been stricken out, it will be necessary to strike out, in line 17, on page 53, the letter "(b)", and to insert in lieu thereof "(a)"; and on page 54, in line one, to strike out "(c)" and to insert in lieu thereof "(b)". I ask that these modifications or corrections be made.

The PRESIDING OFFICER. Without objection, the necessary corrections or technical changes in the lettering of sections and subsections will be made by the Secretary of the Senate.

AMENDMENT NO. 245

Mr. ELLENDER. Mr. President, I call up my amendment No. 245 to the committee amendment.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana to the committee amendment, as amended, in the nature of a substitute will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 35, beginning with the word "and" in line 18, it is proposed (amendment No. 245) to strike out through the words "as amended," in line 22.

On page 36, line 14, before the period, insert a comma and the following: "except that so much thereof as may be necessary shall be used for the immediate redemption of any outstanding notes issued under section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, or section 413(b)(4)(F) of the Mutual Security Act of 1948, as amended".

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, the amendment would not cut from the bill any of the dollar amounts already authorized. On the contrary, it would merely simplify the bookkeeping of the investment guarantee fund and remove from the bill a method of backdoor financing. In addition, it will help to make clear, and place emphasis on the provision included in the bill by the Foreign Relations Committee; namely, that all guarantees "shall be considered contingent obligations backed by the full faith and credit of the United States of America." And finally, it will place the Investment Guaranty Fund on the same authorization-appropriation basis as the other items contained in the pending bill.

As of June 30, 1963, the Investment Guaranty Fund had reserves totaling \$268,585,915.01. These reserves are composed of the following:

Borrowing authority from Treasury-----	\$199,071,521.50
Transfers from DLF appropriated funds-----	27,747,863.42
Fees collected-----	12,417,917.88
Proceeds from sale of assets--	16,161.07
Fiscal year 1963 appropriations-----	30,000,000.00
Subtotal-----	269,253,463.87

I point out that the investment guarantee fund has been in operation now for 15 years. In the course of the 15 years only 2 losses have been sustained. Those losses amount to \$667,548.86, thereby leaving in available reserves \$268,585,915.

I submit, Mr. President, that since Congress has legislated to provide that the full faith and credit of the United States stands behind all investment guarantee contracts, the reserves presently set aside in this fund are far in excess of needs and should be reduced to a reasonable amount, and that backdoor financing of this fund is no longer necessary. To reduce the reserve to a reasonable amount, my amendment would rescind the amount of borrowing authority presently contained in the total reserves, an amount totaling, as previously mentioned, \$199,071,521.50, and make the total reserves of the Investment Guaranty Fund \$69,514,393.51. This amount should be more than adequate to take care of any losses the fund may sustain in any particular year, and if future replenishment of the fund ever becomes necessary, Congress could replenish the fund through the appropriation process.

To buttress my opinion, I would like to cite language from the Agency's own justifications which was submitted to Congress to back up its budget estimates, and which appears on page 156 of these justifications:

Since investment guarantees are obligations of the United States, there is no basis for doubting that Congress would provide the necessary moneys to discharge proper claims promptly as they fall due. The history of claims to date in the past 15 years of the program's operation indicates that the present reserves are probably more than adequate to take care of claims that could be anticipated as maturing in any given fiscal.

Mr. President, I fear that if the excess reserves are allowed to remain in the bill, it is only a question of time when either the Senate or probably the House will desire to make use of the fund for one reason or another.

If this amendment is not adopted, then raids on the excess reserves can be expected. The House Foreign Affairs Committee has rejected the first raid that has already been tried, and here I make reference to the attempt to use the fees collected from guarantees to hire personnel. On pages 17 and 18 of the report of the committee on the Foreign Assistance Authorization Act of 1964, the following appears:

PERSONNEL

In addition to the program delays required for the development of policies and pro-

cedures, others have apparently occurred due to shortages of personnel. It came to the committee's attention during consideration of the bill that AID has on board only 15 people to handle the present specific risk investment guarantee workload, although the Agency estimates at least 46 employees are required. The committee gave serious consideration to an amendment to allow fee income from investment guarantee operations to be used to pay the cost of the Agency's operation of this program. This would have allowed, in addition to the management and custodial costs incurred with respect to currencies or other assets acquired under guarantees made, the payment of direct and indirect personnel, travel, communications, and other expenses involved in the processing and issuance of guarantee contracts.

Although it rejected authority to use fee income for the employment of personnel and the payment of other costs, the committee recognized the need for increased emphasis on the proper staffing of this important program, and believes that early attention should be given to this problem. Further, the committee believes that the necessary personnel can be provided without any change in existing law if AID gives greater attention to the processing of the investment guarantees. In the view of the committee the importance of encouraging the participation of private enterprise in our development efforts warrants the assignment of the very highest priority to meeting the needs of this program within available administrative appropriations and personnel ceilings.

Mr. President, I repeat that the amendment would in no manner reduce the dollar amounts in the bill but would merely return to the Treasury the now unneeded borrowing authority which was put into the law many years ago.

If my amendment is adopted I repeat that there will be almost \$70 million in available funds which may be necessary to pay losses that may be sustained under the investment guarantee fund.

Mr. President, I hope that the amendment will be adopted.

Mr. President, I ask unanimous consent to modify my amendment, on line 8, to change the year figure from "1948" to "1954".

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I am glad to yield.

Mr. DIRKSEN. The reserves are piled up under this guarantee program. Does the distinguished Senator from Louisiana feel that they have reached the point where some of them should be covered back into the Treasury—at least the amount to pay off notes under the old Marshall plan, in the aggregate sum of about \$200 million?

Mr. ELLENDER. That is right; \$199 million-plus.

Mr. DIRKSEN. That is the substance of the amendment?

Mr. ELLENDER. That is all it involves.

Mr. DIRKSEN. Then why can we not vote upon it?

Mr. ELLENDER. I am ready.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. Is it not true that these reserves will be reduced to approximately \$70 or \$69 million?

Mr. ELLENDER. The reserves will be reduced to \$69 million, but I hasten to point out that in 15 years the losses have been only \$667,000.

Mr. HUMPHREY. We are greatly expanding the investment guarantee program. Under this bill that is the only way we will get the private sector of the economy involved in any of these activities.

Mr. ELLENDER. I understand that and I agree the private sector should be encouraged. Last year we appropriated \$30 million for that purpose. This year no request was made.

Mr. HUMPHREY. That is because there was a substantial carryover of reserves.

Mr. ELLENDER. But the situation has changed from that prevailing under the original legislation. Originally reserves of 100 percent were required. It will be recalled that a ruling was asked of the Attorney General as to whether the full faith and credit of the United States is behind the investment guarantees, and the answer was in the affirmative. Furthermore, the U.S. Government is contingently liable to the extent of approximately \$746 billion on veteran's housing, FHA housing, retired military pay, veterans pensions and benefits, and other commitments. There are not any reserves to cover this large liability.

Mr. HUMPHREY. Yes; that is correct.

Mr. ELLENDER. In order to make this certain, the bill contains a provision which explicitly states that the full faith and credit of the United States is behind the guarantees.

Mr. HUMPHREY. I am not particularly opposed to the amendment of the Senator from Louisiana. I rise to make some legislative history on the question of the investment guarantees, which is of such importance to the private sector of the American economy that we cannot deal with it lightly.

One of the problems brought to my attention by a private firm relates to the promptness of payment. With reserves, they get the money. When the investment goes bad, and the guarantee requirement is brought into play under the "full faith and credit" of the U.S. provision, they are guaranteed the money but get the money rather late. That, of course, does not suffice to meet the business needs of a corporation.

Mr. ELLENDER. Whenever the faith and credit of the United States backs up any claims, they have always been paid.

Mr. HUMPHREY. Yes, I agree that they have been paid.

Mr. ELLENDER. There will be a reserve as I said, of almost \$70 million for that purpose, if this amendment is adopted. If this guarantee fund should get lower, there is no doubt that the Congress would do what was done last year, when we appropriated \$30 million. That money is still available.

Mr. HUMPHREY. I merely wished to raise a warning flag on this question. I am not in any position to object. The

chairman of the committee is temporarily away from the Chamber.

Since we have greatly expanded the investment guarantee program, since we have written into the bill half a dozen amendments about private enterprise participation, and since many speeches have been made on the importance of private enterprise investing in foreign countries—particularly in South American countries, so as to aid the Alliance for Progress—considering what knowledge we have of the political and economic instability in these countries, I believe it might be a little risky to tamper in any way with what we call the guarantee program. I understand that the full faith and credit of the United States is pledged. I understand we can always appropriate additional moneys. I also understand a little about the necessity for having reserves. The reserves are minor compared to the amount ultimately to be guaranteed.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. DIRKSEN. I believe the Senator is correct in stating that it would take Congress only a few days, either by a deficiency or a supplemental appropriation, to provide the necessary money to sustain the full faith and credit item. I respectfully suggest to the Senator that he withdraw the order for the yeas and nays and let the Senate vote.

Mr. MORSE. We should have the yeas and nays. Then in conference our position would be strengthened. It will not take long.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. SPARKMAN. As I understand this proposal, it would effect no reduction in the program, no saving. It would not worsen the Treasury position, and it would not better the Treasury position. The amendment would reduce the reserves by canceling the Treasury notes never called upon.

There are some arguments against doing that. We virtually doubled the guarantee program this year, from \$1.3 to \$2.5 billion. This is a new proposal. It was not submitted to the committee.

I would suggest that the Senator from Louisiana obtain unanimous consent to withdraw the yeas and nays. We are willing to take the amendment to conference.

Mr. HUMPHREY. And support it.

Mr. SPARKMAN. And we will support it, subject, of course, to such additional information as we may obtain between now and then.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the yeas and nays on my amendment may be withdrawn.

The PRESIDING OFFICER. Is there objection to the request for rescinding the order for the yeas and nays? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER], as modified, to the committee amendment in the nature of a substitute, as amended.

The amendment, as modified, was agreed to.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. HUMPHREY. I ask unanimous consent to have printed in the RECORD the position of the executive branch relating to the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ARGUMENTS AGAINST AMENDMENT PROPOSED BY SENATOR ELLENDER REQUIRED IMMEDIATE REDEMPTION OF ANY NOTES ISSUED UNDER THE ECONOMIC COOPERATION ACT OF 1948 AND THE MUTUAL SECURITY ACT OF 1954 IN CONNECTION WITH THE INVESTMENT GUARANTEE PROGRAM

1. No new notes can be issued to the Treasury under the investment guarantee authority of the Foreign Assistance Act. The effect of the amendment, however, would be to deny AID the right to draw against notes already issued under prior statutes, which are now part of the reserves for the payment of claims.

2. By depleting existing reserves, it breaks faith with U.S. business firms who hold investment guarantees. Firms taking out guarantees have and will continue to rely on there being a sizable reserve available to assure prompt payment of their claims without waiting for an appropriation. While the full faith and credit of the United States is assurance to investors that they will be paid, it is equally important to them that payment be made promptly and that they not have to wait for appropriations. Investors have understood that the reserves will minimize or eliminate the risk of such delay. To deplete this reserve by reducing it from \$268 million to \$69 million would be a direct repudiation of the understanding.

3. This is not "backdoor financing," which avoids the appropriation requirement. No new notes can be issued to increase the reserves. In 1962 the Appropriations Committee reviewed the investment guarantee reserve in deciding how much new money to appropriate for that reserve. They took these funds into account and reduced the appropriation from the \$180 million requested by the executive branch to \$30 million to maintain a reserve level which included the \$199 million.

4. The funds represented by these notes are not part of our national debt.

Mr. ELLENDER. Mr. President, I call up my amendment No. 287 to the committee substitute, and ask that it be stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 38, line 22, after the word "shall" it is proposed to strike out all through the word "Act" on line 24.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Mr. President, do I correctly understand that during my absence from the Chamber an amendment was added on page 53, line 20 of the committee amendment dealing with the use of fish under Public Law 480, and that the modified amendment added was

as follows: "not including fish flour until approved by the Food and Drug Administration."

Am I correct in stating that this was made a part of the bill?

The PRESIDING OFFICER. That amendment was adopted.

Mr. DOUGLAS. Mr. President, may I ask if any motion to reconsider the vote by which the amendment was agreed to was made at that time?

The PRESIDING OFFICER. No such motion was made.

Mr. DOUGLAS. Then a motion to reconsider would be in order?

The PRESIDING OFFICER. Such a motion is in order.

Mr. DOUGLAS. Mr. President, I wish to serve notice that at an appropriate time I shall move the reconsideration of the vote by which the amendment was agreed to.

I believe it is well known that I am deeply interested in this amendment. I was not notified of the action to be taken by anyone. It is very hard to watch the proceedings constantly, considering the multitude of things going on and the multitude of obligations under which a Senator is involved, and I knew nothing about this until a few minutes ago.

I believe this amendment is equivalent to killing the inclusion of fish flour so long as George B. Larrick is head of the Food and Drug Administration. Mr. Larrick has declared his opposition to fish flour over and over again, despite the fact that it has been approved by the National Academy of Sciences and is known to be extremely beneficial, to be 85 percent protein, with absolutely no toxic effect whatsoever. Mr. Larrick objects on the alleged esthetic ground that it is made from the whole fish, although it is subject to many washings both in water and in alcohol, and is completely pure.

As I demonstrated the other day, Mr. Larrick has this esthetic objection to fish flour, while he approves for distribution fried silkworms, chocolate covered bees and ants, rattlesnake meat—a regular chamber of horrors. He has no esthetic scruples against those, but he draws the line against fish flour.

This may seem to be a somewhat laughable incident, but it is of practical importance, because in tropical areas where refrigeration is lacking, it is virtually impossible to keep milk and fish without their rapidly disintegrating and becoming contaminated. It is precisely in this area of the world where we are trying to build up the health of the people. The fish flour, with very high protein, can be produced at 14 cents a pound. And that is precisely where it is needed.

I serve notice that Mr. Larrick is not going to clamp down on the health of either the American people or people in the tropics.

At an appropriate time—and I shall have to be the judge of what the appropriate time will be—I shall offer a motion to reconsider, and I shall be prepared to debate the subject, not with the ability, but with some of the persistence, customarily displayed by the distinguished Senator from Oregon.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. The Senator from Kansas, who was interested in this amendment—I am also interested in it—is not present. I have sent for him. I do not know whether he has left the building or not. My suggestion to the Senator from Illinois is that he not persist in his motion to reconsider this evening, but hold it up until the Senator from Kansas reaches the Chamber. I am personally interested in fish flour, but I am also interested in getting other fish products included.

Mr. DOUGLAS. They are not inconsistent. I shall do this at an appropriate time. If the motion will be in order tomorrow, and there will not be a previous motion to reconsider by one of Mr. Larrick's proteges which will be defeated because of a vacuum which had developed on the floor, I shall do so. I do not want my abstention used as an excuse to get a rush vote to reconsider, which will be voted down, and which will result in anchoring this language into the bill.

Mr. SALTONSTALL. If the Senator is willing to do that, he can bring it up tomorrow. I shall try to get in touch with the Senator from Kansas and other Senators interested in the subject.

Mr. DIRKSEN. Mr. President, does the Senator from Louisiana [Mr. ELLENDER] have an amendment to offer?

Mr. ELLENDER. Yes; that is the last one.

Mr. DIRKSEN. I understand there is a fair chance that it will be accepted.

Mr. ELLENDER. I understand it will be.

Mr. DIRKSEN. May I suggest to the Senator from Louisiana the he present his argument in capsule form—say 60 seconds—and have the Senate act on it?

Mr. ELLENDER. Mr. President, I call up my amendment No. 287 to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed on page 38, line 22, after the word "shall" strike out all through the word "Act" on line 24, as follows: "notwithstanding the provisions of section 612 of this Act or the provisions of any other Act."

Mr. ELLENDER. Mr. President, the bill as now drafted, authorizes and provides \$25 million a year to be used by the President in lending to cooperatives. The purpose of my amendment is merely to leave the authorization in, but it provides that those who seek to borrow any of these moneys must obtain them through the appropriations process.

This, in a nutshell, is what the amendment does.

Mr. President, prior to the action taken by the Senate Foreign Relations Committee on this bill, section 253 provided that:

All receipts in United States dollars from moneys made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter II of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United

States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

This language, Mr. President, established a revolving fund for loans made under the Alliance for Progress provisions of the Foreign Assistance Act of 1961, as amended, and for loans made from the Development Loan Fund under the Mutual Security Act of 1954, as amended. It simply provided that the repayments from these loans are available for relending.

Mr. President, I originally opposed the establishment of such a revolving fund because its operation would weaken the control of Congress of Federal expenditures in that it would permit monies to be reloaned without congressional approval or consent. I have always felt that Congress should have the opportunity to vote on the uses to which the taxpayers money is put, and the establishment of such a revolving fund prevented Congress from performing that function. Needless to say, notwithstanding my opposition, the revolving fund concept was written into the Foreign Assistance Act.

Be that as it may, I am hopeful that when the Foreign Relations Committee revamps the foreign aid program next year, it will not write into the foreign aid bill any provisions which would tend to circumvent congressional control. All receipts from loans should be paid into the Treasury and each year's loan program should be reviewed and approved by Congress.

Last evening, the Senate took a step in the right direction when it adopted the amendment of the distinguished junior Senator from Colorado [Mr. DOMINICK]. His amendment provided that loan receipts could not be reloaned unless reappropriated by Congress. However, I would like to go a step further by reiterating that loan receipts of the development loan program and the Alliance for Progress program should be taken into the general receipts of the Treasury.

When the committee recently considered the Foreign Assistance Act it adopted an amendment to section 253 which would broaden the revolving fund already established by this section. I understand that the amendment the committee adopted was offered by our distinguished majority whip, Senator HUMPHREY, from Minnesota. It expanded section 253 by extending the revolving fund concept to include in addition to dollars, the foreign currencies our Nation receives from the sale of surplus commodities and from other sales. The amendment reads as follows:

All receipts in foreign currencies from loans made under this title or from non-military assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall, notwithstanding the provisions of section 612 of this Act or the provisions of any other Act, be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, not-

withstanding the provisions of any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000 in any fiscal year) and for such periods as he shall determine to be necessary to provide for the programs authorized by said subsection (g).

The subsection (g) referred to in this amendment was also adopted by the Committee at the behest of our distinguished majority whip, and it reads as follows:

In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.

Now, Mr. President, I am not opposed to assisting the cooperative movement in Latin America, but I feel that any assistance we may grant should only be given with the full approval and consent of the Congress functioning through the sound processes established by the Congress. We should not authorize and appropriate at the same time, yet this is done in the Humphrey amendment to section 253.

Section 612 of the Foreign Assistance Act provides that, and I quote:

Foreign currencies so received, which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

The Foreign Assistance Act provides in section 612 that foreign currencies are authorized to be made available for any of the purposes authorized in the Foreign Assistance Act, but it also provides that these moneys must be appropriated in an act passed by Congress.

The amendment to the Foreign Assistance Act which was offered by our distinguished majority whip, and which was adopted by the committee, would waive the provisions of section 612, and thereby result in a further dilution and weakening of congressional control since it would no longer require that foreign currencies be made available in an appropriation act. In effect, we give the President a blank check and bypass the orderly appropriation process prescribed by Congress.

I submit, Mr. President, that such a weakening of congressional control of expenditures is not only not desirable, but it is unnecessary. Thus, in my amendment to the amendment of the distinguished majority whip, I have merely urged the deletion of that language that would make the provisions of section 612 inapplicable. If my amendment is adopted there would still be \$25 million of foreign currencies authorized in any one fiscal year for assisting and promoting the organization, implementation and growth of the cooperative movement in Latin America, but before this money could actually be expended, it would be necessary for it to be appropriated in an act passed by Congress.

If my amendment is not adopted then it would mean that Congress, in this authorization bill on foreign assistance, will be both authorizing and appropriating \$25 million of foreign currencies for the purposes enumerated in section 251 (g) of the act. This, I do not believe Congress wishes to do and, therefore, I urge that my perfecting amendment, because that is exactly what it is, be adopted.

Mr. SPARKMAN. Mr. President, acting for the chairman of the committee [Mr. FULBRIGHT], we shall be pleased to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee amendment in the nature of a substitute, as amended.

The amendment to the amendment was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. MORSE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I should like to address myself to the Senator from Alaska for a moment. Does the Senator from Alaska wish to offer his Latin American military aid amendment now, before I offer mine?

Mr. GRUENING. Mr. President, I wish to call up my amendment No. 235, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Alaska, for himself, and other Senators, to the committee amendment in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed to insert between lines 8 and 9 on page 41 the following:

(d) Section 505(a) of the Foreign Assistance Act of 1961 (Public Law 87-195) is hereby amended by changing the period at the end thereof to a comma and adding the following proviso: "Provided, That, except (1) to the extent necessary to fulfill prior commitments and (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country."

Mr. DIRKSEN. Mr. President, may I ask the majority leader and the sponsor of the amendment, which involves a rather broad policy, whether it is proposed to consider and dispose of this amendment tonight?

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished senior Senator from Oregon may possibly have an amendment pending. If that is the case, it is the intention of the leadership to move to have the Senate adjourn until tomorrow at 12 o'clock.

Mr. MORSE. Mr. President, the amendment offered by the Senator from Alaska opens up the entire issue of military aid to Latin America. The Senator from Alaska offers this amendment in keeping with his long-expressed conviction

on the floor that he thinks military aid does more harm than good, that there is a great deal of money in the pipeline anyway, and that he would eliminate such aid.

There are other amendments on the same subject pending, depending on the disposition of this amendment. Although I do not think it will call for too long a debate, it will be discussed in some detail, because we are dealing with a very serious matter in connection with the Alliance for Progress program. I suggest that this amendment be made the pending amendment, and that we proceed to discuss the whole question of military aid to Latin America, using this as the basic amendment, tomorrow.

Mr. MANSFIELD. That is satisfactory with me. I thought I had understood the Senator from Oregon to ask the Senator from Alaska whether he was going to withdraw the amendment which he asked to have read. I may have misunderstood him. That is why I made the statement I did.

Mr. MORSE. The Senator either misunderstood the question, or I misspoke. There had been a discussion of which amendment was to be called up first. I asked him whether he wished to bring up his amendment before I offered my amendment, on this general subject. I judge he wants to offer his amendment first. If his amendment is defeated, I shall offer another amendment. There are several amendments on the subject.

Mr. MANSFIELD. That explains the situation.

I now ask unanimous consent that the Senate stand in recess until 12 o'clock tomorrow morning—

Mr. DOUGLAS. Mr. President, will the Senator withhold that request?

Mr. MANSFIELD. I withhold that request.

MOTION TO RECONSIDER

Mr. DOUGLAS. Mr. President, I enter a motion to reconsider the vote whereby the amendment of the Senator from Kansas [Mr. CARLSON] to the committee amendment on page 53, line 20, was agreed to.

I shall call this motion up at a time satisfactory to the Senator from Massachusetts or the Senator from Kansas.

Mr. MANSFIELD. Mr. President, I withdraw my request. I understand the Senator from Maryland [Mr. BREWSTER] desires to make a speech.

For the information of the Senate, there will be no further votes tonight, only speeches and remarks.

Mr. BREWSTER. Mr. President, the Senate has now been considering the 1963 foreign aid authorization bill for 11 days.

This debate is the culmination of the most searching review of the program since its inception with the Marshall plan in 1948.

The intensive study was first undertaken by the distinguished Committee under Gen. Lucius Clay. The report of this Committee suggested certain guidelines be established for future aid spending. It argued that we have been attempting too much for too many with too little concern for quality and too much for quantity.

This report prompted a reduction of the budget request by almost \$420 million.

Extensive hearings and study by the Foreign Relations Committee under the distinguished leadership of Senator FULBRIGHT produced an aid bill which we are now debating.

I have consistently advocated the fullest participation of the United States in international affairs. I continue to believe that the United Nations is our best hope for improving relations among nations—for providing moral leadership and peacemaking, peacekeeping machinery in times of crisis. The U.N. has saved inestimable American lives and dollars since its inception.

Our system of alliances and our mutual security program are equally vital to our national interest.

We are the world's most powerful nation—the custodian of freedom for our own people and for others throughout the world. This irrefutable fact imposes upon our Government awesome and burdensome responsibilities.

There can be no serious thought of abrupt withdrawal from our basic commitments, both military and economic. We must continue our effort to shape and enlarge the free world into an ever stronger and more cooperative economic, military, and political unit.

It is clearly in our interest—our selfish interest if you must—to do so. In so doing, we continue to thwart Soviet economic and military expansion while at the same time we broaden the oversea markets for the goods and services of the American economy and strengthen our allies' military resistance to communism.

For these reasons, I shall vote for a continuation of our aid program on final passage.

In the meantime, I shall continue to appraise the many amendments offered to this bill in accordance with the constitutional responsibility of the Congress to determine broad policy, and in accordance with what I believe to be in the best long range interest of the United States and its allies.

Foreign aid can, when handled wisely, succeed in doing what it sets out to do. When the program is mishandled, unrealistic, administered without policy direction and clearly defined goals, it is an unwarranted and unwise burden. The pocket of the American taxpayer must not be an international grab bag.

Our sincere and genuine desire for freedom and liberty for all people should not be thwarted by corrupt and dictatorial governments of the peoples we seek to help. We cannot continue to invest in countries whose leaders will make no effort to effect the land and social reforms essential to a climate of growth.

Recent events in South Vietnam give graphic credence to the allegation that we have too often supported despotic, authoritarian regimes which are constantly—and for good reason—threatened by internal revolt.

These convictions have formed the basis for my votes on the amendments thus far considered.

I have voted to improve the climate for private investment opportunities in countries receiving our aid.

I have voted to lower the authorization for the Development Loan Fund and to require annual reconsideration of this program. The language in both the Clay report and the Foreign Relations Committee report indicates the necessity for a continual review of this program with major reorganization and reorientation.

Such a revamping cannot be assured unless the Congress withdraws its blanket authorization for succeeding years and makes clear its desire that future aid programs be more selective and rely more on the facilities of multilateral agencies such as the International Bank for Reconstruction and Development. The United States cannot be expected to continue to bear the total aid burden nor continue to assist nations now economically prosperous.

I have voted to restore \$75 million of the original cut in funds for the Alliance for Progress. I did so, firm in my conviction that the unusual importance of this area to American security demands a long term venture of extraordinary complexity and scope.

I have supported amendments barring aid to countries engaged in or supporting aggression against the United States or nations receiving American assistance. I have joined with a unanimous Senate in barring aid to Communist countries.

While I have refused to grant to the President discretionary authority on these two matters, I have refused, and will continue to refuse, to tie the hands of the Chief Executive in other areas where freedom to act and to act quickly—to adjust policy to circumstances—is surely in the interest of the United States.

In accordance with my conviction that the best hope for reduction of American aid lies in the expansion of American trade, I have voted to extend most favored nation treatment to Poland and Yugoslavia. These governments do not now receive American aid, but the improvement of trade relations with these nations continues to serve our interest.

The primary justification for the tremendous investment that American taxpayers make in foreign assistance is the safety and security of the United States. As an arm of American policy, this program serves us best when it clearly serves our interest. I hopefully predict that our deliberations and votes will produce a final bill which does precisely that.

I further hope that our final vote may come soon so that we may turn our attention to the other pressing matters which must be acted upon before the end of this session.

JOINT ECONOMIC COMMITTEE'S KEY ROLE IN SOLVING U.S. BALANCE-OF-PAYMENTS PROBLEM

Mr. PROXMIRE. Mr. President, yesterday, the Joint Economic Committee had before it two of the outstanding economists in the world on the subject of balance of payments. One was Prof. Friedrich Lutz, professor of economics at the University of Zurich; the other was Prof. Arthur Bloomfield, professor

of economics at the University of Pennsylvania.

Both of these men indicated that the balance-of-payments problem, which was so serious in the second quarter of this year—probably more serious than ever in our history—and which was at an annual rate of about \$4 billion a year or more, stated that the reason for the vast improvement in the third quarter was primarily due to the administration's announcement of its interest equalization tax proposal, and that this had a very distinct and immediate effect on the outflow of capital.

I believe that the country and Members of the Senate should be aware of this conclusion by these two eminent economists, and should recognize that the balance of payments may be improving sharply and may now be within the control of the administration.

I say this because, as a member of the Joint Economic Committee, I am proud of the fact that the proposal for the interest equalization tax was first made at a meeting of our committee on February 1 of this year by the newly appointed member, at that time, of the Federal Reserve Board, George W. Mitchell, who is superbly qualified as a monetary specialist.

Mr. Mitchell said at that hearing before the Joint Economic Committee:

The United States has the largest and most accessible capital market in the world, and it ought to be kept free of exchange restrictions. It is proper and desirable that capital-poor developing countries should utilize this market to meet a portion of their enormous needs for foreign capital. It is not so clear, however, that it is either necessary or desirable for advanced countries, with balance-of-payments surpluses, to have recourse to our capital market on the recent large scale while they restrict and hamper entry of outside borrowers to their own capital markets. If these countries are unwilling to open their capital markets, possibly we should look toward tax measures that might help to remedy this unbalanced position. In general, we need to explore the possibilities of various tax measures that might, consistent with our obligations as an international good neighbor, and with the status of the dollar as a world reserve currency, discourage capital movements that appear to flow uphill to countries that are already capital rich.

Governor Mitchell had this conception, and I believe that it is certainly one reason why the administration has made the very wise proposal of an interest equalization tax, which has had such a profound effect on our balance of payments.

I should like to call the attention of the Senate to the fact, if the interest equalization tax does have the effect of discouraging capital outflow and does really solve our balance-of-payments difficulties, it will be particularly incumbent upon the money managers of our economy to use their new freedom to follow a monetary policy that will encourage economic growth and economic development domestically.

The fact is that interest rates have been kept at a relatively high level, in spite of the fact that we have heavy unemployment. The speculation of many outstanding financial experts has been that in the event we have a tax cut and the economy is stimulated, the Federal

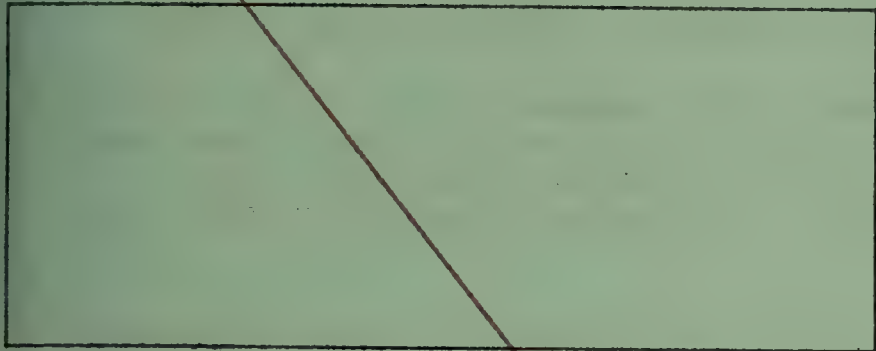
Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 15, 1963
For actions of Nov. 14, 1963
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HIGHLIGHTS: Senate debated foreign aid authorization bill. Sen. Neuberger urged enactment of legislation for stricter pesticide labeling. Sen. Dominick proposed revision of wheat grading standards. Sen. Symington expressed concern over economic effects of increased beef imports. House appointed conferees on agricultural appropriation bill. House passed bill to implement International Coffee Agreement. Rep. Rosenthal urged Federal subsidies to livestock industry. House committee reported bill for land and water conservation fund for outdoor recreation. House subcommittee voted to report bill to prohibit registration of pesticides under protest. Sen. Muskie introduced and discussed bill to provide loans to certain farmers due to serious economic conditions.

SENATE

1. FOREIGN AID. Continued debate on H.R. 7885, the foreign aid authorization bill (pp. 20757-63, 20769-818). Agreed to an amendment by Sen. Miller to place a limitation of \$5 million on U. S. contributions to the Food and Agriculture Organization (p. 20801). By a vote of 79 to 1, agreed to an amendment by Sen. Cooper to provide for the appointment of committees by the President to evaluate the economic development program in each country receiving aid (pp. 20802-5). By a vote of 29 to 56, rejected an amendment by Sen. Morse to limit to 50 the number of countries that could receive aid after June 30, 1965, and to establish standards that recipients of future aid must meet (pp. 20789-97). By a vote of 15 to 68, rejected an amendment by Sen. Morse to substitute the language of the House-passed bill for the pending measure (pp. 20797-801). Tabled a motion by Sen. Douglas to reconsider the vote by which an amendment

by Sen. Carlson was agreed to Nov. 13 providing that fishery products included in the food-for-peace program shall not include fish flour until this product has been approved by the Food and Drug Administration (pp. 20769-76). Pending at recess was an amendment by Sen. Mundt to provide that neither the Export-Import Bank nor any other agency shall guarantee the payment of any obligations incurred by any Communist country in connection with the purchase of grain or any other product. By a vote of 40 to 46, rejected a motion by Sen. Mansfield to table the Mundt amendment. (pp. 20805-18). Sen. Lausche submitted an amendment intended to be proposed to this bill (p. 20818).

2. PESTICIDES. Sen. Neuberger commended Senate passage of the bill to prohibit the labeling of pesticides under protest, urged the passage of additional legislation to require that pesticide labels inform the user of the product's potential hazard to fish and wildlife, and inserted an article on the matter. p. 20748
3. WHEAT GRADING. Sen. Dominick criticized the present wheat grading standards as having too broad a gradation between various standards of wheat and urged this Department "to impose standards which would give us a competitive situation with other countries." p. 20751
4. BEEF IMPORTS. Sen. Symington expressed concern over the effects of beef imports, stated that a dressed beef company in Kansas City was closing down because it "is unable to compete with the greatly increased importation of meat and meat animals," and inserted his letter to Secretary Freeman urging that action be taken to meet this situation. pp. 20836-7
5. FOREIGN TRADE. Sen. Javits inserted statement of the board of directors of the Buffalo Area Chamber of Commerce favoring repeal of the Buy American Act and supporting enactment of legislation for stricter controls under the Anti-dumping Act. pp. 20831-2
6. EDUCATION. Sens. Pearson and Carlson spoke in support of legislation to extend the program of Federal assistance to schools in federally impacted areas. p. 20752
7. BALANCE OF PAYMENTS. Sen. Proxmire inserted three papers submitted to the Joint Economic Committee analyzing the balance of payments situation and recommending solutions to the problem. pp. 20763-6
8. FOOD AND AGRICULTURE ORGANIZATION. Sen. Miller was designated to be an observer at the Food and Agriculture Organization conference to be held in Rome on Nov. 16 to Dec. 3. p. 20818
9. TAXATION. Sen. Dirksen inserted the testimony of Dr. Roger A. Freeman before the Senate Finance Committee discussing the proposed tax reduction bill and economic conditions in general. pp. 20818-29

HOUSE

10. AGRICULTURAL APPROPRIATION BILL, 1964. Conferees were appointed on this bill, H. R. 6754, Senate conferees have already been appointed. p. 20707
11. COFFEE. By a vote of 182 to 144, passed with amendment H. R. 8864, to carry out U. S. obligations under the International Coffee Agreement of 1962

Very well, we will not offer a national program for the aged. But you offer a program on the local level during the fall and winter. We recommend to you that your local program meet the following set of standards:

Two hospital contracts—a 70-day and a 30-day program, at least 30 days of coverage per year of mental illness and tuberculosis, some nursing home benefits, some visiting nurse benefits (but these last two do not have to be provided until 6 months after the other benefits). We realize what we are asking you to offer is not as good as we told the people we would offer in the national program, but if your local program is to be any good, you must at least offer this as a minimum.

That was it. That was what was recommended to the 77 local plans. Between October 1962 and the end of January 1963, 73 of them actually did make some sort of nongroup contract available to the aged. But only 30 provided the traditional Blue Cross type of service-benefits in semiprivate accommodations. The rest did not. Only 27 met the reduced standards set by the Blue Cross Association. The rest did not.

I do not wish to belabor this point, because I feel there is one important gauge of the effectiveness of these plans and I shall rely on that.

How many older people actually signed up for these 73 different plans?

If we have the answer to that, we shall have the best indication of what role, if any, all of these different plans are playing in solving the problem of the health costs of our elderly.

Precise information is unavailable on the number of people who actually enrolled for these plans. But we do know it is a minuscule number.

The Blue Cross Association itself has recently provided information as to the number of aged enrolled in all of its plans as of December 1959, November 30, 1961, and January 1, 1963.

The Blue Cross says there were 4,300,000 people 65 and over enrolled in December 1959; 5,100,000 on November 30, 1961; and 5,313,771 on January 1, 1963.

In the 2-year period before it offered all of these great plans for the aged, the Blue Cross says its enrollment of aged people increased by 800,000. But in the 13-month period that includes all of these offerings, their enrollment of the aged increased by less than 214,000. Before the galaxy of plans, the average monthly increase of aged persons covered by Blue Cross was 35,000. And during a period which included all of these offerings, the average monthly increase of aged persons it covered was less than half—16,000.

The latter figure cannot be taken as the number who signed up for the special, much-publicized programs. In fact, it would appear that the 16,000-per-month increase was made up largely of people who became 65 during the period in question and simply retained their existing Blue Cross coverage. More than 21,000 people each month became 65 during the period.

In sum, these politically motivated plans have been a dismal flop.

Aside from the lessons they provide about how to avoid the worst public relations practices I have witnessed in

a long time, these figures testify once again to a fundamental truth.

The truth is that an elderly retired couple cannot afford to spend \$224 a year, which was the median cost of the Blue Cross plans made available, for hospital insurance which, even under the better of the 73 programs, and combined with Blue Shield, covers only half of their health costs.

Some subscription costs went as high as \$438 a year for a couple for the combined Blue Cross and Blue Shield coverages. Some of those that were offered at lower-than-average costs might as well have been stillborn like the national plan, since the benefits they provided were so limited.

Forty-six of the combined Blue Cross-Blue Shield plans had subscription rates exceeding \$250 a year for a couple, and in 13 plans the rate exceeded \$350. I know of few people, even among those in their younger, more productive, years who can afford such large costs for health insurance.

The Blue Cross plan in New Jersey—one of the best in the Nation—has attempted to offer a program of meaningful benefits to the older citizens of my State. Unfortunately, the annual cost for a couple for the Blue Cross coverage—not including Blue Shield—is \$208. And, it is a fair assumption that these already high rates will be raised even further beyond the reach of older New Jerseyites as the costs of hospital care continue to soar.

JACK DOW WINS SAVINGS BOND CITATION

Mr. HRUSKA. Mr. President, the Treasury Department yesterday presented its Minuteman Award to an Omaha business leader for his role in a unique U.S. savings bond campaign which has had such remarkable success in Nebraska that it is being considered for adaptation throughout the Nation.

The award went to Mr. Jack Dow, president of Savage-Dow, Inc., an Omaha advertising firm, for his efforts as publicity and advertising chairman of the Nebraska farm and ranch bond drive.

The campaign is directed at Nebraska's farmers and ranchers during this season when they are receiving cash income from the sale of their livestock and grain crops. Using the theme, "Put Your Stock in Bonds," the drive is unique in that Nebraska is the only State to direct a bond-selling campaign directly to farmers and ranchers. The slogan is illustrated by a husky Hereford steer, wrapped in a \$100 series E bond.

The idea is an enlargement upon previous efforts headed by the Nebraska Stock Growers Association, the Sandhills Cattle Association, and the Nebraska Cow Belles, an organization of ranch wives. Largely through the campaigns spearheaded by these groups, Nebraska has attained the No. 1 position in America in per capita volume of savings bond sales.

Mr. Dow's firm has done the advertising and public relations work for the farm and ranch bond drive as a public service and it has had the support of

such groups as the Farmers Union State Exchange, a cooperative farm supply organization, which awards highway fares as premiums for the purchase of bonds.

The splendid success of the bond campaign in Nebraska is, of course, the result of the work of many people. Mr. W. B. Millard, Jr., chairman of the board of the Omaha National Bank, is State chairman of the Nebraska Savings Bond Committee. State Senator Elvin Adamson, of Nenzel, president of the Nebraska Stock Growers Association, and Ralph Baker, of Valentine, past president of the Sandhills Cattle Association, serve as cochairmen of the farm and ranch drive, and Mrs. Richard Phipps, of Mullen, president of the Nebraska Cow Belles, is women's activities chairman.

These people, working with the capable State director of the savings bond division for Nebraska, Neville "Bud" Phillips, have achieved an enviable record of accomplishment. They deserve the grateful thanks of their State and their Nation.

The PRESIDING OFFICER. Is there further morning business?

Mr. YOUNG of Ohio. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YOUNG of Ohio. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 235, proposed by the Senator from Alaska [Mr. GRUENING], for himself and other Senators, inserting certain words on page 41, between lines 8 and 9, of the committee amendment in the nature of a substitute, as amended.

Mr. YOUNG of Ohio. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield with pleasure to the Senator from Ohio, with the understanding that I do not lose the floor.

FOREIGN ASSISTANCE MUST NOT BECOME
BOTTOMLESS PIT

Mr. YOUNG of Ohio. Mr. President, our foreign assistance program is vital to the security of the free world and should help promote the cause of peace. However, foreign aid must not become a bottomless pit. I cannot in good conscience support foreign assistance as a no-strings-attached handout to any and all governments. My vote has been cast in favor of some amendments drastically reducing the spending of our tax-

payers' money to countries not needing or wrongfully using foreign aid funds.

My votes will continue to be cast for such amendments. The fact is that American aid today goes to 107 countries. Only eight countries in the free world did not receive some kind of direct subsidy from the United States. Many of these governments frequently act in direct contradiction to our announced policy and what we consider to be in the best interests of the free world. Other aid recipients in Western Europe and elsewhere are now economically solvent and prosperous.

I refer to such countries as West Germany and the Netherlands, for example. They are able to give foreign assistance rather than in need of receiving it. However, we continue to send them taxpayers' money. This must be ended.

Other countries receiving economic and military assistance have time and again failed to institute the needed economic and social reforms to meet the criteria of political stability and democratic practices necessary to any real progress in economic development. I assert we should not provide financial or military assistance to such nations. The dictatorial regimes of Franco in Spain and Duvalier in Haiti are examples. In fiscal 1963 a total of \$6.2 million was poured into Haiti, while Dictator Duvalier instituted bloody purges and wrecked the constitution of his country.

The current foreign assistance bill is swollen with provisions for unjustifiable handouts such as these. This must be corrected, and some abuses have been. During the debate, we have trimmed the bill considerably. I am hopeful that we shall continue to examine all provisions of the bill and vote for a clearly defined and outlined program to provide needed foreign aid but end waste of our money. The current foreign assistance—or, as it was improperly termed during the Eisenhower administration, mutual security—must not become, as I have said, a bottomless pit.

The total expenditure of American dollars abroad far exceeds the total expenditure for foreign aid. Clearly, many programs abroad are in the nature of foreign assistance. Consider the Peace Corps, on which we spend millions of dollars, the food-for-peace program, involving hundreds of millions of dollars, and, of course, the high costs of maintaining our Armed Forces abroad. These programs should be kept in mind when considering our total involvement overseas. Viewing the entire picture, I am convinced that it is possible, practical, and sensible to cut the appropriations for foreign assistance even more than we have to date.

Mr. President, we must also live up to our democratic principles in determining the recipients of American assistance. I have repeatedly spoken out against military assistance to Spain's Fascist dictator, Franco. Today I reiterate that opposition. We should not enrich the coffers and strengthen the iron grip of dictatorships whether of the extreme left or the extreme right. I urge passage of an amendment to the Foreign Assistance

Act of 1963 which would specifically bar any military assistance to the Franco regime.

Generalissimo Franco is the sole and absolute ruler of Spain. Spain is as totalitarian a state as are the Soviet Union and Red China. Under the Franco regime, the people of Spain are denied every fundamental civil, political, and religious liberty, freedom of speech and press. Some thousands have been imprisoned without trials. The fact that Franco is a self-avowed Fascist rather than a Communist does not change these facts.

The story of Franco's rise to power is a story of violence and ruthlessness. During the Spanish Civil War, from 1936 to 1939, he led rebel forces against the republican Government of Spain. This brutal war saw hundreds of thousands killed in battle, whole cities destroyed, industries and agriculture wrecked.

With the full military and financial support of Hitler and Mussolini, Franco emerged as absolute ruler of Spain. He has since maintained his power by suppressing all opposition. It is estimated that 6,000 political prisoners are now languishing in Spanish prisons. Thousands more have died in concentration camps or have been executed without legal trials. The notorious Isle of Pines prison trials and executions, which first exposed Castro as the tyrant he is, differed little from the practices of the Franco regime.

No matter how convenient it may have been and may be for our country to deal with a dictator like Franco, it is all wrong. In the end it will be proved to have been a mistaken policy, because finally the people will throw out their oppressors—in this case, the ruthless dictator, Franco. It has always been so in the history of the world.

Mr. President, we went to war with Nazi Germany and Fascist Italy. We have refused to recognize Communist dictatorships in Red China and Cuba. On the other hand with regard to Franco, we negotiated for military bases in Spain and signed military aid agreements with him, thereby giving international respectability to his Fascist regime. This was culminated by the visit of President Eisenhower to Madrid in December 1959.

The argument is often made that the realities of the cold war necessitate our dealing with such regimes so long as they are opposed to communism. We needed air and naval bases in the Mediterranean. Therefore, we did business with a Fascist dictator. Today, however, in view of our tremendous missile power and far-ranging atomic-powered Polaris submarines, the need for these bases may be subject to review. At any rate, we must not give Franco military assistance to strengthen his hold on the Spanish people. It is time to wake up from our siesta in Spain. The fact is that our military and economic assistance to Franco profoundly affect the status of the Spanish people.

Our great democratic ideals have not changed. We abhor the outrageous practices of this Fascist regime. Let us stop aiding and abetting tyranny.

In the past, we did have need of NATO

air bases in the Mediterranean area. However, recent changes in weapons and technology have now changed our defense needs and those of our western allies. It may no longer be as necessary for us to maintain bases in Spain. Even if we retain these bases, we should not give armaments directly to the tyrannical regime.

Our need for NATO bases is, in the final analysis, a matter for the determination of our military experts. Today, a base in Spain would be valuable mainly as a maintenance port for our atomic submarine fleet. At present our Mediterranean submarines must travel all the way to Holy Loch, Scotland, for servicing and repairs. It was with this in mind that last September we negotiated the renewal of our base rights in Spain for 5 years.

Dictator Franco was well aware of our needs. He tried to use these bases as blackmail to extort from us planes, weapons, and equipment for his armed forces, costing between \$200 and \$300 million over 5 years, in addition to our help in bringing Spain into NATO. Happily, Franco's attempted blackmail failed. However, regretfully, the new agreement for continuation of the bases was signed—and, I might add, signed without the needed provision for use of one Spanish base by Polaris submarines. There was no mutual benefit involved. We gave. Franco got. My view is we should have rejected his ultimatum and if he did not abandon his demands withdraw our forces, depriving his country of the benefits of the spending of our servicemen.

Since the first year of the Eisenhower administration—1953—we have poured more than \$1.3 billion into Spain.

I like the Spanish people. I have been to Spain a number of times. I feel sorry for them. The \$1,300 million that we poured into Spain has enriched the group around Franco and has helped him to retain his power. It has done little or nothing for the great mass of the Spanish people.

Three major Strategic Air Command bases and two naval air bases have been built there at a cost of \$400 million. These bases provide protection for Spain as well as the rest of Western Europe against Communist aggression from the Soviet Union, but not protection against Fascist oppression from Franco. Yet we are forced to pay heavily for them in military armaments for Franco's Forces.

Mr. President, I would never advocate any measure which would weaken the military security of our country. I do suggest that we end military aid to strengthen fascism. Without such aid, Franco implies that we will be kicked out of Spain. I doubt this. Let us call his bluff. If we removed our bases, it would not materially weaken our strength in Europe or the defense of the free world, but it would definitely weaken Franco's hold upon his people.

I have argued earlier that our foreign assistance program must be trimmed even further than it has been. Waste can and must be eliminated. All Americans recognize the necessity for assist-

ance to governments struggling against Communist infiltration, and to underdeveloped nations with a real desire to "pull themselves up by the bootstraps." Such assistance is clearly in the best interests of the free world. However, aid to a dictatorship of the right is no more in the interest of freedom than aid to a dictatorship of the left.

This year's foreign assistance bill wisely provides that no aid shall be given to any country in the Alliance for Progress "in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections." This provision applies specifically to Latin America. The principles behind it have more than regional significance. It is in our interest, it is in the interest of the entire free world, that democratic practices be encouraged and nurtured. It is clearly not in our interest that tyrannical rule—whether in Latin America, in Europe, or in the Far East—be approved by or abetted by the United States. The economic and social goals toward which U.S. assistance is aimed can hardly be achieved in an atmosphere of religious, political, economic, and social suppression.

Military assistance should be denied to Fascist Franco and others like him. Let Franco and the world know that we are interested in more than cold war victory. We are interested in freedom and social justice. I find the practice of paying many millions of dollars to Franco's government abhorrent.

Let us act boldly against dictatorship in any form. Let us act wisely to support the common people held in bondage in Spain rather than the ruling class swollen with wealth and privilege while the common people are subjects practically in chains. The U.S. presence is more than adequate protection for Spain against Communist aggression. Further military assistance is unnecessary. Therefore, I strongly urge that the foreign aid authorization measure be amended specifically to exclude any military assistance whatever to Spain, or to any other country ruled by a dictator, whether it be Red China or Soviet Russia, or Duvalier's Haiti, or Franco's Spain.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. YOUNG of Ohio. I yield.

Mr. GRUENING. I commend the Senator from Ohio for his excellent, forthright presentation. I fully agree with the point of view he has expressed. It may have been true, as in the earlier days of the cold war, that it was desirable to build a great chain of military establishments in Spain—Army and Air Force bases and naval bases. But I see no reason why, at the same time, we should also have poured economic aid to the tune of hundreds of millions of dollars into that Fascist country.

Now we are told that military fashions have changed; that the old weaponry and methods have become obsolete; that we are going into the missile age. Yet it is amazing that we have not materially revised our position in regard to Spain.

I notice with some surprise that the Spanish dictator has declined to allow us to use our naval base in that country for certain types of our submarines. Why such restrictions were imposed, I do not know. It would be useful to have the State and Defense Departments, which negotiated the continuation of our generosity toward Franco, determine why such restrictions were imposed.

Even if it is necessary to maintain our bases there, I see no reason why we should pay so lavishly and generously to implement the Spanish economy, and why our economic aid to Spain should continue. It is obvious that our economic aid has contributed greatly to the prosperity of Spain. But our assistance has not enlarged the liberty of the Spanish people in any degree. They are still without freedom of press, freedom of assembly, freedom of speech; and, in the case of other than the state religion, with a limited freedom of worship.

Mr. President, it is unfortunate that we continue to pamper dictators with our foreign aid. Whether they be Fascist or Communist, both are objectionable.

I hope that the wise remarks of the distinguished Senator from Ohio [Mr. YOUNG] will bear fruit. It is not easy to change encrusted thinking along these lines in certain sections of our Government. However, it seems to me the time has come, when we are taking a new look at the entire program of foreign aid, that the new look should include a reappraisal of the generous assistance we have given to Spain, to determine whether it may longer be necessary to yield to what, in effect, the Senator from Ohio has called blackmail—for that is what it amounts to, pretty much. We provided economic aid to Spain in exchange for permission to build our bases there at a cost of something over a billion dollars. If Franco is as anti-Communist as he is supposed to be, he should have welcomed our presence there without charge; but we were obliged to provide him with all kinds of economic assistance. I hope the time will come when such assistance will cease.

The Senator from Ohio is to be commended for discussing this subject in so forthright and impressive a manner.

Mr. YOUNG of Ohio. Mr. President, I thank the distinguished Senator from Alaska. I compliment and praise him for the fine leadership he has manifested at all times during his service in the Senate, and particularly during the past 2½ weeks, when the foreign assistance program has been debated in the Senate. The leadership of the Senator from Alaska in behalf of the taxpayers of the country, who have been paying tremendous sums for so-called foreign assistance, is highly commendable. Much of this money has been wasted on countries such as Spain and Haiti, where dictators of the extreme right are holding sway and are ruthlessly suppressing the civil liberties of their people.

Mr. GRUENING. In the course of the discussion of my amendment to bar military aid to Latin America, I shall

list the amounts of money we have given to those countries for military aid. The Senator from Ohio has mentioned Haiti. I find that we have given Haiti \$5,800,000 for military aid under our foreign assistance program. What has been the result? The result has been identical, more or less—a difference in degree, perhaps—with what has happened as a result of our providing military aid to other Latin American countries. It has not promoted the security of those countries. It has not guarded them against invasion, because they were in no danger of invasion. It has not strengthened their internal security; in fact, their internal security has actually been upset by the arms, tanks, machineguns, and airplanes we have provided them. So the Senator's point is well taken.

The amendment which I shall discuss today deals only with military aid to Latin America. Latin America has certain characteristics and qualities that are unique or different from other parts of the world. But in a general way, the motivation for the amendment applies also to other countries. Our aid to Franco—whatever else it has done—has enabled him to strengthen his dictatorial hold on the people of Spain. We have heard rumors lately that there are to be reforms. Those rumors start and gain currency about the time when the aid agreement with Spain is about to be renewed. These alleged promised reforms are held out as a little bait: "If you—the United States—give us some money, we will grant a little more freedom to our people." However, although agreements have been concluded, no real changes have been made by Spain.

Mr. President, the amendment which I have proposed and which is now before the Senate is cosponsored, I am proud to say, by the distinguished senior Senator from North Carolina [Mr. ERVIN], the distinguished junior Senator from Wisconsin [Mr. NELSON], the distinguished senior Senator from Wisconsin [Mr. PROXMIER], the distinguished junior Senator from Nevada [Mr. CANNON], the distinguished junior Senator from South Dakota [Mr. MCGOVERN], the distinguished senior Senator from Oregon [Mr. MORSE], and the distinguished junior Senator from Florida [Mr. SMATHERS]. The amendment provides:

That, except (1) to the extent necessary to fulfill prior commitments and (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.

This amendment would bar military assistance to Latin American countries unless, first, the aid is given to fulfill prior commitments or, second, the President finds that such aid is necessary for the security of the United States.

Most Senators will readily recognize that this amendment is little more than a sense-of-the-Congress amendment, since the authority given the President is very broad. However if enacted, it will

stop blanket military aid to Latin American countries, and will require justification by the President to the Congress in such individual cases as are permitted his discretion. The amendment would permit the President to give arms to Latin American countries for internal security purposes, to prevent or to put down internal insurrection. It can be argued at any time that the sending of arms there is not only of aid to their security, but also is useful and beneficial to the security of the United States.

Moreover, the amendment would not in any way prevent the United States from continuing to sell arms to Latin America. The amendment would not prevent the United States from keeping any prior commitment to supply military assistance to Latin America. I have little doubt that some such commitments—either expressed or implied, explicit or implicit—may have already been made. But the amendment would require that the Congress be specifically informed of each case.

However, this amendment, if adopted and enacted into law, would have one very salutary effect. It would cause those in charge of the military assistance program to pause and ponder before continuing to provide military assistance to every Latin American nation. What I object to is the existing policy that each Latin American nation is presumed to be eligible to receive our military assistance as a matter of course. That is what this amendment is designed to stop.

So far as I can determine, there has been no discrimination in the administration of this military assistance program in Latin America—and I use the word "discrimination" in its more favorable connotation, although the word has acquired an unfavorable connotation in connection with civil rights matters and other discrimination associated with any unfair practices. But in this case I use the word "discrimination" in the sense of meaning the use of good judgment and selectivity. Such selectivity has obviously not existed in our military aid program to Latin American countries. We have wished it on all of them.

So there has not been the use of good judgment in connection with our military aid program for the countries of Latin America. All of them have received our military assistance—including one enlightened small country which has abolished its military forces by constitutional amendment and does not want to reinstitute them. Even so, it, too, has received our military assistance. Too often we have pandered to the pride of military dictators there and have given them sophisticated armaments, to enable them to "keep up with the Joneses." In effect, we have contributed our share to a military buildup and armaments race in Latin America. Think of it, Mr. President. Although our professed purpose all over the world is to work for peace, we have, in effect, contributed our share to a military buildup and armaments race in Latin America.

I ask Senators to consider the feelings of U.S. fishermen who have been illegally taken from their fishing vessels while fishing on the high seas and have been

transported to a Latin American country in a vessel which was given to that country by the United States under its military assistance program. We should consider the feelings of such fishermen who are taken from their vessels—whether by Ecuador, Peru, or Chile—and imprisoned and fined, although the vessels used to arrest them illegally and take them to prison were given to those nations as a part of our military aid program. Is not that ironical—not to use a stronger word?

Last week there was considerable debate in the Senate on an amendment sponsored by the two distinguished Senators from California [Mr. KUCHEL and Mr. ENGLE]. Unfortunately, the junior Senator from California [Mr. ENGLE] was unable, because of illness, to be present in the Senate on that occasion. We are delighted with the good news that he is recovering rapidly. In any event, carrying the ball on that occasion for the two California Senators was the distinguished minority whip [Mr. KUCHEL], who pointed out that our fishermen who were fishing in international waters there were arrested, and he pointed out that one American fisherman was arrested by the crew of a patrol boat which we are told was formerly a vessel of the U.S. Navy, and another was arrested by the crew of an Ecuadorian vessel, also aboard a former U.S. naval vessel.

But the able Senator from California did not specifically point out, and I am not sure he was aware of it, that those vessels—gunboats, and cruisers—were given to certain Latin American countries as a part of our military aid program. What a fine situation that is. We give them the vessels for purposes of defense against some fancied foe, but they use them to arrest American fishermen and drag them to jail, where some of them were kept for several weeks. What a spectacle that is. I would hardly have imagined that that would happen, but it did happen. It is something for Ripley. American naval vessels given to those countries under our military aid program are used to arrest American fishermen, and take them to jail, and they are fined. I am curious to know what possible defense could be made of that application of our military aid program.

This amendment relates to the situation in connection with the countries of Latin America. Of course it is not a new subject.

In August 1962, I made an extended address to the Senate on this subject, and at that time I pointed out that, in my judgment, military aid to Latin America was defeating the purposes of the Alliance for Progress, and I documented it fully with the results in half a dozen countries where the arms the United States had given them had resulted in military overthrows, in military dictatorship and in instability—thwarting economic progress, social reform and peaceful development.

It might be apropos if at this time I quoted from the speech I then made in the Senate, because at that time, more than a year ago, I prophesied the development of this very situation; and I

pointed out that our military aid was upsetting existing governments.

I do not know whether the leadership is willing to accept this amendment, but I point out that it would give the President adequate latitude. But the amendment would establish an important principle, because, as I have said, under the amendment the President not only could fulfill prior commitments, but, in addition, whenever he thought such aid was in the interest of the national security—and, of course, that proviso could be very broadly administered—the President could extend such aid. The invasion of a Latin American country by an armed force might menace the security of the United States; and in that case the President could take appropriate action. But I feel that the kind of military aid we have been giving for a decade and a half carries out the purposes for which it was intended; namely, hemispheric security and mutual defense. I pointed all this out in a speech made earlier in this debate.

Mr. FULBRIGHT. Mr. President, will the Senator from Alaska yield?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Alaska yield to the Senator from Arkansas?

Mr. GRUENING. I yield.

Mr. FULBRIGHT. Would the Senator from Alaska agree to the inclusion in lines 7 and 8 of language which would cover a situation in which such countries were threatened with internal subversion? We know that today there is in Venezuela a very active internal Communist group which is threatening the security of that country. We are very much interested in maintaining the integrity of the present Government in Venezuela, which I think is the only Government which has a prospect of surviving there if the present Communist threat is surmounted. Would the Senator from Alaska agree that the words "necessary to safeguard the security" should refer not only to outside aggression, but also to internal subversion which might threaten the security of the country?

Mr. GRUENING. I agree. Perhaps it should be pointed out that under the amendment it would be possible for the United States to provide them with military assistance of a certain type—namely, small arms, pistols, rifles, tear gas, and so forth—but not tanks and naval vessels, which have been so greatly misused.

Of course, subversion is not confined to the use of military force; it also takes place by means of all kinds of intrigue.

If the chairman of the committee would accept the amendment in such form as to take care of cases of internal subversion, carried on by violence, I would be very happy to have him do so.

Our continuing acceptance of the general principle of hemispheric defense which was accepted generally when this program was called mutual security is no longer valid, for this is not now a matter of mutual security, but a matter of security against internal assault—although it might involve a threat to mutual security. Most of the upsets which have occurred in such countries have

occurred as the result of the activities of juntas which have threatened and overturned democratically instituted governments, or in some cases less democratically instituted governments. In any case, they have upset the then existing governments.

Mr. FULBRIGHT. Would the Senator also agree that the word "and" on line 5, immediately before the (2), should be "or"? It ought to be phrased alternatively, should it not? If the two were coupled together, there is a limitation requiring a prior commitment.

Mr. GRUENING. I would be very happy to have the Senator suggest some additional language. I should like to have stated as a principle that wholesale aid to Latin America allegedly for hemispheric defense be scrapped.

Mr. FULBRIGHT. That subject was discussed in the committee. The committee discussed its approval of some of the projects which involved cruisers and submarines. They were justified, not by the State Department, but by the military, as being necessary for hemispheric defense—patrolling access routes to Latin America, and so on. That was a number of years ago. That was the explanation given and insisted upon. The committee was critical of some of the proposed projects. As I recall—I believe in the case of Peru, and possibly in the case of Venezuela—cruisers or other fairly large naval vessels purchased from other countries were involved. I think we furnished them one or two, but not many.

The one item referred to was involved. We disapproved that on principle on the same ground that the Senator is now stating.

Mr. GRUENING. It seems to me that the situation could be satisfactorily resolved if we inserted language which would make it clear that the President could at any time act in relation to any individual country, rather than have in the bill a blanket arrangement for military aid to countries of Latin America, which aid to date has been given indiscriminately to every one of those countries, including Costa Rica, which by its constitution has abolished its army. Costa Rica went under the military aid program. It was not really military aid; it was civil aid. Jeeps, three planes, a patrol boat, and a Coast Guard cutter were involved. But it should not have been called military aid. It should not have been in the military program.

Mr. FULBRIGHT. I am not sure about that particular case, but the Senator knows that in administering the contingency fund, quite often allocation is required to be made in accordance with some other existing authority, which does not always include an accurate description of the purpose.

There are certain restrictions in the law in that connection. Sometimes it is called supporting assistance, as in the case of a country like Bolivia, when it does not conform to the usual criteria for supporting assistance, because no direct military aid is involved. But that was done because use of the contingency fund had to be in accordance with some other authority.

I questioned that policy. It was said that the contingency fund was always allocated under the authority of some other section of the act, even though it does not conform to the usual primary purpose of that particular allocation. That was true in one or two cases in which either military assistance or supporting assistance was used as a designation of certain aid, when it was neither one. It was actually the use of the contingency fund, and was administered in accordance with the provisions and restrictions applying to those particular categories.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I wish the attention of the Senator from Alaska [Mr. GRUENING] and the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT]. We are considering whether or not to reach an understanding in relation to the Senator's amendment that will accomplish the maximum amount of good and be acceptable to the administration and to the chairman. Let us face it. The real problem is in fact a psychological problem in Latin America.

If it becomes necessary to do so, I intend to use this afternoon to speak about some messages I have received from some of our best friends in Latin America, including Latin American presidents, who are very much concerned about what America's policy is to be in connection with the subject of military aid. They are democracies, but in some instances they are shaky democracies. They are fearful that they may not survive. But it seems to me that the important thing is that we try to arrive at some arrangement. I want the Senator from Alaska to know that I, as a cosponsor of the amendment, will go along with anything that the Senator from Alaska can work out in the way of an adjustment of the amendment whereby we would say to Latin America, "We will not give you any more military aid." That would not stop the training programs.

It would not stop purchases. We would say, "We are not going to give you any more military aid as such, unless in some specific case the President of the United States finds that in the interest of U.S. security—and he sets forth his reasons to Congress—it ought to be done." No one can stop that. I cannot conceive that anyone would want to stop it—certainly not the senior Senator from Oregon and, I am sure, the Senator from Alaska. But it would be a great psychological change in the bill. In my judgment the bill would then become a great psychological weapon throughout Latin America. It could be used by our friends. They would rest a little more secure. They would feel a little better. At present our friends in Latin America are worried.

This morning I had a conference with a prominent Latin American. I know whereof I speak when I say that my views are not singular to me but are shared in many high places in Latin America. The Senator from Oregon has some other amendments on military aid in connection with Latin America. We

cannot tell how the Senate will vote on them. I have an amendment in which I have proposed to cut \$10 million from proposed aid to Latin America. If an adjustment could be arrived at on the amendment, I would not offer it. The psychological value is more important. I think it would be worth many times the saving of \$10 million. A dollar sign cannot be put on the psychological value of the proposal.

The time has come, in America's self-interest, to serve notice on military groups in Latin America that we will not continue to build up a military caste system in many places in Latin America, which is not working in the direction of strengthening freedom in Latin America.

I must leave the floor of the Senate temporarily. I hope the Senator will protect my interests while I am gone. He always has, so far as my parliamentary rights are concerned. I wish the Senator from Alaska to know that any arrangement he can arrive at with the leadership in regard to the amendment will be acceptable to me.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I find the Senator's amendment very constructive. I believe it will serve a useful purpose in the bill. As the Senator from Alaska and the Senator from Oregon know, I have been very much concerned about the military assistance program in Latin America. I voted to reduce it because I felt that there were abuses of it, and that much of it was going for purposes other than purposes which would be helpful to our own security or even to the security of free institutions in Latin America. The record should be clear that our Government should cooperate with duly constituted governments in Latin America for internal security purposes, and to make sure that constitutionally elected government at least have a fighting chance to resist the guerrilla tactics and the forces of open violence and terror which are evident in such countries as Venezuela and Colombia, to mention two; but there are others. We do not want anything we do here to be interpreted as denying our cooperation to duly constituted and elected governments to protect their own security and their own democratic institutions.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MORSE. I wish to join in that statement. I never had any intention of weakening a democratic government in Latin America as it tries to meet any Communist threat. The need is for machineguns, rifles, pistols, tear gas, and the entire group of small arms necessary to meet the guerrillas. They do not need submarines, jet bombers, and heavy equipment, much of it obsolete to our purposes, anyway.

In my judgment, the amendment of the Senator from Alaska would give them protection of the kind they need, and would serve notice that they will not get the other kind of military aid.

Mr. HUMPHREY. I believe the Senator from Oregon is correct. I would add to the group of small arms which might be needed for internal security purposes by constitutional governments. Such an item, for example, as a helicopter might be helpful at present in Venezuela.

Mr. MORSE. That would be very helpful.

Mr. HUMPHREY. Let me say to the Senator from Alaska that the suggestion made by the chairman—that on line 5 the word “and” be changed to “or,” I believe would be helpful, because it would strengthen the amendment. I believe it would do much to eliminate any doubt as to its purpose.

Mr. MORSE. I have already told the chairman that I believed that would be good.

Mr. GRUENING. I should like to ask the Senator from Oregon to remain for a moment, while I suggest to the chairman additional language: On line 9, after the words “United States,” to add:

Or the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

In other words, when their safety is threatened we can give them arms.

Mr. HUMPHREY. I should hope so.

Mr. FULBRIGHT. I see nothing wrong with that.

Mr. GRUENING. Would the Senator from Arkansas accept that language?

Mr. FULBRIGHT. Yes. The Senator is making specific what we have said as a matter of legislative history. I should like what we have said, of course, to be the interpretation which we put upon the language.

Mr. MORSE. It must be. That is why I said what I said, to join the Senator from Minnesota in making legislative history as to the meaning of the amendment.

Mr. GRUENING. The point the Senator from Minnesota has made is a good one. Venezuela is threatened by subversive activities and faces violence; and that government needs weapons for its protection.

Mr. FULBRIGHT. Yes.

Mr. GRUENING. There are other such cases. In some others, the same situation does not exist. If we can obviate blanket assignments of military aid to all countries indiscriminately, I believe we shall have made a great improvement. That is what I hope to accomplish.

Mr. FULBRIGHT. In view of the statement of the Senator from Oregon with regard to the attitude on further cuts or changes in the bill, I would be disposed to accept the amendment with that understanding.

Mr. MORSE. I do not wish to be misunderstood. I am not going to offer any more proposals for any more cuts in reference to Latin America.

Mr. FULBRIGHT. That is what I understand.

Mr. MORSE. The Senator from Minnesota knows my position. I am going

to do my best to save another \$20 million. Three days ago I said that was my objective. I have \$20 million to go. There are other places where we can save money.

I am not asking for the help of the chairman, because I know he has the responsibility of fighting for the bill, and I admire him for it. The Senator from Minnesota knows where I believe other savings can be made. I am not asking the Senator from Minnesota to help. I do not expect to offer any more proposals for cuts in regard to Latin America, but I do not wish to get myself into a poor trading position. Like David Harum, I am too good a horse trader to be left with only one vote—and then be voted down.

Mr. HUMPHREY. The Senator from Oregon has never been outraded. I bought some cattle from him once. Many Senators already know of his ability not only as a great legislator and an outstanding Senator but also as one of the truly great David Harums of all time.

Mr. MORSE. Since the Senator from Minnesota bought the cattle, I have been looking in the mail each morning for a “conscience money” check from him, because that is what he owes me.

Mr. HUMPHREY. The Senator from Oregon should write to himself.

The PRESIDING OFFICER. If the Senator from Alaska has new language for his amendment, that he wishes to offer, will he please send it to the desk so that the clerk may report it?

Mr. GRUENING. Mr. President, I suggest the absence of a quorum, so that we can draft appropriate language.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I modify my amendment as follows: On line 9, after the words “United States,” add:

Or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. In line 9, after “United States,” it is proposed to add:

Or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

Mr. FULBRIGHT. I also understood that the word “and”, in line 5, just preceding the “(2)”, would be changed to “or”.

Mr. GRUENING. Yes.

Mr. FULBRIGHT. The Senator will change that in his amendment?

Mr. GRUENING. Yes; that is agreeable.

Mr. FULBRIGHT. The amendment, as modified, I am perfectly willing to accept.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. GRUENING. I am glad to yield.

Mr. CARLSON. As the chairman of the Senate Foreign Relations Committee and those of us who are members of the committee know, we spent hours discussing this very difficult problem of the military assistance program in Latin America and for other countries. I commend the Senator from Alaska for trying to devise a program, which I believe will be most helpful.

I appreciate very much the fact that our distinguished chairman has agreed to accept the amendment. In the future it will have a very beneficial effect on military expenditures and our military operations in Latin America. We do not wish to do anything that will not assist an established government to preserve itself in a sound and a safe position, because it is to our interest to keep this type of government in Latin America. I appreciate the efforts that have been made by the Senator from Alaska, and I commend him.

Mr. GRUENING. I thank the Senator from Kansas. I also greatly appreciate the cooperation and assistance of the distinguished chairman of the committee. If this provision is administered in accordance with the expressed will of the Congress, as indicated by this conversation, it will be helpful. We do not in any way desire to risk the security of any nation in this hemisphere, or our own, but we believe experience has shown that the blanket giving of military assistance to all countries, regardless of the necessity, was an error and has proved disastrous in a number of cases. With judicious application of this language, which really places the responsibility upon the President and his military advisers, we will accomplish a great step forward in promoting peace and obviating to a very large extent the military overthrows of constitutional governments, such as we have seen in Ecuador, in Peru, in Guatemala, and more recently in the Dominican Republic and in Honduras.

I believe this will have a very salutary effect in relation to the overthrow of governments, as in the case of Honduras, which took place a week before an election, and in the case of the Dominican Republic, which had had a truly democratic election.

I am glad to have this amendment accepted.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing military aid to Latin America, cumulative, from fiscal years 1946 to 1963, and the programed aid for fiscal year 1963.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Military aid to Latin America
[In millions of dollars]

Country	Cumulative, fiscal years 1946-63	Fiscal year 1963	Total, by countries
Argentina.....	48.7	2.7	51.14
Bolivia.....	5.6	1.6	7.2
Brazil.....	234.9	16.9	251.8
Chile.....	77.2	10.2	87.4
Colombia.....	58.4	8.4	66.8
Costa Rica.....	1.7	.7	2.4
Cuba.....	11.0	—	11.0
Dominican Republic.....	9.1	2.1	11.2
Ecuador.....	32.8	2.8	35.6
El Salvador.....	1.6	.6	2.2
Guatemala.....	7.0	2.0	9.0
Haiti.....	5.4	.4	5.8
Honduras.....	4.1	1.1	5.2
Mexico.....	7.2	1.2	8.4
Nicaragua.....	5.5	1.5	7.0
Panama.....	1.8	.8	2.6
Paraguay.....	1.9	.9	2.8
Peru.....	95.7	6.7	102.4
Uruguay.....	30.5	2.5	33.0
Venezuela.....	68.4	10.4	78.8
Regional.....	7.2	1.2	8.4
Total.....	715.7	74.7	790.4

The PRESIDING OFFICER. The question is on agreeing to amendment No. 235, as modified, proposed by the Senator from Alaska [Mr. GRUENING] for himself and other Senators, to insert certain words on page 41, after line 8, in the committee amendment in the nature of a substitute, as amended.

The modified amendment to the amendment, was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was adopted be reconsidered.

Mr. PASTORE and Mr. CARLSON moved to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPERT ANALYSIS OF U.S. BALANCE-OF-PAYMENTS PROBLEM

Mr. PROXMIRE. Mr. President, this morning the Joint Economic Committee continued hearing testimony on this country's critical balance-of-payments situation. Three of the outstanding experts in the world on the subject of balance of payments appeared before the committee. All three of the papers that were submitted were noteworthy. Two of those papers were concise and brief. One paper was presented by Prof. Milton Friedman of the University of Chicago, and the other paper was by Dr. Henry C. Wallich, also an extraordinarily able economist formerly a leading economic adviser in the Eisenhower administration.

These two papers tend to counterbalance each other. Mr. Friedman spoke very eloquently of the desirability of what he calls a floating exchange sys-

tem, or a flexible rate system, instead of having the present fixed dollar price pegged to the price of gold of \$35 an ounce; Professor Friedman pointed to the many advantages in this kind of system. It would mean that we would not have to rely, as we do now, on loans and sufferance of other countries, and we would not have to tie our own domestic economy to what happens in other countries, and in that way we would not have to restrain our use of our two great national economic weapons: fiscal policy and monetary policy, because of concern over what might happen to our international balance of payments.

In his view, the great advantage of this system would be that it would leave the determination of the value of the dollar to free economic forces. He said that this has been the historic way in which we have done it throughout much of our history up until about 1934.

Professor Friedman said that this would solve our balance-of-payments difficulties, and that we would not have our Federal domestic economic policy paralyzed by fear of international consequences.

Dr. Wallich took the contrary position. He did not agree that flexible rates represent a practical alternative. He conceded that there was a great measure of acceptance of flexible rates in the academic field. It seemed to me that Dr. Wallich was unable to come forward with any clear alternative. He had to agree that we were in great difficulty, and that any alternative system of adjusting to our balance of payments would be difficult to find and would require a long period of time.

Dr. Wallich answered point by point the excellent paper by Professor Friedman.

I believe that these papers would be of interest to all Senators who are concerned with our balance-of-payments problems. For that reason I ask unanimous consent that both papers be printed in the RECORD at this point in my remarks.

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

STATEMENT BEFORE JOINT ECONOMIC COMMITTEE, NOVEMBER 14, 1963, HEARINGS ON BALANCE OF PAYMENTS, BY MILTON FRIEDMAN, UNIVERSITY OF CHICAGO

Discussions of U.S. policy with respect to international payments tend to be dominated by our immediate balance-of-payments difficulties. I should like today to approach the question from a different, and I hope more constructive, direction. Let us begin by asking ourselves not merely how we can get out of our present difficulties but instead how we can fashion our international payments system so that it will best serve our needs for the long pull, how we can solve not merely this balance of payments problem but the balance-of-payments problem.

A shocking, and indeed, disgraceful feature of the present situation is the extent to which our frantic search for expedients to stave off balance-of-payments pressures has led us, on the one hand, to sacrifice major national objectives; and, on the other, to give enormous power to officials of foreign governments to affect what should be purely domestic matters. Foreign payments

amount to only some 5 percent of our total national income. Yet they have become a major factor in nearly every national policy.

I believe that a system of floating exchange rates would solve the balance-of-payments problem for the United States far more effectively than our present arrangements. Such a system would use the flexibility and efficiency of the free market to harmonize our small foreign trade sector with both the rest of our massive economy and the rest of the world; it would reduce problems of foreign payments to their proper dimensions and remove them as a major consideration in governmental policy about domestic matters and as a major preoccupation in international political negotiations; it would foster our national objectives rather than be an obstacle to their attainment.

To indicate the basis for this conclusion, let us consider the national objective with which our payments system is most directly connected: The promotion of a healthy and balanced growth of world trade, carried on, so far as possible, by private individuals and private enterprises with minimum intervention by governments. This has been a major objective of our whole postwar international economic policy, most recently expressed in the Trade Expansion Act of 1962. Success would knit the free world more closely together, and, by fostering the international division of labor, raise standards of living throughout the world, including the United States.

Suppose that we succeed in negotiating far-reaching reciprocal reductions in tariffs and other trade barriers with the Common Market and other countries.¹ Such reductions will expand trade in general but clearly will have different effects on different industries. The demand for the products of some will expand, for others contract. This is a phenomenon we are familiar with from our internal development. The capacity of our free enterprise system to adapt quickly and efficiently to such shifts, whether produced by changes in technology or tastes, has been a major source of our economic growth. The only additional element introduced by international trade is the fact that different currencies are involved, and this is where the payment mechanism comes in; its function is to keep this fact from being an additional source of disturbance.

An all around lowering of tariffs would tend to increase both our expenditures and our receipts in foreign currencies. There is no way of knowing in advance which increase would tend to be the greater and hence no way of knowing whether the initial effect would be toward a surplus or deficit in our balance-of-payments. What is clear is that we cannot hope to succeed in the objective of expanding world trade unless we can readily adjust to either outcome.²

¹ To simplify exposition I shall hereafter refer only to tariffs, letting these stand for the whole range of barriers to trade, including even the so-called "voluntary" limitation of exports.

² Many people concerned with our payments deficits hope that since we are operating further from full capacity than Europe, we could supply a substantial increase in exports whereas they could not. Implicitly, this assumes that European countries are prepared to see their surplus turned into a deficit, thereby contributing to the reduction of the deficits we have recently been experiencing in our balance-of-payments. Perhaps this would be the initial effect of tariff changes. But if the achievement of such a result is to be sine qua non of tariff agreement, we cannot hope for any significant reduction in barriers. We could be confident that exports would expand more than imports only if the tariff changes were one-sided indeed, with our trading partners

Suppose then that the initial effect is to increase our expenditures on imports more than our receipts from exports. How could we adjust to this outcome?

One method of adjustment is to draw on reserves or borrow from abroad to finance the excess increase in imports. The obvious objection to this method is that it is only a temporary device, and hence can be relied on only when the disturbance is temporary. But that is not the major objection. Even if we had very large reserves or could borrow large amounts from abroad, so that we could continue this expedient for many years, it is a most undesirable one. We can see why if we look at physical rather than financial magnitudes.

The physical counterpart to the financial deficit is a reduction of employment in industries competing with imports that is larger than the concurrent expansion of employment in export industries. So long as the financial deficit continues, the assumed tariff reductions create employment problems. But it is no part of the aim of tariff reductions to create unemployment at home or to promote employment abroad. The aim is a balanced expansion of trade, with exports rising along with imports and thereby providing employment opportunities to offset any reduction in employment resulting from increased imports.

Hence, simply drawing on reserves or borrowing abroad is a most unsatisfactory method of adjustment.

Another method of adjustment is to lower U.S. prices relative to foreign prices, since this would stimulate exports and discourage imports. If foreign countries are accommodating enough to engage in inflation, such a change in relative prices might require merely that the United States keep prices stable or even, that it simply keep them from rising as fast as foreign prices. But there is no necessity for foreign countries to be so accommodating, and we could hardly count on their being so accommodating. The use of this technique therefore involves a willingness to produce a decline in U.S. prices by tight monetary policy or tight fiscal policy or both. Given time, this method of adjustment would work. But in the interim, it would exact a heavy toll. It would be difficult or impossible to force down prices appreciably without producing a recession and considerable unemployment. To eliminate in the long run the unemployment resulting from the tariff changes, we should in the short run be creating cyclical unemployment. The cure might for a time be far worse than the disease.

This second method is therefore also most unsatisfactory. Yet these two methods—drawing on reserves and forcing down prices—are the only two methods available under our present international payment arrangements, which involve fixed exchange rates between the U.S. dollar and other currencies. Little wonder that we have so far made such disappointing progress toward the reduction of trade barriers, that our practice has differed so much from our preaching.

There is one other way and only one other way to adjust and that is by allowing (or forcing) the price of the U.S. dollar to fall in terms of other currencies. To a foreigner, U.S. goods can become cheaper in either of two ways—either because their prices in

the United States fall in terms of dollars or because the foreigner has to give up fewer units of his own currency to acquire a dollar, which is to say, the price of the dollar falls. For example, suppose a particular U.S. car sells for \$2,800 when a dollar costs 7 shillings, tuppence in British money (i.e., roughly £1 equals \$2.80). The price of the car is then £1,000 in British money. It is all the same to an Englishman—or even a Scotchman—whether the price of the car falls to \$2,500 while the price of a dollar remains 7 shillings, tuppence, or, alternatively, the price of the car remains \$2,800, while the price of a dollar falls to 6 shillings, 5 pence (i.e., roughly £1 equals \$3.11). In either case, the car costs the Englishman £900 rather than £1,000, which is what matters to him. Similarly, foreign goods can become more expensive to an American in either of two ways—either because the price in terms of foreign currency rises or because he has to give up more dollars to acquire a given amount of foreign currency.

Changes in exchange rates can therefore alter the relative price of U.S. and foreign goods in precisely the same way as can changes in internal prices in the United States and in foreign countries. And they can do so without requiring anything like the same internal adjustments. If the initial effect of the tariff reductions would be to create a deficit at the former exchange rate (or enlarge an existing deficit or reduce an existing surplus) and thereby increase unemployment, this effect can be entirely avoided by a change in exchange rates which will produce a balanced expansion in imports and exports without interfering with domestic employment, domestic prices, or domestic monetary and fiscal policy. The pig can be roasted without burning down the barn.

The situation is of course entirely symmetrical if the tariff changes should initially happen to expand our exports more than our imports. Under present circumstances, we would welcome such a result, and conceivably, if the matching deficit were experienced by countries currently running a surplus, they might permit it to occur without seeking to offset it. In that case, they and we would be using the first method of adjustment—changes in reserves or borrowing. But again, if we had started off from an even keel, this would be an undesirable method of adjustment. On our side, we should be sending out useful goods and receiving only foreign currencies in return. On the side of our partners, they would be using up reserves and tolerating the creation of unemployment.

The second method of adjusting to a surplus is to permit or force domestic prices to rise—which is of course what we did in part in the early postwar years when we were running large surpluses. Again, we should be forcing maladjustments on the whole economy to solve a problem arising from a small part of it—the 5 percent accounted for by foreign trade.

Again, these two methods are the only ones available under our present international payments arrangements, and neither is satisfactory.

The final method is to permit or force exchange rates to change—in this case, a rise in the price of the dollar in terms of foreign currencies. This solution is again specifically adapted to the specific problem of the balance of payments.

Changes in exchange rates can be produced in either of two general ways. One way is by a change in an official exchange rate; an official devaluation or appreciation from one fixed level which the government is committed to support to another fixed level. This is the method used by Britain in its postwar devaluation and by Germany in 1961 when the mark was appreciated. This is also the main method contemplated by the IMF which permits member nations

to change their exchange rates by 10 percent without consultation and by a larger amount after consultation and approval by the Fund. But this method has serious disadvantages. It makes a change in rates a matter of major moment, and hence there is a tendency to postpone any change as long as possible. Difficulties cumulate and a larger change is finally needed than would have been required if it could have been made promptly. By the time the change is made, everyone is aware that a change is pending and is certain about the direction of change. The result is to encourage a flight from a currency, if it is going to be devalued, or to a currency, if it is going to be appreciated.

There is in any event little basis for determining precisely what the new rate should be. Speculative movements increase the difficulty of judging what the new rate should be and introduce a systematic bias, making the change needed appear larger than it actually is. The result, particularly when devaluation occurs, is generally to lead officials to "play safe" by making an even larger change than the large change needed. The country is then left after the devaluation with a maladjustment precisely the opposite of that with which it started, and is thereby encouraged to follow policies it cannot sustain in the long run.

Even if all these difficulties could be avoided, this method of changing from one fixed rate to another has the disadvantage that it is necessarily discontinuous. Even if the new exchange rates are precisely correct when first established, they will not long remain correct.

A second and much better way in which changes in exchange rates can be produced is by permitting exchange rates to float, by allowing them to be determined from day to day in the market. This is the method which the United States used from 1862 to 1879, and again, in effect, from 1917 or so to about 1925, and again from 1933 to 1934. It is the method which Britain used from 1918 to 1925 and again from 1931 to 1939, and which Canada used for most of the interwar period and again from 1950 to May 1962. Under this method, exchange rates adjust themselves continuously, and market forces determine the magnitude of each change. There is no need for any official to decide by how much the rate should rise or fall. This is the method of the free market, the method that we adopt unquestioningly in a private enterprise economy for the bulk of goods and services. It is no less available for the price of one money in terms of another.

With a floating exchange rate, it is possible for governments to intervene and try to affect the rate by buying or selling, as the British exchange equalization fund did rather successfully in the 1930's, or by combining buying and selling with public announcements of intentions, as Canada did so disastrously in early 1962. On the whole, it seems to me undesirable to have government intervene, because there is a strong tendency for government agencies to try to peg the rate rather than to stabilize it, because they have no special advantage over private speculators in stabilizing it, because they can make far bigger mistakes than private speculators risking their own money, and because there is a tendency for them to cover up their mistakes by changing the rules—as the Canadian case so strikingly illustrates—rather than by reversing course. But this is an issue on which there is much difference of opinion among economists who are agreed in favoring floating rates. Clearly, it is possible to have a successful floating rate along with governmental speculation.

The great objective of tearing down trade barriers, of promoting a worldwide expansion of trade, of giving citizens of all countries, and especially the underdeveloped

making much greater reductions in tariffs than we make. Our major means of inducing other countries to reduce tariffs is to offer corresponding reductions in our tariff. More generally, there is little hope of continued and sizable liberalization of trade if liberalization is to be viewed simply as a device for correcting balance-of-payments difficulties. That way lies only backing and filling.

areas of public concern are more basic to our progress as a nation."

I hope that sound fare policies, route strengthening, hard work and constructive thought geared to load factor improvement will lead to a financially healthy local service industry, reasonable fares for the public, and sound subsidy reductions.

I said in 1958, and I repeat now, ALTA can be proud of its record of cooperation in the public interest; it has recognized that while we may disagree on method, our objective is a common one—the promotion of local air transportation in the public interest. We at the Board look forward to a continuance of our good relationship in working toward this objective.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DOUGLAS. Mr. President, I wish to discuss an issue raised on the floor of the Senate in the concluding minutes of the session last night. As Senators perhaps know, the foreign assistance act bill, as it was reported from the Committee on Foreign Relations, contains section 106 of the Agricultural Trade Development and Assistance Act, popularly known as Public Law 480, to broaden the definition of surplus agricultural commodities which may be sold abroad under that law to include—and this is the language of the committee:

Any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

On the 28th and 31st of last month, in the course of the debate on the pending bill, I, in conjunction with certain other Senators, discussed the importance of the fact that this amendment includes within the definition of "surplus agricultural commodities" a product which is improperly called "fish flour"—and this is a semantic error—but which can more properly be described as high protein fish concentrate.

Last evening the distinguished Senator from Kansas [Mr. CARLSON], according to the CONGRESSIONAL RECORD on pages 20697 through 20700, proposed a previously unprinted and unannounced amendment specifically to exclude this product from the definition of agricultural products; and to this amendment was added a modification suggested by the Senator from Rhode Island [Mr. PASTORE]:

Until approved by the Food and Drug Administration.

I regret that despite the fact that I believe it was well known that I was deeply interested in this subject, and despite the fact that there had been two previous colloquies on this subject during the debate on the pending bill, I was not notified of the amendment. The amendment was accepted, without thorough discussion, in the course of a few minutes.

In my judgment, the inclusion of high protein fish concentrate—and that is what this product should be called—

under Public Law 480 is vital to the American fishing industry on both the Atlantic and Pacific coasts, on the Great Lakes, and in the Gulf of Mexico.

The National Academy of Sciences has carefully studied this product, and last year declared it to be nutritious, safe, and wholesome.

Mr. President, it is unnecessary to qualify the National Academy of Sciences. It is the foremost scientific body in the Nation. It is the "House of Lords" of American science. It gave complete approval to this high protein fish concentrate for use domestically and otherwise.

THE QUALITIES OF HIGH PROTEIN FISH CONCENTRATE

As I demonstrated on the floor of the Senate on October 31, this concentrate contains up to 85 percent protein. It can be produced cheaply in mass production at a cost of probably not to exceed 14 cents a pound. It can be preserved almost indefinitely in any climate, without refrigeration or costly storage expense.

The addition of low-cost protein to the diet of the people of underdeveloped areas of the world is extremely important to our national policy of improving the health and vitality of protein-deficient societies.

One of the great difficulties of the tropics is that because of the great heat, meat will not keep, fish will not keep, and milk will not keep. Therefore, the diet of the people of those localities tends to be starchy in nature, deficient in proteins, and deficient in vitamins. Fish concentrate provides an inexpensive, practical way to provide proteins for those people, especially in tropical areas where their sources of protein decompose rapidly without costly refrigeration.

I am grateful to the Senator from Rhode Island [Mr. PASTORE] for adding to the proviso that the fish concentrate shall be barred, the further qualification until "it has been approved by the Food and Drug Administration."

Perhaps a little history on this point is in order. Despite the conclusion of the National Academy of Sciences, the Food and Drug Administrator, Mr. George P. Larrick, has refused to permit the sale and distribution of fish concentrate for domestic use. He admits that it is wholesome, that it is safe, and that it is nutritious; but he says it raises unaesthetic thoughts in the minds of people, since it is made from the whole fish.

The methods of producing fish concentrate involve not only the compression of the fish, but a thorough washing in many solutions of water and alcohol. The residue is then baked thoroughly, so that there are no bacteria and no germs. Finally, it is ground into a fine powder. The product is completely sterile and highly nutritious. It could revolutionize the diet of the world.

THE OBJECTIONS OF MR. LARRICK

Nevertheless, Mr. Larrick raises aesthetic objections. I had not known that the function of the Food and Drug Administrator was to pass on the aesthetics of the American people. I had thought the function of the Food and Drug Administrator was to protect the health of the American people. But Mr.

Larrick has become an authority, so he says, on aesthetics, and has made a ruling on that basis.

Probably what is behind this opposition—and I think I can substantiate my charge—is the semantic use of the term which is employed—"fish flour." The term "fish flour" arouses the passions of the wheat interests, of the milling interests, and of the bakeries. They have conjured up spectacles of loaves of bread made of fish flour. I have brought along with me my can of fish flour. It looks like brown flour, but it is a protein concentrate; whereas bread is primarily starch, and indeed, under modern methods of milling, is almost exclusively starch. So the great wheat belt, the milling group, and the bread distributors have risen to arms. I think they are powerful influences upon Mr. Larrick.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield to my genial friend from Vermont.

Mr. AIKEN. I have been intrigued by the reference of the Senator from Illinois to the aesthetic something—

Mr. DOUGLAS. No; those are Mr. Larrick's words; they are not mine.

Mr. AIKEN. Very well. We all know that corn-fed steers and corn-fed hogs produce the choicest meat.

Mr. DOUGLAS. I am glad the Senator from Vermont appreciates the quality of corn.

Mr. AIKEN. Does the Senator from Illinois believe that a fish dealer should have in his window a card stating: "These fish were fattened on the choicest worms"?

Mr. DOUGLAS. No; it is Mr. Larrick who suggests the fattening on choice worms, because he permits to be distributed chocolate covered bees, chocolate covered ants, and dried fish which have roaches in them; and these products are sold under the imprimatur of the Food and Drug Administration.

Mr. AIKEN. Would the Senator from Illinois object to the description "worm fattened fish"?

Mr. DOUGLAS. If one probes the basic sources of energy and the ultimate and intimate function of every living creature, one gets into many features which in polite conversation are not mentioned.

Certainly the question is whether the end result is all right.

Mr. AIKEN. And we get back to the same basis of origin.

Mr. DOUGLAS. Yes.

Mr. AIKEN. Does not the Senator believe that in order to qualify as a United States commodity in surplus supply, such a fish product must originate within United States territorial waters? Would not it be going too far afield to provide that fish caught off the coast of Peru or off the coast of Newfoundland or in some other distant water is a United States commodity which at times is found in surplus supply? Should not we restrict this provision to that extent?

Mr. DOUGLAS. I think the provision already does; it deals with any product in surplus supply in the United States.

Mr. AIKEN. I think the reference is to any domestically produced com-

modity. But should fish which are caught off the coast of Peru or Patagonia be included under that provision?

Mr. DOUGLAS. Well, there is a fish flour factory in New Bedford, Mass.

Mr. AIKEN. Is it in existence at the present time?

Mr. DOUGLAS. It is capable of being in existence; but I think it has been forced to produce fish fertilizer, because of the ruling of the Administrator of the Food and Drug Administration.

Mr. BARTLETT. Mr. President, will the Senator from Illinois yield to me, so that I may comment on the point raised by the Senator from Vermont?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. Aside from the fish concentrate addition to the amendment, certainly it does not require that fish later found to be in surplus supply must have been caught within the territorial limits of the United States; but it provides that they must be domestically produced—in other words, caught by U.S. fishermen on U.S. vessels and processed within the United States.

Mr. AIKEN. But why should fish which are caught 5,000 miles from the United States be considered a U.S. domestically produced commodity?

Mr. DOUGLAS. Does he imply that such fish are "poor fish"?

Mr. BARTLETT. Because they are caught by American fishermen on American fishing vessels, and subsequently are processed in the United States.

Mr. AIKEN. But why should the expense of handling them under our surplus commodity program be charged to the American farmers? Why should fish which swim in the ocean off the coast of Peru or off the coast of Chile be considered as part of our surplus commodity program, and why should the expenses in that connection be charged to the expenses for the program for the American farmers?

Mr. DOUGLAS. I happen to have been among the group of Senators, along with the Senator from Minnesota [Mr. HUMPHREY], who helped to enact Public Law 480. Is it now to be said that this law applies only to products raised on the soil of the United States, and does not apply to nutriment drawn from the sea?

Mr. AIKEN. No; but the expense in that connection should not be charged to the cost of the program for food products drawn from the soil of the United States.

Mr. DOUGLAS. I think such an attitude is unbecoming of the Senator from Vermont, who generally is extremely kind.

Mr. AIKEN. But this is a practical matter, and I am not concerned with whether I am regarded as taking an unbecoming position.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. BAYH in the chair). Does the Senator from Illinois yield to the Senator from Rhode Island?

Mr. DOUGLAS. I yield.

Mr. PASTORE. As a matter of fact, the cost of the operations under Public Law 480 is paid by all the taxpayers of

the United States. In this case, the point is that if fish are in surplus supply, the fishermen should be treated with the same equity and justice that the farmers are.

So far as having the cost charged to anyone is concerned, the charge is against the American taxpayers; they are the ones who pay the whole bill.

Mr. BARTLETT. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. This amendment applies only to title I and title IV. Title IV does not involve any cost to the American taxpayers, for such sales require repayment in dollars. The same is true under title I which results in making available to us, in other countries, foreign currencies, and in that way they help reduce our balance-of-payments deficit.

Mr. DOUGLAS. I thank the Senator from Alaska.

Mr. GRUENING. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield.

Mr. GRUENING. I should like to comment on the statement made by the able and distinguished senior Senator from Rhode Island [Mr. PASTORE], who pointed out what has long been obvious—namely, that we have done much for those who produce from the land, but we have not done that for those who produce from the sea.

If we adopt a program of Government payments to those who do not produce, what a bonanza that would be for fishermen who go to sea and seek fish, but are unable to catch any.

Mr. DOUGLAS. Yes, many would be rewarded.

Mr. ERVIN. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. Yes; and I know we are about to be regaled by something humorous.

Mr. ERVIN. Mr. President, I am in favor of this amendment, because I like to go fishing. However, for some reason I get no cooperation from the fish. So I am interested in doing something for those who seek to catch fish, but get no cooperation.

Mr. DOUGLAS. Yes. Therefore the Senator from North Carolina should support this motion and then vote against the Carlson amendment.

Mr. ERVIN. A considerable amount of this product is produced in North Carolina; but we call it fish meal, instead of fish flour.

Mr. DOUGLAS. Yes. That is primarily for fertilizer purposes or for animal feed, is it not?

Mr. ERVIN. It is for animal feed.

Mr. DOUGLAS. But not for human consumption.

Mr. ERVIN. Yes.

I should like to obtain the opinion of the Senator from Illinois—

Mr. DOUGLAS. But I am not a lawyer.

Mr. ERVIN. But I should like to obtain the Senator's opinion as to whether this amendment covers fish meal. If it does and if the amendment would result in taking out fish meal, but not in taking out fish flour, I know how the interest

of my constituents would require me to vote.

Mr. PASTORE. I do not think it is necessary to be a legal authority in order to make this determination. The only reason why the Senator from Illinois and I are a little put out is that over the years Congress has been concerned with the problems of agriculture. In my 13 years in the Senate, I have voted to provide all the support possible for the American farmers; and when I was told that the farmers were in trouble, I joined in voting to relieve them—as the Senator from Illinois [Mr. DOUGLAS], the Senator from Kansas [Mr. CARLSON], and other Senators have. But now we are told that the fishermen are in trouble.

We should remember that under this provision, the supply must be in surplus. If the supply of fish is in surplus—as are wheat and corn—we say it should be exportable under Public Law 480, in the way that agricultural commodities are. What is so unfair about that? Yet we are being told, by implication and innuendo, that if fish flour is not excluded—

Mr. DOUGLAS. High protein fish concentrate.

Mr. PASTORE. The Senator from Illinois resents having it called fish flour; but the technical name used makes no difference to me, because a rose by any other name still smells like a rose.

Mr. CARLSON. And fish flour certainly smells.

Mr. DOUGLAS. No; it does not smell at all. [Laughter.]

Mr. PASTORE. I am no judge of that. The Senator from Illinois properly thinks this should be called fish protein concentrate, but the wheat producers have told us that if we do not exclude fish flour as such, all fish products may be excluded.

Mr. DOUGLAS. Is that true? Have they so threatened?

Mr. PASTORE. No; I said by implication and innuendo. I would not throw up both my hands. I am not ready to quit yet. All I am saying is that we have helped Senators in the past, not because of any particular generosity on our part, but because we knew that the wheat producers were in trouble. We knew that the product was in surplus. There are other hungry mouths throughout the world. So let us help people. That is the spirit of generosity in America.

But now those people are saying, "We do not live by bread alone. We would like to have a sardine on our slice of bread."

Mr. DOUGLAS. Particularly on Friday.

Mr. PASTORE. So why do we not put a sardine on their bread? That is not a fish story; that is a healthy combination—sardine on rye. That is all the amendment is about. I hope that the Senate will reconsider the amendment. I hope that Senators will repent their action of yesterday, and say that this is all one vote. This is one American vote. We will be generous not only with bread, but with our sardines as well.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I shall yield in a moment, but I would like to complete my statement.

THE FOOLISH FEARS OF THE WHEAT PRODUCERS

Producers in the wheat belt are afraid of the term "flour." They are afraid that if high-protein fish concentrate is sent abroad, it will be baked into bread, and in the future bread will be made of high-protein fish concentrate instead of wheat.

That is a foolish fear. I believe it is largely due to the semantic error of initially caused by calling the product "fish flour." I believe it is true that upon occasion I have been guilty of doing so. But fish concentrate is a protein and flour is primarily a starch. American millers, take out the wheat germ, which has a high vitamin content, and sell the remainder, which is largely starch, to the American people. They then feed the wheat germ to the hogs, and the hogs fare better than the people.

It has been impossible to obtain action from either the Food and Drug Administration or the Department of Agriculture to correct that process. I believe the millers are afraid that if the wheat germ were retained in the flour, they would have to change their grinders, which are now metallic, and substitute a different set of machinery. But that is somewhat aside from the point. There is no reason for the wheat belt to be afraid. Fish concentrate will not be a substitute for bread. It is a powder which can be sprinkled on rice and on other starchy products—even, as the Senator from Rhode Island has frankly said, on the bread itself—compensating perhaps for any deficiency in the bread by the high protein content of the fish, which will put bone and muscle into the bodies of the scrawny and undernourished people in the hot places of the world.

We hear the argument—"Yes, but the product is already permitted for export; it is only prohibited from domestic use."

Under Mr. Larrick's ruling that is true. But we all know what will happen so long as that disqualification is retained domestically. The Communists will "go to town" internationally and say that we are sending abroad commodities which we say are not fit for consumption at home.

I wish to say something further about the bias which is inherent in the Food and Drug Administration.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Kentucky, although I do not wish to forget that the Senator from Kansas desires to speak.

Mr. COOPER. Is there available any information, in terms of dollars, pounds or bushels, as to how much of that fish flour is in surplus?

Mr. DOUGLAS. There is already a plant in New Bedford, Mass., which could produce fish concentrate in appreciable quantity, but at present it is prevented from doing so because of the disqualification attached to domestic sales of the product.

Mr. COOPER. Does the Senator have any idea what value would be involved?

Mr. DOUGLAS. I do not know in terms of tons, but it would probably be an appreciable quantity.

Mr. COOPER. Is there any demand for the product abroad?

Mr. DOUGLAS. Yes, there is. Experiments have been made in Mexico, and, I believe, in Peru. In both cases the product has proved its worth. The sponsor has given it away, and the public health authorities have tried it out in the diets of children, and its nutritional value has been proved.

Mr. COOPER. Being an inlander, I have no idea what fish flour looks like.

Mr. DOUGLAS. Does not the Senator have any idea what it looks like?

Mr. COOPER. Is it spread on bread or is it taken by the spoonful?

Mr. DOUGLAS. I am delighted to bring to the Senator from Kentucky some of the high protein fish concentrate that I have with me in the Chamber. I invite him to taste and see for himself. I shall even give some to the Senator from Kansas.

Mr. CARLSON. No; I do not want any.

Mr. DOUGLAS. Fishmeal factories could be transformed into fish flour factories. I once went by a factory at Lewes, Del., and at a distance of 1 mile, I could tell that it was a fish meal factory. [Laughter.] But fish concentrate has no odor and can be made without taste if that is desired.

There is a great potential market for the product if it can be developed. One way to start production is under Public Law 480. A demand for the product could be built up and expanded. It would be a great thing for North Carolina and for all areas in which fishmeal factories and processing plants are located.

THE BIAS OF THE FOOD AND DRUG ADMINISTRATION

I should like to return to what I believe is the built-in bias of the Food and Drug Administration against improved bread.

In the latter part of the late war Professor McCay of Cornell developed an unbleached flour which was enriched with wheat germ, soybean, and a high proportion of milk solids. Tests under the McCay-Cornell formula, were performed on rats. The rats were also tested on commercial white bread. Interestingly enough, the rats fed on commercial wheat bread became sickly, starved looking, and produced stupid offspring. All of them died off, and the strain became extinct before the fourth generation of rats.

On the other hand, rats fed on the McCay-Cornell formula thrived, as did their offspring, going from greater strength to greater strength through the fourth generation. That was a test between the bread which had been wheat germ, soybean-high proportional milk solids as well as flour—unbleached flour, I might add—and commercial flour. What happened? The entrenched bread interests screamed to high heaven. They protested about the improved bread that was coming onto the market.

At that time I believe Mr. Larrick was Assistant Commissioner. Later he be-

came Deputy Commissioner and then moved up to Commissioner. But at that time he was Assistant Commissioner. I believe that experiment brought the Food and Drug Administration on the run to protect the producers, and Dr. McCay's bread could not be sold in interstate commerce as bread.

Why? They said it was too good to be called bread. The FDA wanted to call it cake. They evidently had read Marie Antoinette's alleged comment when the workingmen of Paris were demonstrating. Marie Antoinette is alleged to have said, "What are they demonstrating about?"

Her advisers said, "They want bread."

Marie Antoinette is supposed to have made the frivolous remark, "Let them eat cake."

Here we have Marie Antoinette in the Food and Drug Administration, saying that this bread was too good to be called bread, and therefore it should be called cake.

We can imagine how attractive it would be to people who want bread, who said, "We want the Cornell bread," if they were told, "Oh, you cannot get Cornell bread; you must take Cornell cake." Cake is valuable, but it is not the staff of life as bread is the staff of life.

So there was a terrific battle with the Food and Drug Administration. I had recently come to the Senate, and tried to apply not pressure but discreet education. Finally we got a partial modification of the ruling of the Food and Drug Administration.

In other words, the bread manufacturers and the millers were so powerful that they were able to get the Food and Drug Administration to completely twist the meaning of the original food and drug law. The original purpose of the law was to put a floor of quality under products, so that they would not fall below a given standard of quality. Now the Food and Drug Administration was trying to impose a ceiling on products, by providing they cannot be too good.

I have had further difficulty, not so much with the Food and Drug Administration as with the Department of Agriculture, in trying to get them to adequately test a flour which retains the wheat germ. I say to the Senator from Kansas, that would be a great boon to the wheat industry, because bread is now so tasteless that people do not eat much of it. If we could make bread more attractive to people, there would be an enormous increase in its consumption. We have been trying to do this, but the millers are opposed to it because they have their machinery set up to take out the wheat germ prior to grinding. The technical difficulty is that if they grind the wheat germ with solid metal rollers, it will be crushed, and oil will mix with the flour, which will then rancify and spoil.

The new process would not crush the germ but would retain it in the flour. This would require new milling machinery, at a capital investment the millers do not wish to make. The millers have been holding up this development in the field of dietetics, just as they are

now trying to hinder the sale of high protein fish concentrate.

The Senator from Kansas is one of the nicest fellows in this body. He is kindly and generous, and I have never known him to utter an unkind word.

The Wheat Belt need not worry about this. I emphasize again that there has been a semantic error in calling this "fish flour." The word "flour" has stirred up the ire and the resentment of the whole Wheat Belt, of the millers, and the breadmakers. They have sprung to arms to prevent any new product coming in.

I repeat that this will not make bread. It is a protein, not a starch. It will be used, instead, on products such as potatoes, in soups, on rice and oatmeal, and on many others. It could be of incalculable benefit to people in the tropics. If we could get this developed and appreciated, there would be a large commercial market which would be opened up as well.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I am much impressed with the case the Senator from Illinois has developed this afternoon. I believe the basic argument in support of what he is trying to do, in addition to the economic interest expressed by the Senator from Rhode Island, is that a protein shortage is the really critical food problem in the world today. When one travels in an area such as in most of Africa, one finds that practically every child is suffering from a damaging shortage of protein food. This disease is called kwashiokar. We have all seen its effects, in the distended bellies and skinny arms and legs of children. We see it all over the underdeveloped areas of the world. The disease stems not so much from a shortage of food as from a shortage of protein. Many of those people have enough calories but not the kind of high-protein concentrate the Senator from Illinois is talking about.

I believe, if we wish to strengthen our food-for-peace program—a program which enjoys the support, so far as I know, of every Senator—we could make a great contribution to the program, with little cost to the taxpayers, by including fish and fish products under the terms of the program.

I know that some people in the wheat country are disturbed about this. I come from a wheat State and I understand the anxiety expressed this afternoon; but I believe it is not well founded. I believe there is no real foundation for it at all. It does not make any more sense to oppose adding a little protein to our cereal diet than it would to oppose vitamin-enriched bread. We do not oppose vitamins even though we are interested in the welfare of the milling industry.

As the Senator from Illinois has said, we might find a broader market for our wheat products and our bread if we could include with it some of the other foods which the world is so desperately anxious to get. We can do this, as I say, at small cost.

I endorse what the Senator from Illinois is trying to accomplish.

Mr. DOUGLAS. I deeply appreciate what the Senator from South Dakota has said. For almost 2 years he was the Director of the Food-for-Peace program and played a great part in helping to bring better nutrition to these other areas of the world. When he speaks on this subject—coming from a wheat State as he does—he has a proper concern for the industries of his State.

This is very significant testimony. I should like to ask the Senator from South Dakota: Is it not true that all the tests which the Senator had made, when he was Director of the Food-for-Peace program, indicated this product was wholesome, safe, highly nutritious, and met the great vitamin shortage which is characteristic of the underfed areas of the world?

Mr. McGOVERN. There is no question about that. That has been the experience in the tests which have been conducted in Mexico City. That has been the experience in Peru. Wherever this matter has been put to a valid test, the results have indicated the wisdom of what the Senator from Illinois is now trying to accomplish.

Mr. CARLSON rose.

Mr. DOUGLAS. Mr. President, I believe I should now yield to the Senator from Kansas [Mr. CARLSON], because I believe I shut him off a little prematurely before. However, I did wish to make my substantive case before I yielded to him.

I am not certain of the program of my opponents. I would make the motion to reconsider now, were I not to be immediately faced with a motion to table.

Mr. CARLSON. I assure the Senator from Illinois that I expect to make a motion to table, but I certainly will not shut off debate for the Senator from Illinois, or for any other Senator.

Mr. DOUGLAS. If the motion to table is made, I shall ask for a live quorum.

I think this is, in the main, the substantive case which I wish to make.

I do not like to pin medals on myself. I could have made this motion last night, but the Senator from Kansas was not present on the floor. I therefore withheld the motion until today, when he could be present. I therefore extended a very proper courtesy to him, which through lack of communication, and for one reason or another, was not extended to me. But this is only what one should do.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. PASTORE. I think the RECORD ought to be clear with regard to what took place yesterday when the Senator from Kansas suggested his amendment. Realizing that the Senator in charge of the bill was ready to accept the amendment, I suggested a modification, which the Senator from Kansas, in his usual, gracious way, agreed to accept. As the matter stands now, fish flour, or high protein concentrate, is included if it is approved by the Food and Drug Admin-

istration as an edible product. That qualification is made.

The RECORD ought to show what took place yesterday.

Mr. DOUGLAS. That is true.

Mr. PASTORE. I know the Senator from Illinois feels that that qualification ought not to be required. I realize that is the way he feels. But I think the RECORD ought to show what was accomplished in his absence.

Mr. DOUGLAS. What the Senator from Rhode Island has stated is correct. The point is that as long as George P. Larrick is head of the Food and Drug Administration, high protein concentrate—alias fish flour—will probably never be ruled as being acceptable for human consumption, regardless of the fact that the National Academy of Sciences has approved it.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. When this question arose last night, it came up very suddenly, because the Senator from Louisiana [Mr. ELLENDER] had asked for a rollcall and was about to make an extended speech. Then he agreed to modify his amendment. That left the committee amendment open to further amendment.

The Senator from Kansas [Mr. CARLSON] offered his amendment, which the chairman of the committee accepted, and the whole matter took less than 5 minutes.

I personally looked for the Senator from Illinois. There was not time to bring him to the floor. I knew he was not entirely in agreement with the amendment. In my opinion, it was the most satisfactory way to do it under the circumstances.

I make this statement in fairness to Senators like the Senator from Rhode Island, the Senator from Alaska, and other Senators who are in the Chamber.

Mr. DOUGLAS. I wish to make it clear that I am not blaming anyone. I am only explaining how it happened that I did not make a protest at the time. I was not on the floor because I was not notified as to what was coming up. I am trying to play fair with my opponents. I tried to play fair by not making a motion to reconsider last night.

Mr. BARTLETT. Mr. President, will the Senator yield on that point?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. It should be said, in fairness to the Senator from Kansas, who realized the great interest of the Senator from Illinois in the subject, that he did not at the time, immediately after the modified amendment was accepted, follow the usual parliamentary procedure, which, as I understand, would have foreclosed the Senator from Illinois from doing that which he is now doing. That, I am sure, was in deference to the knowledge of the Senator from Kansas that the Senator from Illinois would want to be heard on this issue.

Mr. DOUGLAS. We try to treat each other as gentlemen. Perhaps I should not have mentioned the fact that I was not notified. I thank the Senator from

Rhode Island for the further amendment he offered, which prevented it from being an outright disqualification. I am grateful to him for that. I am grateful that the matter was not finally settled by making a motion to reconsider, which would have been immediately defeated.

With the passage of time, we have had an opportunity to consider it. I hope, when I make the motion to reconsider, it will be adopted.

I hope my friend will not make a motion to table, but that the Senate will be able to vote on a motion to reconsider, because a motion to table would require three steps rather than two, and I do not wish to hold up consideration of the foreign aid bill unduly.

Mr. CARLSON. Mr. President, I appreciate very much the statement of the Senator from Illinois. Two or three comments should be made. Some have been mentioned already.

In the first place, it was stated on the floor that those of us from farm States should have sympathy with those from other areas, particularly when it comes to fish and the amendment under discussion.

Last night I stated that I supported the amendment. I think I can state frankly that if in committee I had opposed the amendment, I doubt if it would have been in the bill. I did not oppose it. I do not oppose it now. I had one consideration in mind last night, and that is in regard to the amendment which I submitted, which I think is a fair amendment.

Why should we urge people who are hungry and starving to eat a product that our own Food and Drug Administration does not approve for use in our own country?

In the second place, I used the term "fish flour." I got that term from the Senator from Illinois. I did not pick it out myself. I have been hearing the term "protein concentrate." But it is still the same product. Call it by any other name, it is still fish flour. That is what they have been trying to sell it as for years, and they have not succeeded in doing it.

Last night I did not know this amendment was to be called up. I did not call it up. I did not have a written amendment, but when the amendment was called up, it occurred to me that it was then or never. That is the reason why I offered the language stating that the sale of products under Public Law 480 should not contain fish flour without the approval of the Food and Drug Administration. It is that simple. When the Senator from Rhode Island made his suggestion, I had no objection. I would not oppose the sale of food to foreign lands for the use of hungry people if such food were approved by the Food and Drug Administration.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. DOUGLAS. Does the Senator place greater trust in the Food and Drug Administration than he does in the National Academy of Sciences?

Mr. CARLSON. I am not familiar with the National Academy of Sciences,

but our Nation has had the benefit of the Food and Drug Administration for many years. The Administration has rendered great service to the country. I could mention many products from which the Administration has protected our people.

There has been some talk about what a great product it is. What is this product? Let me read what it is.

This product would be made by grinding whole fish of any variety, including scavenger fish and other fish not commonly considered edible, taken from oceans, inland waterways, swamps, and other sources, and would include everything in and on the fish—head, eyes, scales, fins, intestines, contents of intestines, worms, and parasites. Thus, the product would consist in part of "filthy, putrid, or decomposed" substances within the meaning of the act.

Still, we would want to grind up that product, call it fish flour, and force it on hungry people in other lands. I will not be a party to it.

The Senator from Illinois made a statement about the Food and Drug Administration. Over a long period of years the Food and Drug Administration has consistently taken the position, which the courts have consistently upheld, that an article of food containing such substances is adulterated. For example, the courts have held that fish containing parasitic worms, butter containing rodent hair, flies, feather parts, or insect filth, flour or sugar or bread containing rodent hairs, rodent excreta, or insect fragments, and tomato paste containing corn ear worms and their excreta, were adulterated within the meaning of the act.

This is not something new. I do not want to stand here today and permit an amendment to the language that would permit exportation of items that are considered not to be fit for human consumption in this country. I have no objection to selling them all kinds of fish.

If the Senator from Illinois will read the report of the committee on this particular subject, I think he will agree that there is no question as to what the committee had in mind. I read:

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies.

To the Senator from South Dakota, I say that fish is a great protein food. I have no objection to our selling it. The Senator pointed to the need for it in certain countries, but I do not think there is a need for fish flour made as I have described it. That is the basis for my objection.

I continue to read from the report:

This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I believe the distinguished Senator said that this product was not in surplus, but it could be made a surplus product. That is not the purpose of Public Law 480.

The purpose of that law is to take commodities which are already in surplus and dispose of them, and not try to produce others.

As I have read from the report:

The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I do not understand how the fish people can ask for any more than that. They are on the same basis. Yet they come to us and seek the adoption of an amendment to place on sale under Public Law 480 a product that has not been approved by the Food and Drug Administration. Whenever the Food and Drug Administration approves it, and if the amendment is adopted, of course it will be sold. I am on sound ground.

I was generous with the Senator from Illinois, as the Senator from Alaska has mentioned. I could have prevented this debate, and it would have been a simple thing for me to do. All I would have had to do would be to make a motion to reconsider, and I am sure it would have been adopted. Then the Senator would have been finished. I did not want to do that. I wanted him to have an opportunity to do what he is doing now. I am not going to try to shut him off now. He can use all afternoon to discuss this amendment. Finally I will make my motion to lay his motion on the table.

Mr. DOUGLAS. Mr. President, I have not yet made my motion. I appreciate the generous comments of my distinguished friend from Kansas. He is one of the most even-tempered men in the Senate. He is a delight to all of us. He mentioned the opinion of the Food and Drug Administration. I hold in my hand a report of the National Academy of Sciences, signed by Mr. Frederick Seitz, the President, under date of November 6, 1962, transmitting a report of the committee of the National Academy of Sciences which considered this product. They were asked this question: "Can a wholesome, safe, nutritious product be made from whole fish?"

The report states:

The committee concluded that a wholesome, safe, and nutritious product can be made from the whole fish. The committee accepted the definition of "a wholesome product" to be a product which is healthful and promotes physical well-being. Products are currently available, produced in the laboratory or in pilot plants, which have been shown to be safe and nutritious in animal feeding studies. In these studies, the nutritional value of fish protein concentrates has been shown to be equivalent to or better than casein. Information is also available that such concentrates have been utilized in human population studies and found to be acceptable.

Properly processed, all portions of the fish can contribute to the nutritional value of a product.

I fear that the Food and Drug Administration is under the influence of many forces. One of them is the group of big millers and the wheat interests, as indicated by their record in the late 1940's. At the same time that they turn up their noses at this wholesome, safe and nutritious product, they have passed these articles, which I exhibited on the floor of the Senate some weeks ago, and some of which I have in my hand.

THE ABSURD APPROVALS OF THE FOOD AND DRUG ADMINISTRATION

Here is a chocolate covered menagerie of ants, baby bees, caterpillars, and grasshoppers. If the Senator from Kansas has such faith in the Food and Drug Administration, I will give him some chocolate covered grasshoppers. If he does not like that, I have here a chocolate covered ant. These are products that the Food and Drug Administration has approved. They say they are all right, but they will not let a wholesome, sanitary, nutritious, high protein fish concentrate be sold.

Will the Senator from Kansas take some of these, or will any other residents in the Wheat Belt turn up their noses at a high protein fish concentrate? I have some fried grasshoppers, if he would prefer those.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PASTORE. Does the Senator have any chocolate-covered elephants?

Mr. DOUGLAS. No; they are too large. The Senator from Kansas mentioned the fact that he did not want to have roaches in food. I have here some dried fish which contain several roaches, clearly visible. They are used as an attraction. If the Senator from Kansas would like to consume these roaches, which have been passed by the Food and Drug Administration, I will place them on his desk.

Mr. CARLSON. Will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. CARLSON. I appreciate receipt of all these splendid articles which have been approved, as the Senator says, by the National Academy of Sciences, which I understand consists of the upper intelligencia of the country, not of the common people. It has never reached down that far.

Mr. DOUGLAS. No, the National Academy has not approved those articles; it has been the Food and Drug Administration which has done that. The National Academy of Sciences has approved the high protein fish concentrates.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. DOUGLAS. The Senator from North Dakota comes from a great wheat State. Let me offer him some chocolate-covered ants. If he does not like them, I can offer him some fried grasshoppers.

Mr. YOUNG of North Dakota. I wish the wheat industry and the milling industry had such great influence with the Food and Drug Administration, as the Senator from Illinois thinks. The Food and Drug Administration has clamped down on the wheat people, to the extent of making it necessary to remodel most of its granaries and warehouses.

Mr. DOUGLAS. Does the Senator mean that that was done in an effort to try to diminish the amount of droppings of rats?

Mr. YOUNG of North Dakota. They have had to remodel most of the warehouses and granaries, and regulations have been tightened to the point that if a mouse runs across a bin of wheat, the wheat is likely to be disqualified.

Mr. DOUGLAS. It must leave something substantial behind.

Mr. YOUNG of North Dakota. Just occasionally. The Senator, on the other hand, in effect is proposing that we take the whole mouse and make flour out of it.

Mr. BARTLETT. Mr. President, the Senator from Illinois is a fighter. The Senator from Illinois is a great crusader. The Senator from Illinois is a worker in good causes. I suppose there is no need for me to say it since the Senate knows it and the whole country knows it. The Senator knows that I am on his side in this controversy regarding the Food and Drug Administration decision. We had a conversation on the same subject the other day, and the Senator from Illinois had a much more imposing array of exhibits than he has at the present time.

I see that the exhibits are all here again, produced by the Senator from Illinois. They did not appear very tasty at that time. The Senator also had some fish flour, or fish protein concentrate, and he offered me some. I expressed a willingness to eat the flour, but resolutely refused to be enticed by his repeated offer of chocolate-covered bees or chocolate-covered ants, or even fried silkworms. Dried fish, liberally adorned with cockroaches which had perished in the package, was not at all appealing.

I stand ready to work with him and for him and under him in doing everything possible to persuade, by whatever means possible, the Food and Drug Administration to permit fish protein concentrate to be sold domestically. There is nothing offensive about this product. I agree with the Senator that it would furnish a wonderful protein source for people. Not all Americans have enough protein, but that is especially true of people in the underdeveloped countries.

The senior Senator from Massachusetts [Mr. SALTONSTALL] told us yesterday afternoon that court action or congressional action must be taken to bring about and effectuate this change. If congressional action will do it, I assure the Senator from Illinois that I am with him. I will join him in any way possible to bring this change about, because it seems to me it makes commonsense to do so.

However, another consideration is involved by way of the basic amendment. I was its architect. Now efforts are being made to add another room to the architectural design. I am obliged to say, in a pragmatic way, that not for worlds would I have the whole house collapse in this effort. I say that with all deference and respect for the Senator from Illinois [Mr. DOUGLAS]. The fact is that this amendment was offered originally to and accepted by the Committee on Foreign Relations, because it was thought that it was an appropriate and justifiable means of disposing of surplus stocks of fish. We have heretofore submitted for the benefit of the committee and have submitted for the benefit of the Senate examples of how these surpluses have existed, not always, but from time to time, in different sections of the country.

I observe in the Chamber the two Senators from Rhode Island [Mr. PASTORE

and Mr. PELL]. These surpluses have been found off the New England coast. They include sardines, as the Senator from Massachusetts [Mr. SALTONSTALL] knows so well, and other kinds of fish. Surpluses have likewise occurred on the gulf coast and the Pacific coast.

Since the basic amendment provides that, under title I of Public Law 480, none of the appropriations heretofore made available, or to be made available during calendar year 1965, shall be used to carry out the intent of this amendment—that is to say those provisions relating to title I under the basic amendment, the one that was adopted yesterday—I think we could well devote our collective efforts—including those on the other side of the aisle—to working during the next year aggressively, vigorously, and I hope successfully, so that without any debate, without any argument, without any controversy, the fish protein concentrate then could be used for this program.

As has already been stated, there is no surplus of fish flour. I should not have used that expression; I should have said "fish protein concentrate." I have no doubt there could be built up shortly a supply of such concentrate. My understanding is that some amounts have been sent overseas for testing purposes, and that there is some sale for use as high-quality animal feed. This does not mean that the same products would not be desirable for human beings.

This is a testing stage, more or less. The fish from which this product is made are edible fish—edible in every sense of the word. What is wrong with eating this product, when the Food and Drug Administration allows us to eat sardines?

But I believe that even if the language that is now before the Senate based upon the amendment of the Senator from Kansas [Mr. CARLSON], as modified by the Senator from Rhode Island [Mr. PASTORE], prevails just as it is, that does not mean, cannot mean, and should not mean that at an early date an addition to that program, in the form of fish protein concentrate will be barred.

Mr. PASTORE. Mr. President, I wish to direct a question to the distinguished Senator from Illinois, because I think the RECORD ought to be corrected in one respect, or at least clarified.

The position taken by the Senator from Kansas [Mr. CARLSON] is that he is opposed to the inclusion of fish protein concentrate until such time as this product is approved by the Food and Drug Administration and made eligible for American consumption. He is not disposed to allow to be sold abroad, even if foreigners want to buy it, a product that the American public cannot eat. What is the Senator's contra argument?

Mr. DOUGLAS. Whose argument?

Mr. PASTORE. That is the argument of the Senator from Kansas. I want to know what the rebuttal is to that argument.

Mr. DOUGLAS. I thought I made my rebuttal. In the first place, Mr. Larrick is completely wrong. The National Academy of Sciences, as I have read, has declared high-protein fish concentrate to be wholesome, safe, and nutritious. This is clearly a case in which Mr. Lar-

rick is wrong. But out of his stubbornness, he has made an administrative ruling that high-protein fish concentrate is unfit for human consumption. Even though he has not barred it from foreign use, he has declared it unfit for domestic consumption.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. Is it not true that he has declared it unfit for domestic consumption strictly on esthetic grounds, and not on the grounds of nutrition, safety, and economic benefit?

Mr. DOUGLAS. The Senator is correct. Mr. Larrick said it raises in the minds of people unesthetic thoughts because the whole fish is used, including the intestines and the head, although there has been compression, washing in many solutions of water and many solutions of alcohol, baking, complete sterilization, and removal of bacteria that might have been in the intestinal tract.

Nevertheless, at the same time, this gentleman permits the sale of oysters with their intestinal tracts, and of clams, of snails, and many other creatures that have intestinal tracts. He raises no esthetic objection to them.

First, if the amendment of the Senator from Kansas were eliminated, and we returned to the basic amendment or to the basic Bartlett provision, as interpreted on the floor of the Senate, we would put pressure on the Food and Drug Administration to include the product in the foreign assistance program. Also, once the product was used abroad, there would be increasing pressure on Mr. Larrick to change his ruling at home. Many people at home, as well, need this food. Not only is it the most available source of cheap protein, as the former Director of the food-for-peace program, the distinguished junior Senator from South Dakota [Mr. McGovern], has testified, but it affords the next big market for the American fishing industry. This is a new product, one which can spell the difference between depression and prosperity for the fishing industry, because it gets away from the difficulties of refrigeration in preserving fish. The fish can be processed quickly and made into fish flour, and the fish flour will keep forever.

Mr. BARTLETT. It is protein concentrate.

Mr. DOUGLAS. Excuse me; I sometimes fall into that error.

Mr. PASTORE. Do I correctly understand the Senator from Illinois to resolve his argument to this: That even though the product cannot be used for human consumption in the United States, because it has not been approved by the Food and Drug Administration for esthetic reasons, there is no reason why foreign governments which desire to buy it, knowing what the product is, but who nevertheless wish to buy it because it conforms with their eating habits, should be barred from buying it under Public Law 480?

Mr. DOUGLAS. If we do not develop fish concentrate, it will be developed by other countries. I have in my hand an article from *The Fish Boat* for July 1962, which describes how this product

is being produced in Norway. If we hold off producing it, the Scandinavian countries will come in and take this market away from us.

I thank the Senator from Rhode Island, who has been very helpful.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Certainly.

Mr. SALTONSTALL. I appreciate the courtesy of the Senator in yielding to me.

Without prolonging this discussion, let me point out that yesterday I stated my reasons quite fully. My statement appears on page 20699 of the CONGRESSIONAL RECORD.

The Senator from Illinois has stated quite accurately that the National Academy of Sciences has given fish protein a clean bill of health.

I also point out that the Food and Agriculture Organization of the United Nations is spending approximately \$300,000 on a program of acceptability testing and development of the commercial production of fish flour in Peru, to which it is contributing \$300,000 during the next 3 years, and also that the Bureau of Commercial Fisheries is continuing its research on fish, under funds appropriated last year.

As has been pointed out by the Senator from Rhode Island, the Senator from Illinois, and the Senator from Alaska, the Food and Drug Administration has indicated that at the present time it will not approve the sale in the United States of fish protein.

I agree with Senators that it is desirable to have fish protein put on the market; but I point out that the important thing is to have put under chapter 4 of Public Law 480, for the first time, domestically produced fish products. That is why I supported the amendment of the Senator from Kansas, as modified at the request of the Senator from Rhode Island [Mr. PASTORE]—because I believe that under that amendment, as modified, fish products will be included under chapter 4 of Public Law 480; and it is important that that be done at the moment.

I thank the Senator from Illinois for yielding to me.

Mr. DOUGLAS. Mr. President, I do not criticize any Senator who voted in favor of adoption of the Carlson amendment. By reading between the lines of the statements which were made, I think what the Senator from Massachusetts now says is accurate. It is apparent that those who represent the wheat farmers would vote to kill the entire amendment if fish concentrate and fish flour were not excluded. Perhaps the dairy industry has joined in as well. But I do not criticize Senators for participating in the agreement which was reached. I was not a party to it, and I think ultimately it would be adverse to the public health of the world and also to the interests of the Seaboard States and the Great Lakes States. The Great Lakes States also produce fish, and they have suffered somewhat from the rulings of the Food and Drug Administration.

Regardless of whether those rulings are good or bad, I do not wish to prolong the debate on this subject; I wish

to have the Senate proceed with its work on the pending bill.

I would appreciate it if the Senator from Kansas [Mr. CARLSON] would withdraw his amendment. Then we could proceed, and it would not be necessary for me to suggest the absence of a quorum, and then have the Senate go through the tedious process of acting on a motion to lay on the table; and then, if we should win in that connection, on a motion to reconsider the vote by which the modified amendment was agreed to, and then a motion to include certain words in the bill.

So I appeal to the Christian charity and amiability of the Senator from Kansas, which are so thoroughly parts of his splendid character, to withdraw his amendment.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am waiting for an offer from the Senator from Kansas.

Mr. CARLSON. Mr. President, I wish to inform the Senator from Illinois that I will not withdraw my amendment. I thought I was most generous yesterday evening when I tried to help Senators who are interested in the sale of fish under Public Law 480 by agreeing to go along with the provision that fish flour, which has not been approved for sale in the United States by the Food and Drug Administration, be eliminated from this part of the committee amendment. Therefore, I shall not withdraw my amendment.

I hope the Senator from Illinois will move that the vote by which my modified amendment was agreed to be reconsidered; and then I shall move that the motion to reconsider be laid on the table.

Mr. DOUGLAS. First, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 232 Leg.]

Bartlett	Fulbright	Metcalf
Bayh	Gruening	Morse
Beall	Hart	Nelson
Bible	Hill	Neuberger
Boggs	Holland	Pastore
Burdick	Hruska	Pell
Carlson	Javits	Proxmire
Cooper	Jordan, Idaho	Ribicoff
Cotton	Keating	Robertson
Dirksen	Long, Mo.	Russell
Dodd	Mansfield	Saltonstall
Dominick	McClellan	Smith
Douglas	McGovern	Talmadge
Edmondson	McIntyre	Williams, Del.
Ervin	McNamara	Young, N. Dak.

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be dispatched forthwith speedily—quickly—to bring in absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. AIKEN, Mr. ALLOTT, Mr. ANDERSON, Mr. BEALL, Mr. BENNETT, Mr. BREWSTER, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. EASTLAND, Mr. FONG, Mr. GOLDWATER, Mr. GORE, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. INOUE, Mr. JOHNSTON, Mr. JORDAN, Mr. KENNEDY, Mr. KUCHEL, Mr. LAUSCHE, Mr. MCCARTHY, Mr. McGEE, Mr. MECHEM, Mr. MILLER, Mr. MONRONEY, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mr. PEARSON, Mr. PROUTY, Mr. RANDOLPH, Mr. SCOTT, Mr. SMATHERS, Mr. SPARKMAN, Mr. SYMINGTON, Mr. THURMOND, Mr. TOWER, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, and Mr. YOUNG of Ohio entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Is a quorum present?

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. I ask unanimous consent that the Senate proceed to the consideration of the motion to reconsider which I entered last night.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, I move to reconsider the vote by which the amendment of the Senator from Kansas [Mr. CARLSON], as modified, page 53, line 20, of the committee amendment, was agreed to.

I hope that if a motion to table the motion to reconsider is made, all Senators in favor of improving the nutrition of the people of the world and developing new markets for American fisheries will vote "no."

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

Mr. CARLSON. Mr. President, I move to lay on the table the motion of the Senator from Illinois.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ATTENDANCE AT NATO CONFERENCE BY WIVES OF SENATORS

Mr. MANSFIELD. Mr. President, I have been reading on the news ticker a story to the effect that two wives of Senators have been mentioned as accompanying the House delegation to the NATO Conference some days ago. There have been some questions raised about those wives going, and I wish to say on the floor of the Senate, and for the RECORD, that they went in good faith. Their husbands and other Members of the Senate had been appointed by this body to represent the Senate at the annual NATO Conference, and at my request every single one of those Senate Members stayed here to be on the floor during the debate on the foreign aid bill. They stayed here on a day-to-day basis, in the hope that it might be possible for them, in light of the directions laid down by this body, to attend that most important Conference; but, because of the developments over which they had no control whatsoever, and because I requested them to stay here, they did so.

I believe that instead of fault being found with the wives of these Senators, who went to the Conference in the expectation that their husbands would join them shortly, as they had every right to anticipate, we should give a great deal of credit to Senators who remained behind, who missed a most important conference, and who attended to their primary duty on the floor.

And by the same token, I think these two ladies deserve some credit instead of carping criticism. In the circumstances they were cast in the role of unofficial representatives of the Nation, as are Foreign Service wives or military wives or Cabinet wives or any other wives of officials of this Government who happen to be abroad. I have no doubt that the two ladies acquitted themselves in a most commendable and exemplary manner.

Furthermore, may I say, if my understanding is correct, that the two ladies who did go usually travel in separate planes from their husbands, because of the safety factor involved, for their children—a practice which my wife and I followed until our own daughter was 18 years of age.

So I would hope that this fact would also be set out on the RECORD; I suppose it is too much to hope that the petty recrimination and speculation which seems to be so rampant would stop, and that due recognition would be given to the facts as they are rather than to wild speculation, which seems to be so much the mood of the moment.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further

the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I send to the desk an amendment to H.R. 7885, the Foreign Assistance Act of 1961, which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 52, line 14, of the committee amendment, it is proposed to strike out "\$675,000,000" and to insert in lieu thereof "\$655,000,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the substitute committee amendment, as amended.

Mr. MORSE. Mr. President, I shall discuss the amendment shortly. Some discussions will be held off the floor of the Senate in regard to the amendment while I speak briefly on another matter.

This amendment seeks to strike \$20 million from the Social Progress Trust Fund. I do not wish to say any more about it until the discussions off the floor have been concluded.

Following action on the amendment, the Senator from Alaska has two or three amendments to offer. If we are successful in reaching an agreement on this \$20 million saving—and I shall show later that the \$20 million saving is reasonable and fair—and we can make the saving, so far as I am concerned I shall not offer any further money cut amendments, and the bill might reach the stage of a third reading before the late afternoon or early evening.

I wish to take a few moments to make a record in regard to the significance of the amendment that was agreed to, offered by the Senator from Alaska and modified in conferences among the Senator from Alaska, the Senator from Arkansas, the Senator from Minnesota, and myself. I believe the amendment is perhaps the most important that has been adopted during all this debate. I am not so sure that it is not now the most important part of the foreign aid bill. It is not fully comprehended in the Senate.

There is great concern in many countries of Latin America concerning certain types of military aid. This amendment, in my judgment, is worth millions of dollars. If we could evaluate good will, it is worth millions and millions of dollars in American good will in Latin America, because it will come as a great relief to many of our best friends in high government positions in many countries in Latin America.

Part of the adjustment that was made, in agreeing to the amendment of the Senator from Alaska, was that I would not press a money cut amendment for a \$10 million cut in the military aid program in Latin America. I was glad to agree to that. I do not know what the outcome would have been on my amendment, but I believe it had a very good prospect of being approved. It should have been approved on its merits. But, be that as it may, it is important that the record on the foreign aid bill contain this discussion of the problems created by the United States in Latin America as a result of the types of military aid which we have been giving.

A few months ago, when I attended the inauguration of the new President of Peru, I witnessed a military parade that included about 40 American Sherman tanks furnished to Peru by the United States through military assistance. What useful purpose those tanks could possibly serve in Peru escapes my imagination.

The purpose they do serve in Peru and elsewhere on that continent is to pose a constant and continual threat to the civilian governments of those countries. They are the gun at the head of every elected President of Latin America—a gun that we have manufactured and furnished free of charge. All too often, these weapons have been used to thwart and overturn the governments that have been seeking to carry out the objectives of the Alliance for Progress which, of course, we are also financing.

When I say "gun" I mean heavy equipment like tanks and jet aircraft. The kinds of guns that the armed services in Latin America do need to control guerrillas and terrorists are the small arms and mobile equipment that we can furnish under a ceiling of \$40 million.

Let me point out that the military castes in some of these countries have become so arrogant in their demands for expensive equipment, and have become such a threat to civilian governments because of it, that some governments have sought to obtain equally heavy equipment for other branches of their services merely to offset the others. If one country has an air force whose power and prestige have been elevated with late model U.S. jets, then it is not unusual to find that government anxious to balance its air force with an army equipped with Sherman tanks, and a Navy equipped with large ships, and a few jets of its own to keep the air force from taking over. This kind of rivalry is going on within individual countries. And it has led to a similar rivalry among the armed services of neighboring countries.

Senators will find at my desk a letter I received from the Assistant Secretary of Defense for International Security Affairs on June 24, 1963. It contains a breakdown of the military aid that went to each country in Latin America in fiscal year 1963. Of course, it is marked "Confidential." Therefore, I am unable to read it to the American people.

But I can report that of all Nations in the hemisphere, it was none other than the Dominican Republic that received the most military aid from us in proportion to its population. It received far more on a per capita basis than any other country.

What a harvest we reaped from that assistance. What a harvest the people of the Dominican Republic reaped from it. With that military assistance, the armed services of the Dominican Republic slaughtered a free, elected, constitutional government.

Look at the other figures, if Senators will but come to my desk. The next largest recipients of military aid from us, relative to population, were Bolivia and Chile. It is an interesting thing to note that Bolivia remains one of the most unstable nations of the hemisphere, both economically and politically. She

is a recipient of endless American financial aid. She is beneficiary of the Presidential contingency fund, for contingencies that plague Bolivia but which do not threaten the vital interests of the United States. She is the recipient of nonproject money, which means she gets it purely for budget support because the Bolivian budget must finance the nationalized tin mines. Because of the huge, inflated payrolls of those tin mines, her budget is grossly out of balance, and the United States makes up the difference, just as we do in Turkey with her socialized industries.

Yet, because of this tenuous economic condition, there are those who believe Bolivia is also threatened by internal communism. I suggest that the revolution that occurred in Bolivia in 1952 was a revolution of the extreme leftwing, if not actually a Communist revolution. It was then that the tin mines were nationalized. They have served ever since to provide jobs for the working people of Bolivia, even though the mines do not support those payrolls.

But Bolivia has already had a leftwing revolution. What useful purpose do we serve in sending her military aid now to seek to hold down by force the pressures that the revolution itself brought to Bolivia?

The two nations ranking next highest in the per capita military aid standings in Latin America are Nicaragua and Honduras. I need not remind Senators what the military forces in Honduras did with our military aid. They, too, murdered an elected government to prevent an imminent election from being held.

After Nicaragua and Honduras, the recipients of the military aid on a per capita basis were Paraguay, Peru, and Uruguay. There is another junta in that group—the military junta of Peru.

Colombia, Guatemala, and El Salvador rank next in this list. Guatemala is still another example of a military coup which ousted an elected government.

Senators, Congressmen, all Americans, must face the fact that we are arming the military castes of Latin America to destroy civilian government. How can anyone reconcile that with our own beliefs, or with our objectives in Latin America?

I have been heard to say it many times, and I shall say it many times in connection with this bill: We do nothing in the world but further the causes of Castro and communism when we, or the governing classes of Latin America, reduce the choices of their people down to a choice between communism and military fascism. It is the game of Castro to force this choice upon the masses in Latin America, because he knows that eventually communism will triumph over militaristic fascism. That is how Castro himself came to power. He knows very well that when any people are suppressed in their political and economic activities by a police state, backed up by tanks and other weapons, they will turn to equally extreme and violent measures to throw off that suppression.

The Communist cadres in Latin America have their greatest opportunities in those countries run by military police

states. The whole reason for the Alliance for Progress was to give the 240 million people of the continent to the south of us a chance to make some economic and social progress by peaceful and progressive means. The military juntas are every bit as much an enemy of the Alliance as are the Communists. Neither faction wants to see the changes envisioned by the Alliance accomplished. Their reasons are quite different: The Communists do not want the Alliance to succeed because they want to appear to be the only vehicle whereby the people of Latin America can improve their standard of living. The military castes do not want conditions to change at all. For them, the Alliance is as much a threat to their privileged existence as are the Communists.

We ought to take notice of where large numbers of the sons of the oligarchs go. They go into the military forces. They are a part of the military caste system. The sad fact is that large numbers of the oligarchs take advantage of American foreign aid in Latin America. To the extent that it does help in some economic conditions, frequently the chief beneficiaries are the oligarchs. By and large they profit economically and take the increased profits that come out of the expenditures of American foreign aid and invest them in New York and Swiss banks, and not in the future economy of Latin America. But we are expected to pour additional millions of dollars of taxpayers' money into Latin America to make more money for the oligarchs.

Too often that is the pattern, and that is why I say, most respectfully, to my President that when he talks in New York about doing something to help the poor, we must see to it that our foreign aid is not so used by the rich that they grow richer and the poor become poorer. Indirectly, it is true it may help them; but the indirect effects are unimportant.

Indirectly, I believe that the amendment of the Senator from Alaska, of which I was proud to be a cosponsor, and the wonderful cooperation it received from the Senator from Arkansas [Mr. FULBRIGHT], chairman of the committee, and from the majority whip, the Senator from Minnesota [Mr. HUMPHREY], in modifying the amendment in a manner that would be acceptable to the chairman of the committee and the whip, are among the most important things we have done in connection with the entire foreign air program.

By this amendment, if it remains in the bill when it is finally adopted in conference, the United States, as a matter of policy, announces that there will be no more military aid to Latin America, save and except when the President finds it is in our interest and in the interest of the country concerned, from the standpoint of defense of the hemisphere, and so reports his reasons to the Congress.

As will be seen from several communications I shall read shortly from some of our best friends in Latin America, it will take the tremble out of their knees. Some of our best friends in high places in Latin America have been trembling as a result of their fears concerning what

may happen to their governments if military juntas decide to use American heavy military equipment to overthrow their governments, as has been done so frequently in the past in other places.

I cannot congratulate the Senator from Alaska and the Senator from Arkansas too highly. Congratulations are due them for writing into the bill the policy contained in the amendment.

Under this amendment, if aid is necessary, and the President so finds it is necessary to provide internal security for defense and economic needs, the amendment makes it possible.

As I said before, when we were trying to make an adjustment in the amendment, what is needed in Latin America is not Sherman tanks, not mile upon mile of heavy artillery equipment, not jet planes. What is needed is small arms, rifles, machineguns, tear gas, and helicopters to protect a country internally from a possible Communist uprising.

That intention was brought out as we made the legislative history at the time the Senate adopted the amendment. Under the amendment, aid for these purposes is available.

Mr. President, that is worth much more than a \$10 million cut from a \$50 million aid program as it came from the committee, which cut I was about to propose.

It is worth much more than that in the savings we could make, because psychologically it will be a great thing for Latin America, and it will be a great thing for the United States from the standpoint of the resulting good will that will come from the adoption of the amendment. That is true of all of Latin America. It is not possible to buy such good will. Therefore I am pleased and proud that I had a little part to play in my conversations with the leaders and with the Senator from Alaska which resulted in the adoption of the revised amendment.

The Senate, the Congress, and the United States have been firm in cutting off aid to Cuba because we see no point in assisting a government that is subverting much of the hemisphere and the United States, too. Yet we make it possible, through misguided military aid, for the oligarchies, backed by the power of their military establishments, to subvert the Alliance for Progress.

This amendment to reduce the ceiling on military aid goes hand in hand with my proposal to cut off entirely aid to juntas that overthrow elected governments.

Later this afternoon I hope to be able to present to the Senate a modification of my junta amendment with the approval of the administration which, if accepted by the Senate, will have as helpful an effect in regard to the junta issue in Latin America as the amendment of the Senator from Alaska has in connection with military aid.

By sending military aid that cannot be used for any hemispheric defense, that cannot be used against any Communist guerrillas or street fighters, by sending military equipment that only enables a military faction to shoot up a city or bombard a presidential palace until its

occupant is killed or surrenders, we are undoing with one hand what we try to build up in Latin America with the other. It is a great irony that the same taxpayers are paying for both programs.

In areas of tax reform, land reform, interest rate, and budget reform, as in many other areas, Latin American efforts to live up to the pledges of the Punta del Este conference have fallen short. Self-help is proceeding at a disappointingly slow pace. But of all the reverses and failures of the Alliance—and the United States is responsible for some of them, too—the most shattering and potentially dangerous is the recent series of military coups d'etat against legitimate governments.

The number of military, or military-backed dictatorships in Latin America has almost doubled since the Alliance was launched, increasing from four to seven in a little over 2 years. There have been four coups d'etat in 1963, in Ecuador, Guatemala, Honduras, and the Dominican Republic.

It may be, as has been suggested, that these military coups are merely rear-guard actions of a dying old order, but it may on the contrary be that they are profound political retrogressions from the principles of Punta del Este. It is quite possible that we are seeing the oligarchies of Latin America turning their backs on peaceful progress, choosing to take their chances on communism rather than fulfill the obligations they undertook when they entered into the Alliance for Progress.

At best, they are a tactical setback in the democratic revolution of Latin America; at worst, they will destroy the Alliance and serve final notice upon the great booming masses of its people that they are reduced to the alternatives of communism or military fascism.

The United States, too, must make up its mind what it really wants to accomplish in Latin America. We, too, must decide whether we are going to base our policy on the assumption that is widespread in many parts of this country, including very high places in the Departments of State and Defense, that Latin people are incapable of self-government. It is a widespread assumption that they are not now and probably will never be good for anything but military rule, autocratic rule, the kind of government that directs their lives from above and tells them what to do economically, politically, and socially.

I have heard variations on that line many times. I have heard men experienced in international affairs shrug at the problems of Latin America, and tell me that they never have had a legal system or a social or economic system that would permit the kind of peaceful progress envisioned by the Alliance for Progress. I have been told, "People have always lived under military dictatorships in Latin America and they always will. They don't know how to govern themselves any other way."

That is the kind of talk that Castro likes to hear from us. That is the kind of policy he likes to have us follow, too. And we do follow it when we go on building up military factions there with our

free military equipment, and when we go on doing business as usual under the Alliance for Progress with military juntas.

I am not asking Senators to interfere with what kind of governments these people choose for themselves. I am not advancing any policy of intervention in how Latin American countries are governed. But I am saying that we have the duty to decide how American money shall be spent down there, and for what purposes. Cutting off aid to a junta is not U.S. intervention. Reducing somewhat our level of military aid is not intervention. Aiding nations that want to help themselves and help advance the living conditions of their people through democratic institutions is not dictation to them. It is not an effort to force Anglo-Saxon institutions upon Latin peoples, as some of us are accused of doing.

What I am calling for is a policy of pragmatism. I believe the evidence of recent history in Latin America is very clear, and that it compels us to reach the conclusion that putting American taxpayers' money into Latin American military machines and into the perpetuation of oligarchies is pure waste. If we go on doing it, communism will sweep the hemisphere, anyway. We cannot build a barrier to communism in Latin America with nothing but American dollars. Neither can we build it with tanks and jet aircraft. We can only build that barrier with the institutions that the people there must erect themselves. All we can do is contribute a little of the capital it takes, and not very much of that.

The amendment of the Senator from Alaska, which, so far as I am concerned, eliminates any necessity for my amendment, which would seek to cut an additional \$10 million from military aid for Latin America, now gives us a new opportunity, a changed opportunity, and gives to free nations in Latin America a different opportunity, too, because we say, "We will help you in the face of any threat to your internal security from the standpoint of Communist coups, from the standpoint of the Communist takeover which seeks to destroy a free government, but we are not going to damage you, and we are not going to weaken you; we are not going to put you in danger from a threat by giving the other kind of military aid that we have been giving for so long, which makes it possible for a military coup to build itself up and threaten the survival and the perpetuation of a free government."

Mr. President, we have a long way to go in Latin America. Sometime ago, the chairman of the Committee on Foreign Relations stated clearly that the Alliance for Progress would not be built in a few years—and it will not be if the Alliance for Progress grows into the fruition of which it is capable. However, if we kill it before it starts to bud; if we discourage the people of Latin America before the Alliance for Progress blossoms, we shall lose Latin America, so far as having an effective ally is concerned. We will then be confronted with a conflict between military fascism and

revolutionary communism in Latin America.

I am concerned about some of the happenings in Latin America among some of our so-called friends, such as Brazil and Argentina.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Brazil Plan for Alliance Is Rejected at Parley," published in the Washington Evening Star of today, November 14, 1963.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRAZIL PLAN FOR ALLIANCE IS REJECTED AT PARLEY

SÃO PAULO, BRAZIL, November 14.—A U.S.-backed proposal to give Latin Americans greater responsibility in direction of the Alliance for Progress apparently faced smoother sailing today after general rejection of a Brazilian plan to bring in as many European contributors as possible, including even the Communist bloc.

Diplomats said the Brazilian proposal won only Bolivia's support from among the 20 nations attending the Inter-American Economic and Social Council session.

There was no official U.S. comment, but most Latin American delegates privately censured the proposal, circulated quietly among delegates to sound out their reaction. As a result of the cold reception, the Brazilians decided not to submit their plan to a working committee.

AIMED AT U.S. PLAN

The Brazilian proposal apparently was intended to torpedo the U.S.-backed plan to create a seven-nation coordinating committee to pass on aid projects and give Latin Americans more influence in overall control of the multibillion-dollar economic and social development program.

The Brazilians reportedly had still another maneuver in reserve. Informants said Brazil has indicated that if the seven-nation committee is approved, it will insist that the action be ratified by the congress of each member nation. This could delay formation of the committee for several years.

The Brazilians argued that the seven-nation committee would only impede the aid program by increasing redtape. But many delegates, particularly those from smaller countries, agreed that Brazil's opposition was based on the feeling that she would be reduced to the level of other nations applying for aid funds and that a mostly Latin American committee would be less sensitive to political considerations than the United States has been.

FIRM U.S. BACKING

U.S. Under Secretary of State W. Averell Harriman, head of the American delegation, placed U.S. support firmly behind the proposed committee yesterday and said if the program to accelerate Latin America's economic growth is lagging, it is largely Latin America's fault.

Mr. Harriman said that since the Alliance for Progress was launched 27 months ago, the United States has poured out \$2.3 billion.

"Within Latin America," he declared, "there have also been delays in establishing effective planning machinery, in mobilizing domestic resources, in establishing priorities, and above all in the development of well-conceived and technically sound projects."

Mr. Harriman said the Alliance needs "a greater multilateralization of effort and strengthened political leadership." He said the proposed committee, "under the leadership of a distinguished Latin American chairman, can and should give a vigorous new impetus to our common efforts."

Mr. Harriman's 45-minute speech was warmly received, even by the chief Brazilian delegate, Finance Minister Carlos Alberto Carvalho Pinto.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Brazil Suggests All Nations Join Alliance Giving," published in the Washington Post of November 14, 1963, dealing with a proposal invitation to other nations, possibly even the Soviet Union, to contribute to the Alliance for Progress.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRAZIL SUGGESTS ALL NATIONS JOIN ALLIANCE GIVING

SÃO PAULO, BRAZIL, November 13.—Brazil is sounding out Latin American nations on a suggestion to invite other nations, possibly even the Soviet Union, to contribute to the Alliance for Progress, informed sources said today.

They said first reaction was cool from other delegations attending the Inter-American Economic and Social Council session in São Paulo.

Many delegates obviously fear that the opening of the Alliance to those outside the Western Hemisphere would endanger U.S. financial support. The United States is committed to give Latin America economic aid to the tune of \$10 billion over 10 years.

The Brazilian paper circulating among delegates were said to be an explanation why Brazil opposes the present plan to create a seven-man coordinating committee to spend Alliance aid.

The sources said Brazil's plan is not in the form of a proposed resolution but merely is advanced as a suggestion.

The idea would be to internationalize the Alliance for Progress program, now strictly United States-Latin American operation. One highly placed informant said the plan would open the Alliance to all comers, including the Soviet Union if necessary.

This is the Brazil plan as reported: All Latin American countries would contribute a total of \$1 billion a year to the Alliance program; the United States would contribute \$1 billion; then other countries would also be invited to participate.

Last week at a meeting of Alliance experts, Brazil opposed the generally agreed upon plan to set up a seven-nation inter-American coordinating committee.

The Brazilian paper now in circulation is said to argue that the committee would only increase the redtape and bureaucracy that Brazil insists is holding up the program now.

Officially, the conference took no notice of the Brazilian proposal.

The Alliance came in for criticism from Bolivia's Roberto Jordan Pando, who claimed that the aid program was being bogged down by U.S. bureaucracy.

Bolivia also joined Brazil in opposing the creation of the seven-nation inter-American Alliance Committee.

However, the committee plan was supported by U.S. Delegation Chief W. Averell Harriman.

He conceded that no one is "wholly satisfied with the progress of the Alliance program," but he said much more has been done than often is recognized by public opinion.

While backing the creation of the seven-man Alliance committee, Harriman indicated that the United States would accept modifications of the plan.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I shall hasten this discussion by asking unanimous consent to have printed at this point in the RECORD a letter dated October 5, 1963, from Jose Figueres, former President of Costa Rica, in support of the principle that I have upheld in regard to juntas and military aid.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HARVARD UNIVERSITY,
FACULTY OF ARTS AND SCIENCES,
Cambridge, Mass., October 5, 1963.

Hon. WAYNE MORSE,
The Senate, Washington, D.C.

DEAR SENATOR MORSE: Congratulations on your stand on the Dominican and Honduran crises.

In the New York Times, October 5, page 1 continued, Tad Szulc says that the U.S. military mission encouraged the coup in Santo Domingo.

This is what is happening everywhere. The military call communism any social reform, and act independently.

It is a waste of time, money, and health to try to do anything wholeheartedly until the U.S. Government adopts a uniform policy toward social reform through elected governments.

Sincerely,

JOSE FIGUERES.

Mr. MORSE. I ask unanimous consent to have printed at this point in the RECORD a telegram I received from Francisco J. Orlich, President of Costa Rica, dealing with my position in regard to military juntas and military aid.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

SAN JOSE, COSTA RICA,
October 17, 1963.

Hon. Senator WAYNE MORSE,
Chairman, Foreign Affairs Subcommittee for Latin America, U.S. Senate, Washington, D.C.:

Congratulations for your magnificent stand against military coups in Latin America. Your fight is considered necessary and with due respect I beg you to maintain the same effort until we can consolidate democratic regimes in Latin America. My Foreign Minister will see you next week in Washington.

Respectfully,

FRANCISCO J. ORLICH,
President of Costa Rica.

Mr. MORSE. Mr. President, under date of November 2, 1963, I received the following cablegram from three members of the Senate of the Dominican Republic:

[Translation]
SANTO DOMINGO,
DOMINICAN REPUBLIC,
November 2, 1963.

Senator WAYNE MORSE,
Washington, D.C.:

Today Dr. Juan Casasnovas Garrido, President of the Republic in accordance with the Constitution, was arrested, wounded, and beaten by repressive forces. Senator Mella also is under arrest and treated with lack of consideration. Once more human rights are trampled in this country by usurpers of

power. Would that it were possible that the committee over which you preside might intervene with the appropriate organ so that the Human Rights Commission might be sent with the purpose of ending the persecution and outrages against the citizens and legitimate representatives of the people.

Cordial regards,

MORA OVIEDO,
Senator.
ESPINAL HUED,
Senator.
CASMIRO CASTRO,
Senator.

That letter was from three Senators of the Dominican Republic Senate. A sordid tale is told of the persecutions and denial of civil liberties and human rights practiced upon many persons in the Dominican Republic as a result of the junta. Thus there can be no denial of the position which the senior Senator from Oregon has taken in opposition to any assistance to that junta until constitutional government is returned.

I ask unanimous consent to have printed at this point in the RECORD, without taking the time to read it, a letter to the editor of the New York Times from Miguel Ydigoras-Fuentes, Constitutional President of Guatemala, dated November 6, 1963, and published in the New York Times of November 13, 1963.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GUATEMALA UPSET SEEN—OUSTED HEAD BELIEVES OPPOSITION IS RISING TO REGIME

TO THE EDITOR OF THE NEW YORK TIMES:

Although I do not agree with all of Paul Kennedy's appraisal of the present political tragedy of the Guatemalan people, he deserves praise for his November 3 news article "Guatemala Chief Facing Pressure," for it sheds light on the tragedy.

Some of the business sector accused my administration of being inept and corrupt, as your correspondent states, but that was due to the agrarian reform, the first income tax law and other social measures adopted by my constitutional government, which greatly affected the vested interests of the wealthy in Guatemala. They went so far as to imply that I was also a pro-Communist in disguise.

The opposition to Col. Enrique Peralta Azurdia's de facto and dictatorial regime is certainly growing, as I predicted. It should be borne in mind, however, that the despotic regime never did enjoy a wide and deep-seated popular appeal. That is the reason why it abolished the Constitution, eliminated Congress and converted Guatemala into a police state.

Almost all political parties, as Mr. Kennedy's article points out, are bitterly against the present de facto regime, opposing by all means at their disposal the brutal internal policies and the senseless international measures adopted by Peralta and his associates in crime.

INCREASED TERRORISM

Terrorism and guerrilla warfare have increased lately. Both have been so great, in fact, that on several occasions road and other communications have been severed between Guatemala City and other points in the interior, notably the northeastern seaboard. Military unrest has been growing despite Colonel Peralta's attempt to court the affection of younger military officers and more liberal-minded military that remember with shame their oath to defend the Constitution. This unrest is bound to increase until the tyrannical regime is overthrown.

Hundreds of Guatemalans are in prison.

Undoubtedly, the more than 200 petitioners who signed the recent political memorandum are extremely brave citizens, who deserve the gratitude of the whole nation. It is imperative, as they urge, to put an end to the de facto regime with its military clique, who believe that free institutions always lead to chaos and, in the end, to communism.

The only legal solution is to return to constitutional government, calling the Vice President (First Designate) to rule the country and in accordance with our National Constitution, article 165, to call for presidential elections in the next 4 months, supervised by the Organization of American States. Guatemala deserves this solution in order to benefit from such great undertakings as the Alliance for Progress.

MIGUEL YDIGORAS-FUENTES,
Constitutional President of Guatemala.
MIAMI, FLA., November 6, 1963.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter dated October 5, 1963, that I received from Miguel Ydigoras Fuentes, constitutional President of Guatemala, in support of many of the positions I have taken.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SAN MARCO ISLAND, MIAMI, FLA.,
5 de Octubre de 1963.

HON. WAYNE MORSE,

U.S. Senator from Oregon, Chairman, Latin American Subcommittee, the Senate of the United States, Washington, D.C.

DEAR SENATOR MORSE: Since our last conversation in the middle of the summer, when we exchanged points of view regarding the military coup in Guatemala which ousted the legitimate Government I had the honor of presiding, in accordance with the mandate of the majority of Guatemalans expressed in the free elections of January 1958, other military takeovers have occurred in Latin America and the social-political situation in Guatemala has gravely deteriorated.

My own struggle against communism is, I believe, well known in the United States and in Latin America. It is, I am sure, recognized by the political leaders in your country and by many Latin Americans who have the responsibility of government. It is stated in my book: "My War With Communism," Prentice Hall (July 1963).

I say this because the American Continent must, on the one hand, repudiate the imperialist and aggressive policies and purposes of the international Communist movement, and, on the other, condemn in no uncertain terms the objectives and the methods of the right extremists, since they are intrinsically antagonistic to the democratic aspirations of the peoples of the Western Hemisphere and destructive to their free institutions.

As it happens with any human society, on occasions legitimate and democratic governments commit errors in procedure which, unfortunately, are greatly exaggerated in press dispatches. The Guatemalan press had been under censorship prior to 1958. The parties opposing my government and defeated at the polls, began, by means of the freedom of the press I imposed, a vicious campaign against my government, never seen before. One thing is to correct the mistakes that might be committed in a democracy, and quite another to take advantage of the freedoms of democracy to destroy it.

During the past 2 years, the inter-American community has come to realize that "political" and "social" democracies must go hand in hand, because they mutually complement each other. This realization has received great impetus, in my opinion, thanks to the courageous and dynamic leadership of President John F. Kennedy. I am re-

ferring specifically to the Alliance for Progress, that gigantic and multilateral effort destined to raise, in the social and economic fields, the standard of living of millions of Latin Americans. You may recall my own efforts, initiated during the first semester of my term in 1958, to accelerate the economic integration of the Central American Republics; and President Kubitschek's vast plan which he entitled "Operation Pan America," of the same year. But it is also true that without President Kennedy's understanding of the problem and without his complete support, the Alliance for Progress would not have been established at Punta del Este, on August 17, 1961.

The Alliance is a most ambitious program, but it must be implemented, as the "Declaration of the Peoples of the Americas" reads, in a free climate, with free institutions, always respectful of human rights. If it were otherwise, as the Communist claim to be doing in the enslaved island of Cuba, the joint effort would make a mockery out of representative democracy and, in the end, it would be completely useless.

The military that overthrow legitimate, constitutional and democratic regimes in Latin America do so ostensibly on many grounds, but in fact because they abhor the democratic way of life, free and constructive dialog, and the right to dissent from the philosophy that guides any government or the means used to achieve the ends sought. To them the multiplicity of political parties, the establishment of labor unions and the free expression of opinion, for example, are characteristic of "decadent" societies, and roads which inevitably lead to chaos and anarchy. This is the outlook—very primitive indeed—of the extremists of the right, of the totalitarians a la Hitler and Mussolini. In other words, their outlook is completely negative and obstructionist; and, what is worse, they form a close and fraternal alliance with every other bitter enemy of democracy in that they wish democracy to fail. They pretend to stay in power by pointing out, falsely of course, that the sole alternative to Communist rule is military misrule and oligarchic reaction.

Some have advocated that dictatorship and de facto governments should be excluded from participating in the Inter-American System. A year ago, at the Organization of American States, several Latin American democratic countries introduced a resolution to have a Meeting of Consultation of Ministers of Foreign Affairs discuss that possibility. Although my Government was naturally sympathetic to the initiative, it instructed its Permanent Mission not to vote affirmatively because (1) it was uncertain as to the effectiveness of the step proposed and (2) it believed that other measures (joint breaking of diplomatic relations and collective economic sanctions, for example) could be taken outside the Inter-American System, in a less formal but more effective manner. What my Government had in mind, my dear friend, was to consult with other legitimate governments as to the possibility of "continentalizing" Article II of the Central American Treaty of Peace and Friendship, signed in Washington on February 7th, 1923, through which de facto and unconstitutional regimes would not be recognized diplomatically.

What the Latin American community needs, in my opinion, is to intensify its economic development and to greatly accelerate social justice, before it is too late, but certainly preserving—in the process—the fundamental rights of man. It is intolerable to have any part of the population pass dogmatic judgment on the desires and needs of the majority; and much worse if any popular sector denies, through undemocratic means, the wishes of other popular sectors. If a group of Colonels believes that the legitimate government, freely elected by the

people, is conducting its business in an ill-mannered fashion, the thing for its members to do is to resign from the Armed Forces and enter politics, observing—as any one else—the rules of the game. When they usurp power and oust a democratic and constitutional government, no matter what pretext they might advance for their action, the international community should react with energy, vigor and indignation—sanctioning their ill-conceived and ill-executed performance.

In normal times, the international family of nations suffers immensely when a democratic regime is decapitated. In this atomic era, when years are reduced to weeks and months to minutes, any democratic setback is much more dangerous to the community because it affords its enemies an excellent opportunity to give the West a major setback in international politics.

As to the present situation in Guatemala, the de facto and dictatorial regime has openly and defiantly violated the Charter of the United Nations, the Charter of the Organization of American States, the Universal Declaration of Human Rights, the American Declaration on the Rights and Duties of Man, the Declaration of Santiago de Chile of 1959 and most of the instruments pertaining to the rule of law and the protection of fundamental freedoms. It has converted the country into a terrible police state.

Colonel Enrique Peralta and his associates in crime have ruthlessly suppressed the freedoms fully enjoyed by the Guatemalan people under my administration. Monstrous laws have been decreed. Congress has been abolished. Habeas corpus has been eliminated. An indefinite stage of seige exists in the country. Military tribunals judge ordinary offenses (called, by the ruling and reactionary clique, seditious and subversive). Hundreds have been jailed, and many mistreated before being sent into exile in foreign but friendly lands. There is a growing list of Guatemalans being summarily shot. The pardon as in Cuba, is becoming a national institution. Freedom of expression is not only a myth: it is admittedly nonexistent. High schools have been militarized. Social progress has come to a complete stop.

I denounced all these terrible violations to the Inter-American Commission Human Rights, in late August, and requested that body to investigate the charges and take appropriate measures. In statements and letters to the press I have warned that repressive measures are on the increase and that the hatred of the Guatemalan people for the present regime is growing. Guatemalans, from every walk of life, are responding to the situation with greater acts of bravery, and even with terrorist acts and increased guerrilla activities, because there is no solution in sight.

Not a word has been said officially about general elections. And even if they were convoked, there is absolutely no guarantee that they would be free. As a matter of fact, they could not be, unless a new government took over and conducted itself fairly, restoring the fundamental freedoms which have been trampled over by the military boot.

Colonel Peralta's regime has not only defied the sovereign will of the Guatemalan people, but—with incredible audacity and impunity—has defied all the American Continent. Its contempt for the opinion of democratic leaders of the Americas has no bounds.

Should you wish, my dear Senator MORSE, to distribute copies of this letter to your distinguished colleagues in the Latin American Subcommittee of the Senate of the United States and, particularly, to my good friend Senator BOURKE B. HICKENLOOPER, of Iowa, you may do so without any hesitancy. If, however, you desire to include it in the

CONGRESSIONAL RECORD, feel free to do so. With every good wish, I remain affectionately yours.

MIGUEL YDIGORAS FUENTES,
Constitutional President of Guatemala.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter I received from Luis Tovar, a senator of Venezuela, under date of October 17, 1963, in support of the position I have taken on the military issue.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Translation]

(NOTE.—This letter was written in "telegraph style"—the tie-ins were provided by this translator.—E.H.)

REPUBLIC OF VENEZUELA,
SENATE,
Caracas, October 17, 1963.

[DEAR SENATOR:] Your noble fight in the U.S. Senate against military coups in Latin America has earned the gratitude of the Venezuelan workers and people. You are now showing the best democratic traditions of the American people.

I feel I interpret the democratic feelings of the Venezuelan people by congratulating you upon your affirmation of understanding and friendship. Simultaneously I implore you to continue your interest in the development and stability of democracy in Latin America, which is the only road leading to the sure defeat of communism's international conspiracy and of the remaining native oligarchies.

Cordially yours,

LOUIS TOVAR,
Senator and President of Fedepetrol.

Translated by Elizabeth Hanunian, October 24, 1963.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a cablegram I received from Luis Muñoz-Marín, of Puerto Rico, who is a great friend of the United States. Governor Muñoz-Marín shares the fears and the concern I have expressed concerning juntas in connection with our military aid program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HON. WAYNE MORSE,
U.S. Senate, Washington, D.C.:

I have just sent the following cable to President Kennedy regarding Santo Domingo situation: The United States faces a problem, a challenge, and an opportunity. As a citizen and as a neighbor of the Dominican people I feel it my duty to make my views known to you.

I unreservedly favor taking a hard line toward the usurping government of Santo Domingo. No recognition, no economic aid. A soft line would result as I see it in the following:

1. A further demonstration of the powerlessness of the United States to support the democratic governments in the hemisphere;
2. A chain reaction of military coups in Latin America (Honduras is now said to be on the verge);

3. A shot in the arm for communism as the Batista dictatorship in Cuba turned out to be;

4. Deprive Alliance for Progress of a number of democratic partners compelling United States to deal with the oligarchies that oppose the reforms that are the basis of the Alliance;

5. Depend on military usurpation to combat communism instead of depending on democracy;

6. Allowing to lapse the opportunity of using the Santo Domingo situation for a stronger policy orientation under very favorable psychological circumstances.

A strong line would refuse to recognize the stability of infamy as "stable government" and demand thorough respect for the freedom of the Dominican people to have their own democratically chosen government. I believe that such steadfast position on the part of the United States would strengthen democracy in Latin America immeasurably and that the puppet government and its military masters would crumble and open the way to action both viable and honorable in Santo Domingo.

Respectfully,

LUIS MUÑOZ-MARÍN.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from a former Senator of the Dominican Republic, Dr. Anibal Campagna, from the province of Santiago. It was sent to a newspaper in the Dominican Republic with the request that it be published.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Translation]

SEPTEMBER 28, 1963.

MR. RAFAEL HERRERA,
Director of *Listin Diario*
Santo Domingo, Dominican Republic.

DISTINGUISHED FRIEND: I am writing to ask you to be so kind as to publish this letter in the honest newspaper which is being managed by you with great dignity. I shall explain myself:

It so happens that on September 26 of this year I called in person at the offices of El Caribe and made some statements to Victor Marmol, a reporter, with the request that they be published immediately, and he promised that I would be accommodated without fail. Yesterday morning, when I saw that my statements had not come out in El Caribe, I telephoned that same reporter to ask him for an explanation. Mr. Victor Marmol told me, in effect, that he could not explain to himself what had happened.

The statements which I made to the newspaper El Caribe were more or less the following: On September 25, at about 9 o'clock in the morning, when I wanted to enter the building of the National Congress, to take my place as Senator with which office the Province of Santiago had honored me, several members of the National Police arrested me and took me to Fortaleza Osana where I was detained, together with other Members of Congress, until 5:30 o'clock in the afternoon. In those statements I had expressed my indignation not only because of the fact of my arrest, but especially because of the act of insurrection which they had just consummated, destroying that freedom for which I had been fighting for such a long time. I ended my statements by calling on the Dominican people not to lose their faith in the future and their confidence in democracy, because though freedom might have momentary setbacks, it would never perish.

Those were more or less my statements that day; but now I want to say a few additional words:

All the Dominican people know with what enthusiasm and energy I was performing my senatorial duties while I held that office of which I was very proud because it had been conferred on me, in free elections, by the people and not by the force of machine-guns. I fought in that Congress, to the point of exhaustion, defending the Constitution and law and order on many occasions, when I felt that the majority party which was in power was violating the Constitution and the freedom (of the people). I will never be able to support the men who have

destroyed the legal state of this country's law and order.

That is precisely why, in March of this year, I declared myself independent, leaving the ranks of the National Civic Union, my party of origin. I did so in conjunction with some other members of that party, because I became convinced at that time that the tendency of their principal leaders was pro-coup d'etat, and I was for freedom and for law and order. The events which have just saddened our poor country have proved that I was right. Finally, the leaders of the pro-coup parties have attained by force, what they would not be able to attain by law: to enter the palace.

There is no hatred or bitterness in my heart; it is filled only with sadness and pain, but with much pain, not only for the sake of the Dominican people but also for those men who managed the insurrection and who now continue to give it moral and material support.

I read with great interest the editorials which you have been writing on the political situation of the country and on the latest events; I can only congratulate you and tell you that the real, honest, and disinterested Dominicans understand and applaud you. May history be the judge.

Therefore, I humbly reiterate to you my request for the favor of publishing for me this letter, responsibly signed by me, in *Listin Diario*, because it states my political position and I want to put it on record for the future.

Your friend,

Dr. ANIBAL CAMPAGNA,

Ex-Senator for the Province of Santiago.

Translated by Elizabeth Hanunian, October 16, 1963.

Mr. MORSE. Mr. President, I have visited Latin America a number of times. I have spoken with many persons in many parts of Latin America, including many officials. I spoke with numerous members of various delegations, not only from Latin America, but also from many other parts of the world, at the time I visited Peru, earlier this year, to attend the inauguration of the new President. One of the strong impressions I carried away from that inauguration was the almost unanimous opinion that delegates from embassies and delegates specially appointed by the heads of their governments expressed to me an opposition to the type of military aid that we have been giving to Latin America.

Also, they expressed deep concern about the fact that in the minds of many, the U.S. Government is linked with the support of military juntas. Later this afternoon, I shall offer my amendment on military juntas.

I close my argument now by asking the Chairman of the Committee on Foreign Relations to hear me through on the purpose of the amendment that is now pending.

The committee amendment authorizes an additional appropriation under Public Law 86-735 of \$175 million. This amount compares with the request of the administration for \$200 million. The authorization is on a no-year basis and is intended to supplement the initial authorization, now exhausted, of \$500 million.

Most of this \$175 million is intended to replenish the Social Progress Trust Fund of the Inter-American Development Bank, with a small amount to support development programs run by the OAS.

The SPTF is used to foster improvements in housing, land reform, sanitation, water supply, education, and tax reform. As of December 31, 1962, the SPTF had made 53 loans totaling \$320,562,000. These loans are intended to support social reform efforts undertaken by the Latin American countries themselves.

This is dealt with on page 38 of the report, where we find that the committee advises the Senate that the trust fund was created under a trust agreement between the United States and the Inter-American Bank. Under the trust agreement, the SPTF is commissioned to support the social reform efforts of Latin American countries which are prepared to initiate or expand effective institutional improvements and to employ their own resources prudently and efficiently. Countries participating in the Alliance for Progress are represented in the SPTF under a system of weighted voting.

Then the report states:

In signing the trust agreement under which the Inter-American Development Bank was vested with the responsibility for administering the Social Progress Trust Fund, it was the intent of the United States, and of the Bank, that the Fund would be used to encourage maximum self-help efforts on the part of the participating countries, and that the countries themselves would reform existing institutions and practices which impede economic and social progress, especially in the fields of ownership and use of land, education and training, health and housing, taxation and other aspects of the mobilization of domestic resources. It is clear, further, from the agreement that the performance of the borrowing countries is intended to be a primary criterion for the making of loans.

In view of the disappointing performance of many Latin American countries in the area of reform and self-help, it cannot be said that they have, on the whole, fulfilled the requirements of the trust agreement.

For this reason, I do not believe that the amount authorized for the SPTF by the bill as reported from the committee for Public Law 86-735 can be justified. I urge, therefore, that the proposed authorization be reduced by \$20 million—from \$175 million to \$155 million.

I point out that because of the lapse of time that has already occurred and because of the additional lapse of time before the final appropriation will be made, this authorization amount can be safely reduced.

When these countries do a better job of self-help, if they do, there will be no difficulty with me in enlarging the fund commensurate with the self-help programs which these countries develop in connection with the authorization bill of next year. After all, this being November, that is not very many months away.

So I urge the Senator from Arkansas to accept this amendment, which calls for a \$20-million cut. No program will be damaged by the amendment; no loan in the offing will be prevented by the making of this cut.

In addition, I think this is the kind of warning and lesson we should send to our Latin American neighbors, so as again to make clear that the determination of Congress is that the United States will

help with the Alliance for Progress when there is a little more self-help by them.

If this amendment is adopted, so far as I am concerned, it will be the last of my attempts to offer money amendments, because it and my other amendments will make a total saving in this bill, as compared with the bill as reported from the committee, of an even \$500 million.

Mr. FULBRIGHT. Mr. President, I have considered the Senator's amendment, and I am perfectly willing to have the Senate vote on it now.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the committee amendment, as amended, in the nature of a substitute.

The amendment to the committee amendment, as amended, was agreed to.

Mr. MORSE. Mr. President, I move that the vote by which this amendment to the committee amendment, as amended, was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I thank the chairman of the committee very much for his cooperation. As he knows, this has not been a happy situation for me—in finding myself in opposition, in connection with some amendments, to my good friend, the Senator from Arkansas.

AMENDMENT NO. 297

Mr. GRUENING. Mr. President, I have a number of amendments which I hope the chairman of the committee will agree to accept.

First, I offer to the committee amendment, as amended, my amendment No. 297.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 51 of the committee amendment, as amended, between lines 13 and 14, it is proposed to insert the following:

(k) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished.

Mr. GRUENING. Mr. President, this amendment was requested by the Comptroller General, and has already been included in the bill as passed by the House of Representatives. It is merely a provision that "no assistance shall be furnished under section 201, 211, or 251 of this act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

I think this is a desirable housekeeping amendment, and I hope the chairman of the committee will see fit to accept it.

Mr. FULBRIGHT. As the Senator from Alaska has said, the substance of this amendment is now included in the House version of the bill, and I believe the principle of the amendment has been lived up to. Therefore, I believe the amendment is unnecessary.

I hope the Senator from Alaska will not insist on having the Senate adopt this amendment to the committee amendment, because if this amendment is not adopted, this subject matter will be in conference, and that is desirable.

The Senator from Alaska has offered a number of amendments which propose the inclusion of language already in the House version of the bill. I do not believe these countries have refrained from agreeing to the making of such audits of the accounts. In one case—that of the Diem government, I believe—there was such a refusal; but that is about the only instance of which I know. In that case there was a very tense relationship, really during a state of warfare, in which that government failed to abide by these requirements. But I believe that today this requirement is lived up to, and it is the policy of the existing administration to do so.

I hope, therefore, that the Senator from Alaska will not press for a vote by the Senate on his amendment. If the amendment is withdrawn, this subject matter will be in conference.

Section 506 of the existing law provides, among other things, that—

(3) It will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the U.S. Government with regard to the use of such articles; and

(4) Unless the President consents to other disposition, it will return to the U.S. Government for such use or disposition as the President considers in the best interest of the United States, such articles which are no longer needed for the purposes for which furnished.

In the existing law there are several provisions which I believe add up to the same thing as the Senator's amendment, which merely provides that our representatives shall oversee the use made of the aid furnished to the respective countries.

A situation such as that existing in South Vietnam—during a very difficult warfare in which there were considerable differences between the Government and our Government—is unusual; but I believe the experience in connection with the developments in South Vietnam should be a warning to anyone who would not be inclined to agree to follow these provisions.

So I hope the Senator from Alaska will not press for action by the Senate on his amendment, although I agree with the sentiments he has expressed.

Mr. GRUENING. Mr. President, in view of the opinion of the chairman of the committee that withdrawal of the amendment will enable him to have greater latitude in the conference, I now withdraw the amendment.

Mr. FULBRIGHT. I thank the Senator from Alaska.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, is withdrawn.

AMENDMENT NO. 296

Mr. GRUENING. Mr. President, I now call up my amendment No. 296, and offer it to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 51 of the committee amendment, as amended, between lines 13 and 14, it is proposed to insert the following:

(f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises.

Mr. GRUENING. Mr. President, this amendment is designed to eliminate the destructive competition which may exist between concerns in the United States and those in other countries as a result of our aid program. We have spent a great deal of money in financing the construction of steel mills all over the world, and they operate in competition with the U.S. steel industry, which now is operating far below capacity.

The same thing has been done in the textile industry. We have created paper mills, rubber plants, chemical plants, aluminum plants, and much else. Those dollars actually cause such industries to compete seriously with ours at a time when we have considerable unemployment.

The amendment is a moderate one. It also repeats the language of the House bill. In view of the fact that there could be no objection to the principle of the amendment, I hope the chairman will see fit to accept it.

Mr. FULBRIGHT. Mr. President, I believe this amendment is in a quite different category from the other one. First, the principle as applied in relation to the amendment is unworkable. Furthermore, one of the main purposes of the program in the past has been to help various countries develop their own private enterprise to the point at which they could be made self-sufficient. For all practical purposes, I believe the amendment would completely nullify a major part of the Development Loan Fund. It would be better to abolish the Development Loan Fund. I do not see how we can apply the principle, because practically every industry that is devel-

oped in any country is, to some degree, competitive with our own industry.

I do not believe the Senator really means that we ought to assist only in the growing of coffee, bananas, or a few products of that kind which we do not produce. Such a limitation would nullify the whole objective of our program.

The amendment is objectionable on its merits. The previous amendment offered by the Senator from Alaska was not objectionable on its merits. I think it was unnecessary. There would be no objection to it, for we are abiding by its principle. But in the amendment now offered by the Senator, the following language appears:

(f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity.

Our industries go up and down in their activity. I am glad to say that most industries, with some exceptions, are operating at a substantially high proportion of their capacity. But next year, hypothetically, there may be a recession, and their production may decline. Their volume of business is a factor that varies from year to year and almost from month to month.

Furthermore, I believe that the objective of the amendment is wrong. We must compete with plants that we have helped to create. We believe in competition. At least we say we do. Our great task is to modernize our own industry in order to be competitive. I believe we can be competitive. In most fields I believe we are competitive. Here and there we observe cases in which modern mills, for a temporary period, may be more efficient than ours, but that is a continually changing situation, both in our country and abroad.

I object to the amendment on its merits. I could not agree to it. We shall have to oppose it.

Mr. GRUENING. Mr. President, under those circumstances, and in view of the arguments of the distinguished chairman of the committee, I believe I would prefer to leave him to wrestle with the conferees on the part of the House, which has adopted the amendment. I have pointed out the perils of our subsidizing foreign competition with our dollars against our industries. The subject will come up again when the next bill is considered. We shall then have a chance to reevaluate it. Therefore, I ask that my amendment be withdrawn.

The PRESIDING OFFICER. The amendment of the Senator from Alaska is withdrawn.

Mr. GRUENING. Mr. President, I call up my amendment No. 233 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 51, between lines 13 and 14, it is proposed to insert the following new subsection:

(f) No loan or grant shall be made under any provision of this Act to any country, or to any recipient therein, unless such country shall have agreed to exempt from all cus-

toms duties or other import taxes levied by such country any articles procured in the United States or any of its territories with the proceeds of such loan or grant, including any amounts thereof loaned by the original recipient to borrowers within such country."

Mr. GRUENING. Mr. President, it seems to me that when our country provides funds for the importation of goods into a foreign country, that country should not levy a duty on them. I believe that my proposal is reasonable. I should like to have the reaction of the chairman to the amendment.

Mr. FULBRIGHT. The amendment was submitted to and considered by the committee. The committee rejected it. The amendment would be an attempt to interfere in a most unacceptable way in the internal affairs of all the various countries involved. When we make a loan to a country for the purpose of the development of that country and they wish to buy something from our country, I do not see how that country could be expected to make special regulations because of the particular article purchased. It would also have the effect of inducing countries, wherever possible—unless the country were required to purchase the article from the United States—to buy from some other country.

The amendment is an attempt to interfere with what we generally believe to be the sovereign rights of every country to fix its own duties and import taxes. I believe that it would be resented by other countries, and would make it very difficult to operate the program. For all practical purposes, questions of taxes, and so on, are unrelated to the foreign aid program. Those questions should properly come under the reciprocal trade program and under tax treaties which we enter into with other countries.

If discriminatory taxes are imposed, of course, we should resent them. But we should try to solve that problem in the usual manner—through diplomatic negotiations and trade treaties.

For example, if a loan is made to a private enterprise in another country—which the act tries to encourage—for in many places it professes its devotion to private enterprise—that particular company would then receive a competitive advantage because of tax-free imports. We would get into some very strange situations. Suppose in a foreign country factory A did not receive a U.S. loan; it would have to pay taxes on materials it bought. Suppose it should import textile machinery, on which it would pay a tax. On the other hand, suppose that company B, which received a loan from us, should buy the same machinery from a manufacturer in this country under the terms of the amendment. Company B obviously would obtain a competitive advantage, which would cause great complaint in that country.

The amendment would be far-reaching in its effect and would intervene in the tax programs of the various countries involved. I honestly do not see how we could administer it. If we should attempt to administer and apply it, we would only create great resentment and make the administration of the program much more difficult than it is now.

One of the reasons why the program has run into difficulty in the past is the multiple restrictions placed by Congress upon the administration of the program. Those restrictions have made the program subject to criticism and resentment on the part of the countries receiving help.

Any undue discriminatory taxes imposed by recipient countries ought to be protested. They ought to be fought by our country in the regular way. If the taxes are too discriminatory, I agree that we ought not to give that country aid. But to apply the requirement, as the amendment of the Senator from Alaska would do, as a condition of any loan, would go much too far and would not be workable.

Mr. GRUENING. I hope the RECORD will show that in the case of the amendment now before the Senate and the previous amendment dealing with competition, the AID administration will take these problems under serious consideration, and that when the Foreign Relations Committee draws up the foreign aid authorization bill for the next session of the Congress, it will take those questions under advisement, and take appropriate action.

In view of the chairman's views on the subject, and the making of the record, I withdraw the amendment.

The PRESIDING OFFICER. The amendment of the Senator from Alaska is withdrawn.

Mr. GRUENING. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 48, between lines 3 and 4, it is proposed to insert the following:

(m) No grant or loan shall be made under this Act to any country or area which is a colony of any other nation.

Mr. GRUENING. Mr. President, that amendment has not been previously submitted. The amendment would stop the giving of aid to the colonies of nations. We have been asking the powers of the Old World, including Great Britain and France, to take a larger part in the program. Yet in a strangely contradictory and paradoxical way we subsidize their colonies while they are still colonies. How can we justify that? We have given financial aid to British Guiana, to Surinam, which is Dutch Guiana, French Guiana, Hong Kong, and the remaining British colonies in Africa, and to the not yet free French possessions. I think that is all wrong. I believe the mother country should continue to send aid so long as its colonies are still her colonies. I question also the wisdom of precipitating ourselves into the aid picture in every new nation the minute that new nation is spawned. Certainly, so long as they are still colonies, I see no justification whatever why they should receive our aid. If aid is needed, it should come from the mother country.

In British Guiana, Cheddi Jagan, who is of rather doubtful character, came to the United States prior to his election and persuaded the AID administration

to give him \$10 million. As a result, he went back to Guiana and was elected. He was elected as a result of telling the people that he was "in solid" with the United States and had \$10 million to prove it.

What happened? He created so much chaos that the British withdrew their proposal to give independence to British Guiana. It is still a colony. It is still in chaos.

Why on earth should the United States continue to subsidize colonies of that character?

I hope the chairman will accept this amendment. I believe it is a proper one. I believe it will hasten the liberation of those countries that should be liberated. If they should not be liberated, then the mother country should subsidize them, not the United States.

Mr. FULBRIGHT. I know of no substantial aid other than to Guiana, which is a special case to which I shall refer. With regard to British Honduras, we are not giving aid. We did at one time, but not any longer. As the Senator well knows, the British had committed themselves to make Guiana independent. The reason we had a special interest there was that the largest investments in British Guiana are American investments. Guiana is the original source of bauxite for the largest company in the country.

The hope was that, as a result of the transition, there would be a stable and viable country. But the situation has been so bad that the British have delayed or postponed the time for Guiana's complete independence, because of the danger of it becoming another Cuba.

The reason we put aid in there is the same reason we have a special interest in peace in the Middle East and in other places—because of substantial American investments. That is the only case I can think of which would fall within the restrictions sought by the Senator, in which any substantial amount is involved. We are not undertaking any substantial aid to any other country that I can think of.

What other countries besides Guiana does the Senator from Alaska have in mind?

Mr. GRUENING. They are not substantial, but I believe the principle is important. We are giving grants to the French colonial possessions and to Portuguese possessions which are still colonies of the mother country.

Mr. FULBRIGHT. But are they not purely in terms of very small technical assistance aid? Are they not an attempt by our Government to try to display its interest, looking to the time when those countries would be independent and we would have relations with them? Meanwhile, are we not largely trying to teach a few of the inhabitants to speak English, and nothing substantial in any case?

Mr. GRUENING. I believe the whole principle is improper. If technical aid is needed, why not let the mother country provide it? We have been urging mother countries to do more in their programs. They have disappointed our expectations.

Mr. FULBRIGHT. I know the French have given large amounts to their former colonies, because they have expectation of continued trade, and so forth. We have gone in on the theory that we expect to have relations with them. We want them to be friendly with us. We have not spent substantial amounts in those cases that I know of.

I have asked my assistant here to look up those amounts, which he will do in a moment, unless the Senator already has them. I believe he will find that they are insignificant.

Mr. GRUENING. I believe the Peace Corps is one of the most outstandingly successful enterprises in our whole foreign aid program and I support it unqualifiedly. I believe it has done a magnificent job. In view of the exemption that has been made for the Peace Corps would not the proper procedure be, in these colonies—where the chairman says we hope to create a good atmosphere and are looking to the day of their independence, to be friendly with them and to teach our language—to use the Peace Corps, which is exempt from these provisions, and cut out all other forms of aid? I ask that as a matter of principle. I believe it is desirable.

The Peace Corps can furnish the technical aid and the teaching aid and all these other things. I believe that would be the finest kind of support for these colonies, which are not entirely happy under their present status. They look forward to independence. The Peace Corps could do this interim job. But I believe that other forms of aid are objectionable on principle.

The record is being made. I hope the Peace Corps can be encouraged to provide assistance. I understand we are considering the enlarging of the appropriations for the Peace Corps. That is a people-to-people contact, of the finest kind.

I hope that this amendment will be accepted.

Mr. FULBRIGHT. My efficient assistant, Mr. Holt, tells me that he is unable to find where such is being done. If the Senator has any figures, we might make a record here and recommend that it be stopped.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MORSE. I do not have any information other than what is in the charts. I missed some of the debate, but let me read the figures for 1963 aid to colonies.

Mr. FULBRIGHT. We are talking about 1964. We have "phased out" these colonial areas, according to Mr. Holt.

Mr. GRUENING. All the more reason why we should adopt this amendment, if we are going to follow this course anyhow.

Mr. FULBRIGHT. There are exceptional cases, the Senator would agree, such as Guiana. At least the facts there involved, really, the defense of our own security, and protecting the vast American investments. There was a great danger, which we all recognized, of having Guiana become another Cuba. All Senators—as well as the Senator from

Alaska—would be very critical if that should occur.

The Senator would say we cannot give any aid to this country, which is on the verge of becoming independent, when we ourselves hoped the British would delay the time for giving them their independence, in the hope that something could be worked out to change the situation. There is no doubt about the danger of Jagan and his government. I believe it is wrong on another principle. When a legislative body sets down principles, if abided by they go on from year to year and tie the hands of the administration—whatever administration it might be—to meet a situation like this. I submit that the amount proposed for 1964 is de minimis and thus is not sufficient to cause concern. I do not believe the Senator would wish to tie the President's hands in a case like the Jagan government. He would not wish to expose us to the disastrous consequences of another situation like Cuba.

Mr. GRUENING. In the case of British Guiana, we were subsidizing the "Castro" of British Guiana.

Mr. FULBRIGHT. What the Senator is saying is that we have made mistakes. I cannot defend everything that has been done under this program. We have made mistakes. I do not believe, however, that we should take responsibility for Jagan. I know we certainly did not intend to allow Guiana to become a Communist foothold. Whether the situation was handled right, I do not know. I know it is a very difficult situation. The contest in Guiana between the two parties, from what I have read about it, is an extremely difficult thing to handle.

It is an extremely difficult problem to handle. I do not think we can lay down policies for the administration in day-to-day situations. Our committee staff chief cannot find any other colonial area to which aid is proposed to be given.

Mr. GRUENING. Unless we include the prohibition, there is no evidence that they will not resume giving aid to British Honduras.

Mr. FULBRIGHT. The Senator apparently has no confidence in the administration. I cannot accept that principle. I will accept the idea that it has made mistakes, but I cannot accept the idea that they are complete idiots and will never follow a reasonable policy. There is no proposal that we know of for any such program.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Missouri.

Mr. SYMINGTON. I was about to make a point brought up by the Senator from Arkansas. I voted with the Senator from Alaska on amendments designed to reduce money authorization, but it seems to me this amendment goes too far into legislative prerogative, the normal functions of the executive branch. I would have more confidence in this administration than expressed by the amendment. I submit this thinking to my able colleague from Alaska.

Mr. GRUENING. I say to my friend from Missouri and my friend the chairman of the committee that I think we

have accomplished a great deal in improving the bill. It is a much better bill. We have, in effect, rewritten it on the floor of the Senate. We have a good legislative record.

I say for the RECORD that for the United States to give financial aid to a colony of Great Britain, or France, or any other country, is folly. It is a principle we should assert. It is late. We have spent 2 weeks on the bill. I know that many Senators have engagements. I do not intend to press the amendment at this time, but I should like to have a little further discussion of it before debate on it is concluded. A very important principle is involved.

I was unhappy to hear the chairman of the committee state that I have no confidence in the administration, whereas he does. That is not precisely so. I have lacked confidence as a result of actions not of this administration, but some of the previous administrations of the aid programs, which change every year. This kind of mistaken aid has been given by some of the previous administrators. When an administrator gives \$10 million to Cheddi Jagan, a Communist, a subversive individual, who has put that colony in chaos and prevented it from becoming independent, I think I am justified in saying that I do not have confidence in most of the past foreign aid administrators.

I would like to foreclose future acts of that kind. I do not think American taxpayers should be asked to pour money into any colonies. I think that is the duty of the mother country.

Mr. MORSE. Mr. President, as a cosponsor of the amendment, who would support the amendment if it came to a vote, although I do not have the 1964 figures, I shall include in the RECORD the figures for the years up to 1963. But if I understood the chairman of the committee—and I was not present to hear all the debate—it is not contemplated that in 1964 we are going to be supporting colonies.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, many of these areas that have been getting aid have achieved their independence; they are no longer colonies. Many have become independent. Jamaica, for example, is no longer a colony. The amount provided for that purpose is very small. There are only one or two that are called colonies. They are not scheduled to get much for 1964.

Mr. GRUENING. It was folly to give such aid to them.

Mr. FULBRIGHT. The Senator will get no argument from me about that.

Mr. MORSE. Mr. President, may I ask the Senator from Arkansas a question? The figures just shown to me by Mr. Holt, of the committee staff, show that colonies that heretofore have been receiving some aid—and I shall put that amount in the RECORD shortly—will not receive any, except for one colony. Is that correct?

Mr. FULBRIGHT. Looking at the worldwide chart, that is correct.

Mr. MORSE. If I may have the attention of the Senator from Alaska, who is the author of the amendment, of which

I am a cosponsor, I think he has made a great record on this amendment, as he has on all his other amendments. I want to go on record as saying that the administration has made mistakes in giving support to colonies of other countries. I think we would have a hard time answering why, on principle.

I served on the fourth committee of the General Assembly of the United Nations, which is the committee that deals with trusteeships and non-self-governing territories in the world. I served during the famous 15th General Assembly, the Khrushchev shoe-thumping assembly. Time and time again the United States was under attack in the fourth committee because we had taken a wavering and weaving attitude with regard to the problems of colonialism around the world. That situation has improved a great deal since then.

I am glad that, under the leadership of the President of the United States, Secretary of State Rusk, and our Ambassador to the United Nations, Adlai Stevenson, we are not equivocating in our votes any more. We are not abstaining when the hot colonial issues come before the United Nations. That is to the everlasting credit of the administration. I do not mean to imply that we have gone far enough in the United Nations—because we have not—in dissociating ourselves completely from colonialism. But there has been a great improvement.

The reason why I cosponsored the amendment is that I do not believe we ought to be pouring money into any colony of any country. We never know when the people of that colony are going to take a stand for independence. It is easy to overlook the fact that we had been giving them aid for their benefit. That is the only reason we have given money to those colonies, so far as motivation is concerned. But motivation can easily be misinterpreted. The charge will be made that, after all, we supported Great Britain, France, and the Netherlands in maintaining a stranglehold over certain colonies by pouring money into them.

That principle is very important. It is why I was very happy to join the Senator from Alaska in the amendment when he first discussed it with me.

A wonderful record has been made by the Senator from Alaska and by the chairman of the committee. I shall dissent from one observation made by the chairman of the committee in a moment. First I wish to put into the RECORD figures that are not classified. The 1964 figures are classified, but the figures are small in amount and apply to only one colony. It would be extremely difficult to deny the type of aid that goes to that colony. The aid seeks to benefit the people, and not the British Government.

May I ask the chairman if he can obtain information for me as to whether some of the aid has been in the form of Public Law 480 funds?

Mr. FULBRIGHT. I am sorry. I did not hear the question of the Senator.

Mr. MORSE. Some of the aid that we

have given to certain colonies in the past has really been in the form of Public Law 480 aid. Is that correct?

Mr. FULBRIGHT. The chart says "worldwide." I would have to look it up.

Mr. GRUENING. That refers to aid we had been giving to Hong Kong.

Mr. FULBRIGHT. That was really nothing but relief.

Mr. MORSE. I want to draw that distinction. There is a distinction. When aid goes to a colony for food purposes, in the form of relief for hungry people, or in the form of medical supplies, that is a different matter. We do not know what proportion of such aid was in that form. I do not have the figures at tongue point.

Mr. FULBRIGHT. Did the Senator say "tongue point"?

Mr. MORSE. Yes; tongue point. That is a familiar point with me.

Mr. FULBRIGHT. Is that a colony?

Mr. MORSE. I know from some of our discussion in committee that some of the money was for humanitarian purposes.

Mr. FULBRIGHT. Certainly, some of the aid that went to Hong Kong was.

Mr. MORSE. Some of it was not.

Mr. President, since I joined as a cosponsor of the amendment, if the Senator from Alaska wishes to share my judgment, in view of the record we have been making, I suggest that he might withdraw the amendment.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Missouri.

Mr. SYMINGTON. Would the Senator tell us whether we are at tongue point for a vote tonight.

Mr. MORSE. I think, with mutual cooperation, we can reach a vote tonight.

The Senator had better sit down before I tell him this, because I am sure he would not be able to take it standing up. I have only one more amendment.

Mr. SYMINGTON. I would be willing to lie down if we could reach that final vote.

Mr. MORSE. I have only one more amendment.

I am waiting for a telephone call from the State Department. I believe it will have the good judgment to accept the amendment.

Mr. HUMPHREY. We have it here.

Mr. MORSE. I wish to place certain figures in the RECORD.

Mr. GRUENING. I appreciate the remarks of the Senator from Oregon. In light of the assurances of the chairman that this relief is petering out—even though it involves only one case, I still think the principle is important—and in view of the record that has been made, I will agree with my cosponsor, who unfortunately is not in the Chamber at the moment—to withdraw the amendment.

I ask unanimous consent to insert at this point a list of the amount of aid that we have given to the possessions in the past 15 years.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Aid to possessions, 1946-63	
	Millions
British Guiana	
Technical co-op grants	\$2.8
Public Law 480, title III	.7
Total	3.5
British Honduras	
Technical co-op grants	1.0
Public Law 480:	
Title II	.3
Title III	.9
Total	2.3
Jamaica	
Technical co-op grants	2.5
Public Law 480, title III	5.5
Total	7.0
Surinam	
Technical co-op grants	2.8
Public Law 480, title III	.5
Total	3.3
Trinidad and Tobago	
Technical co-op grants	2.5
Public Law 480, title III	.4
Total	2.9
Hong Kong	
Technical co-op grants	0
Public Law 480:	
Title III	29.4
Title II	1.0
Total	30.4
Western Samoa: Program under Public Law 480 started fiscal year 1962.	
Other overseas territories in Africa.	
Other British territories (sterling area)	
Technical co-op grants	.3
Public Law 480, title III	.6
Total	.9
Other French community and possessions	
Technical co-op grants	1.0
Other	5.0
Total	6.0
Portuguese possessions: Technical co-op grants	.3

Since 1942 (some countries later) economic aid totals \$18.2 million. Does not include title II-III, Public Law 480. All Public Law 480 food and fiber was charitable; none sold.

Mr. MORSE. With that insertion in the RECORD by the Senator from Alaska, which shows the aid that we have given to the colonies from 1946 through 1963, plus the figures for 1963, and with the urging upon the administration that it recognize the fact that when they come for an authorization bill next year the Senator from Alaska and the Senator from Oregon, even if we are the only two, will be calling upon the administration to show what was done with respect to aid to colonies, and what justification can be given for it, and that we will reoffer the amendment if no justification is given, I am glad to join the Senator from Alaska in withdrawing the amendment.

Mr. GRUENING. When we examine the figures, we see that they are not minuscule. They amount to over \$18 million.

Mr. MORSE. That is what I was about to say. That is since 1946.

Mr. GRUENING. That is a policy which we can condemn retrospectively. The stable door has been left open and the horse is gone. I hope, in view of the record we are making, that this folly would not be repeated. If it is repeated, such an amendment can undoubtedly be adopted next time.

Mr. President, I ask that the amendment, sponsored by the Senator from Oregon [Mr. MORSE], the Senator from Ohio [Mr. YOUNG], and myself be withdrawn.

The PRESIDING OFFICER. The Senator has the right to withdraw it. He withdraws the amendment.

Mr. MORSE. Mr. President, I call up my amendment No. 265, and I would like to have the attention of the Senator from Minnesota [Mr. HUMPHREY]. I have prepared a modification of it.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 39 strike out lines 10 to 17 inclusive, and insert in lieu thereof the following:

SEC. 254. RESTRICTIONS ON ASSISTANCE.—
(a) None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections.

(b) The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within sixty days after the President notifies the two Houses of his determination during a period when the Congress is in session.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PELL in the chair). Without objection, it is so ordered.

Mr. MORSE. Mr. President, I wish to further modify my amendment, so that paragraph (b) of the amendment will read as follows:

The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within thirty days after the President notifies the two Houses of his determination—

That will strike out the language I formerly had in the amendment—

during a period of time when the Congress is in session.

Mr. President, I shall be as brief as I can in discussing this amendment to the committee amendment, but it will call for some discussion.

This language was drafted by the Department of State. It is well known by the Senate and by the Senate Foreign Relations Committee that I have taken the position that no President, I care not who he may be, should be allowed to exercise unchecked power in granting U.S. taxpayers' dollar aid to a military junta in the Western Hemisphere that overthrows a democratically elected constitutional government. It is well known in the Foreign Relations Committee that time and time again I have stressed a fact which cannot be denied—namely, that many of our best friends in Latin America fear military juntas and fear U.S. economic aid to military junta governments or to civilian stooges which those governments set up to control the country, using democratic sloganeering after they have destroyed a democratically elected government.

An hour or so ago I placed in the RECORD communications from the President of Costa Rica, the former President to Guatemala, and Senators of the Dominican Republic, among others, in which they all expressed the fear that is so well known in the Foreign Relations Committee of the Senate.

I went downtown and I talked with administration leaders. I wish to make clear that they prefer to have no check upon the President. It is true that the President himself would prefer to have no check upon his exercise of discretion. It is also true that the Department of State—yes, even the President—must be reminded from time to time that our Government is a constitutional representative government based upon checks, including the power of the Congress to check the President. This is one place in which we must maintain a check. No matter what course of action the Congress may take in regard to the subject before the Senate, if it is unwilling to impose a check, millions of American people will make clear to this administration that they want a check.

Many American people are disturbed about unchecked Presidential power.

After my conferences downtown, the Department of State on behalf of the Secretary of State, and acting through the Assistant Secretary of State, Mr. Dutton, brought up the language which I am now offering. They said they would accept that language. As the chairman of the committee said in conversation with me a few moments ago, it is true that they would prefer no check at all. There is no doubt about it. But I wish the Senate to understand that the language I am offering is the identical language which the State Department advised the senior Senator from Oregon it would accept. I read it again:

(a) The provision of this section shall not require the withholding of assistance to any

country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within 30 days after the President notifies the two Houses of his determination.

The question might properly be raised—and that is why I suggested some additional language—What if the Congress is not in session?

In my judgment, if the state of affairs should be such—although I cannot imagine such a hypothetical state of facts—that during a recess of Congress the situation should become so serious that the President would think that some aid ought to go to some country that otherwise would be covered by the amendment, and could make a case for it when Congress returned, the Congress would sustain him. That is his risk.

If he cannot make a case, and if he gives aid that proves to be unjustifiable, the President will have to answer for either giving the aid or for his failure to do so. If the situation were so serious that a special session of Congress was warranted, he could call a special session of Congress. But that is a hypothetical situation which bears very little resemblance to reality, for I do not believe that any President would act in bad faith. I do not believe that any President would seek to take advantage of a Congress when it was out of session. Furthermore, the amendment would not in any way interfere with the diplomatic recognition power of the President of the United States, and I would not support an amendment that did, for I am too firm a believer in our separation-of-powers doctrine to interfere with what is, in fact, the Executive power of the President.

But it is not within the Executive power of the President under our Constitution to spend taxpayers money without authorization and authority from the Congress. That is the great difference. In the debate on another amendment a few moments ago, we again heard the statement that some of our amendments seek to interfere with the foreign-policymaking powers of the President. That is pure nonsense.

The Congress has the constitutional duty to decide what taxpayers' money shall be spent for. It has the duty to pass on the details of an authorization bill. The Constitution itself provides that money may not be spent except in accordance with appropriation by law. That is the principle that the Senator from Oregon is standing for from the standpoint of the constitutional right of the Congress. I do not intend to weaken that duty and responsibility.

I emphasize again that the amendment would not interfere with the right of the President to recognize the government, but it does provide that he may not spend taxpayers' money in aiding any government that has overthrown a democratic, constitutionally elected government in the Western Hemisphere, unless Congress is given 30 days to review the rea-

sons for seeking to give that country economic aid.

Listening to some Senators in private conversation discussing the subject, one might think that 30 days is 30 years, and that the proposed period of time would be unreasonable. It is the period of time that the Department of State itself wrote into the language that it sent to me. I believe that it ought to have been 60 days. When I suggested to the State Department representatives that it ought to be 60 days, they said they would be willing to accept 60 days. After conversations with the chairman of the committee, the majority leader, and the majority whip, I said I would offer the amendment and leave it at 30 days without changing a single word of the language that the Department of State sent up.

The amendment may be defeated but I assure Senators that rejecting the amendment will not end the issue in this country, for I am satisfied that the amendment is in line with the thinking of most of the people of our country. Most of the people of our country are very much concerned about supporting questionable governments around the world. Our people have come to recognize that too frequently we have been found supporting the wrong man. Too frequently we have been caught supporting dictators and tyrants, only to have them do such irreparable damage to their people that their wrongs have washed off onto us. The image of the United States has been tarnished in many places in the world because we have been found supporting dictatorships that have been guilty of atrocious conduct toward their people. I believe that any President would welcome the kind of cooperation from the Congress that my amendment calls for.

I do not believe any President wishes to give aid to any country unless Congress has had an opportunity to review his proposals and his reasons therefor. In my judgment, I shall not be doing any injury to the President of the United States by this proposal. It will be those in Congress who do not wish to vote for the check who will weaken the prestige of the President of the United States. Millions of people in this country wish to know, "What are they afraid of? What is the President afraid of?" Since when should the White House be afraid of this kind of rightful check of the Congress upon any recommendation he may make for aid to a foreign government?

Let us take a look at the kind of foreign government we are talking about. We are talking about a military, Fascist form of government. We are talking about a form of government in which a military coup has overthrown a democratic, constitutionally elected, free government in the Western Hemisphere. Throughout Latin America one democratic President after another it "trembling at his knees," figuratively speaking, because he is not sure that American military aid, used in the hands of a military junta, may not spring up to overthrow him. We have witnessed this in the two recent overthrows in the Dominican Republic and in Honduras. In

Honduras a constitutionally elected government was overthrown only a few days before a presidential election in which one of the major issues had become the proposal of the leading candidate that, if elected, he would urge passage of the necessary legislation to bring the military under civilian control. The military in Honduras wanted none of that. The military in Honduras wanted to be supreme. The military in Honduras is a caste. The military in Honduras trampled freedom underfoot in that coup.

The Dominican Republic had a constitutionally elected government. I hold no brief for any shortcomings of the administration of their President, but he was serving under a constitution; and the Constitution of the Dominican Republic provided for procedures to check the President in connection with any inefficiencies or maladministration of which he might have been guilty—if any. But, instead of following a constitutional system, a military junta—trained by American military training programs, using American military equipment—destroyed that Government.

To date, the Government has not been recognized. To date, we have withheld our aid. The question is: When should aid be resumed?

In my judgment, aid should not be resumed until a constitutionally elected government is reestablished in the Dominican Republic. The coup in the Dominican Republic and the coup in Honduras gave rise to much of the ferment in American public opinion that led to this amendment.

All I ask the Senate to do is to accept the language that the State Department itself is willing to accept, although, as I made clear to the Senator from Arkansas [Mr. FULBRIGHT], they would prefer no language at all. The Department suggested this language, and I have offered it as my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment, in the nature of a substitute, as amended.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. There is not much point in voting until a quorum is present.

Mr. FULBRIGHT. I understood that the Senator from Oregon did not wish a yea-and-nay vote.

Mr. MORSE. That would be true, if we can have some understanding as to accepting the amendment; but if I am to be outvoted by a voice vote, I desire a record vote, to put Senators on record.

Mr. MANSFIELD. Mr. President, there are not enough Senators present in the Chamber to order the yeas and nays. I ask unanimous consent—this is not to be considered a precedent—that

the yeas and nays be ordered on this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. FULBRIGHT. I wish a quorum call in any case, if there is to be a yea-and-nay vote.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I shall speak briefly. First, I am a little surprised, after listening to the Senator from Oregon castigate the State Department for 3 weeks, to hear him now cite its recommendation to the Senate, as if we should accept it. This is one recommendation of the State Department—if it is a recommendation—with which I do not agree.

It may well be that State Department officials have told the Senator from Oregon that they could live with this language. However, it is unwise to tie the hands of the President in that way.

I call attention to section 254, on page 39 of the bill. This language was offered by the Senator from Oregon, but he also offered additional language, which is not unlike, in purpose, what the Senator now offers, and which restricted the power of the President even more.

Mr. MORSE. Mr. President, if I may interrupt the Senator, it is all right to cite the language, but it is not the language of the Senator from Oregon. It is language that was within the amendment of the Senator from Oregon.

Mr. FULBRIGHT. That is what I said.

Mr. MORSE. I do not own the language in the bill.

Mr. FULBRIGHT. I know. I was making the point that the committee thoroughly considered the amendment offered by the Senator from Oregon, and this was the part which the committee agreed upon. It rejected the further restrictive language which is now being sought to be reinserted. It is not exactly the same language, but for all practical purposes, it is.

Mr. MORSE. Mr. President, let me interrupt once again to say that the language I had offered in committee was language that called for a report from the President, and a concurrent resolution by both Houses, approving it. As I made clear, it would require only a matter of days to obtain action. In lieu of it, the administration proposed the negative approach of 30 days, in which both Houses would have an opportunity to reject.

Mr. FULBRIGHT. I assure the Senator that I was not trying to mislead the Senate. There is a difference in the language. I make the point that while the State Department may have preferred that language to the previous language, in my opinion it is not favorable to either version. Be that as it may, the prin-

ciple involved is not the right or power of Congress to determine the payment of our taxpayers' money under the bill. Nobody is questioning that right. Rather, there is involved the question of the wisdom of doing it. In my opinion, it is not wise to further restrict the President's freedom of action in this field.

The bill before the Senate provides for a contingency fund. It always has. It is recognized that there will be emergency situations. Certainly, the overthrow of governments by force and violence—which is the case when military juntas take over governments—is an emergency situation which requires quick action by the President. He is responsible for it. That is why we have provided a contingency fund.

I think this further restriction is intended to tie the hands of the President, more than he is already restricted, in emergency cases.

The Senator from Oregon states very glibly that it requires only a few days to obtain action. We have already taken 3 weeks on a bill with which we are thoroughly familiar, which we have passed 15 times, and we are not through with it yet. I do not know how any Senator could stand up in this body and say that we would act in a few days. We do not know. We know that the power of one Senator to delay action is a great power. More than one could cause indefinite delay.

I do not think it is good argument to say that action would require only a short period.

That is not the main reason why I object to the amendment. In a sense, it reflects on the integrity of any President, and intimates that he cannot be trusted in an emergency to exercise power within the restrictions that already exist in the bill, and particularly with regard to the emergency funds.

I hope the Senate will not accept the amendment.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. If the amendment were a part of the law and an emergency existed such as occurred in Vietnam, would the President be able to act?

Mr. FULBRIGHT. This amendment is restricted to the Western Hemisphere. It does not affect Vietnam. However, if a similar emergency occurred within the Western Hemisphere, he could not act within 30 days if Congress were in session. If it were not in session, the President would be able to call it into session.

Mr. MORSE. Mr. President, of course the President could come to Congress and ask for affirmative action, and he would get it, if there were an emergency.

Mr. FULBRIGHT. The Senator knows it would be very unusual for Congress to act within a few days when a question of that gravity was involved.

Mr. MORSE. If a real emergency were involved, Congress would act in a few hours. We provided \$3 billion in the Berlin situation in a very short time.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I want to make clear that the objective of the Morse amendment is contained in section 254 of the bill, under the heading "Restrictions on Assistance." The provision reads:

None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest.

The difference is that under the Morse amendment there would be a period of 30 days. The Senator cooperated, during the discussion on the amendment, by reducing what he thought was the reasonable period of 60 days to 30 days.

So far as the principle of providing no money or assistance to the Latin American countries is concerned—because that is what is referred to under this title—that principle is embodied in the bill before us. The difference is that the Morse amendment reads:

The provisions of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within thirty days after the President notifies the two Houses of his determination.

The difference is in the notification to the Congress and the fact that Congress could adopt a disapproving resolution.

The question boils down to whether or not we are to rely upon the President of the United States to make the decision, under the limitations that are now in section 254.

Mr. KEATING. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. KEATING. Does that language apply to any particular area of the world?

Mr. HUMPHREY. To Latin America.

Mr. KEATING. Only Latin America?

Mr. HUMPHREY. Yes; it is restricted to Latin America.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified, to the committee amendment in the nature of a substitute, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Mexico [Mr. ANDERSON] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Mexico [Mr. ANDERSON] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from California would vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS] and the Senator from Kentucky [Mr. MORTON] would each vote "nay."

The result was announced—yeas 11, nays 78, as follows:

[No. 233 Leg.]

YEAS—11

Bayh	Gruening	Robertson
Cotton	Johnston	Simpson
Dodd	Morse	Young, Ohio
Ervin	Proxmire	

NAYS—78

Alken	Hart	Miller
Allott	Hartke	Monroney
Bartlett	Hayden	Moss
Beall	Hickenlooper	Mundt
Bennett	Hill	Muskie
Bible	Holland	Nelson
Boggs	Hruska	Neuberger
Brewster	Humphrey	Pastore
Burdick	Inouye	Pearson
Byrd, Va.	Javits	Pell
Byrd, W. Va.	Jordan, N.C.	Prouty
Cannon	Jordan, Idaho	Randolph
Carlson	Keating	Ribicoff
Case	Kennedy	Russell
Church	Kuchel	Saltonstall
Clark	Lausche	Scott
Cooper	Long, Mo.	Smith
Dirksen	Mansfield	Sparkman
Dominick	McCarthy	Symington
Douglas	McClellan	Talmadge
Eastland	McGee	Thurmond
Edmondson	McGovern	Tower
Fong	McIntyre	Williams, N.J.
Fulbright	McNamara	Williams, Del.
Goldwater	Mechem	Yarborough
Gore	Metcalf	Young, N. Dak.

NOT VOTING—11

Anderson	Jackson	Smathers
Curtis	Long, La.	Stennis
Ellender	Magnuson	Walters
Engle	Morton	

So Mr. MORSE's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I send to the desk amendment No. 129, and ask that it be read.

The legislative clerk read as follows: On page 48, between lines 3 and 4, insert the following:

"(e) Add the following new section at the end thereof:

"SEC. 620A. (a) PROHIBITION ON FURNISHING OF ASSISTANCE SUBSEQUENT TO JUNE 30,

1965.—Notwithstanding any other provision of this Act, no assistance shall be furnished pursuant to this Act to any country or area (or enterprise therein) subsequent to June 30, 1965 unless—

“(1) Such country or area has requested such assistance and can show that it is pursuing the following economic, political, and military policies:

“(A) That it (i) is seriously and continuously engaged in measures of self-help, (ii) has taken appropriate steps to assure that its own private capital resources will be utilized within its own country or area, (iii) will encourage the development of the private enterprise sector of its own economy, (iv) has taken adequate steps, where appropriate and necessary, to bring about reforms in such fields as land distribution and taxation to enable its people fairly to share in the products of its development, and that the project or program for which economic aid is requested will contribute to the economic or social development of the country;

“(B) That it is promoting the maximum amount of individual freedom and is encouraging its people freely to choose their own government;

“(C) That it seeks to establish and maintain only such military force as may be adequate to prevent the internal overthrow of an elected government or to deter threatened external Communist attack;

“(2) The furnishing of such assistance is required by an irrevocable commitment made, or contractual obligation incurred, prior to the date of enactment of this section; or

“(3) In case of any such assistance extended in the form of loans, the interest rate thereon is not less than the average rate payable on obligations of the United States of comparable maturities.

“(b) The total number of countries or areas receiving assistance under this Act subsequent to June 30, 1965, shall not exceed fifty.”

Mr. MORSE. Mr. President, my amendment No. 129 was proposed, in the first instance, to Senate bill 1276 on July 18. I now offer it as an amendment to the committee amendment. It was pending in the Committee on Foreign Relations while consideration of the foreign aid bill was underway. It is now amendment No. 259. It was of this amendment that the committee said in its report:

In fact, the committee gave serious consideration to an amendment which would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects.

In the language of my amendment:

Notwithstanding any other provision of this Act, no assistance shall be furnished pursuant to this Act to any country or area (or enterprise therein) subsequent to June 30, 1965, unless—

And the amendment continues by setting forth new conditions for future aid.

We have accomplished that particular objective of amendment No. 129 by repealing the existing authorization for development loan funds.

Some progress has been made toward other objectives of the amendment for recasting the whole foreign aid program.

For example, the amendment calls for all future loans to be made at interest rates that will be less than the average rate payable on obligations of the United States of comparable maturities.” The House bill requires that henceforth interest rates be at least 2 percent. The Senate bill now provides that they be at least 2 percent after the first 5 years.

When the effort was made to make these interest rates the equivalent of our own cost of borrowing, and later to substitute the House rate for the committee rate, it was argued that to do either of these would put our aid program in the form of a moneymaking one. Of course, it would do no such thing. It would only remove the interest rate subsidy from the loans.

Neither the provision in my revised foreign aid program nor the Gruening amendment would make this a moneymaking program. There is no proposal to eliminate grant aid. Grant aid would continue for projects that are vital to social and economic growth but which are not self-liquidating.

Any program for extending our aid after 1965 should be on the basis that at least 75 percent or more of the money will be spent under a loan program, not under a grant program. The time has come when our foreign aid program should be reoriented, and it should be basically a loan program, and should not be extended to 107 countries. Instead, it should be extended to not more than 50 countries, because we cannot justify the spending of the money of the U.S. taxpayers in connection with a foreign aid program for more than 50 countries, inasmuch as it is impossible to find more than 50 countries which really could qualify for a fair and equitable foreign aid program.

We propose that when loans are made, they be genuine loans. If a nation cannot afford, or if a project will not sustain, a repayable loan, we might better make it a grant.

Another objective which my amendment seeks to attain in future foreign aid is to restrict the number of countries receiving it at any one time. The Foreign Relations Committee report is very critical of the tendency of the United States to put aid programs into new nations just for the sake of having an American “presence” of some kind in that nation. This point was made against my amendment in the “position paper” of the Agency For International Development, which insisted that an American “presence” is desirable in new nations.

Mr. President, who says so, and why? If the new nations do not want our representatives there, they should not be there; and if they do not want our representatives there on the basis of a foreign aid program that is fair to the U.S. taxpayers, our representatives should not be there. The President said last Friday night, in the course of his speech in New York City, that we should help the poor, and he made supposedly a great moral argument about helping the poor. However, we should ask him how we help the poor by means of a program such as the one he proposes. We do not help the poor by pouring our money into

countries when we do not limit our aid by means of fair restrictions which protect the U.S. taxpayers. Furthermore, we do not help the poor by pouring our money into a country whose oligarchs are sending out of that country their profits, much of which are made as a result of the stimulus given to that country by our foreign aid. We should stop pouring our money into Argentina and Brazil, two of the most notorious examples of this sort of situation, because as a result of the pouring of our money into them, they have let inflation run wild, and the result has been to make their poor poorer, while the oligarchs have become richer and have shipped their profits out of those countries, frequently to New York banks.

So I say to the President that his formula is a very poor one when it results in the giving of our aid in that way to such countries. We must see to it that the oligarchs there do not make money as a result of our expenditures, and thus make themselves richer and the poor people there poorer.

I will go along with the President, as he knows, every inch of the way in connection with a reformed foreign aid program which gives the U.S. taxpayers the protection which the Foreign Relations Committee itself, as it states in its own report, pleaded should be provided. But it did not give us a bill that would do that. Instead, it passed the buck—for another year—to the Executive; and that buck has been passed by the Foreign Relations Committee to the Executive year after year, for year after year we have been pleading for reform of the foreign aid program.

I also say to the President that our country, with 6 percent of the population of the world and with limited wealth, cannot begin to pour enough money into foreign aid sinkholes around the world to help the poor very much. We do not have enough money or enough wealth for that.

The argument the President made in the course of his speech last Friday night in New York City was a highly specious emotional argument. It sounded plausible; but when we begin to analyze the foreign aid program from the standpoint of the results of the expenditures made under it, that argument falls flat on its face.

If we really wish to help the poor in those countries, we must attach to our foreign aid program some restrictions which will not permit the rich in those countries to mulct the program, and we must insist that countries such as Brazil and the Argentine keep their commitments under the Act of Punta del Este. They signed that act; but they have not cooperated by submitting any program of the sort the Alliance for Progress program calls for before they can become eligible for Alliance for Progress program funds. They have been able to obtain millions of dollars from the President's contingency fund; but he should not have given them even one dollar of that money; not one dollar of the money in the President's contingency fund should have gone to Brazil or to the Argentine. However, by such use of the President's contingency fund, operations

under the Alliance for Progress have been set back on their heels in Brazil, the Argentine, and Ecuador. They will not come forward with a program of accomplished reforms—which the Alliance for Progress requires of them before they can become eligible for aid under the Alliance for Progress program—until we insist that they help themselves.

In the past few days we have taken insults from some representatives of those countries. Their spokesmen at São Paulo have opposed our program in connection with the Alliance for Progress program.

We sent there, to speak for the President of the United States, a distinguished statesman who urged the making of reforms whereby our aid would be given in connection with the Alliance for Progress program. But that calls for commitments and cooperation and self-help by these countries.

Mr. YOUNG of Ohio. Mr. President, I ask for order. The situation about which I previously complained has again developed in the Senate Chamber, with loafers standing around the sides of the Chamber, engaging in conversation, and preventing Senators from hearing the debate.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The Senate will be in order. Conversations will cease. Those standing along the walls of the Senate Chamber will leave the Chamber.

Mr. MORSE. Mr. President, I am shocked by the conduct of the Argentine group and the Brazilian group at São Paulo. The Brazilian group in their second attack now propose that we allow Russia and the countries of Western Europe to have a voice in the Alliance for Progress program. I have no objection to their obtaining aid from those countries on the basis of whatever bilateral arrangements they may wish to make.

Mr. President, here is one voice and one vote. In my work as chairman of the Subcommittee on Latin American Affairs I have tried to make the subject a study. I have tried to be a student of the problems in Latin America. I do not stand on the floor of the Senate to make these very serious criticisms without knowing that I can produce documentations for every sentence I speak.

I am shocked by the conduct of the Argentine delegation and the Brazilian delegation at São Paulo, for I find it extremely difficult to interpret their conduct on any other basis than that they do not desire to live up to their signatures on the Act of Punta del Este. I am not free to name the high Argentine official, but a high Argentine official spent more than an hour in my office this morning. He, too, is shocked. We are reaching a point at which we must raise the question of good faith on the part of some of the Latin American countries.

I refer to the excellent legislative history that the Senator from Iowa [Mr. HICKENLOOPER] made yesterday in regard to the Hickenlooper amendments vis-à-vis the question of oil contracts in the Argentine and the discriminatory policies of Chile. The record is perfectly clear that Chile is seeking, in connection with

certain American copper companies, such as the Kennecott Copper Co. in Chile, to follow a confiscatory tax policy which is discriminatory and not applied to their own domestic industries. It is a disciplinary or penalty program against American companies, with the result that they will drive the companies out of business, and the properties will then have to be sold for a song.

The question of good faith is raised. The time has come when the foreign aid program must be reoriented and reformed. The time has come when the recommendations of the committee report of the Foreign Relations Committee of the Senate ought to be put into effect. We ought to have done it this year. We ought to have written a bill that would do so, rather than say, as the committee stated in the report, that it gave consideration to this amendment, and pointed out to the administration, in effect, that it had better give consideration to it again before another authorization bill comes before Congress.

Mr. President, I was about to say that a prominent high citizen of the Argentine was in my office this morning commenting upon the colloquy that the Senator from Iowa [Mr. HICKENLOOPER] and I conducted on the floor of the Senate as we laid the foundation for the legislative record on the meaning of the Hickenlooper amendment and the additions to it that are in the bill this year as the bill came from committee. In the course of that colloquy the Senator from Iowa [Mr. HICKENLOOPER] said:

It is claimed by the present Government of the Argentine that these contracts that were entered into by the predecessor government under the direction of President Frondizi are illegal because they were not approved by the Congress.

I said to the prominent citizen of Argentina:

Is there any basis in fact for that argument?

He laughed, but he laughed scornfully, to think that anyone in Argentina would make such an argument. He said:

Senator, there is no basis in fact whatsoever for that claim, because the Argentinian Congress passed a law authorizing their oil agency to enter into just such contracts, and, as the oil agency, to do whatever was necessary to develop the oil industry of the Argentine, and to join in whatever arrangements must be made with foreign investors for an exploration of the oil facilities and the oilfields.

He added:

Senator, the same kind of law applies to the operations of the railroads in Argentina and to other industries in regard to which they have special commissions for regulation and control, just as you have an Interstate Commerce Commission which is given certain powers.

I cannot cite the law, though I have asked to have it checked so that it may be before the subcommittee of which I am chairman when it next meets. The Subcommittee on Latin American Affairs does not intend to drop all interest in what is going on in Argentina in regard to oil contracts. We owe it to Senators to see that a report is made in the near future as to what the facts are in

regard to what is going on there in connection with oil contracts.

We will do the same thing in regard to Chile in respect to her discriminatory tax policies.

I cite those situations only because they bear upon my argument that we have reached the point where the whole foreign aid program must be reoriented. That is why my amendment proposes to bring it to an end at the end of fiscal 1965. That would give us time to prepare the new program for foreign aid, the new guidelines, and the new conditions that would have to be fulfilled in contracts that would apply under the new foreign aid program. I know it will not be easy. It is all a question of judgment. But I believe that those of us who are fighting for the kind of foreign aid that would flow from the amendment which I have offered if the amendment were adopted are the ones who are for the strongest and best type of foreign aid that we can have in the future. That is the kind of foreign aid that we ought to have.

Mr. President, when I say the point was made against my amendment in the position paper of the Agency for International Development, which insisted that an American presence is desirable in new nations, I point out that it is the kind of justification made by AID that leads me to the conclusion that foreign aid has become an end in itself, and that much of it continues only because it is becoming a self-perpetuating bureaucracy.

I wish the Senate could have heard the discussions in the Foreign Relations Committee on the part of various members of the committee as to what they think about a bureaucracy that has grown up in the administration of foreign aid. I wish Senators could have heard some of the stirring speeches on both sides of the table. I see the Senator from Missouri [Mr. SYMINGTON] chuckling. He knows whereof I speak. The rafters shook when it was pointed out—and an AID administrator and an official were present—that they were overstuffed. One member of the committee—and I paraphrase it accurately—told about some trips he had taken in various parts of the world, and he was shocked by the oversupply of manpower that he found in place after place.

We are dealing with bureaucracy that needs to be cut down to size. That is why we need a reorientation of the entire foreign aid program, a reorientation which would include an analysis of the manpower needs of AID. I would rather have the AID money going into a project that is so economically sound that it will help the poor living within its economic shadows than I would have it going into the salaries, the per diems, and the expenses of unnecessary AID personnel.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). Does the Senator from Oregon yield to the Senator from Iowa?

Mr. MORSE. I yield.

Mr. MILLER. I agree with a great deal of what the Senator from Oregon has said. However, in looking over the amendment by the Senator from Oregon, I note that at the bottom of page 2 there is a provision relating to the amount of interest which shall be charged. We have considered amendments relating to interest rates on at least two occasions during the course of the consideration of this bill. I know there are arguments for the interest rate provisions which the Senator has in the amendment, but these arguments have been made before in the course of consideration of the amendments specifically relating to the interest rate.

I am persuaded that the reasons against those amendments are stronger than the reasons for—namely, that we are in a competitive situation, in some cases, so far as our prestige is concerned, vis-a-vis the Soviet Union in the matter of charging interest; and, second, that we are trying to get out of the grant area and more into the loan area.

I wonder if the Senator from Oregon would consider dropping the interest provision from his amendment. I believe it would make his amendment stronger. What the Senator has been saying about the failure of some of the recipients of our foreign aid to adhere to the guide-lines which the Clay committee laid down is quite true. I do not believe that the interest rate matter is pertinent to the argument the Senator from Oregon has made. The main thrust of his amendment has nothing to do with interest. So I wonder if the Senator from Oregon would agree with this observation and possibly consider modification of his amendment?

Mr. MORSE. I shall take the matter under advisement and consider it in a conversation with the Senator during a later quorum call.

Mr. MILLER. I thank the Senator.

Mr. MORSE. The United States has a "presence" anywhere that it has an embassy, or even a consulate. Economic or military aid is not a requisite to let other nations know of our existence.

My amendment would limit to 50 the number of nations that could receive aid at any one time after June 30, 1965.

Its other objective is to set forth the standards that recipients of future aid must meet. In my opinion, these objectives should be met before aid is extended to other countries for any reason. I do not propose to differentiate between military and economic aid in laying down criteria for its extension.

The "position paper" of AID opposes that principle. It declares that some nations are of military importance to the United States and should receive aid for that reason alone.

These are the areas in which we have, over a period of years, allowed ourselves almost literally to be blackmailed into endless and fruitless foreign aid. Any nation which receives aid from us for military reasons has far more to lose than the United States if Communist aggression occurs, against it, or threatens it internally. Why should not that

nation meet the self-help standards met by any other nation?

Furthermore, we should not forget that many of the nations into which we are pouring aid far in excess of the military requirements and what the nation's economy can support, would be a liability if we got into a war with Russia, assuming we might use troops, anyway, which I seriously doubt, because the next war will be a nuclear war and one of a relatively few hours' duration. In addition to our own war effort, we would have to subsidize their troops and their entire war effort, in addition to our own. It would be much better to spend the money we are now spending on the bloated military organizations in these countries for economic expansion of the country, to help the economic well-being of the people. As that program expands, in a few years they should be able to support an adequate military defense program of their own.

In fact, if we do not set self-help standards for them, they are more likely to be lost to us than if we do.

That is why my amendment would require each applicant for any kind of future aid to show us that it is engaged in continuous self-help measures; that it has taken appropriate steps to assure that its own private capital resources are being utilized at home; that it will encourage local free enterprise; that it has taken appropriate steps to bring about reform in such fields as tax and land reform, to enable its people to share in the fruits of development; that the project for which economic aid is requested will contribute to the economic or social development of the country; that it is promoting personal freedom and self-government; and, finally, that it is maintaining only those military forces needed to maintain an elected government in office, or to deter threatened external Communist aggression.

These standards would, of course, exclude some nations already dealt with by the Senate, such as Indonesia and Egypt.

A most important objective of my amendment is very difficult to achieve. It is to put aid on the basis of other nations seeking it from us, instead of our forcing it on other nations.

The general conclusion that can be drawn from all the reports by the Comptroller General—I shall talk about those momentarily—is that the waste and inefficiencies he has uncovered are due to aid programs too large and too complex for recipient nations to absorb and handle properly. I wish to repeat that sentence, Mr. President, because it is a vital sentence. It deals with the huge stack of Comptroller General reports that I have on my desk, finding one kind of inefficiency, waste, mismanagement and mishandling of aid after another, in country after country.

The general conclusion that can be drawn from all the reports by the Comptroller General is that the waste and inefficiencies he has uncovered are due to aid programs too large and too complex for recipient nations to absorb and handle properly. This is especially true of his reports on military aid and supporting assistance. A reading of these re-

ports leaves the clear impression that much of the aid in these categories is the result of what Americans want them to have, not what they are able to use effectively. And the inquiries undertaken by the Comptroller General are purely of the "spot check" nature. They are by no means a complete or thorough review of economic or military aid.

It is my judgment that if the Comptroller General had not engaged in a "spot check" investigation of foreign aid, but had conducted, instead, a thorough investigation of foreign aid everywhere in the world, all of the four desks in front of me would be piled high with reports showing the shocking waste, inefficiency, and mishandling of foreign aid.

Let the RECORD show that this pile of reports of the Comptroller General is 2 feet high. This is not all of them.

I know it is difficult to write into the law a requirement that all aid requests be initiated by the recipient, and not by us. Administrators tell us now that all requests come from the recipient. But there are endless ways whereby our AID and military people tell them what to ask for. We tell them what to want, in effect, and they ask for it.

Nonetheless, I believe that future aid should only be considered when it is applied for in bona fide fashion, and when the applicant can show us that he is meeting the prescribed standards.

I am discussing this amendment because if the administration does take seriously what has been said and done on this floor in the last 3 weeks, these are some of the principles that it should embody in a new foreign aid program.

The Comptroller General of the United States is our agent. The Office of the Comptroller General of the United States gets its authority from the Congress to serve the Congress. The Comptroller General of the United States is the congressional watchdog of expenditures of supposedly appropriated funds.

I pay high tribute to the Comptroller General of the United States. He is one of the most courageous, one of the most able, one of the most dedicated public servants in all our Government. The Comptroller General, Mr. Campbell, deserves a vote of gratitude from every American taxpayer.

I have on my desk a pile of the Comptroller General's spot check reports on the administration of the AID program around the world. They are not pleasant reading, for I engage in no understatement when I say that any jury that read them could not bring back any other verdict than that the reports of the Comptroller General of the United States show that hundreds and hundreds of millions of dollars of the American taxpayers' money have been wasted over the years on the foreign aid program.

The administration does not like to hear anyone criticize the foreign aid program for waste. It is easy to say, as many apologists for the program have been heard to say, "You cannot have a program involving billions of dollars that the foreign aid program involves without a considerable amount of waste." But we do not have to have that kind of

waste. We do not have to have waste to that degree.

A good many of these reports are classified, but Members of this body can obtain any one of them in the Foreign Relations Committee room, and read it. Senators at least should sample them before they vote against my amendment, for I offer this pile of Comptroller General's reports dealing with the shocking waste in the administration of foreign aid over the years, both economic and military, as the best argument for the adoption of my amendment.

Wipe the slate clean at the end of fiscal 1965. Start it all over under terms, conditions, restrictions, and application requirements that will give the American taxpayers the assurance that what the Comptroller General has found over and over and over again in countries all over the world will not be likely to happen again.

Mr. President, the Comptroller General's letters of transmittal read, in instance after instance, as follows, and I shall have to delete, for classification purposes, anything that is classified. This is a letter he wrote on January 8 1963. I can go through this file and read similar letters as he filed report after report:

DEAR MR. CHAIRMAN: Enclosed for the use of your committee are 20 copies of our report to the Congress on review of the local currency, military budget support program for country X.

Our review disclosed weaknesses in controls by U.S. agencies over military budget support funds, together with deficiencies in the administration of these funds by country X and as a consequence funds provided by the United States to country X were not effectively utilized.

At the completion of our review, we brought the deficiencies disclosed to the attention of the Secretary of Defense, together with our proposal that the U.S. control the expenditure of military budget support funds by releasing such funds to country X for individual projects which had been mutually agreed upon by country X and the United States rather than by releasing funds in support of a total budget. The Office of the Assistant Secretary of Defense for International Security Affairs informed us, in reply to our proposal, that specific project support would be impractical because of the increased administrative workload and other considerations.

The identification of all funds contributed to country X on a specific project basis could entail an increase in the volume of administrative work. However, we believe that the more important military projects warrant specific identification to insure that functions and items essential to the maintenance, readiness, and support of costly U.S.-furnished facilities and equipment are performed or provided. We also believe that such identification of projects would increase U.S. control of military budget support funds.

We are, therefore, recommending to the Secretary of Defense that efforts be made to identify the more important projects essential to the overall MAP objectives in country X and that appropriate portions of the budget estimates and military budget support fund releases be based on such projects. We are also recommending that project implementation be subject to careful surveillance and that involved portions of U.S. funds be withdrawn when evidence exists that either agreed-upon projects are not being undertaken or earmarked funds are being used for nonapproved purposes.

In fairness to the State Department, in fairness to AID, and in fairness to the Pentagon Building, it should be said that in many instances in which the Comptroller General has pointed out a shocking waste and inefficiency in the administration of foreign aid and has made recommendations—mostly procedural recommendations—the State Department and the AID officials and the Pentagon Building have cooperated. They should, of course. They are not deserving of any special credit for that. In fact, they are deserving of a good deal of criticism for the fact that they let the inefficiencies and the waste develop, and that the Comptroller General of the United States, as a watchdog, was required to go into the various countries and "show up" the State Department, and the Pentagon, and the AID organization for the waste.

I wish to read one more sample of the reports of the Comptroller General:

DEAR MR. CHAIRMAN: Enclosed for the use of your committee are 20 copies of our report to the Congress on excessive costs incurred for rehabilitating to original appearance and serviceability military equipment donated to foreign nations under the military assistance, Department of Defense.

Our examinations disclose that the military departments spend millions of dollars each year to rehabilitate materiel, given to foreign nations as grant aid under the military assistance program, to higher standards of serviceability and appearance than similar materiel furnished to U.S. forces overseas.

That is a devastating criticism. That is a shocking criticism of inexcusable waste on the part of the Pentagon Building. We should not have to have a watchdog Comptroller General call attention to that waste, which ran into millions of dollars.

I continue:

These additional costs are directly attributable to a Department of Defense memorandum issued in March 1957—

Away back to 1957. This is a 1963 report. It has been going on since 1957.

The high standards set by the military departments to implement the defense policy have caused excessive work which has been very costly and, in some cases clearly uneconomical. In our opinion, there is normally no justifiable reason for expending the extra effort and substantial additional costs to dress up otherwise serviceable materiel, ready for issue to our own forces, to look like new for the military assistance program.

We propose that, except in special circumstances, materiel given as grant aid under the military assistance program be overhauled, packed, and inspected to the same general standards of serviceability and appearance as those established for U.S. forces overseas.

Do Senators know where it ought to be done? In the United States, not overseas. If we are to do it, let us give Americans jobs. Much of this has been done overseas at expensive labor costs. All the talk about high labor costs in the United States that is heard can be answered by taking a look at some of the reports, to see how we have been paying through the nose overseas. I am grateful that we have a Comptroller General who has the courage to lay it on the line, as he has in critical report after critical report. He goes on to say:

The Department of Defense agreed that, with the exception of aircraft, the same general standards of serviceability should be applied for military assistance program recipients as for U.S. forces overseas.

Mr. President, it took them from 1957 until the Comptroller General caught up with them in 1963, to reach that remarkable conclusion.

If we do not keep a check on military aid, the military taxpayer dollars will be squandered by the millions, as the Comptroller General reports show.

No agency of Government has so little concern for the taxpayer dollar as the Pentagon. They are wastrels. They are apparently working on the theory that the more they waste the more they will get. I am glad we have a Comptroller General who dares to file with the Congress disclosures of waste and inefficiency in the foreign aid program. Yet there are many who want to do a "snow job" on it. I say respectfully that the President can make his speech in New York City and he can make his criticisms as he did in the press conference this morning, of those of us who are opposed to foreign aid, but he must be made to answer to the American people for the shocking waste in foreign aid about which he has done nothing.

I say to the President: "Give me an answer to the Comptroller General's criticism. What have you done to end the waste of millions of dollars? I do not intend to support your policies for foreign aid, but I do intend to support you if you will come forward with a reformed foreign aid program."

He may not know it, but he will discover that the American people want an answer to the question I have asked.

The President seems to be concerned about legislative interference in American foreign policy. "I don't understand," he said in his press conference, "why we're suddenly so fatigued."

Who is fatigued? We are not tired of working for a good foreign-aid program. Let me tell the President, though, that we are sick and tired of the waste in foreign aid which the Comptroller General of the United States has discovered and reported to Congress.

The President said: "We spent \$2½ billion on the atomic energy program, \$5 billion on space." If he means to assume that we agree with his spending that much money, he could not be more mistaken. That includes his moon project. Some needed savings should be made on behalf of the American taxpayers in connection with these programs. He again engages in the old non sequitur, that he is the one who will be blamed. He asks, "What is going to happen if the situation in Laos worsens? Are we going to blame the Senate or am I to be blamed?"

That is a complete non sequitur. What does blame have to do with it? Nothing. We will all get the blame, I say to the President, if we do not do a better job of protecting the interests of the American taxpayer by bringing to an end the shocking waste which the foot-high series of reports from the Comptroller General shows is occurring in foreign aid.

The President ought to be much less concerned about who is going to be blamed, and much more concerned about proceeding to bring about the necessary reforms in the foreign aid program that will protect the American taxpayer, than to send to Congress, as he did, a bill calling for approximately \$4,500 million, without having written into it the safeguards that we have been fighting for in this historic debate, in order to bring about reforms in foreign aid.

The news report also stated that the President said it is no coincidence that the three past Presidents, and their opponents in election campaigns, "All recognize the importance of this program."

We all recognize the importance of the program. It is so important that it ought to be reformed. We recognize that it is so important that it ought to be changed in the interest of the taxpayer. The President leaves himself open to the charge that apparently what we ought to do is to make the same mistakes that foreign aid has been making in the past. There was more wrath than logic in the President's press conference this morning, for his attempted defense of his foreign aid bill fell flat, because it did not meet the objections which have been raised in the Senate. He did not meet a single one of them. I am sure the people will be very much interested to see what he is willing to do to bring about reforms and to meet the kind of objections that the Comptroller General of the United States has reported he has found honeycombed in foreign aid.

Thus, in this letter, the Comptroller General continued:

With respect to aircraft, the Department of the Air Force subsequently issued an instruction which significantly relaxes the unreasonably stringent criteria previously applied by the military departments in rehabilitating aircraft for the military assistance program. The Department of Defense agreed also that overzealous application of "like new" appearance criteria had been responsible for unwarranted costs and in December 1962 revised its policy substantially in conformance with our proposals. The military departments are now issuing implementing directives which, if properly complied with, should curtail the extra costs incurred preparing materiel for the grant aid military assistance program.

Mr. President, I cannot read the specific findings of the Comptroller General in connection with some of our NATO allies without believing that we have been guilty of great waste in the program over there. Not the least of the offenders has been France. I say most respectfully to my President: "Instead of trying to have passed a bill for \$4,500 million, you would have been much better off if you had accompanied your bill with requests for legislative approval for some major changes in foreign aid policy and the administration of foreign aid."

When we were confronted with witnesses from the State Department, witnesses from the Pentagon, and witnesses from AID, with no substantial recommendations for reform of their policy, it was the old "coverup" game on the part of witness after witness. It was necessary to drag out of them by so-called cross-examining, fishing expeditions what they ought to have volun-

teered, if they had intended to act in good faith with the committee. We were placed in the position of being very suspicious of what they were up to.

The trouble they got into with their foreign aid bill is due to themselves, because if they and the President had sent to Congress a bill that proposed procedural changes and reforms that would have given greater protection to the American taxpayer, they would not have got into the hot water they got into—and they are not out of the bath, either. The spigot is not turned off, for they are going to get scalded even more when they reach the appropriation stage. They are going to get scalded even more when the people get through with them.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield with the understanding that he will not lose the floor?

Mr. MORSE. I yield with that understanding.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment which, if adopted, would allow the granting of favored nation rights to the Yugoslav Government for a period of 2 years. During those 2 years, observations would be made to determine whether the Yugoslav Communist Government is willing to make any efforts to settle the claims of United States citizens for properties confiscated by the Yugoslav Government.

The amendment is simple. Favored nation rights would be extended to the Yugoslav Government for 2 years. Within that time, it would be expected that the Yugoslav Government would show a purpose to settle claims of American citizens for pensions taken away, properties confiscated, and other valuable rights denied.

I commend the Senator from Oregon for his great fight in this matter. I have not agreed with him on all issues, but his fight has been productive.

The PRESIDING OFFICER. The amendment will be received and will lie on the table.

Mr. MORSE. I appreciate the Senator's statement.

Mr. President, before I turn to the next letter from the Comptroller General, there are some amusing things in these reports. We do not want to laugh at tragedy; but the reports contain items both amusing and tragic. One of the reports shows that AID ought to have in it an agricultural adviser; or, at least, it ought to advise with the Department of Agriculture.

The AID administration sent a large number of hay balers, costing better than \$2,000 apiece, to a desert country. The Comptroller General found them there 2 or 3 years later, ruined by rust, never used, because there was no hay to cut. Imagine that. It will be pretty hard for anyone to justify that action on any grounds. But it is not a singular example.

The sad part is that we have rammed down the economy of country after country hundreds of millions of dollars worth of equipment for which they have no use at all. That is why such practices ought to be ended, as my amendment pro-

posed to do, at the end of fiscal 1965. A fresh start should be made, with a clean slate. I would write at the top of that slate, for everybody connected with AID to read: "Your first duty: Protect the American taxpayer." That should be the new motto of foreign aid: "Your first duty: Protect the American taxpayer." The foreign aid program as now administered does not protect the American taxpayer, but—and I repeat the naughty word at which the press takes some umbrage—it "rooks" him. It is a program to "rook" the American taxpayer.

Here is another letter:

Our reviews disclose that large quantities of equipment delivered to countries X, Y, and Z will become defective largely as a result of maintenance and supply deficiencies.

And that much of the equipment is being rebuilt by the U.S. Army logistical depots in Japan. Why not in the United States? Why not put unemployed American workers to work? But that kind of foreign aid, for the use and benefit of our own country, might be an unpardonable, unforgivable sin.

In one letter, the Comptroller General stated:

Our review disclosed weaknesses in controls by United States agencies over military budget support funds, together with deficiencies in the administration of these funds * * * and as a consequence funds provided by the United States * * * were not effectively utilized.

Mr. President, it is a daily experience for a lawyer to invite a client to his office, after a previous interview, and to say to the client, "You know, John, I went into your case, and I found a good many things about it that you did not tell me about when we first conferred about your case."

Of course, Mr. President, when caught with that, John will admit it.

As we read these reports, we find that that is about the experience the Comptroller General seems to have had. When he catches them, they confess it, and then they assure him that they will do something about it. The apologists try to whitewash them; they say, "What Senator MORSE says is true, but they are doing something about it." However, I point out that these are only spot checks, and these reports relate only to the instances in which the Comptroller General has caught them.

I wish to make very clear, for my own protection, that when the Official Reporters of Debates of the Senate examine any of these letters, to obtain any of the excerpts I have read from them, inasmuch as the documents are classified, the Official Reporters will stand in the same position as members of the committee staff, and that I shall not stand to be censured for allowing the Official Reporters to make that use of the documents. However, if I am in error as to that, I want the Official Reporters to leave the letters alone, and to rely on their notes.

Mr. President, my point is that when the Comptroller General catches these instances of waste and inefficiency, these countries then post haste, go through the formality of pretending to adopt procedures which in the future will put an end

to some of the wasteful and inefficient procedures. However, these are only spot-check findings. What about the many places in the world where the Comptroller General has not made such spot checks? The same old waste of the money of the U.S. taxpayers and the same old inefficiency continue. In the speech which the President made last Friday night in New York City, I did not hear him urge cessation of putting the American money down such sinkholes. The President made an emotional appeal; but unless he supports necessary reforms, his arguments fall of their own weight, for they have no underpinnings.

However, when we even suggest that one or another of these countries does not deserve our aid, Senators bob up all about the Senate Chamber and plead for a continuation of our aid to that country. But they should examine the report of the Comptroller General. If they do, they will understand why he says U.S. military aid should be cut.

Here is a report on another one—a dictatorship country which never should have been given any aid by us, in the first place. The bases we have there are not worth that much; no military base in the world is worth enough to cause us to spend the money of the U.S. taxpayers to support fascism. There is a great deal of waste in connection with our program in that country—as is found by the Comptroller General. And so we can show, down the list.

I close by saying that I am glad we have a Comptroller General who is such an able watchdog; and I am glad he has the courage to point out the deficiencies and waste in our foreign aid programs.

I am only sorry that this year the President sent the Congress a foreign aid bill which failed to contain reform procedures which would bring to an end many of the inefficiencies in our foreign aid. I am sorry that the argument on behalf of its continuation is made in these precincts, and is supported by the State Department and by other administration spokesmen who want to give the President more and more unchecked power.

I am also sorry about the argument the President himself engaged in—namely, that, after all, Congress is interfering in foreign policy. Congress cannot interfere in foreign policy; anyone who ever attended a high school civics class should know that. Congress cannot interfere in foreign policy—in the sense that the President and his supporters have been arguing in opposition to those of us who are asking for specific authority, item by item, for the expenditure of our foreign aid funds—so long as Congress carries out its trust and obligation responsibilities under the Constitution.

If the President wants the money, he must send to Congress a bill which will justify the uses to which he wishes to put the money.

We have already made a great mistake in giving the President as much unchecked power as we have given him in connection with the use of the contingency fund. The Senate made a great mistake when, once again, it surrendered

its checking power over the President, and gave him some additional unchecked power to spend U.S. taxpayers' money as he sees fit in the case of a country in which a constitutional government has been overthrown by a military, Fascist junta. The President should be required to obtain formal approval by Congress for any such authority, before the money can be spent.

NO DISCRETION GIVEN OR ASKED ON AID CUTOFF
WHERE U.S. BUSINESS IS INFRINGED

It is a sad fact that the discretion sought by the President, and given him by Congress, to cut off aid under certain circumstances does not include the giving of our aid where there has been confiscation of the property of an American business firm or unfair treatment of an American business firm. It is a sad fact that we do not hold an elected government in a Latin American country in the same high regard in which we hold the Standard Oil Co. The President has no discretion under existing law, nor under the pending bill, to cut off our aid to a country which confiscates the property of a U.S. business firm or otherwise discriminates against a U.S. business firm. Congress has said in those cases that the President "shall" terminate aid.

The Hickenlooper amendments, which I support, do not allow any presidential discretion in such cases; instead, under those amendments and in such circumstances the President must then cut off U.S. aid. Powerful American business lobbies were able to have that provision included, and they were entitled to it. But the lobby of the people was whipped in the Senate, in the course of this debate; the people's lobby took a beating, because when it came to protecting the interest of the U.S. taxpayers, the Senate was perfectly willing to vote to give the President unchecked discretionary power. That was a shameful mistake.

Mr. President, we are told that the preservation of constitutionalism in the countries of Latin America and elsewhere in the world must be subject to the exercise of executive discretion.

I am not speaking about an individual President. I am speaking about the Presidency. The best way to lose Latin America is to give to the President of the United States arbitrary discretion. We can judge the future only by the past. An Assistant Secretary of State, Mr. Martin, showed the hand of the present administration in the very unfortunate article which he wrote for publication in the New York Herald Tribune. In that article he indicated very clearly to those who can read that after the storm blows over, this administration will recognize and give aid to military juntas in the Dominican Republic and in Honduras in both of which countries free government was destroyed.

I wish to warn the President of the United States that when he does that—and I think the plan is afoot to do it, unless the American people make clear to him that he had not better try—he will pull the diplomatic rug out from under some of our best friends in Latin America. I placed some of their state-

ments in the RECORD earlier this afternoon. He will threaten Bolivia. He will threaten Venezuela. He will threaten Costa Rica. He will threaten one free government after another in Latin America if he does not stop recognizing and giving support to governments overthrown by military Fascist juntas and destroying free democratic governments in those countries.

I say to the American people, "Keep your eyes on the President of the United States, now that the Senate proposes to clothe him with arbitrary discretion in regard to recognizing and supporting governments that overthrow free governments in Latin America."

It is unfortunate that we follow one rule for the protection of American businesses in Latin America, and a different rule for the protection of free governments in Latin America. I wish we would have the same rules for both. I want the Kennecott Copper Co. in Chile protected. We laid the foundation in our colloquy with the Senator from Iowa [Mr. HICKENLOOPER] yesterday afternoon for protecting them. The President has no discretion in that situation. The President could do nothing to set aside the Hickenlooper amendment in regard to the protection of American businesses in Latin America, or anywhere else in the world. But in the case of Fascist juntas, we give him discretion. We can set aside the rights of freedom in Latin America in those countries where a Fascist junta has overthrown the government of a free people. What a paradox. What irony. What inexcusable inconsistency. We are not through with it. The Senate has worked its will this afternoon. It has the right to work its will.

But I tell Senators that I am sure the American people will work their will, and their will will be against the majority of the Senate. Of that I am certain, for the American people have no intention of turning their rights over to the exercise of arbitrary discretion on the part of any President, present or future, for the Office of the Presidency should never be so clothed. We are moving a long way from the system of constitutional representative Government that our forefathers set up when the Republic was born.

These basic abstract principles of freedom put into application determine whether or not we are to remain free men and women. No crisis, no claim of emergency, can justify giving to any President at any time, under any circumstances, the kind of unchecked discretionary power that a majority of the Senate gave to the President of the United States this afternoon. The American people must take note of it. They must work their will in opposition to such a trend in the American Government. I am only pleading that we limit the President in connection with the aiding of fascist juntas in Latin America as we limit the President in connection with what he can do in respect to Standard Oil, Texaco, Kennecott Copper, and any other American corporation in Latin America. The President has no discretion under the Hickenlooper amend-

ments, of which I am proud to be one of the most ardent supporters, when it comes to foreign aid in connection with those countries. Foreign aid stops, and the President can do nothing about it. But the Senate has one rule for Texaco, Standard Oil, Kennecott and the rest of the American businesses in Latin America, and a different rule for the people who have elected a constitutional democratic government in a Latin American country which has been overthrown by a fascist military junta.

We let the President continue, at his discretion, to pour millions of American taxpayer dollars into a government which has murdered constitutional government.

I have seen ironies and have witnessed inconsistencies for 19 years in the Senate, but that one takes the cake. That is about the worst. Not even the President asked for it. Our President was perfectly willing to accept a check, for the language I offered came from downtown. The State Department was perfectly willing to take the check. I would have made it a stronger check. I would have made it an affirmative action by the Congress rather than an opportunity for a negative action. But at least I would have had a check under the administration's own language.

What is good enough for Standard Oil, Kennecott, Texaco, and any other American concern in Latin America, so far as I am concerned, is good enough for the people in countries that are willing to stand on the side of freedom and engage in democratic processes in the election of a constitutional government. When overthrown, they have a right to turn to the great democracy to the north and count on it not to aid the Fascist forces that overthrew their constitutionalism.

Mr. President, we have not heard the end of the issue. The issue will arise across the country in the months ahead, unless the administration makes perfectly clear that it has no intention of exercising such discretion.

What a sad message to go out to the world that we in Congress do not have as much determination to refuse aid to illegal governments and aggressor governments as we have to refuse aid to countries that discriminate against American business in Latin America. Until we do, our foreign aid will be a mockery. Until we do something about the foot-high pile of adverse reports from the Comptroller General of the United States, showing the waste of many millions of dollars in the administration of foreign aid, we cannot justify the bill that the Senate is about to vote upon. I hope that it will be voted on tonight.

I shall vote against it. I shall forever be proud that my descendants will never read that while I was in the Senate I voted for such a bill as will be brought to a final vote, I hope, tonight.

I have offered my second to last amendment. I hope the Senate will vote for it. It gives Senators an opportunity to bring to an end the present type of foreign aid at the end of fiscal year 1965. We can wipe the slate clean and start

over, with a new foreign aid bill limited to 50 countries, under application requirements meeting terms and conditions that we lay down. The terms and conditions will be fair and equitable for countries to meet, in order to receive many millions of dollars from the American taxpayer.

I say to the majority leader that I am going to urge, and do all I can to obtain, a yeas-and-nays vote on my amendment.

Mr. MANSFIELD. Mr. President, in view of the unusual situation, I ask unanimous consent that there be a yeas-and-nays vote.

Mr. MILLER. Mr. President, will the Senator from Montana yield to me before the yeas and nays are ordered? I should like to ask the Senator from Oregon if he will modify his amendment.

Mr. MANSFIELD. If the Senator from Iowa will allow me, in the position I hold, to make a unanimous-consent request, which is an unusual one, I ask unanimous consent that the yeas and nays be ordered on the Morse amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. Mr. President, I desire to make sure that the modification on the Morse amendment will not require a further unanimous consent request from the Senator from Montana.

I merely wish to ask the Senator from Oregon if he is willing to take out that portion of his amendment to which I have already referred.

The PRESIDING OFFICER. Unanimous consent is necessary to modify the amendment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that my previous unanimous consent request be vitiated and that the order for the yeas and nays be rescinded. I will offer it later, if a sufficient number of Senators are not then present.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I am glad to accommodate the Senator from Iowa [Mr. MILLER]. I believe his proposal is sound.

I modify my amendment by deleting the interest section, lines 24 and 25 on page 2, plus lines 1 and 2 on page 3.

The PRESIDING OFFICER. The Senator from Oregon has a right to modify his amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr.

MORSE], as modified, to the committee amendment in the nature of a substitute, as amended.

Mr. MORSE. Mr. President, I ask unanimous consent that the yeas and nays be ordered on the Morse amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified, to the committee amendment, in the nature of a substitute, as amended.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. McGOVERN], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. MAGNUSON], and the Senator from South Dakota [Mr. McGOVERN] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Washington would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Florida would vote "nay."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 29, nays 56, as follows:

[No. 234 Leg.]

YEAS—29

Allott	Goldwater	Robertson
Beall	Gruening	Russell
Bennett	Johnston	Simpson
Bible	Jordan, N.C.	Symington
Burdick	Jordan, Idaho	Talmadge
Byrd, Va.	McClellan	Thurmond
Cotton	Miller	Tower
Dodd	Morse	Williams, Del.
Edmondson	Mundt	Yarborough
Ervin	Proxmire	

NAYS—56

Alken	Hartke	Metcalf
Bartlett	Hayden	Monroney
Bayh	Hickenlooper	Moss
Boggs	Hill	Muskie
Brewster	Holland	Nelson
Byrd, W. Va.	Humphrey	Neuberger
Cannon	Inouye	Pastore
Carlson	Javits	Pearson
Case	Keating	Pell
Church	Kennedy	Prouty
Clark	Kuchel	Randolph
Cooper	Lausche	Ribicoff
Dirksen	Long, Mo.	Saltonstall
Dominick	Mansfield	Scott
Douglas	McCarthy	Smith
Eastland	McGee	Sparkman
Fong	McIntyre	Williams, N.J.
Fulbright	McNamara	Young, N. Dak.
Hart	McNemara	

NOT VOTING—15

Anderson	Hruska	Morton
Curtis	Jackson	Smathers
Ellender	Long, La.	Stennis
Engle	Magnuson	Walters
Gore	McGovern	Young, Ohio

So Mr. MORSE's amendment, as modified, to the committee amendment in the nature of a substitute, was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I have an amendment which I have discussed with the chairman. I made an address on this amendment on the 23d of August. It appears in the RECORD. The amendment deals with the claims of certain Yugoslav widows and orphans, who were not citizens of the United States at the time their property was confiscated in Yugoslavia. The chairman has agreed to take the amendment to conference. Therefore, I see no virtue in discussing it further, in view of the fact that it has been considered by the committee and because I addressed myself to it on the floor. The amendment is identified as Amendment No. 236.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 48, strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

(k) No assistance shall be furnished under this Act to the Government of the Federal Peoples Republic of Yugoslavia unless and until the President determines that such Government has made an acceptable arrangement for the payment of claims arising out of the nationalization or other taking by such Government of property of persons who are citizens of the United States on the date of enactment of this Act, in any case in which (1) such persons were not citizens of the United States on the date of such nationalization or other taking, or (2) such nationalization or other taking occurred subsequent to July 19, 1948.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois to the committee amendment in the nature of a substitute.

The amendment to the amendment was agreed to.

Mr. MORSE. I now offer my last amendment. Following a vote on it, I am perfectly willing to vote on the bill. I cannot imagine anything more that I can say in opposition to the bill than I have already said. Therefore I have no intention of speaking on the bill after third reading. Undoubtedly other Senators will wish to address themselves to the bill, or offer amendments.

This is my last amendment. It is a very important amendment, and Senators ought to have an opportunity to vote on it. The amendment is the original House bill (H.R. 7885), a substitute for the pending committee amendment in the nature of a substitute. Lest Senators think that it is subject to a point of order, I inform them that I have cleared it with the Parliamentarian. I have stricken the administrative provisions in the bill at page 21 and 22. I have also stricken, on page 12, language having to do with the junta resolution.

I send the amendment to the desk. It speaks for itself. It gives Senators an opportunity to vote on the House bill. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point.

The amendment, which was ordered to be printed in the RECORD, is to insert the following in lieu of the committee amendment:

That this Act may be cited as the "Foreign Assistance Act of 1963".

PART I

Chapter 1—Policy

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 101, which relates to short title, is hereby deleted.

SEC. 102. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to statement of policy, is amended as follows:

(a) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert in lieu thereof "shall emphasize long-range development assistance".

(b) Immediately after the seventh paragraph, insert the following:

"The Congress further declares that, in order to assure that each program of assistance under this part is administered in such a manner as will most effectively carry out the policies stated in this section, each request for authorization of funds for such program shall be accompanied by a detailed statement setting forth—

"(1) the purposes of such program,

"(2) the specific objectives of such program and

"(3) the priorities assigned to such purposes and objectives,

which will be adhered to in the administration of such program."

(c) The eighth paragraph is amended to read as follows:

"It is the sense of the Congress that in the administration of these funds great attention and consideration should be given

to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against other countries receiving aid under this Act, whether or not such efforts are supported by the Soviet Union or Communist China."

(d) Immediately after the tenth paragraph insert the following:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries. It is further the sense of the Congress that short-term emergency purposes such as those referred to in the preceding sentence should be met, to the extent possible, through international institutions (such as the International Monetary Fund) which are equipped to condition assistance on immediate economic and monetary reform."

(e) The first sentence of the last paragraph is amended by inserting "(including private enterprise within such countries)" immediately after "countries".

(f) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."

Chapter 2—Development assistance

Title I—Development Loan Fund

SEC. 103. The second sentence of section 201(b) of the Foreign Assistance Act of 1961, as amended, which relates to considerations to be taken into account in making loans from the Development Loan Fund, is amended as follows:

(a) Strike out clauses (1) and (2) and insert in lieu thereof the following: "(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest."

(b) Strike out "and" at the end of clause (5).

(c) Insert immediately before the period at the end of such second sentence the following: ", and (7) the economic development plans of the requesting country, which plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources, together with a projection of the ultimate objectives of the plans with respect to the overall economic development of such country".

SEC. 104. Section 202(a) of the Foreign Assistance Act of 1961, as amended, which relates to authorizations for the Development Loan Fund, is amended by inserting immediately before the period at the end thereof the following: "Provided further, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise".

SEC. 105. Section 201(d) of the Foreign Assistance Act of 1961, as amended, which relates to interest rates on development loans, is amended by inserting immediately after "in no event" the following: "less than 2 per centum per annum nor".

SEC. 106. Section 202(a), which relates to authorization, is amended by striking out "and \$1,500,000,000 for each of the next four succeeding fiscal years," and inserting in lieu thereof ", \$1,500,000,000 for the fiscal year 1963, \$900,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years."

Title II—Development Grants and Technical Cooperation

SEC. 107. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) Section 211(a), which relates to general authority, is amended—

(1) by striking out "and" at the end of clause (5) contained in the second sentence thereof; and

(2) by inserting immediately before the period at the end of the second sentence the following: ", and (7) whether such activity could be financed through a development loan available under title I of this chapter".

(b) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$217,000,000", respectively.

(c) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".

(2) In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".

(3) Add the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$12,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$2,000,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

Title III—Investment Guaranties

SEC. 108. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "\$180,000,000" in the third proviso and substitute "\$300,000,000".

(4) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111(c) (2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 222 by adding at the end thereof the following new subsection:

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States."

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".

(2) Strike out subsection (c).

Title VI—Alliance for Progress

SEC. 109. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after "reasonable terms" the following: "(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(2) In subsection (e) strike out "economical" and substitute "economically".

(3) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert in lieu thereof "fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$450,000,000,".

(2) Immediately after "1963" the second

time it appears therein, insert the following: "and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964."

(c) Section 252, which relates to authorization, is amended by adding at the end thereof the following new sentence: "In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise."

Chapter 3—International organizations and programs

SEC. 110. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively.

Chapter 4—Supporting assistance

SEC. 111. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$380,000,000", respectively.

Chapter 5—Contingency fund

SEC. 112. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out "1963" and "\$300,000,000" and inserting in lieu thereof "1964" and "\$150,000,000", respectively.

PART II

Chapter 1—Policy

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,000,000,000, which", respectively.

(b) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) At the end of such chapter, add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter."

PART III

Chapter 1—General provisions

SEC. 301. Section 601(b) of the Foreign Assistance Act of 1961, as amended, which relates to encouragement of private enterprise, is amended as follows:

(a) Strike out "and" at the end of paragraph (3).

(b) Strike out the period at the end of paragraph (4) and insert in lieu thereof a semicolon.

(c) At the end thereof add the following new paragraphs:

"(5) utilize, wherever practicable, the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering); and

"(6) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control of private investment and discriminatory or other ac-

tions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries."

SEC. 302. Section 611(b) of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by striking out "circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962".

SEC. 303. Section 611, of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by adding to the end thereof the following subsection:

"(e) The President shall establish such procedures as he may deem necessary to assure to the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made in accordance with the same standards applicable to contracts made by the Federal Government for similar construction within the United States."

SEC. 304. Section 620(a) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba, is amended as follows:

(a) Insert "(1)" immediately after "(a)".

(b) Insert immediately after the second sentence thereof the following new sentence: "No funds provided under this Act shall be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba."

(c) At the end thereof add the following new paragraphs:

"(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities,

so long as Cuba is governed by the Castro regime; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment,

materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

SEC. 305. Section 620(e) of the Foreign Assistance Act of 1961, as amended, which relates to suspension of assistance, is amended as follows:

(a) In clause (2), immediately after "operational conditions," insert "or has taken other actions,".

(b) Strike out "equitable and speedy compensation for such property in convertible foreign exchange" and insert in lieu thereof "speedy compensation for such property in convertible foreign exchange equivalent to the full value thereof".

SEC. 306. Section 620(f) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing certain assistance to Communist countries, is amended by inserting immediately before the period after "Union of Soviet Socialist Republics" the following: "(including its captive constituent republics)".

SEC. 307. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended by adding at the end thereof the following new subsections:

"(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

"(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

"(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(l) No assistance shall be provided under this Act after December 31, 1964, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

"(m) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that

similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises.

"(n) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

Chapter 2—Administrative provisions

SEC. 308. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 631, which relates to missions and staffs abroad, add the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such persons may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

(b) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(c) Amend section 636, which relates to provisions on uses of funds, by adding at the end thereof the following new subsection:

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

(f) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$54,000,000", respectively.

Chapter 3—Miscellaneous provisions

SEC. 309. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 310. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-736 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out "\$500,000,000" and substitute "\$700,000,000."

(b) Insert following the enacting clause "That this Act may be cited as 'the Latin American Development and Chilean Reconstruction Act'."

SEC. 402. (a) Section 101(f) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

(b) Section 105 of such Act is amended by adding at the end thereof the following new sentence: "The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

(c) Section 202 of such Act is amended by striking out "economic development" and inserting in lieu thereof "economic and community development."

SEC. 403. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: "Provided, That individual cases when personally approved by the Secretary further extension may be made."

(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after "on authorized home leave;" the following: "accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;"

(c) Title IX of the Foreign Service Act of 1946, as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

"USE OF GOVERNMENT OWNED OR LEASED VEHICLES"

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

PART I—EDUCATIONAL FACILITIES

"SEC. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel."

SEC. 404. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170f-170t), is amended by inserting immediately after section 12 the following new section:

"SEC. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed \$750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."

SEC. 405. The first sentence of the first section of the Act entitled "An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July

11, 1956 (70 Stat. 523), is amended to read as follows: "That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area."

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Tennessee [Mr. GORE], and the Senator from South Dakota [Mr. MCGOVERN] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Alaska would vote "yea" and the Senator from Washington would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Washington would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Mississippi would vote "yea" and the Senator from Florida would vote "nay."

On this vote, the Senator from Tennessee [Mr. WALTERS] is paired with the Senator from New Jersey [Mr. WILLIAMS]. If present and voting, the Senator from Tennessee would vote "yea" and the Senator from New Jersey would vote "nay."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS] and Mr. HRUSKA are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Kentucky would vote "nay."

The result was announced—yeas 15, nays 68, as follows:

[No. 235 Leg.]

YEAS—15

Bible	Johnston	Russell
Byrd, Va.	Jordan, N.C.	Simpson
Cotton	Morse	Talmadge
Edmondson	Proxmire	Thurmond
Ervin	Robertson	Williams, Del.

NAYS—68

Alken	Hart	Miller
Allott	Hartke	Monroney
Bartlett	Hayden	Moss
Bayh	Hickenlooper	Mundt
Beall	Hill	Muskie
Bennett	Holland	Nelson
Boggs	Humphrey	Neuberger
Brewster	Inouye	Pastore
Burdick	Javits	Pearson
Byrd, W. Va.	Jordan, Idaho	Pell
Cannon	Keating	Prouty
Carlson	Kennedy	Randolph
Case	Kuchel	Ribicoff
Church	Lausche	Saltonstall
Cooper	Long, Mo.	Scott
Dirksen	Mansfield	Smith
Dodd	McCarthy	Sparkman
Dominick	McClellan	Symington
Douglas	McGee	Tower
Eastland	McIntyre	Yarborough
Fong	McNamara	Young, N. Dak.
Fulbright	Mecham	Young, Ohio
Goldwater	Metcalf	

NOT VOTING—17

Anderson	Gruening	Morton
Clark	Hruska	Smathers
Curtis	Jackson	Stennis
Ellender	Long, La.	Walters
Engle	Magnuson	Williams, N.J.
Gore	McGovern	

So Mr. MORSE's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk. I ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 54, after line 4, it is proposed to insert the following:

"Sec. 404. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is amended by inserting after the words 'such sums' a comma and the following: 'not to exceed \$5 million annually.'"

Mr. MILLER. Mr. President, 2 years ago, Congress removed the ceiling limitation of \$3 million annually for the U.S. contribution to the operations of the Food and Agriculture Organization. The purpose of my amendment is to add to the bill a new section which would restore a limitation, not of \$3 million, but of \$5 million. The reason is that if a limitation is not restored, I fear that this item will get out of control. I am speaking particularly about the admin-

istrative situation, for that is what my amendment relates to. It has nothing to do with the freedom-from-hunger campaign of the Food and Agriculture Organization, to which we contribute many millions of dollars worth of our surplus commodities.

Since the removal of the dollar limitation of \$3 million a year, for the years 1962 and 1963, the amount was increased to \$4,591,668. It is now proposed, in the new budget which is being considered, after raising our contribution by \$1,500,000 for each of the past 2 years, to raise the contribution another \$1,300,000 for the next 2 years. I suggest that this practice will continue unless we do something in the nature of restoring the dollar limitation.

The House Committee on Appropriations has already sent to the Senate a bill proposing an appropriation of \$4,591,000 for the next year. My amendment would place the dollar limitation at \$5 million. I suggest that this would provide ample room within which the Senate Committee on Appropriations could work.

Mr. MORSE. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield to the Senator for Oregon.

Mr. MORSE. Would the effect of the Senator's amendment be to increase the amount of authorization in the bill?

Mr. MILLER. No, it would not, because there is no dollar authorization limitation in the present law or in the bill. We removed completely the authorization limitation of \$3 million 2 years ago.

Mr. FULBRIGHT. Mr. President, I have conferred with the Senator from Iowa about the amendment. The amendment was not presented to the committee. I am not completely satisfied as to its meaning; but as it has been explained to me by the Senator from Iowa, I am quite content to take the amendment to conference, if nothing serious develops in opposition to it. If it does, as I have explained to the Senator, I could make no promises about it, because I have had no opportunity to consider the amendment, other than this afternoon, after he mentioned it.

Mr. MILLER. I thank the distinguished Senator from Arkansas for his comments and for his gracious consent to take the amendment to conference.

The Committee on Foreign Relations had no opportunity to consider this problem, because it has been only in the past few days that the proposed budget of the Food and Agriculture Organization for the next biennium has been published. It was not until that happened that the problem of what to do about the dollar limitation was presented. That is the purpose of my amendment. I trust there will be no difficulty with the amendment in conference.

The PRESIDING OFFICER (Mr. INOUE in the chair). The question is on agreeing to the amendment of the Senator from Iowa to the committee amendment, as amended, in the nature of a substitute.

The amendment was agreed to.

Mr. MILLER. Mr. President, I offer one last amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 48, line 3, it is proposed to strike out the word "located."

Mr. MILLER. Mr. President, if Senators will turn to page 48 of the bill, I shall discuss the purpose of the amendment.

It will be recalled that the purpose of subsection (j), on page 47 of the committee amendment, as amended, was to prevent the giving of our aid for projects owned or controlled by the national governments of the recipient nations in cases in which such goods or services could be provided by private businesses. I understand that the Senator from Ohio [Mr. LAUSCHE] had a great deal to do with the inclusion of this provision in the committee amendment.

However, at this time the committee amendment, as amended, provides, on pages 47 and 48 that such assistance shall not be furnished "except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

I suggest that the word "located," as used at that point in the committee amendment, would improperly tie the hands of the administrator of the program, because it would literally mean that such business must be located there at that time. But if the word "located" were deleted, the committee amendment would allow the administrator to have the discretion of deciding whether such a business is operating in that country or whether such a business may within a reasonable time come into being there and provide such goods or services. I am sure that was the intention of the drafters of this provision, including the Senator from Ohio.

Mr. LAUSCHE. Mr. President, the provision of the committee amendment to which the amendment of the Senator from Iowa relates had its origin in the provision of our aid for the establishment of a steel plant in India. It was the purpose of our Government to make a loan for the establishment of a governmentally owned steel plant in that country at a time when privately owned enterprise was operating at below capacity in the production of steel. My amendment provided that no assistance shall be granted by the U.S. Government to a recipient country for the purpose of establishing a socialistically operated industry to compete with private industry in that country.

I say, with the greatest emphasis, that I have an implicit and unyielding belief in the correctness of the principle that we are making a grievous mistake by lending and granting money to establish socialistically operated industries within the boundaries of the countries we benefit.

After the argument in the Foreign Relations Committee, I accepted a modification of my proposal. It was argued that if private industry there is not doing

an adequate job, we should not deny the beneficiaries of our bounty the opportunity to establish a socialistic government operated enterprise; and when I use that word, I drop my voice, to indicate how I feel.

The Senator from Iowa has proposed the elimination from this provision of the word "located." His argument is that he wishes to make sure that private industry now located there or willing to locate there in the near future will have an opportunity to provide goods or services when requested to do so by a socialistically operated government.

The amendment of the Senator from Iowa to this portion of the committee amendment—in other words, to my amendment, which is incorporated at this point in the committee amendment—should be accepted, because it covers not only the present situation, but also a situation in which an industry is willing to establish itself in the immediate future. Thus, it seems to me there is no controversy over this question.

Mr. FULBRIGHT. Mr. President, I have discussed this subject with the Senator from Iowa. I do not believe the proposed amendment would make any substantial difference, as compared with the provision now contained in the committee amendment, as amended. But inasmuch as the author of this part of the committee amendment sees no reason to object to the amendment, I shall not object to it.

However, I wish to make very clear that I do not interpret the provision as thus amended, and I do not think it can reasonably be interpreted to mean that any prospective business which might in the unknown or unlimited future supply such goods or services could be considered as meeting this requirement of the committee amendment, as thus amended. Under this amendment, I think such businesses would be limited to those which would be proposing to supply such goods or services at the time when the consideration was being given.

However, I do not believe the amendment would make any difference; and, for that reason, I am willing to accept it.

Mr. MILLER. Mr. President, I wish to make clear that in connection with this amendment to the committee amendment there is no purpose to permit an administrator to look far into the future to find a private business which might some day provide such goods or services. The purpose of the amendment is as follows: If there is a reasonable assurance that a private business will within a reasonable time provide such goods or services, the Administrator may then provide assistance.

Mr. DODD. Mr. President, will the Senator from Iowa yield?

The PRESIDING OFFICER (Mr. INOUYE). Does the Senator from Iowa yield to the Senator from Connecticut?

Mr. MILLER. I yield.

Mr. DODD. I assume that we are trying to legislate for present purposes and present businesses; is that correct?

Mr. MILLER. We are trying to do so; we are trying to legislate for the immediately foreseeable purposes. So I would not want this amendment to be

regarded as throwing open the administration of this provision to the use of unreasonable discretion in terms of the future.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa to the committee amendment, as amended.

The amendment to the committee amendment, as amended, was agreed to.

Mr. COOPER. Mr. President, to the committee amendment, as amended, I offer an amendment which I send to the desk and ask to have stated. I offer the amendment for myself, the Senators from New York [Mr. KEATING and Mr. JAVITS] and the Senator from Colorado [Mr. ALLOTT].

The PRESIDING OFFICER. The amendment of the Senator from Kentucky to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 39, between lines 17 and 18, it is proposed to insert the following:

TITLE VII—EVALUATION OF PROGRAMS

SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is further amended by adding at the end thereof a new title as follows:

"TITLE VII—EVALUATION OF PROGRAMS

"SEC. 261. The President shall appoint such committees as may be necessary which, except as provided in Sec. 262, shall be composed of either three or five members, a majority of whom shall be representatives of the public, to review and evaluate the economic development program of each country receiving economic aid under this Act, and to report to the President and to the Congress their findings with respect to the following—

"(1) whether the recipient country (a) has a practical development program which affords a reasonable expectation that the objectives of such program will be attained, taking into consideration the human and natural resources and fiscal capabilities of the country, (b) is providing the maximum amount of self-help within its capabilities, and (c) has adopted the fiscal, administrative, and social reforms necessary to the success of such program;

"(2) whether the specific projects to which United States aid is allocated will contribute materially to the fulfillment of the primary needs of the recipient country's development, and to the purpose of the United States to assist in strengthening democratic processes, the economy of the country, and in raising the standards of living of the people of that country; and

"(3) such other matters as in their opinion will be useful to the Congress in its consideration of legislation authorizing or appropriating funds for financing foreign aid programs for fiscal year 1965 and subsequent fiscal years.

"SEC. 262. Committees referred to in section 261 shall be appointed first to review the economic development programs of those countries receiving the largest amount of assistance and which in fiscal year 1963 collectively received one-half of the total assistance extended by the United States under its foreign assistance programs. In addition to the foregoing committees, a committee of such size as the President may find necessary, a majority of whose members shall be representatives of the public, shall be appointed to review the economic development programs of those countries included in the Alliance for Progress program in accordance with the criteria set forth in section 261, and evaluate the progress of the Alliance. All

committees referred to in this section shall report their findings not later than January 1, 1965; reports of committees for other countries shall be made not later than June 1, 1965.

"SEC. 263. Legislation authorizing or appropriating funds for carrying out economic development programs for fiscal years after the fiscal year 1965 shall not be enacted until the Congress has received and considered the reports referred to in this title for the countries referred to in section 262.

"SEC. 264. Members of committees referred to in section 261, who are not otherwise employed by the Government, shall receive compensation at rates to be fixed by the President without regard to the Classification Act of 1949, as amended, and shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 for travel and other expenses incurred in carrying out their functions. The compensation and expenses of members of a committee appointed to review economic development programs of any country may be paid out of any funds available for use in carrying out such programs in such country."

Mr. COOPER. Mr. President, I ask unanimous consent that the names of the Senator from Oregon [Mr. MORSE], the Senator from Iowa [Mr. MILLER], the Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from California [Mr. KUCHEL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from New Jersey [Mr. CASE], the Senator from Kentucky [Mr. MORTON], the Senator from Kansas [Mr. PEARSON], the Senator from Missouri [Mr. LONG], and the Senator from West Virginia [Mr. RANDOLPH] be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Mr. President, the amendment I offer is not a hastily conceived amendment. Last year I offered an amendment, similar in its substance, though not as detailed as this amendment, to the foreign aid bill. It was accepted by the acting chairman of the committee, the Senator from Alabama [Mr. SPARKMAN], but it was not retained in the House-Senate conference.

Earlier this year I submitted Senate Concurrent Resolution 34 for myself, the Senator from New Jersey [Mr. CASE], the Senator from Hawaii [Mr. FONG], the Senators from New York [Mr. JAVITS and Mr. KEATING], the Senator from California [Mr. KUCHEL], the Senator from Missouri [Mr. LONG], the Senator from Iowa [Mr. MILLER], the Senator from Kentucky [Mr. MORTON], the Senator from Kansas [Mr. PEARSON], and the Senator from West Virginia [Mr. RANDOLPH], which embodied the substance of the amendment which I have offered this evening.

Later, on October 22, I offered an amendment to the pending bill, H.R. 7885, I spoke on the subject in the Senate on March 21 and March 28. I also testified before the Foreign Relations Committee in support of the amendment, which I have now called up for action.

The essential purpose of the amendment is to extend the work of the Clay Committee, which has had such a profound effect. As we all know, the Clay Committee evaluated the Foreign Aid program in its totality. My amendment

would require an evaluation of our foreign economic aid program in each country which is a recipient of our foreign aid.

The amendment proposes the means by which the evaluation will be made. The President would be directed to appoint small committees of three or five members, a majority of whom shall be representatives of the public. If there were a committee of three, the President might appoint a member from the State Department, or whatever aid agency is in charge of the program, and two members of the public. If there were five, at least three members from the public must be included.

The amendment makes an exception with respect to the evaluation of the program of the Alliance for Progress, and the countries which are included in the Alliance. The President would determine the size of the committee which would be appointed for the evaluation of the countries included in the Alliance for Progress, as it might require more than five members, but the majority of members must be representatives of the public.

My reason for offering the amendment is that, frankly, I do not believe the Congress or the public has enough information upon which to make a proper evaluation of the foreign aid program; to determine whether it should be continued in its totality or abandoned; whether to continue the program with respect to certain specific countries; or, and I believe most important, what can be done to strengthen the program and make it more effective.

I have not heard all of the debate on the bill because I was unavoidably away part of the time, but I must say that I believe it has been one of the best debates on the foreign aid program that we have had in several years. I pay my tribute to the Senator from Oregon [Mr. MORSE], the Senator from Ohio [Mr. LAUSCHE], the chairman of the committee [Mr. FULBRIGHT], the Senator from Vermont [Mr. AIKEN], and the other members of the Foreign Relations Committee, who have given us a great deal of information.

I have been interested in the foreign aid program for many years. As Senators know, I have supported it. I believe it to be a program in our own self-interest, and one which is helpful to countries struggling to advance. But in recent years I have voted to reduce appropriations, chiefly upon amendments offered by the Senator from Louisiana [Mr. ELLENDER], because, although a supporter of the program, I did not believe that the program was as effective as it should be, either in its assistance to other countries or to the achievement of our own good purposes.

I do not see how we can determine the effectiveness of the program in each country we aid unless an objective, independent examination is made by such a committee as I propose. I contemplate the President would appoint such able men as were included in the Clay Committee. I am honored to name them:

Lucius D. Clay, Robert B. Anderson, Eugene R. Black, Clifford Hardin, Robert A. Lovett, Edward S. Mason, L. F. McCullom, Herman Phleger, Howard A. Rusk, and George Meany.

I have read many times the reports of the Foreign Relations Committee, and the reports made by our foreign aid agencies. It is extremely difficult to find in these reports information about the effectiveness and the progress of the program in any specific country. I know that the General Accounting Office makes reports upon the program in specific countries. It is difficult for us to obtain that information. And, it is more probable that the reports point out the defects of the program—as is the duty of the GAO—rather than the good that may be done.

The criteria to be followed in the evaluation, which I and my cosponsors have written into the amendment, essentially follow the recommendations of the Clay Committee. These criteria would be directed toward the specific countries. The committee would determine, first, whether the country to which we advance funds has a practical development program which offers a reasonable expectation of attainment; second, whether it is providing the maximum amount of self-help; and, third, if it has adopted fiscal and social reforms necessary to the success of the program.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. FULBRIGHT. Is not the Senator's amendment different from the previous proposal in that the amendment would not require a separate committee for each country?

Mr. COOPER. I never contemplated that there would be a separate committee for each country. I contemplated that an examination of the program would be made in each country. My amendment states—

The President shall appoint such committees as may be necessary.

One committee might evaluate the program in six or seven countries. Ten committees might be able to do the entire job. In response to the chairman's question, the purpose is the same, but I believe the language in the pending amendment is better.

Mr. FULBRIGHT. The amendment would leave the discretion in the President as to how many committees he would appoint.

Mr. COOPER. Yes, the Senator is correct. Returning to the criteria, the committees would be also required to make an evaluation of the projects to which our aid is allocated, to determine if they contribute effectively to the primary needs of the country's development and at the same time serve our purpose of assisting in strengthening the sovereignty and democratic processes, the economy, and in raising the standards of living of the people of the country.

I drew from my short experience as Ambassador to India. Valuable and effective as our program in India was, a part of our aid was channeled off into

secondary projects which, while of importance, were not of essential importance to development of the country.

The question, may be raised whether the examinations would be superficial. My answer is, that if the President appoints committees with members of the type who served on the Clay Committee—and I have confidence that he would do so—the examinations will not be superficial.

Second, objection may be made concerning its cost. If it should cost \$100,000 or \$500,000, and I do not believe it would, this amendment would undoubtedly save millions of dollars. And, most important if it helped develop a program which meets the purposes of our country and the needs of the other countries, it would be worth much to the advancement of many countries throughout the world, to our security, and our best purposes in providing aid. The amendment also provides that the cost can be paid from the aid allocated to countries whose programs are evaluated.

I have argued this before several times in the Senate, and also before the Foreign Relations Committee. I intend to ask for a record vote upon the amendment because the debate of the last 3 weeks has shown several things. It has shown, first, that the Congress does not intend to abandon the foreign aid program. But the debate has also shown that Congress distrusts the foreign aid program. And, in my judgment, the debate shows that Members of the Senate, with the exception of the members of the Foreign Relations Committee—and others who have special responsibilities such as the Senator from Alaska [Mr. GRUENING]—do not have the information upon which to make a rational judgment as to whether the aid program should be discontinued, or whether it should be continued, or how it could be strengthened. I believe it is in our interest to continue a foreign aid program of reasonable proportions, within our capabilities, if it can be truly effective. But it will not be effective, and it will not be continued, unless the Congress and the country can secure the information which I believe the amendment we offer will provide.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. PASTORE. I should like to compliment the Senator from Kentucky on his constructive suggestion. I believe one of the distressing and confusing experiences which we have had during the debate is precisely what the Senator from Kentucky has pointed out.

As I have sat here hour after hour, I have been impressed with some of the criticisms made of some of these programs. Then those criticisms were refuted by the distinguished chairman of the Foreign Relations Committee. Inasmuch as he is so well versed in international relationships, I have been inclined to follow him each time I voted. But, the fact remains that we are in no position to know precisely what the situation is in any one of these countries.

I believe the right approach is the approach suggested by the Senator from Kentucky, to leave it to the administration to choose a committee of interested, impartial, public-spirited people who will make a survey of these countries to determine the merits of the program and to report. I believe that is one way we can find out what the facts are.

Mr. COOPER. I thank the Senator very much. The amendment provides, further, that the reports shall be made not later than January 1, 1965, and—this is very important—that in the absence of such reports, authorizations and appropriations for foreign aid for the fiscal years following 1965 shall not be made. This section provides teeth for the amendment.

I offer this amendment as a strong supporter of foreign aid throughout my service in the Congress, but with the conviction—which I have expressed for several years—that it must be made effective and within our means.

I thank my colleagues who have joined in this amendment and given it strong support.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. JAVITS. I am honored to join with the Senator from Kentucky in his amendment. I believe it is constructive and can only help what should be the fundamental objectives of our Nation in respect to these programs.

I should like to testify to the Senator's sense of reasonableness and responsibility in changing section 263 of his amendment so that the prohibition would apply after the fiscal year 1965.

Mr. COOPER. I thank my colleague for his help. I thank also my colleague, the Senator from West Virginia [Mr. RANDOLPH], who has given such strong support in cosponsorship of the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MORSE. On this point of legislative history, I believe we should make it clear that the Senator is not proposing a large number of committees. A large number of committees would defeat the purpose of his amendment. We must have a small number of committees to deal with this matter on a regional basis, since each area has common problems. For example, there could be a committee for NATO, a committee for a large section of Africa, a committee for the Middle East, a committee for Latin America, a committee for the Caribbean and a committee for Southeast Asia. I do not believe there should be more than seven or eight committees at the most. If there are 50 or 60 committees, not only would the cost be inexhaustible but also, I believe, that would defeat its purpose.

Mr. COOPER. The Senator from Oregon has interpreted my view correctly. I believe that 8 or 10 committees could do the job.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. SALTONSTALL. With regard to section 263 of the amendment of the

Senator from Kentucky, do I understand correctly that in Latin American and other countries the report would not affect the appropriations for fiscal year 1965?

Mr. COOPER. That is correct.

Mr. SALTONSTALL. It would affect fiscal year 1966?

Mr. COOPER. After fiscal year 1965. I propose that, because there does not appear to be time enough to make the evaluations before that time.

Mr. SALTONSTALL. Regarding section 262, why would the Senator from Kentucky confine the committee's study to countries collectively receiving one-half of total assistance?

Mr. COOPER. Because I thought it would be more practicable. I understand there are about 15 countries that receive one-half the aid. If those countries which receive half our foreign aid—I understand about 15—were examined and evaluated as the first order of business, the most important part of the work would be done first. The others could follow.

Mr. SALTONSTALL. So the reports would come in the next calendar year but would not apply until after fiscal year 1965?

Mr. COOPER. That is correct.

Mr. SALTONSTALL. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. AIKEN. As a member of the Foreign Relations Committee, let me say that the bill which is now before us, in my opinion, is as good a bill as we could report with the information and the knowledge that we had on hand.

I freely confess that we did not have all the knowledge we should have had, to report a better bill. I believe the amendment offered by the Senator from Kentucky would be very helpful.

It has been perfectly obvious from the debate which has taken place in both Houses of Congress, and from the lack of communications received from the country—which is in sharp contrast to the urgings to support a foreign aid bill that deluged us in previous years—that the foreign aid program, as we now know it and as it is now being administered, has only another year or two at most to go.

We do not wish to break it off abruptly. When the time comes, if it comes, that unsatisfactory administration results, it is quite evident we are likely to cut it off and leave nothing but possible chaos in our relationships with many countries with whom we should have good relationships. So I believe that the proposal of the Senator from Kentucky is a good proposal, and I shall support it.

Mr. COOPER. I thank the Senator very much.

Mr. DODD. Mr. President, will the Senator yield?

Mr. COOPER. I yield to the distinguished Senator from Connecticut [Mr. DODD].

Mr. DODD. I am very much in favor of the amendment of the Senator from Kentucky. I wish, however, that he would repose the authority to appoint committees in the Congress. I have

grave doubts that any administration will appoint a committee which it believes will work against what it specifically desires.

I believe we would do better—and I say this with the highest respect for the Senator—if, in his amendment, the authority to appoint committees to study these countries were reposed in the Congress. This is an "old saw" of mine. I believe we have been constantly whittling away our constitutional power and responsibility in the legislative branch.

I am sure the Senator from Kentucky was not thinking of that, but I wonder if he would not agree that it would be better if Congress appointed the committees.

Mr. COOPER. I understand the suggestion of the Senator from Connecticut. I believe, though, that the responsibility for administering the program should rest with the executive branch. The President did appoint a good committee in the Clay Committee, and I believe future committees will carry out the mandate of the President. I prefer to leave it as it is.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. COOPER. Mr. President, I yield the floor.

Mr. ROBERTSON. Mr. President, nothing, in nearly 3 weeks of debate, has more clearly illustrated the kind of bear we have by the tail than this amendment offered by a consistent friend of the foreign aid program. I pointed out a few days ago that when we started the Marshall plan it was to end in 1951—11 years ago.

Last year we appropriated \$3,900 million. This year the President asked for \$4,900 million, which was twice what we appropriated at the height of the need in 1949 for the foreign aid program.

Now we have a distinguished Member of the Senate—if he voted for a single cut in this program, I do not recall it—saying, "I know there is going to be waste, but I do not know how much."

No Member of Congress knows how much we are going to waste. The General Accounting Office, which checks all the figures, cannot tell us how much we are going to waste.

We are going to spend \$4 billion, more or less—and I hope it will be less before we finish with the appropriation bill—in 107 foreign nations. But the Senator wants to set up two or three committees to tell us where the waste is and what to do next time.

In 3 weeks of debate there has not been a more eloquent plea made to cut this program down to size, and then end it. He knows, and we all know, that the taxpayers' money is being wasted. This amendment admits it and calls on us to set up a committee to check into nearly \$4 billion of expenditures all over the world—an impossible task. The entire force of the General Accounting Office could not give us an accounting on expenditures of that size.

I feel very happy over the votes I have cast to cut down this program, and I shall feel still more happy over the vote I shall cast against passage of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER], for himself and other Senators, to the committee amendment in the nature of a substitute, as amended.

Mr. LAUSCHE. Mr. President, I shall support the amendment of the Senator from Kentucky. I feel obliged to state that the Senator from Kentucky has voted for cuts in the foreign aid program. He voted for the Mansfield-Dirksen amendment, and he voted for other cuts.

There may be reasons for doubting whether this amendment should be adopted, but all it provides is that there be appointed impartial outsiders to make recommendations as to what the program should be. If there is any weakness in the proposal of the Senator from Kentucky, it rests in the field described by the Senator from Connecticut. Instead of the administration appointing the persons who will make the study, the Congress should be given some authority, either to appoint the entire group, or at least to appoint a number of them.

Mr. DODD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. DODD. I am complimented by the Senator's reference to my suggestion. I do not know why we continue to say, "The executive shall decide, in its discretion." I do not question the intent of any President of the United States, but I do not know why we do not take the responsibility. If we want committees appointed to study these matters, why not appoint them? We are the people's representatives. As between the judicial, the executive, and the legislative branches, primacy resides in the legislative branch. I wish the Senator from Kentucky had so provided. Nevertheless, I shall support his amendment.

Mr. LAUSCHE. All the Senator from Kentucky requests is that a board be appointed, made up of individuals interested in public affairs, as distinguished from interest in specific aspects of this program. That board is to report to the Congress and to the President as to what should be done.

I do not see anything wrong with this proposal. I think it has tremendous strength.

Finally, the Senator from Kentucky has voted for cuts. He has not subscribed to all the authorizations requested.

Mr. COOPER. As I said earlier, I have done so for several years, because I believed the program not wholly effective. This year I voted for the Holland amendment and the Mansfield-Dirksen amendments, reducing the program by nearly \$400 million.

I have offered this amendment in good faith, as one who has supported foreign aid, in an attempt to obtain the information we need to make proper judgments about the value and effectiveness of our foreign aid program in each country we aid.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Kentucky [Mr. COOPER], for himself and other Sena-

tors, to the committee amendment in the nature of a substitute, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Michigan [Mr. McNAMARA], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Michigan [Mr. McNAMARA], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS] and Mr. HRUSKA are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON] would each vote "yea."

The result was announced—yeas 79, nays 1, as follows:

[No. 236 Leg.]

YEAS—79

Alken	Douglas	Keating
Allott	Eastland	Kennedy
Bartlett	Edmondson	Kuchel
Bayh	Ervin	Lausche
Beall	Fong	Long, Mo.
Bennett	Fulbright	Mansfield
Boggs	Goldwater	McClellan
Brewster	Gruening	McGee
Burdick	Hart	McIntyre
Byrd, Va.	Hartke	Mechem
Byrd, W. Va.	Hayden	Metcalf
Cannon	Hickenlooper	Miller
Carlson	Hill	Monroney
Case	Holland	Morse
Church	Humphrey	Moss
Cooper	Inouye	Mundt
Cotton	Javits	Nelson
Dirksen	Johnston	Pastore
Dodd	Jordan, N.C.	Pearson
Dominick	Jordan, Idaho	Pell

Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall

Scott
Simpson
Smith
Sparkman
Symington
Talmadge
Thurmond

Tower
Williams, Del.
Yarborough
Young, N.Dak.
Young, Ohio

NAYS—1

McCarthy

NOT VOTING—20

Anderson
Bible
Clark
Curtis
Ellender
Engle
Gore

Hruska
Jackson
Long, La.
Magnuson
McGovern
McNamara
Morton

Muskie
Neuberger
Smathers
Stennis
Walters
Williams, N.J.

So Mr. COOPER's amendment to the committee amendment in the nature of a substitute was agreed to.

Mr. MUNDT. Mr. President, I call up my amendment No. 305 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 54, after line 4, it is proposed to insert the following:

SEC. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of grain or any product thereof by such country, agency, or national.

Mr. MUNDT. Mr. President, my amendment is comparatively short. It is, however, very significant. If I may have a reasonable degree of attentiveness on the part of Senators, I shall be able to shorten my explanation.

I had not intended to offer any amendment to the bill, even though I am a member of the Committee on Foreign Relations. As Senators know, an eye problem made me unable to attend the final markup of the bill. I did not feel that I should intrude myself belatedly into the discussion by offering an amendment, and would not have done so had it not been for the fact that my attention was called to an article written by Mr. Vincent J. Burke, appearing in the Los Angeles Times and Washington Post on November 5. It appears on page 20497 of the CONGRESSIONAL RECORD of November 12 on which date I made a preliminary discussion of this amendment, what it entails, and why I consider it imperatively necessary.

The article states, in part:

The Federal Government has decided to underwrite all of the credit risks for American banks engaged in financing the sale of \$6 million worth of surplus U.S. grain to Communist Hungary. It is expected that similar credit guarantees will be extended to the pending \$250 million sale of wheat to the Soviet Union.

When I read that article, I sought confirmation of it. Therefore, I communicated with the Export-Import Bank and asked whether, in fact, we were now, in 1963, being called upon to approve an entirely new departure in the entire concept of foreign aid and trade, whereby, for the first time, for the Communist bloc, the American taxpayers will be asked to underwrite the credit of Com-

munists for the purchases that they make in America.

I find that that is precisely the case. I have here the material from the Export-Import Bank. I shall not read it all tonight because of the lateness of the hour, but I shall place it in the RECORD. It is in response to eight specific questions I had the clerk of the Committee on Foreign Relations propound to the Export-Import Bank. I shall read this much of the statement, because it is a part of the statement that the distinguished Senator from Arkansas [Mr. FULBRIGHT] placed in the CONGRESSIONAL RECORD. It will be found on page 20500 of the RECORD of November 12. I quote:

The Export-Import Bank has announced terms which would be extended, if accepted, to any of the deals between American suppliers and Soviet bloc purchasers of commodities.

I want Senators to know of this, because either they will subscribe to this policy or they will denounce it when they vote on this amendment tonight. We have voted I believe unanimously for the Cooper amendment, which indicates that after 15 years of foreign aid to the free world, we are a little dubious as to whether we shall continue it beyond fiscal year 1965. We want to take another look at what we are now supplying as aid to 107 foreign countries. However, unless we approve the pending amendment, we shall be supplying aid to 109 foreign countries—107 countries of the free and neutral world, and 2 countries of the Communist bloc—Russia and Hungary. That is in the record. We shall either approve it or disapprove it by our yeas and nay votes on my amendment.

I continue to read from the statement made by the Export-Import Bank itself, which you will find in the RECORD of November 12 when I first presented and discussed this amendment.

The Export-Import Bank stresses that there is nothing new in these arrangements—

That is, extending credit.

Let me emphasize—if all Senators are not aware of it, their constituents should be—and after tonight they will be—that every dime in the Export-Import Bank is American money, contributed by Americans. I am not talking about a world bank; I am not talking about some international development bank; I am talking about a bank financed solely by American taxpayers, which is now being asked to underwrite credit to Communist Russia and Hungary for 75 percent of the \$250 million transaction in wheat and corn. You can be sure if this is done, the Export Bank will later extend vast American credit guarantees to Communist countries for all sorts of other purchases. Fortunately only the wheat and corn sales to the Communists are involved in the present notice of departure from established American practice.

If Senators want to approve such a program, they may do so. But certainly after having discovered this information, I felt honor bound to call it to the attention of Senators and to point out where I think such a program will lead, if we allow the credit of America to be used to underwrite Communist credit.

The Export-Import Bank says—and I read it from their own material—that there is no precedent for such a transaction with a Soviet bloc country. So in the year 1963, either they will initiate a precedent and we will approve it by defeating my amendment, or they will not initiate it, and we will approve my amendment and defeat their plan.

At least, we will express the sense of the Senate on this measure, and we should send my amendment to conference, where the conferees can wrestle with the problem, and we will not be guilty of opening up a new type of foreign aid program to Communist bloc countries supported by American credit underwritten by American taxpayers.

To be perfectly fair, I should say that loans have been made by the Export-Import Bank to Yugoslavia. As Senators know, Yugoslavia has many times been considered by this body in a separate category or in a special status. We have made concessions to Yugoslavia which we have never made to the bloody Communist government of Hungary, which at gunpoint put down the effort of Hungarians to become free. We have never made such concessions to Russia. I hope we do not approve such a self-defeating move tonight.

Mr. SYMINGTON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. SYMINGTON. As I understand the Senator, he is saying that the U.S. Government proposes to support any possible sale of grain to the Soviets with its own credit.

Mr. MUNDT. That is correct; and to Hungary, too.

Mr. SYMINGTON. In answer to criticism from my State about this transaction, I replied that inasmuch as Canadians were selling wheat for gold to Communist China, to the extent of some \$500 million, and inasmuch as the Canadians were also selling wheat for gold to the Russians to the same extent, I felt, in order to help protect our continuing unfavorable balance of payments, that it was only fair this country, through private transactions, especially as we are now banking freedom, and these other economies of the free world are operating under the nuclear umbrella protection of the United States, would allow our Nation to sell for gold, our excess agricultural products.

However, as I understand the able Senator from South Dakota, now the grain would not be sold for gold; in fact the sale would be on terms and would be financed by the U.S. Government through the Export-Import Bank. Is that correct?

Mr. MUNDT. The Senator is absolutely correct, with one modification. The terms provide for a 25 percent payment in cash, and 75 percent as credit. The 75 percent in credit is to be underwritten by the Export-Import Bank, which is financed by American money.

I am not proposing this evening anything which would interfere with the proposed wheat sales and corn sales to Russia, if the sales are made for cash. If they are made for gold, as the Senator from Missouri points out, and as he thought, and as I thought the sales

would be—and we listened to the same testimony in the Committee on Foreign Relations, namely, that the transaction was to help with the balance-of-payments problem—my amendment will not interfere with any cash sale; it would not interfere with any short-term private credit extended by American banks or by exporters who want to supply the credit.

My amendment would not interfere with a sale if it were to be repaid in some Russian-made goods which could be converted into American currency. But I do not propose to start financing both sides of the cold war at the same time with American money. I do not propose that we should permit the use of American credit to pick up the possible bad debts of Russia and Hungary in a purchase of this kind. I do not want to force Americans to underwrite the bad faith and the bad credit of Communist dictators.

Mr. FULBRIGHT. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. FULBRIGHT. The Senator speaks of a loan. To be accurate, this is the way the transaction would work: Private banks in New York would handle most of this deal by making loans to grain companies in this country. Let us use Cargill as an example. Cargill is one of the large grain dealers. The bank would make an interim loan for the financing of the transaction. The terms would be 25 percent down, and the remainder in 18 months. One-third of the balance would be paid every 6 months. What the Export-Import Bank would do would be, for a fee, to insure payment.

Is it not true that in the case of certain sales of grain by Canadians to Communist-bloc countries, the Canadians have come to New York and have used either the Export-Import Bank or a private bank—that is, American capital—to underwrite the insurance payment of the short-term credits when they come due?

Mr. MUNDT. I believe they have used private capital. I am not aware that they have used Export-Import Bank capital. My amendment does not prevent private banks extending credit to Russia.

Mr. FULBRIGHT. Is it not true that there has been no default in the case of Canadian wheat?

Mr. MUNDT. Not yet. After all, there would be precious little time for default as yet. Most of the wheat is not yet on the ocean.

Mr. FULBRIGHT. But substantial sales were made to China 2 or 3 years ago.

Mr. MUNDT. Most of those were on a long-term credit basis. There has been no opportunity for default on the credit for those transactions.

Mr. FULBRIGHT. I do not know how long ago those transactions were made. They were also arranged on somewhat similar terms—not 5- or 10-year terms, but relatively short terms.

In the case of both U.S. wheat and Canadian wheat, it is generally expected that the terms will provide 18 months for the three quarters of the remainder to be sold. All the Export-Import Bank will do, for a fee, will

be to insure for the payments. They have already done this, as the Senator has indicated, according to the committee staff memorandum which I placed in the RECORD, and also in the answers to questions which the Senator from South Dakota himself submitted to the Export-Import Bank. This procedure has been followed twice in the case of Yugoslavia and also in connection with many other countries.

Mr. MUNDT. No other Communist-bloc countries.

Mr. FULBRIGHT. No; we refused to sell to them. There have been many speeches on the floor, some for and some against the wheat deal. As I recall, one was made by the distinguished Senator from Kansas [Mr. CARLSON], and another by the Senator from North Dakota, or perhaps it was the Senator from South Dakota—not the senior Senator from South Dakota [Mr. MUNDT], but the junior Senator from South Dakota [Mr. MCGOVERN], approving these sales. This announcement is one aspect of the transaction. If I am properly informed, the balance pays 5 percent. I believe the memorandum states 5 percent.

Mr. MUNDT. I believe the Senator is correct about the rate.

Mr. FULBRIGHT. Part of this pays for the insurance. I understand that the Senator disapproves of such sales.

I notice that in his amendment he provides a limitation that it will apply only to the purchase of grain or any other agricultural commodity. Apparently he does not want the amendment to apply to the purchase of machine tools of similar products.

Mr. MUNDT. As the Senator knows, we have not been shipping such articles to Russia.

Mr. FULBRIGHT. At any rate, I point out that I have no particular interest in wheat. However, I do approve of selling it to the Communist bloc, rather than to Germany or some other free country which then will be able to sell it to the Communist bloc, and thus make a profit on it. I believe we have been very improvident in allowing our prejudice to override our business judgment.

But I point out that this amendment does not relate to aid. The other night the Senator said we make some great concession by negotiating a price for shipment in American bottoms. However, that is not a concession; and this amendment does not relate to foreign aid. The amendment has nothing to do with the bill. We have already loaded down the bill enough with irrelevant provisions.

I do not think there is anything to the amendment of the Senator from South Dakota; but if there is, I believe it should be fought out on its own merits, and should stand on its own feet. We should not allow the prejudice which has accumulated against foreign aid to be injected into our consideration of this proposal, which deals with the sale of wheat and corn. Most of the Senators I have heard speak who are interested in the sale of wheat and corn—and many Senators are—are interested in having it sold for part cash and part short-term credits. No long-term credits are involved.

But it seems to me that this amendment, which might be a complete obstacle to the sale of our wheat and corn, would be very unwise. So I hope the Senator from South Dakota will not press for its inclusion in this bill, for the bill is already badly overloaded with irrelevant provisions, and the bill is now large enough and complicated enough as it is. It has been emasculated to the point where we can scarcely recognize the bill for what it is intended to be, for now the bill deals with fish problems and many other matters unrelated to foreign aid. So I hope the Senator from South Dakota will admit that this amendment is not related to the foreign aid program.

Mr. MUNDT. I most definitely consider that the amendment is related to the foreign aid program.

Mr. FULBRIGHT. In what way?

Mr. MUNDT. Because it calls for a determination of whether, for the first time in 15 years of providing foreign aid, we want to proceed on the basis of providing grain and other products through public American credits to the Communist bloc countries or whether we wish to limit our aid to the countries of the free world.

Only a short time ago the Senate adopted the Cooper amendment, which states that perhaps we have given our aid too long to the free world countries.

Mr. FULBRIGHT. That amendment does not contain any such provision.

Mr. MUNDT. Yes, it does, it provides that a study shall be made, and that if it is found proper to end our foreign aid by the end of the fiscal year 1965, it is then to stop. Am I correct in my understanding of the Cooper amendment? I note that the Senator from Kentucky is nodding his head in enthusiastic affirmation, so I am sure I am correct in my understanding of his amendment.

Mr. DODD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. Mr. President, I wish to have the Senate proceed to act on my amendment.

Mr. DODD. Mr. President, let me point out to the Senator from South Dakota that I wish to speak in support of his amendment.

Mr. MUNDT. Very well; I yield to the Senator from Connecticut.

Mr. DODD. Mr. President, I realize that the Senate is very close to voting on this question.

However, preliminarily I wish to emphasize the point that earlier this year the Senate made a complete reversal of the position it previously had taken on the question of aid to Communist countries.

Last year, and for many years theretofore, strenuous efforts were made here to block the giving of our aid to Communist countries; but each time those efforts were made, all the forces of the administration in power and of the Senate leadership were marshaled against us.

I remember fighting the battle when I was a Member of the House.

Dire predictions were made in regard to what would happen to our country, and even to our system of government, if Congress voted such a restriction.

Those arguments always prevailed, and in that struggle I found that I was never on the winning side.

Only last year, those of us who sought to stop the giving of such aid met with a crushing defeat here on the floor of the Senate.

Last year I said—and my statement is in the RECORD—that although we were defeated, that would be the last year we would be defeated, because the American people would never endure another year of giving our aid to Red nations—aid which has proved a gigantic and a complete failure.

I said that the advocacy of such aid would collapse of its own error.

This year, the familiar effort to stop such aid was made again; but the opposition vanished like an Arab in the night.

Thus far in the current debate, I have not spoken at all on this issue. I wanted other Senators to take the lead.

And I was happy that other Senators took up the fight.

The Senator from Wisconsin [Mr. PROXMIRE] and many other Senators whom I could name did far better than I could have done with it.

Our amendments—so often defeated and blood bespattered—were embraced this time without opposition; and the solemn pronouncements of the past about the necessity of such aid were heard no more.

I do not want this sudden and amazing reversal of form to pass unnoticed, for it is proof that even the most sophisticated and highly placed experts can be totally wrong, and that once in a while the plain and simple folk in this land who see things only in terms of either black or white can be totally right. I thank God, Mr. President, that I am one of them.

Yes, I see fundamental things as either black or white, and I hope I do so to the end of my life.

I hope that now it will be recognized that sometimes those who proceed on that basis can be totally correct.

Tonight, the Senator from South Dakota proposes, on the eve of the final action of the Senate on this bill, that this amendment be adopted.

I shall vote for the amendment, but I am troubled when he asks, "Why do we not sell our wheat for gold?" I think that position debases us.

Mr. MUNDT. Mr. President, the Senator from Connecticut has inadvertently misquoted what I said. I have not said that we should sell our wheat for gold. I said that to sell it for gold would be bad enough, because it would put us on the side of aiding the enemy. But I also said that to sell the wheat at the expense and through use of the public credit of the American taxpayers is indefensible.

Mr. DODD. Very well, I am sorry I misunderstood the Senator's statement.

Mr. President, it is said that we should approach these matters from the standpoint of a businessman.

Well, Mr. President, my father was a businessman, and I was raised in New England, where all are taught how to make money.

However, I did not make my share; instead, I became a Senator.

But, I am as sure as I am standing here now that this is the wrong policy for our country at this hour.

I think it debases us to argue that Russia needs wheat and we need gold.

I would rather give the wheat to them, and send it there in American bottoms, on ships flying the American flag, if the Russian people are hungry.

If they are hungry, of course, we are glad to help feed them and to give it to them for that is the habit of the generous American people.

But when we sell the wheat to them, we should let them pay a fair price for it—even perhaps a little less than others pay.

However, when we aid them in this way, let us obtain from them some concessions. Why do not we say to them, "In return for receiving our wheat, you must stop causing provocations on the Berlin Autobahn. You must stop imprisoning innocent American citizens—and you must stop committing aggression against us and our friends."

But, the policy seems to be not to request or require concessions from them, but always to provide concessions from us. I tell Senators that if we continue on in the way we have been going, catastrophe will follow.

Let us not argue that the Canadians are selling wheat, so why should we not get in on the deal, or that someone else is selling wheat, and why should we not get in on the deal. Every time we sell an ounce of grain for profit—for gold—to our enemy, we are weakening the free world.

I am glad that the amendment has been offered. I still do not believe it is as clear as I would like to see it. I do not think the people of our country really understand what we are doing. Because we were first told that it was one transaction, one deal, for cash on the barrel-head. We were told that they would pay us and that we would get rid of some surplus wheat. We would get some gold with which we could reduce our deficiency in the balance of payments. We now find that that is not the situation at all. It is not one deal. It is many deals. Sales of wheat and corn are proposed to be made to Hungary, Bulgaria, and Rumania.

The deal is not for cash on the barrel-head but a credit arrangement of 18 months or more. That is not a short-term loan in any banking practice at all. The Export-Import Bank would guarantee the loan.

So the American taxpayer is stuck through slick high finance deals.

Nothing but bad can come from the transaction. We will regret it if we pursue that policy.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. MUNDT. Mr. President, I thank the Senator for his contribution. I have waited a long time to get the floor to explain my amendment. It is only the second speech that I have made on the subject of foreign aid. I am a stubborn Dutchman, and I do not believe that I shall be stampeded into quitting by Senators shouting "Vote." I believe I can restrain myself to a few more statements if we continue to have the fine attention

that we have had up to the present hour. I know and all Senators know that their constituents and the public generally will be interested in the important and significant vote which might create a whole new departure in the foreign aid and trade concept of this country. I want Senators to have all the information that I have. I consider our decision on this amendment one of the most important and far reaching to be made in the current session of this 88th Congress.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter addressed to Hon. Harold F. Linder, President of the Export-Import Bank, Washington, D.C., by Pat Holt, acting chief of staff of the Committee on Foreign Relations, and the reply by Mr. Walter C. Sauer.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK

OF WASHINGTON,

Washington, D.C., November 14, 1963.

Mr. PAT M. HOLT,

Acting Chief of Staff,

Senate Committee on Foreign Relations.

DEAR MR. HOLT: In Mr. Linder's absence I am replying to your letter of yesterday, in which you pose seven questions with respect to Export-Import Bank guarantee operations. The answers to the respective questions are as follows:

1. The Export-Import Bank has two different programs under which it guarantees credits extended by U.S. commercial banks for financing U.S. exports. One program covers agricultural commodity and other large-scale export transactions, such as the sale of jet aircraft. The other program involves the export of capital goods or equipment of relatively modest amounts.

In the case of agricultural commodities and jet aircraft, the Export-Import Bank guarantee the U.S. commercial bank for the full amount of loss that might be sustained by the commercial bank because of failure of the foreign buyer to pay his debt—whatever may be the cause of the buyer's failure to pay. Thus, this guarantee may be described as a "100-percent all-risk guarantee." It should be noted that, in the case of agricultural commodities, the 100-percent guarantee to the commercial bank constitutes the full value of the transaction since there is no requirement for any cash payment by the buyer or any participation by the seller. In the case of jet aircraft, however, the 100-percent guarantee to the commercial bank constitutes only about 65 percent of the value of the transaction since the buyer is required to make a 20-percent cash payment and the seller is required to take a 15-percent unguaranteed participation.

In the case of the ordinary sale of capital goods or equipment, the Export-Import Bank guarantees the U.S. commercial bank for the full amount of loss arising from so-called political risks and for part of the loss (ranging from 50 to 75 percent depending on the term of the financing) which results from a credit failure. Thus, this guarantee may be described as a "100-percent political risk and a partial credit risk guarantee." Here again it should be noted that the guarantee to the commercial bank is only with respect to the financed portion—that is, the amount remaining after the buyer has made a cash payment of 10 percent to 20 percent and the seller has taken at least a 15-percent nonguaranteed participation.

It might be mentioned that in the case of the 100-percent all-risk guarantee the commercial bank collects interest on its funds at a rate appreciably lower than in

the case of the 100-percent political risk and partial credit risk guarantee.

In the fiscal years 1962 and 1963 the Export-Import Bank issued \$267.3 million of 100-percent all-risk guarantees and \$178.7 million of 100-percent political risk and partial credit risk guarantees. Thus, for the period involved, the percentage of 100-percent guarantees was 60 percent as against 40 percent for partial guarantees.

2. Since 1948 the Export-Import Bank has issued two commercial bank guarantees for exports to Communist bloc countries. These two guarantees amounted to \$536,649 and covered the sale of capital goods to Yugoslavia. It might be mentioned, however, that during the same period the Export-Import Bank authorized \$105 million of direct credits to Yugoslavia to finance U.S. capital goods and equipment.

3. The answer to question No. 3 is embodied in our answer to question No. 1.

4. In the case of capital goods and equipment, the guarantees of the Export-Import Bank cover credit sales ranging from 1 to 5 years. Large jet aircraft carry a term of 7 years. In the case of agricultural commodities, the guarantees of the Export-Import Bank cover credit sales on terms up to 18 months.

5. In the case of the sale by U.S. exporters of corn and other grains to Hungary, the part to be played by the Export-Import Bank is as follows:

The Export-Import Bank will issue its guarantee to the U.S. commercial bank financing the transaction provided the transaction meets certain criteria. Hungary must make a cash payment of 25 percent of the value of the purchase contract prior to shipment of the grain. The balance of 75 percent (excluding the cost of freight when shipment is made on a foreign-flag vessel) is payable over a period of 18 months with one-third payable every 6 months. Interest on outstanding balances is payable semiannually at the rate of 5 percent per annum. The obligations evidencing the 18-month credit are to be the obligations of the Hungarian Foreign Trade Bank backed by the undertakings of the National Bank of Hungary and the Minister of Finance of Hungary. The issuance of the guarantee by the Export-Import Bank is further conditioned upon the seller of the grain having obtained an export license from the Department of Commerce.

When the foregoing conditions are met, the Export-Import Bank guarantees the commercial bank for the full amount of the loss that the commercial bank may sustain for failure of the Hungarian obligors to pay their debt whatever may be the cause of the failure to pay. As indicated, this loss could be as much as 75 percent of the value of the grain since this is the maximum amount the commercial bank will finance on credit.

6. The Maritime Administration, under the jurisdiction of the Department of Commerce, makes determinations on waivers for shipment on American bottoms for exports financed or guaranteed by the Export-Import Bank. To the extent there may be waivers on wheat and corn sales to the U.S.S.R. and its satellites, these are being handled by the Maritime Administration. For your information, I am enclosing Department of Commerce Bulletin No. 883, dated as of yesterday, dealing with the matter of grain shipments to the Soviet bloc.

7. The answer to question No. 5 embraces the answer to this question; that is, if for any reason—whether political or commercial—the Hungarian obligors do not pay the obligations evidencing the debt, the Export-Import Bank is obligated under its guarantee to make good to the U.S. commercial bank which has financed the obligations. As indicated in the answer to question No. 1, this is the same undertaking that the Export-

Import Bank enters into with respect to sales of agricultural commodities and jet aircraft in any country. As is further pointed out in the answer to question No. 1, if the loss results from a political risk as for instance "any political changes in the country to which the credit is extended," the Export-Import Bank covers the loss not only in the case of the proposed guarantees of grain sales to the Soviet bloc but under all of its guarantee activities.

Sincerely yours,

WALTER C. SAUER.

NOVEMBER 13, 1963.

HON. HAROLD F. LINDER,
President, Export-Import Bank of Wash-
ington, Washington, D.C.

DEAR MR. LINDER: A member of the Committee on Foreign Relations has requested that I transmit the following questions to you. He asks that the answers be furnished in writing by noon, Thursday, November 14.

1. Are all Export-Import Bank guarantees covering sales to free world countries made for 100 percent of the full amount of the transaction? If not, what percentage are for 100 percent; what percentage are for 75 percent; what percentage for some other percentage of coverage?

2. Please provide a list of all guarantees covering sale to Communist bloc countries which have been made by Export-Import Bank since 1948.

3. Are all guarantees covering sales to free world countries total guarantees against any contingency or circumstance or are some of them limited to specified risks or types of risks? If so, what percentage of each?

4. Are all Export-Import Bank guarantees covering sales to free world countries made to cover 18-month period? If not, what percentage are for 18 months? What percentage for a longer coverage? What percentage for a shorter coverage? Please indicate how much longer or how much shorter are the periods of coverage which differ from the 18-month guarantee.

5. Please provide the full terms of the agreement on the purchase of corn by Hungary—especially the part played by the Export-Import Bank in this purchase agreement.

6. What is the law on waiver on shipments in American bottoms in event the guarantee by Export-Import Bank is made? If waiver was made on our recent wheat and corn sales to Russia and Hungary, who granted the waiver and what percent was waived from being carried in American bottoms? Who requested the waiver?

7. Does this guarantee also cover losses from any political changes in the country to which credit is extended? If so, is this a normal guarantee?

Sincerely yours,

PAT M. HOLT,
Acting Chief of Staff.

Mr. MUNDT. The answer to the letter was received by Mr. Holt at noon today. I should like to read a portion of the letter because it correctly authenticates what the chairman of the Foreign Relations Committee has said about the nature of the transaction. Question No. 5 and the answer by Mr. Linder, are as follows:

5. In the case of the sale by U.S. exporters of corn and other grains to Hungary, the part to be played by the Export-Import Bank is as follows: The Export-Import Bank will issue its guarantee to the U.S. commercial bank financing the transaction provided the transaction meets certain criteria. Hungary must make a cash payment of 25 percent of the value of the purchase contract prior to shipment of the grain. The balance of 75 percent (excluding the cost of freight when shipment is made on

a foreign-flag vessel) is payable over a period of 18 months with one-third payable every 6 months. Interest on outstanding balances is payable semiannually at the rate of 5 percent per annum. The obligations evidencing the 18-month credit are to be the obligations of the Hungarian Foreign Trade Bank—

A Communist government institution—

backed by the undertakings of the National Bank of Hungary—

A Communist banking institution—
and the Minister of Finance of Hungary—

One of the functionaries of the Communist dictatorship in charge of Hungary.

Continuing to read from the letter:

The issuance of the guarantee by the Export-Import Bank is further conditioned upon the seller of the grain having obtained an export license from the Department of Commerce.

I ask Senators to listen to the next paragraph, because it is the one that Senators will talk about back home, and Senators should wish to consult with their consciences before they really decide to vote to endorse that kind of a new departure:

When the foregoing conditions are met, the Export-Import Bank guarantees the commercial bank for the full amount of the loss that the commercial bank may sustain for failure of the Hungarian obligors to pay their debt whatever may be the cause of the failure to pay.

As indicated, the loan could be as much as 75 percent of the value of the grain, since that is the maximum amount the commercial bank would finance on credit. And remember this could involve 75 percent of the entire proposed \$250 million grain sales program to the Communist bloc.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I should like to point out one other statement, and then I shall yield.

Senators may wonder what kind of credit we are being asked to endorse. What we are asked to do is to put the name of every constituent—every American taxpayer—on the promissory note guaranteeing as an endorser that Red Russia will pay the note. Each taxpayer becomes an endorser of the note and becomes liable. Our constituents would become guarantors of the payment.

Before taking that action, we ought to look at the credit risk. Let us look at the credit repayment record of Hungary and Russia. Hungary has been in the business of obtaining loans from us for a long time. She started back on October 3, 1944. We had advanced a total of \$15,917,000 of credits to Hungary prior to this new corn and wheat sales venture. The earlier credits were for the sale of oversea surpluses, but it is the same kind of trade she is now engaged in in relation to surplus wheat. The unpaid balance is over \$9 million as of now. We are not now asking them to pay the \$9 million back before guaranteeing these new credits. We say, "We will give you more credit and back it up with American taxpayers' money in the Export-Import Bank, and hope that

you are a better creditor now than you have been in the past."

We let them have the earlier money at 2½ percent interest, which is a smaller rate of interest than it costs the American taxpayer to carry the loan.

I also have the bad debt figures for Czechoslovakia and Yugoslavia. But tonight I should like to mention Russia. We have been loaning Russia money in one way or another since March 11, 1941. The total amount advanced, not including war loans, is \$222,494,574, of which \$205,709,633 remains unpaid. The rate of interest on those unpaid loans is only 2½ percent. We are charging Russia today a preferential interest rate cheaper than that charged our American war veterans.

Mr. President, I believe it was a good thing that we adopted the Cooper amendment. We should analyze where we stand in the aid program. We are getting kind of mixed up.

We have gone so far in relation to the free countries that we are now proposing to pick up the tab for the Communist countries.

We are seeking to aid our enemies. These unpaid loans are in addition to the \$11 billion of lend-lease that we gave to Red Russia. But, to be honest and fair, we were fighting a war jointly together at the time. We decided that we ought to get back only about \$1 billion of the \$11 billion. They would not pay it. We negotiated the debt down to \$800 million. They have not paid that amount, and they will not pay for the wheat and corn. American taxpayers will pay it if the Senate rejects my amendment, because the taxpayers will have become endorsers with Nikita Khrushchev on his promissory note.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield to the Senator from Minnesota.

Mr. HUMPHREY. The Senator from South Dakota has said that we have introduced a new concept into aid. I only desire to say that what we are talking about is trade. It is not aid.

I should like the Senator from South Dakota to recognize—and I know that he does—that the Canadians have export insurance. They have had it for years. The Germans initiated export insurance long before we did. The Export-Import Bank has only recently engaged in export insurance at the insistence of Members of this body—and rightly so—both on what we call short-term loans and medium-term loans—anywhere from 18 months up to 5 years—for export purposes. It is an insurance program, as American as the Fourth of July and apple pie—insurance.

Today an article published in the New York Times tells us that the German Government has sent trade missions into all the eastern bloc countries, and yesterday signed up substantial trade agreements with Poland and with Rumania. They have had trade missions in Czechoslovakia and Bulgaria. They have done hundreds of millions of dollars of direct business with the Soviet Union, and many of the times they have been selling American grain. They have

insured it. It is insured. There is not a single export of any degree that goes from Germany to any part of the world that is not insured. That has been the secret of the German export policy. I know that the Senator from South Dakota points to the record of unpaid debts.

I challenge the Senator from South Dakota to demonstrate to me, or to this body, that Hungary, for example—a government the Senator quoted as of 1944, which did not happen to be a Communist country at that time—has defaulted on a commercial transaction. I say—and I am prepared to back it up—that the Hungarians have as much of an international credit rating on a commercial transaction as any other country in the world. One of the reasons for that is that they need the goods.

Furthermore, the Chinese Communists have not defaulted upon the Canadians. The last Polish purchase in Canada was financed out of New York banks. The depositors in the New York banks are American taxpayers; and if the New York banks go broke the Government of the United States has them insured. There is insurance. There is insurance under the Federal Deposit Insurance Corporation and under a host of other policies.

Mr. MUNDT. To set the record straight, that is paid for out of a fund created by insurance premiums paid for by the banks.

Mr. HUMPHREY. The Export-Import Bank insurance is paid for by the people who do the exporting. This is no gift.

Mr. MUNDT. It is paid by American taxpayers.

Mr. HUMPHREY. Not at all, let me say to the Senator from South Dakota.

Mr. MUNDT. They have to make this up because Congress appropriates the money to go in the Bank. We are talking about the insurance. We must appropriate the money to cover the Bank's deficits.

Mr. HUMPHREY. The Export-Import Bank insurance is paid for like an insurance premium to the Prudential Life Insurance Co. or the Metropolitan Life Insurance Co. They will make money out of it. They are not losing money. The Export-Import Bank has a record of making money for the Treasury on direct loans. The Senator from South Dakota cannot produce evidence of losses on the aggregate total for the Export-Import Bank.

Mr. MUNDT. The record of repayment is good because the Export-Import Bank has not loaned money to Communist countries.

Mr. HUMPHREY. They have loaned to some poor credit risks.

Mr. MUNDT. I wish that Hungary would pay back the \$900 million which is in default at the present time.

Mr. HUMPHREY. The only thing I wish to say in reply is, it is easy to say, "If you sell this to Russia, it looks as though we are giving aid to Russia," but the simple truth is that we are going to sell the wheat to somebody, somewhere. We are either going to sell or trade with Russia and permit it to be a

direct sale, over which we will have some control; or sell to France, or to Italy, or to Germany—which we have been doing—and they are going to sell to Russia. Their insurance companies will insure sales. Every Senator knows that. Let us stop kidding ourselves.

Every Senator knows that within the past few months a number of sales have been made directly by Canada and Australia to the Soviet Union, both of whom are our allies. We also know that the Germans sold 450,000 tons of flour last month to the Soviet Union. We know it was an insured program, exactly as this would be.

Sometimes I wonder if we do not wish merely to give aid. I suggest that one of the reasons we have a foreign aid program as big as this one is that Congress is so involved in emotionalism that it cannot get down to do business.

One of the answers to the aid program is to trade, to sell, to make some money for a change, to do business. If we sell Russia some wheat, they may not have as much to spend for atom bombs.

An old farmer up in South Dakota, I believe, said:

I am willing to sell Russia anything it cannot shoot back.

That makes good sense. He did not get his mind cluttered up with the CONGRESSIONAL RECORD. He had some sense about what he was doing. He thought it was much better to sell than to give it away. He thought it was better to sell through American hands than to sell through a middleman. I believe the old farmer has more sense than the Senate.

Mr. MUNDT. The Senator from Minnesota has made his eloquent argument to sell grain and get moving, to sell even to Red countries, to Communist countries, wheat and grain. That is not the point at issue. The question is whether we will underwrite the credit of the country which buys it, even if it is a Communist country. That is what is involved. Many fine merchants in this country have gone broke trying to sell too much to too many whose credit is no good.

I submit what is in the record—the whole history of America indicates that a Communist promise on a promissory note or anything else is not worth the ink with which it is written.

There is much difference between having an insurance policy paid for by premiums, by people engaged for profit in the export business, and a program that causes the taxpayers at home involuntarily to shoulder the risk of bad faith and the bad debts of Communist countries.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HOLLAND. Mr. President, I am deeply disturbed by this discussion. I have had many letters from many constituents in my State protesting against the sale of wheat to Communist countries. I have obtained statements from those in authority dealing with this matter, and I have tried to send back the official reasons to my people—that getting rid of the surplus and of the storage

problem created by that surplus would better our balance-of-payments problem; that the transaction shows to the world our tremendous productive capacity and raises our prestige.

Those answers have been given to me, and there is some weight to them; in addition that we are selling wheat to Germany, and Germany is turning it into flour, as suggested by the Senator from Minnesota. And that same wheat, in the shape of flour, as processed, with added value attached, has gone on to Russia and other Communist places. I am frank to say that I have not known that we were underwriting, in public credit, three-quarters of the sale price of this wheat.

Mr. MUNDT. I believe there was no reason for the Senator to know that, because it was not announced until November 5, and most of the correspondence of the Senator, I am sure, preceded that date.

Mr. HOLLAND. I am frank to say that that new fact creates a very disturbing situation.

We have said "Let us not trade with Communist governments. Let us cut off the purchase of tobacco from Cuba. Let us thereby destroy certain businesses in Tampa. Let us put out of employment several hundred workers. And, at the same time, let us not ship to them the things which they need. Let us go further and insist that our allies not ship to Cuba the things which they need. Let us go further and say that if our allies do that, we will not let the ships that have gone into Cuban ports with this material come into our ports."

How in heaven's name can we justify this thing we are doing now as against our fixed policy down there? I have been seeking to defend it, and seeking to pass on explanations which sounded to me as if they had some weight to them; but when it comes out here that instead of getting payment in gold we are instead publicly financing a credit on the whole proposal by three-quarters, I believe that projects a decidedly weaker picture. I am glad the Senator from South Dakota has brought this up.

Mr. MUNDT. I thank the Senator for his persuasive and pertinent support. Mr. President, I yield the floor.

Mr. CLARK. Mr. President, I apologize to the Senate for withholding the vote on this matter for a minute or two. I rise in the hope that we can make our decision without any undue emotion.

It so happens that I am the chairman of the International Finance Subcommittee of the Banking and Currency Committee. This subcommittee has jurisdiction over the Export-Import Bank. We held rather extensive hearings earlier this year with respect to the powers and the duties of that splendid institution. Its chairman is Mr. Linder, a patriotic American, who is as much interested in the security and safety of our country as any Senator in the Chamber at this moment. I believe it is about time, Mr. President, that we stopped acting as 100 separate Secretaries of State in the Senate. If there is need to curtail the obligations, the privileges, and the rights of the Export-Import Bank, let

the Senator from South Dakota introduce a bill and have it referred to the Committee on Banking and Currency. I will guarantee it an early hearing. Let us not—in what I might say is perhaps the last gasp of Joe McCarthyism—pass this amendment tonight, without consideration, without hearings, without any understanding of the international implications of what we are about to do. I hope this amendment will be overwhelmingly defeated.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. DODD. Mr. President, I know Senators are shouting "Vote!" This is a critical issue.

I do not wish to delay my colleagues.

I should like to go home, too. But I do not think there is any more critical issue confronting the Senate.

If my mail is any indication, the people expect us to carefully consider this issue, and they do not expect us to shout "Vote, vote," at 9:30, after a serious amendment has been offered by the Senator from South Dakota.

What is wrong is the principle involved. Some day Senators will say this is so, whether I am here or not.

We are talking about our implacable enemies, devoted to our destruction.

We are talking about whether or not to give them help.

I say we should not do it unless we can get something significant in return. All the talk about whether the Germans do it or the Canadians do it does not make it right.

If we are right about this issue, if we are the citadel of freedom, if we are asking our people to pour out their substance to defeat this threat, on what ground can it be argued that we should give them aid in the guise of trade.

I add one addendum to that thought: If we could get something for the free world, I would be in favor of it.

If we could get some concession, some lessening of the tension in Berlin, some cessation of the provocations and hostilities toward our men on the autobahn, some way of stopping seizures of our citizens such as Professor Barghoorn from Connecticut, if we could get something in Cuba—if we could get some concession, somewhere, that would be one thing.

But we continue to tumble head over heels every day to give to them and get nothing in return.

Mr. President, it is wrong.

It is not a question of gold, dollars, or trade. It is a question of whether or not it is wrong. Our critics can laugh, but I am sure we are right.

It is time we talked about it. We are accused of talking in emotional terms.

I speak in terms of what is right or wrong, what is black or white.

It interests me, it intrigues me, it comforts me to know that I know of no labor organization that has advocated this bill.

The little people of this country and of the world know better.

I know of no small-scale farmers—and I live among them—who have advocated it.

The Connecticut Farm Bureau is against it.

Who is for the bill?

I ask this in all charity.

The chamber of commerce, the bankers who had their meeting in this city, are for it. Now I know many good bankers.

I do not want to put a blanket indictment on them.

But I think it is interesting that the bankers and the chamber of commerce are the only groups of national significance that are for the bill.

They want to make money.

When Lenin said that when we get ready to hang the capitalists, they will sell to us the rope with which to do it, he was more prophetic than he thought he was.

And the chamber of commerce and the bankers association lend credence to his declaration.

I am not interested in all the arguments about interest rates and guarantees.

The question is the cause of freedom against that of tyranny and slavery; and we are giving comfort to our enemies, at a time when we are spending billions of dollars to resist them.

Historians will say, "What fools—they sowed the seeds of their own destruction."

I urge my colleagues to vote for the amendment.

Mr. YOUNG of North Dakota. Mr. President, our trade with Russia is not the question at issue. In the last 11 years we bought \$92 million more than we sold to them. Germany alone has had trade with the bloc countries amounting to \$700 million in the last year. The question of whether we should trade with them is not involved; we have been.

This amendment singles out grain. That is the extent to which it would prohibit guarantees against credit. Why single out grain? Why not single out industrial machinery? Why not refuse to extend credit for that purpose? Why leave in the restriction against grain only? I cannot understand why grain is the only one commodity to be discriminated against.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. YOUNG of North Dakota. I yield.

Mr. MUNDT. I should like to answer that question. I think it is a legitimate question. The reason we singled out wheat and grain is that those are the only products on which the Export-Import Bank has agreed to extend credit.

Mr. YOUNG of North Dakota. Tomorrow it may extend credit for the purchase of fertilizer or machinery.

Mr. MUNDT. If so I will resist it. As of this time, grain is the only product involved.

Mr. CARLSON. Mr. President, will the Senator from North Dakota yield to me?

Mr. YOUNG of North Dakota. I yield to the Senator from Kansas.

Mr. CARLSON. I agree with the Senator from North Dakota. This

amendment applies only to grain. Why not cotton? Why not tobacco? Why not jet airplanes? Let us make it across the board, and I shall support it. I do not see why we should pick out grain alone.

Mr. AIKEN. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Vermont.

Mr. AIKEN. I would like to repeat what I said before. The President said if this deal works out he intends to extend the same principle to other products. This amendment does not apply to fruits and vegetables produced in Florida. It does not apply to machinery produced in Connecticut. It does not apply to minerals produced in the Rocky Mountain States. It does not apply to a darn thing except grains and its products.

If the Senator from South Dakota will include any other material, mineral, or commodity, and provide that it includes all exports to Communist states, I shall be glad to support the amendment; but I will not support any amendment which is aimed directly at the Midwest grain producers, flour millers, and no one else.

Mr. SALTONSTALL. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I say to the Senator from South Dakota, the Senator from Florida, the Senator from Minnesota, and the Senator from North Dakota, we are going to consider on Monday next, in the Appropriations Committee, the Export-Import Bank appropriation. The matter that the Senator from South Dakota has brought up is a proper matter for consideration during the hearing on the Export-Import Bank appropriation. We can provide limitations as to what the Bank can or cannot do with the money. I think the matter should be discussed fully when we consider the Export-Import Bank appropriation, but not at this time.

Mr. MANSFIELD. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Montana.

Mr. MANSFIELD. We are getting down to practicalities, and not emotions. Wheat is singled out. There is no question that this proposal is aimed at the wheat deal now being negotiated between this country and the Soviet Union.

I have heard statements by many people that they want us to stop subsidies paid to the farmers, but they have not said anything about subsidies paid to magazine and newspaper publishers, or steamships, or airlines, or railroads. I have heard no complaint about a tariff, which was the first subsidy introduced in this country to help the businessman. But the farmer is always made the goat.

Senators talk about the surpluses we have on the ground and in storage and how much it costs to maintain that storage. They talk about the prices maintained by subsidies to the wheat growers,

\$2 a bushel this year, with the prospect next year of \$1.15 to \$1.25 a bushel.

In this amendment the farmer is singled out again. Someone should speak for the farmer. Like the Senator from North Dakota, the Senator from Kansas, and other Senators, I come from a wheat State. I know what the farmers are up against. This is one way to reduce, not on an aid basis, but on a trade basis, the surpluses in wheat. This is one way to be paid, in gold, and in dollars, on a wheat transaction amounting to something on the order of \$250 million for something on the order of 4 million metric tons of wheat.

People talk about our European allies. West Germany has been mentioned. West Germany, which finds fault with us because we are considering an agreement of this kind, has had a trade with the Soviet Union and Eastern European countries and with Communist China in the neighborhood of \$4 billion last year. This country has had no trade with China; but with the Eastern-bloc countries and with the Soviet Union our total trade amounted, if I recall correctly, to less than \$500 million.

If the wheat is not sold by us directly, it will be bought by the Germans, as they have bought it before, and also by the French, the Italians, and other countries. There it will be milled into flour, and the flour will find its way into the satellites and the Soviet Union, as has been the case in the past, and will continue to be. What are we to do? We can either enter into an honest trade agreement or be hypocrites and work through middlemen. The answer is up to us.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. YOUNG of North Dakota. I yield.

Mr. JAVITS. I wish to join the Senator from North Dakota in voting against the amendment, even though we in New York raise no wheat to speak of, but for the reason which has been mentioned by the majority leader.

A great nation neither bluffs nor vacillates in the wind like a weather vane. By national consensus we have agreed to make the wheat deal. The terms for it have been discussed on normal commercial terms. The Export-Import Bank would act as any other bank would act, as a lender, and would not extend credit unless it thought it was a good loan.

Mr. President, we will make ourselves ridiculous if by this backhanded, back-door way we kill the deal. It would be much better to face the situation frontally and ask the President of the United States, as a national decision, not to go into it. However, to kill it in this fashion would be demeaning to the United States.

We will not pull down communism by selling them or not selling them this wheat, or pull down communism by commercial trade or lack of commercial trade. Many more monumental things must be done for that. We would confuse our Western Allies by following a policy that others have not pursued, and we would deprive our people of some markets with them. In the interest of our national dignity and standing as a

great state, let us deal with this problem frontally, not in this backhanded way.

Mr. BURDICK. Mr. President, I agree with what my colleague from North Dakota has said, and I desire to associate myself with his remarks.

Mr. YOUNG of North Dakota. I think there is considerable merit to the argument of the Senator from South Dakota, but I do not believe it should be brought up in connection with the pending bill. I do not believe grain should be singled out. The bill before us has been "loused up" enough during the past month. I intend to vote against it in its present form. I think we have done enough harm to it already.

Mr. MUNDT. Mr. President, first of all, I believe we are arguing about a non-existent issue. The Export-Import Bank just never has proposed extending credit to the Communist bloc for any other previous purpose than the present grain sales. However, if it will make my colleagues in the Senate happier to have all products included, instead of only wheat and grain, I would have no objection to doing so. I certainly am desirous of closing the credit door to Communists for all purposes insofar as American public credit is concerned.

I point out that I included grain because that is the only type of transaction for which the Export-Import Bank has ever agreed to provide credit to the Russians or to Hungary's Communist dictatorship in the lifetime of the Bank. The Bank has steadfastly refused to do so in the past. It has very commendably refused to do it. It was never contemplated in the wheat deal that such a transaction should be had. I am trying to get the wheat deal back to where it was or where our people thought it was, namely, a sale for gold, a sale for cash. We can still hear the ringing words that were spoken from high places that we will make this wheat deal to improve our balance of payments—to help our dwindling American supply of gold. We do not improve our balance of payments by having the taxpayers of this country underwrite the credits that the Communists are seeking to purchase the supplies they need in order to continue to threaten our peace and the people of the free world.

I ask unanimous consent, if it will help—

Mr. FULBRIGHT. I object.

Mr. CLARK. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. AIKEN. What would the Senator include? Would he include all manufactured products, semimanufactured products, raw materials, and all other materials?

Mr. MUNDT. Mr. President, I move to amend my amendment, if that is the wish of the Senate, so that in line 9 the words "grain or" and the word "thereof" be stricken, so that the amendment will read as follows:

SEC. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961)

or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national.

Mr. AIKEN. Does the Senator include manufactured and semimanufactured products and raw materials?

Mr. MUNDT. It includes all products.

Mr. AIKEN. Will the Senator include all of them? I do not believe that "product" covers all.

Mr. MUNDT. It nearly does when it says "products"; that covers everything.

Mr. AIKEN. Would the Senator include tobacco and cotton?

Mr. MUNDT. Everything is included. I do not insist on a yea-and-nay vote on the modifying amendment. There can be a voice vote on the amendment as it stands now.

Mr. MANSFIELD. Mr. President, I regret doing this, but I believe we must face the situation. I intend to move to table the pending amendment. I take full responsibility for it.

I feel that when the President of the United States tells the American people that under his decision to enter into a grain agreement with the Soviet Union, it is to be on a credit basis, along ordinary business lines, and that payment will be in gold or in dollars, the President of the United States would not attempt to fool any of our citizens.

I point out again that this is a serious proposal so far as we are concerned, because we are dealing with surpluses. Many Senators who do not come from farm States find a great deal of fault with surpluses. We are dealing with the balance of payments, which this deal will alleviate in part.

I would hope, in view of the fact that this situation has now been thoroughly aired, that the Senate, in its wisdom—and, of course, it is the Senate's decision—would agree to table the amendment now pending, because I believe there is nothing further to add to the debate which has been held thus far.

Therefore, I first address a parliamentary inquiry to the Chair. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. MUNDT], and on his own motion to amend the amendment.

Mr. MANSFIELD. I move to table the amendment as originally offered by the Senator from South Dakota. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. A motion addressed to the original amendment would also run against the amendment to the amendment which has been offered, would it not?

The PRESIDING OFFICER. The tabling motion will apply to the other amendment also.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. There was objection to the amendment to the amendment.

The PRESIDING OFFICER. There was objection to the unanimous-consent request.

Mr. HUMPHREY. Is not unanimous consent required because the yeas and nays have been ordered?

The PRESIDING OFFICER. Yes.

Mr. HOLLAND. The fact is that the distinguished Senator from South Dakota has offered an amendment to his amendment.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. HOLLAND. After unanimous consent was refused for amending the amendment voluntarily.

Mr. HUMPHREY. Does it require unanimous consent for the Senator from South Dakota to amend his amendment after the yeas and nays have been ordered on the original amendment?

The PRESIDING OFFICER. By majority vote the Senator may amend his amendment.

Mr. HUMPHREY. After the yeas and nays have been ordered on the original amendment?

The PRESIDING OFFICER. After the yeas and nays have been ordered, it can be modified by motion.

Mr. CLARK. Only by majority vote.

Mr. MUNDT. Perhaps I can clarify the situation and help the Senate—

The PRESIDING OFFICER. Debate is not in order.

Mr. MANSFIELD. I ask unanimous consent that the Senator may have that right.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MUNDT. As I said, I am not particularly concerned about offering the modifying amendment. I had not anticipated that the majority leader intended to make a motion to table.

Mr. MANSFIELD. Nor did I.

Mr. MUNDT. I am sure he would have advised me, but he acted more or less without premeditation and without thinking about it in advance. But I do not want to get into a hassle about the proposed amendment, because it is true that I have a right to move to amend my own amendment. But it is also true that the majority leader has a right to move to table my amendment to my amendment at the same time. There is nothing to be accomplished by that. There is no need to have my amendment discussed and debated. It is not related to a question of actuality or to any situation now confronting the country, because the Export-Import Bank has not proposed to make loans for any other type of activity. It is only this one transaction of grain sales that is involved. Consequently, so that we may proceed and understand each other clearly, I withdraw my motion to amend my amendment. Then my original amendment itself will be before the Senate.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. Is the original Mundt amendment now before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. On the basis of my motion, the original Mundt amendment, as amended, would have been before the Senate anyway, would it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, I move to table the Mundt amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Louisiana [Mr. LONG], and the Senator from Washington [Mr. MAGNUSON], would each vote "yea."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from South Dakota [Mr. MCGOVERN]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from South Dakota would vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS] and Mr. HRUSKA are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON], would each vote "nay."

The result was announced—yeas 40, nays 46, as follows:

[No. 237 Leg.]

YEAS—40

Aiken	Hart
Bartlett	Hayden
Bible	Hill
Boggs	Humphrey
Brewster	Inouye
Burdick	Javits
Byrd, W. Va.	Johnston
Cannon	Kennedy
Carlson	Mansfield
Church	McCarthy
Clark	McGee
Eastland	McNamara
Fulbright	Metcalf
Gore	Monroney

Moss
Muskie
Nelson
Pastore
Pell
Randolph
Saltonstall
Sparkman
Williams, N.J.
Yarborough
Young, N.Dak.
Young, Ohio

NAYS—46

Allott	Gruening	Pearson
Bayh	Hartke	Prouty
Beall	Hickenlooper	Proxmire
Bennett	Holland	Ribicoff
Byrd, Va.	Jordan, N.C.	Robertson
Case	Jordan, Idaho	Russell
Cooper	Keating	Scott
Cotton	Kuchel	Simpson
Dirksen	Lausche	Smith
Dodd	Long, Mo.	Symington
Dominick	McClellan	Talmadge
Douglas	McIntyre	Thurmond
Edmondson	Mechem	Tower
Ervin	Miller	Williams, Del.
Fong	Morse	
Goldwater	Mundt	

NOT VOTING—14

Anderson	Jackson	Neuberger
Curtis	Long, La.	Smathers
Ellender	Magnuson	Stennis
Engle	McGovern	Walters
Hruska	Morton	

So the motion to table was rejected.

Mr. DIRKSEN. Mr. President, I move that the vote by which the motion to lay the amendment on the table was rejected be reconsidered.

Mr. MUNDT. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table the motion to reconsider was agreed to.

Mr. MUNDT. Mr. President, in order that the Senate may now work its will on the question of whether it wishes to have this amendment include all products—because three Senators indicated that they would not vote for my amendment if it included only grain, but that they would vote for it if it included all products; and certainly the only reason why all products were not included in the amendment originally was that the Export-Import Bank has not heretofore extended credit to permit the sale and shipment of any other product to these Communist countries—I now submit to my amendment the following amendment: In line 8, after the words "purchase of", strike out the words "grain or" and in the same line, after the word "product", strike out the word "thereof". As thus amended, my amendment to the committee amendment then would read, beginning at the end of line 7: "in connection with the purchase of any product by such country, agency, or national."

Mr. AIKEN. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. AIKEN. Mr. President, this amendment as now proposed to be amended will then be fair to all products. Certainly we do not want the amendment to be known only as an anti-grain amendment. Therefore, I ask the Senator from South Dakota if it is correct to state that as he now proposes to amend his amendment, it would apply to all manufactured and semimanufactured items, all raw materials, and all farm commodities and their products.

Mr. MUNDT. It will, if the Export-Import Bank or any other Government agency proposes to extend or guarantee credit to the Communists in that connection.

Mr. AIKEN. I ask this question for the reason that the President has said he wishes to have all commodities shipped.

Mr. MUNDT. Yes; and I point out that my purpose in offering this amendment to my amendment is to enable the Senate to decide by its solemn vote whether it wishes to open up the program—for the first time—so that under the program, aid will be given by the United States to Communist countries so they can engage in foreign trade with our American credit underwriting their obligations and guaranteeing that they will pay their debts.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. Mr. President, I disagree most strongly with the statement of the Senator from South Dakota that this will open up a program of aid to Communist countries. I would say that, instead, this is opening up a channel of trade, which up to this time has been taken over—to a large extent with American goods manufactured in the United States—by our Western European allies. I have already told the Senate that Germany alone in trade with Eastern Europe, with the Soviet Union, and with the so-called People's Republic of China, last year had trade which exceeded \$5 billion, while the trade of the United States with the eastern satellite states and the Soviet Union amounted to approximately \$300 million.

If this amendment to the amendment of the Senator from South Dakota is adopted, we can anticipate an extension of what has been going on for years, by means of which American manufacturers and producers of agricultural commodities have sold their products to our friends and our allies in Western Europe, who make very little in the way of contributions to the aid program; and these products will in many instances proceed from this country, by means of a middleman process and at a profit, and will find their way into the satellite states, into the Soviet Union, and into Communist China.

So Senators had better face the facts of the situation and realize what they will be doing if they vote in favor of this amendment to the Mundt amendment. This amendment to the Mundt amendment does not deal with aid; it deals with trade.

Mr. HOLLAND. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I yield.

Mr. HOLLAND. Neither do I agree categorically with the statement of the Senator from South Dakota as to what the amendment would mean. I think his amendment runs to the question of whether public credit shall be used to support this private trade. This has been announced as the approval of private trade and the issuance of the proper or required export licenses.

I have already stated for the RECORD that I have gone to considerable effort to try to explain this matter in a way that would be acceptable to my own people back home. But instead of providing for purely private trade, I point out that this is something by which we would engage in trade and would make available to it Federal Government credit which

belongs to all the people of the United States. That is the problem that bothers me, and that is why I believe the Senator's amendment is meritorious.

Mr. MUNDT. Mr. President, I wonder whether we may have the yeas and nays ordered on the question of agreeing to this amendment to my amendment.

Mr. HUMPHREY. Mr. President, let me ask whether the Senator from South Dakota intends to yield the floor. I ask this question because we intend to discuss this amendment, and it is obvious that the vote on this amendment will not come at a very early hour.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota to his amendment to the committee amendment, as amended.

Mr. MILLER. Mr. President, I wish to have the pending amendment to this amendment stated.

Mr. SYMINGTON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. SYMINGTON. I am not too happy with this amendment to the Mundt amendment; but make this brief observation: The matter of this proposed sale of wheat was presented to us as being a sale of excess wheat for gold. But now that has been changed. The proposed arrangement calls for a 25-percent gold down payment, and then the rest on credit. But not private credit; instead, it would be public credit, Government guarantee.

I respectfully take issue with the leadership when it says this would be a normal business transaction, typical of the way business transactions are normally carried out.

Regardless of what the Germans or any other country does, that has nothing to do with whether or not this is the deal we were told it would be. Not one American industrialist or banker but what would prefer to have a Government guarantee of any deal, at any time. But a Government guarantee is not part of an ordinary private business transaction. Instead, it is an extraordinary arrangement; and in any case it is different from what we were told the deal would be.

Mr. MUNDT. Mr. President, I could not agree more completely with the Senator from Missouri. All of us should keep in mind, the point, that by adding this amendment to my amendment, we shall not be changing one iota the situation realistically confronting the United States and its taxpayers. We shall merely be setting up a barrier against some future contingency whereby the Export-Import Bank might decide, in violation of its 15-year-old precedent, to extend Government credit to Communist countries for the purchase of our supplies or perhaps even the supplies of others. Both in our program of foreign aid and foreign trade I submit we should not force American taxpayers to finance the capacity of the Communists to threaten our own destruction.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUNDT. Have the yeas and nays been ordered on the amendment to the amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. AIKEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Vermont.

Mr. AIKEN. Mr. President, I did not discuss the merits or demerits of the amendment proposed by the Senator from South Dakota. I do not believe we are here to legislate for industrialists, farmers, or any particular group.

All I am insisting upon is that all the economic groups of this country be treated alike. For that reason I asked for the yeas and nays. I understand they have now been ordered on the amendment which would include in the amendment of the Senator from South Dakota all manufactured items, semi-manufactured items, raw materials, and all agricultural commodities and their products.

Mr. HUMPHREY. Mr. President, I know that Senators would like to vote. For many days I have wanted to vote. But, without a doubt, the proposed amendment is the most important amendment that has been offered to the bill. I am rather surprised that Senators who are members of the Committee on Banking and Currency, which committee has jurisdiction over the operations of the Export-Import Bank, are willing to have major policy questions decided on the floor of the Senate at 10 minutes after 10 p.m., after 3½ weeks of exhausting debate, discussion, and time-consuming activities in this body. I shall not let the Senate, if I can help it, vote on the issue immediately, because it seems to me that if we needed time to discuss some minor amendments to the aid bill, we need plenty of time to discuss the present situation. We are not talking merely about an amendment to the aid bill; we are talking about a general policy decision relating to trade that may very well determine the future course of history.

We must live in this world. It is the only one that we have. It is a world that has many troublesome problems. Some people feel that the best way to deal with Communists is to continue to hate them, to continue to despise them, and hope that they will fade away.

Let us make it crystal clear. The Soviet Union will not collapse because it does not get wheat from the United States. I am not at all sure that the wheat deal will go through anyway.

Furthermore, all the President of the United States has done is to say that our Government is willing to issue export licenses to American commercial firms if such commercial firms could make business arrangements with so-called eastern Communist-bloc countries, including the Soviet Union, provided that those firms fulfill certain criteria and conditions. We have not had any deal with

Russia, and I am a little tired of having the RECORD appear as though the President of the United States sat down and made a deal with Russia. The only people that have been talking to the Russians are some private American businessmen. They are capable of taking care of themselves in the negotiations with the Russians. All the President has said is that it is the policy of our Government, insofar as the executive branch is concerned, that licenses be issued to commercial firms in the United States to do business with eastern Socialist-Communist-bloc countries in the field of wheat and certain other cereals and feed grains.

Certain companies have come in. One of them has made a business transaction with Hungary. That company has been doing business in Canada through its Canadian subsidiary for years.

The Cargill Co. is not a local firm. It has worldwide connections and subsidiaries. The Cargill Co. applies in the United States for an export license to do business with Hungary because the President of the United States said that it was permissible and legal to make such application, and because the Department of Commerce, under an Executive order, is now willing to accept that application. That application is for an export license, which has been granted, that permits that particular company to seek out some business with customers.

What are we talking about now in connection with the Mundt amendment? We are talking about an insurance program on credits. Every Senator knows that every sale that is made involves credits. It is either 30 days, 60 days, 6 months, or 18 months. The Canadian deal with Communist Chinese involved credits that extended as long as 3 years. Those commitments by the Communist Chinese—Communist China aid—have been paid and are being paid.

In the recent Canadian wheat deal with the Soviet Union in which Canada sold substantial quantities of wheat to Russia, the deal was 25 percent down in cash and the balance in 18 months, with payments of one-third each 6 months.

What did the Soviet Union do? Instead of taking advantage of the 18 months' credit, they paid 80 percent down in cash because they did not want to pay the interest charges.

I point out, first, that there is no deal with the Russians now. The only application that we have before us is the one to sell a certain amount of feed grains to Hungary.

The Soviet Union has not consummated a single contract. Whether they will or not depends upon what their needs are, what their shipping rates may be, the price, and other conditions.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. Mention has been made that the deal would be a public trade. Mention has also been made about the use of taxpayers' funds. Would any taxpayers' funds or Government funds be used in the transaction?

Mr. HUMPHREY. No.

Mr. SPARKMAN. Would not the transaction be very similar to that which a purchaser of a house using FHA insurance would pursue?

Mr. HUMPHREY. The Senator is absolutely correct.

Mr. SPARKMAN. In other words, the money would be furnished by a private concern.

Mr. HUMPHREY. The money is furnished through an insurance premium.

Mr. SPARKMAN. Insurance is collected which builds up a reserve.

Mr. HUMPHREY. The Senator is correct.

Mr. SPARKMAN. I wish the Senator from Pennsylvania [Mr. CLARK] were present in the Chamber, for he is chairman of the subcommittee that handles questions pertaining to the Export-Import Bank. Is it not true that there is an ample reserve in the hands of the Export-Import Bank to handle the guarantees which it handles all over the world?

Mr. HUMPHREY. The Senator is absolutely correct. The Export-Import Bank now has a balance of \$746,700,000 of undivided profits that have been placed in reserve and that did not come from the taxpayers.

Mr. SPARKMAN. That is principally a reserve built up by the collection of insurance for those guarantees.

I should like to ask whether it is not true that a dealer who might desire to handle the sale of grain to any country would go to his bank—it might be in Minneapolis, New York, or St. Louis—and he would apply to that bank for a loan. The bank would then go to the Export-Import Bank and apply for insurance. If that insurance were allowed, a premium would be paid in order to support the loan. Is that not the procedure which is followed?

Mr. HUMPHREY. Exactly. It is a business procedure which is not only characteristic of the Export-Import Bank Insurance program, which I shall read into the RECORD, because we have it here from the actual report, but it is a business procedure that is followed in every single industrial country in the world.

Mr. SPARKMAN. From the time the Export-Import Bank started its operations to the present time its losses have been practically nil, and, so far as insurance is concerned, it has made a profit of several hundred million dollars. Is that not correct?

Mr. HUMPHREY. I am pleased that the Senator from Alabama, who is a ranking member of the Committee on Banking and Currency and is very familiar with the activities of the Export-Import Bank, has made those comments.

Mr. DODD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Connecticut.

Mr. DODD. Mr. President, I have said to the distinguished Senator from Minnesota, and I say to the majority leader, I believe this is a good debate.

I dislike to say "I", but I submitted a resolution to provide that it was the sense of the Senate that the President give

us until February to discuss this question and to look into it.

Why are we here tonight, ad hoc, trying to decide?

Because the President did not give us an opportunity to do it in any other way.

I believe we should have had the opportunity, because the country is upset about this.

I am sure I am right. But I believe we should hammer this out and discuss it fully.

The Senator from Minnesota has made valuable contributions.

I believe we should work hard on this problem.

I believe it is indeed a most critical and crucial question before us.

I do not believe we should be hurried.

I wish we had more time, because I believe we can prove we are right.

If the President had given us more time we could have heard witnesses and weathered this together and I do not say this critically of the President. But I wish he had given us time to refer this to a committee—the Agriculture and Forestry Committee, or the Foreign Relations Committee, or some other committee. Then we would have a committee report, one way or another, for guidance. But we are trying to legislate, ad hoc, and we are not getting very far.

I suggest that all we can do now is to intercept a fait accompli at the 11th hour.

I hope the majority leader will put this vote over until tomorrow and give us all some time to think this problem out, to talk about it, and to make our arguments pro and con tonight.

WE ARE NOW CUTTING SOME OF THE FAT OUT OF FOREIGN AID

Mr. YARBOROUGH. Mr. President, this has been a long debate, its length and heat illustrate that more and more of us in the Senate are determined to cut the fat out of foreign aid so that it can be the effective instrument of foreign policy it was intended to be.

I am pleased that it now looks as if the final amount to be authorized will be a reduction from last year's figure; we will succeed in cutting back on foreign aid. At most some \$3.7 billion will be authorized for 1964, a substantial rollback from the last 3 years.

We have succeeded in curbing the tendency of this program to grow and grow. But, even with this curb, the foreign aid program will be at a level, for fiscal 1964, roughly \$1 billion above the expenditures for fiscal 1956, only 8 years ago.

The foreign aid appropriations figures for the years since 1956 make an interesting pattern of growth: Fiscal 1956, \$2.7 billion; fiscal 1957, \$3.8 billion; fiscal 1958, \$2.8 billion; fiscal 1959, \$3.4 billion; fiscal 1960, \$3.3 billion; fiscal 1961, \$4.5 billion; fiscal 1962, \$3.9 billion; and fiscal 1963, \$3.9 billion.

For years the American public has been waiting for an orderly cutting down of this program, a phasing out of aid to economically prosperous countries. The people's hopes have not been realized; but now we have begun.

The Senate is taking this action from a conviction that only through forcing more prudent foreign aid spending can the waste in this program be stopped. Experience has shown that we cannot buy friends with foreign aid; we must use it more selectively to help genuine friends meet genuine needs.

In the past weeks the Senate has taken action designed to cut off aid to countries whose policies are detrimental to our policies and to world peace. We have added new restrictions in answer to specific situations where our good will has been abused. Now the Senate is writing into law firm declarations that our foreign aid is not going to continue to flow no matter what.

I do not regard these actions as any particular slap at this administration. Instead I regard it as strengthening its position in allocating foreign aid. Without restrictions, it seems our administrators can never find a good reason to deny aid to any country, when a country can point to all the other nations that are on our list. Now we shall set up standards. Let us stop aid to countries preparing for aggression against their neighbors. Let us defer aid to countries unreasonably interfering with our fishing boats on the high seas. Let us stop aid to countries which continually demonstrate their unwillingness to use it wisely, and of course let us continue to tighten up our policy of no aid to Communist-dominated countries.

As nearly as anyone can determine, there are some 107 countries around the world that are receiving our foreign aid. We should cut this list by half at least. Such a move would show more clearly that no country has any right to U.S. foreign aid; that we do it to help truly friendly countries solve critical development problems and resist communism.

Of course, foreign aid has not been a complete waste. It has undoubtedly saved many countries from the threat of communism and will continue to do so in the troubled years ahead. But when a country develops a successful economy, as the nations of Western Europe, then the aid should stop.

Funds saved this way can be channeled into the spots where help is most urgently needed, as in Central and South America. The Senate is wisely acting to continue our commitments under the Alliance for Progress, to make sure that work continues toward having a friendly, prosperous, stable continent on our southern flank. However, let us make sure that new emphasis is put on the contributions private business can make in showing Latin America how strong economies are developed.

The Senate debate on foreign aid has been a productive one. It will result in less tax dollars being wasted overseas, and in building a more effective foreign aid program. Many of us have been working for years to cut down foreign aid in hope of forcing more prudent choices in its administration; this year we have some measure of success. Since we have that measure of success, I shall vote for this measure.

ALLIANCE FOR PROGRESS

Mr. HARTKE. Mr. President, there is a small child in our midst who has received some cruel and inhuman treatment. Just 2 years old, she has, in turn, been ignored, thrashed or abandoned by some of my colleagues.

The child of whom I speak is the Alliance for Progress and I want to take this opportunity to express briefly my support and my concern. My theme in substance is this: we should expect no more or no less from the Alliance than we should from a 2-year-old child.

The concept of lending a helping hand to developing nations of Latin America is a noble one and the birth of the Alliance at Punta del Este in 1961 brought with it an aura of good feeling and confidence in the future. Latin American nations agreed that they must help themselves to move ahead toward political independence, economic growth and social justice.

In the first 2 years we have seen disappointments and there are some justifications for discouragement. Imperfections in our system of distributing aid and reluctance on the part of some neighbors to initiate reforms have impeded the progress of the Alliance. Recent developments in Argentina and Brazil have hardly brought comfort or reassurance.

But there have been some remarkable strides forward. The child is two now and, while there is plenty of mischief, she is beginning to learn to walk and talk. Reforms are slow in coming, but they are arriving at a rapidly increased rate. Progress in health and education is quite noticeable.

Problems in taxation, landholdings and private investment are being resolved slowly but surely. Considering the diverse nature of our 19 neighbors to the south their people, economies, languages, government and terrain—the wide gulf which separates levels of development in each country, I am convinced that the Alliance is not retarded, as some claim, but quite precocious.

One grave error in our thinking is the belief by some that the Alliance is ours and it is we who are to determine its course. In reality, the program belongs to all the people of this hemisphere and the contributions which are required for its success are much heavier for our neighbors than they are for us.

I am proud that we are participating, but we must remember not to expect miracles of maturity from an infant. In consideration of the legislation before us, I ask each of my colleagues to be patient, understanding, and firm.

THE ROLE OF VOLUNTARY AGENCIES IN FOREIGN AID

Mr. HUMPHREY. Mr. President, before we complete Senate action on the foreign aid bill, I wish to comment on the work of our voluntary American aid program. The American people, out of their generosity and compassion, are contributing a tremendous amount of effort and money to a vast program of voluntary foreign aid. Unfortunately, too few people understand how closely

this voluntary foreign aid is geared in with our Government-sponsored programs of economic development administered by the Agency for International Development.

My attention was called recently to a pamphlet published by the Voluntary Foreign Aid Service in the Agency for International Development entitled "AID and U.S. Voluntary Agencies—A Growing Partnership." That "growing partnership" theme exemplifies what Congress had in mind in directing through our Foreign Assistance Act that the services and facilities of voluntary nonprofit organizations be used to the maximum extent practicable in furthering the purposes of the act.

Let me read to you a forward in that pamphlet from David E. Bell, the capable Administrator of the Agency for International Development:

This pamphlet tells a story in which Americans can take pride. Through these humanitarian activities the historical concern of Americans for their fellow men is demonstrated by effective action overseas. These American voluntary agencies have pioneered in foreign assistance and we are indebted to them for their initiative, for their energy, and for their devotion.

Through the Agency for International Development and its predecessors, a firm and growing partnership between these voluntary organizations and Government has been fostered. While scrupulously observing the nature and independence of these private groups, substantial Government resources have been made available to them to further their activities abroad in the fields of material aid, services to refugees, technical assistance and self-help.

This partnership has a quality that Government aid alone cannot achieve. It is a force of enduring strength and fellowship that binds together our people and the friendly peoples of other countries and furthers and strengthens the peaceful objectives of the free world.

I want to commend the Agency for International Development and, particularly, its Voluntary Foreign Aid Service, for stimulating this cooperative effort between the U.S. Government and the U.S. voluntary agencies which serve humanity overseas. Today 53 of these agencies are working with the Agency for International Development—AID—in material aid and relief programs, self-help efforts, and refugee assistance. These agencies are maintaining around 600 American citizen representatives overseas—at their own expense, supported by public contributions—and are employing between 4,500 and 4,800 local personnel. This is a valuable voluntary contribution to our total national effort to help underprivileged people in developing countries. I just hope that the American people, whose generosity is making such effective work possible through these voluntary organizations, will realize the necessity for providing similar support in behalf of the Agency for International Development as the partner in many of these overseas programs.

Deep concern with the plight of the poor, the homeless, the oppressed, has always been in the American tradition.

The typical American may be hard-headed, but is also warmhearted.

Our people are mindful of the Biblical injunction: "And now abideth faith, hope, and charity, these three; but the greatest of these is charity."

We seem to be aware that charity begins at home, but there it does not end.

To learn the full story of this voluntary foreign aid program rewards us with a feeling of intense pride in Americans.

A few days ago, I read the 1962 report of the commodities and funds sent abroad by the American people through their voluntary agencies for the relief of distressed people. We are all familiar with these organizations, such as CARE, Church World Service, Catholic Relief Services, and the American Jewish Joint Distribution Committee.

I was so impressed by what these agencies are doing that I want to share the report with you. This report shows that the U.S. voluntary agencies registered with AID, sent overseas during 1962 a total of more than \$275 million worth of commodities and funds. This is approximately 14 percent more than during 1961. The commodities shipped consisted of foods, including those made available to the agencies under Public Law 480, clothing, textiles and all kinds of supplies—educational, vocational, and agricultural.

We find the agencies sent 45 percent more commodities and funds to Africa in 1962 than in 1961, 37 percent more to Latin America, and 7 percent more to the Far East. In only Europe and Near East-South Asia were there decreases.

President Kennedy recognized the value of the voluntary foreign aid effort when he designated the week of April 9, 1963, as Voluntary Overseas Aid Week. In the official proclamation he said:

I would like to emphasize that I do not believe our assistance programs abroad, especially those that involve the distribution of food, could possibly be effective unless we had the very wholehearted cooperation of the voluntary agencies.

This participation between the American people and the National Government and the voluntary agencies, the various religious and other charitable organizations, really represents I think, the best aspirations of our country. I think it reminds us of the old injunction about feeding those who are hungry, visiting those who are sick and caring for those who are in prison.

As you know I have long been a staunch advocate of emphasizing the people-to-people approach to foreign aid, which is a program of channeling aid through voluntary associations to the greatest extent possible.

This ground swell of voluntary activity did not develop overnight. The service of the American people to the needy is a tradition based on belief in the dignity of man. It truly exemplifies the Judeo-Christian spirit of caring for the less fortunate, and sharing our own material blessings with them. This has been a significant part of our American heritage from the days of frontier neighbor helping neighbor erect his log cabin or barn to the great present-day record of huge sums contributed overseas annually through voluntary associations and foundations for the purpose of wiping

out crippling disease, improving educational opportunities, and in other ways dedicating part of our material substance to the cause of our fellow man's well-being.

World War I and its aftermath of human suffering gave special impetus for giving aid to the distressed. Relief work, begun in 1914 following the invasion of Belgium, was continued in the Central and Eastern States of Europe after the armistice, and continued throughout the famine in Soviet Russia in 1923.

Voluntary effort was again stepped up in the early years of World War II. In the wake of the Nazi invasion of Poland, a flood of emotional appeals to aid the victims engulfed the American people. Hundreds of hastily organized war relief committees developed as country after country became involved in the conflict. In order to maintain its neutrality, it became necessary for the U.S. Government to regulate economic relations with belligerent countries. In 1939 Congress passed the Neutrality Act. As a result, all American voluntary relief agencies, with the exception of the Red Cross, which has its own congressional charter, were required to register with the Department of State if they were engaged in the collection of funds from the American people for relief in belligerent countries.

On March 13, 1941, the President appointed a committee to examine the whole problem of foreign war relief. This committee's findings led to the establishment of the President War Relief Control Board to regulate the overseas shipment of war relief supplies by voluntary agencies.

This arrangement between the Government and the voluntary agencies was continued after the war. In May 1946, the Advisory Committee on Voluntary Foreign Aid was established by direction of the President "to tie together the governmental and private programs in the field of foreign relief and to work with interested agencies and groups." The committee is attached to the Agency for International Development.

At present AID and the agencies registered with the Advisory Committee are jointly exploring ways of better coordinating their programs to achieve common objectives in the total U.S. effort. This is in line with the congressional mandate in the Foreign Assistant Act of 1961:

The President, in furthering the purposes of this act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

These voluntary agencies are carrying on programs of material aid, services to refugees, and technical assistance and self-help projects. Material aid serves people in times of emergency—earthquake, flood, fire, typhoon, or famine, as well as during periods of dislocation caused by war and political oppression. The agencies minister to disaster victims with food, clothing, medicine, blankets, and other relief supplies, continuing their aid until the stricken are able to provide for themselves.

By registering with AID's Advisory Committee, voluntary agencies receive from the U.S. Government Public Law 480 foods plus reimbursement for overseas freight costs on these foods as well as on their own relief supplies. It costs about \$4 million of U.S. Government funds to ship overseas an estimated \$80 million worth of voluntary agency supplies. Thus, every dollar spent by the Government to transport these supplies is multiplied nearly twentyfold in terms of the value of goods delivered overseas to people who need our help.

Let us look at some specific ways in which the voluntary agencies are helping the needy overseas and thereby strengthening our foreign aid and foreign policy.

On a small island which was seriously overcrowded, the problem of assisting a great number of impoverished hungry refugees was staggering. Many of the refugees were able and eager to work but few found employment. Large numbers were helped by an imaginative, practical supplemental feeding project, made possible by an ingenious noodlemaking machine devised by voluntary agency representatives and manufactured on the island. The noodles are made from Public Law 480 flour, cornmeal, and dried milk.

Refugees in a self-help work project for relocated Koreans on the southwest coast of Korea had just staked out their hard-won land reclaimed from the Yellow Sea by means of a dike they had built, when a typhoon struck.

The typhoon breached the dike, threatening to destroy it and to flood the precious land intended for rice planting. Instead of giving up in discouragement, the refugees worked night and day to repair the dike.

Kerosene-soaked rags on the ends of sticks made flares for their all-night-long labors. With no modern earth-moving equipment available, they used picks and shovels, and carried earth to small railway cars in hods suspended from A-frames on their backs.

The refugees, working without wages, were supplied through a U.S. voluntary agency with Public Law 480 cornmeal, flour, and cooking fats.

In a north African country, where unemployment is high and training facilities are meager, a voluntary agency, on the basis of a careful survey of the economic situation and the labor market, has provided vocational training for young men and boys to meet the pressing demand for auto mechanics, welders, carpenters, electricians, and for young girls to be trained in garment making.

Six voluntary agencies are carrying on child feeding programs in 17 Latin American countries under the "Operation Ninos" program of the Alliance for Progress. The program is currently feeding more than 9 million Latin American children and by August 1964, an estimated 11.5 million Latin American children—or 1 out of 3—will benefit from "Operation Ninos."

One voluntary agency, organized specifically to serve children, in keeping with its emphasis on working with families rather than with the one child in the family group alone, has provided, in

addition to clothing and personal articles for the child, household utensils and supplies from which the child's whole family benefits.

These examples indicate that the agencies relate their services effectively to the conditions of life of the people they serve. They are flexible and imaginative. They recognize the importance of teaching and training people within their own setting and seek ways of showing people how they can improve their way of living by helping themselves.

If one looks closely at voluntary effort, several new trends are apparent. The first of these is the development of closer relationships with organizations and institutions already present in the countries where the agencies are working. The voluntary agencies are uniquely suited to cooperative effort at this grassroots level because of the personalized way in which their help is given.

Another new development in voluntary foreign aid is the use of excess Government property made available to registered voluntary agencies under the foreign aid legislation of 1961. Recently, excess metalworking, laboratory, electrical and electronic equipment, and office machines have been released to a voluntary agency for its vocational training schools in Iran, Tunisia, Morocco, and Israel. A quantity of excess wool and cotton clothing with an acquisition value of approximately \$10 million is being made available by the U.S. Government to certain voluntary agencies and the American National Red Cross for use in their programs in developing countries and for refugees and victims of natural disaster.

Another trend is the growing awareness on the part of voluntary agencies of the problems faced by people moving from rural to urban areas, paramount among which is the search for a livelihood.

U.S. voluntary agencies are especially well fitted to deal with these problems since similar shifts of population have taken place in our history causing similar hardships. Several agencies are developing urban community services, co-operatives, and housing programs to cope with these problems.

Also apparent in voluntary agency activity is the formation in developing countries of oversea councils or coordinating committees made up of representatives from U.S. voluntary and Government agencies, international organizations, local groups and the host government. Such groups afford an opportunity for an exchange of ideas and cooperative pursuit of common goals.

One final trend is closer cooperation between the Government and the voluntary agencies. A conference held in Washington in November 1962, arranged by the American Council of Voluntary Agencies for Foreign Service, is an example of this trend. Those attending included representatives from 21 Council member agencies, 26 guest organizations, the Agency for International Development, the Advisory Committee on Voluntary Foreign Aid, Department of State, Food for Peace, Department of

Health, Education, and Welfare, Office of International Housing of the Housing and Home Finance Agency, Inter-American Development Bank, Intergovernmental Committee for European Migration, Pan American Union and the U.N. Bureau of Social Affairs.

The conference promoted an exchange of views on a possible expanded role for the voluntary agencies, specifically with reference to U.S. voluntary agencies' participation in the Alliance for Progress.

While the trend is toward partnership between the voluntary agencies and the Government, it is a partnership of equals. The Government insists the agencies maintain their status as private independent groups supported by the free gifts of the American people. Only as such can they express the real concern of the American people for those in need. The American Council of Voluntary Agencies for Foreign Service has perhaps expressed it best of all:

Because of the organic structure of these voluntary associations, rooted in the good will of millions of constituents who support them, the organizations in the voluntary sector have a twofold impact: on the people overseas whom they benefit, and on the people at home whom they represent. Out of this arises a relationship between peoples of an abiding nature.

It is through the voluntary agencies Americans are finding expression for a philosophy of concern central to our American way of life, resulting in a unique mobilization of personal effort and cooperation around the world to serve the cause of freedom.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. INOUYE in the chair). Pursuant to a request of the State Department that a Member of the Senate be designated by the Vice President as an observer at the Food and Agriculture Organization of the United Nations at the conference to be held in Rome, Italy, on November 16-December 3, 1963, the Chair, on behalf of the Vice President, designates the Senator from Iowa [Mr. MILLER] to act in this capacity.

BILL INTRODUCED

A bill was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MUSKIE:

S. 2307. A bill to amend the emergency loan authority of the Secretary of Agriculture under subtitle C of the Consolidated Farmers Home Administration Act of 1961 to authorize such loans in areas where credit is not otherwise available because of serious economic conditions for farmers or ranchers; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MUSKIE when he introduced the above bill, which appear under a separate heading.)

LOANS TO CERTAIN FARMERS OR RANCHERS SUFFERING BECAUSE OF SERIOUS ECONOMIC CONDITIONS

Mr. MUSKIE. Mr. President, I introduce, for appropriate reference, a bill to amend the loan authority of the Secretary of Agriculture to authorize Farmers Home Administration emergency loans for areas where credit is not otherwise available because of serious economic conditions.

The Aroostook County, Maine, potato industry is in difficult financial straits. Agriculturally, Aroostook is suffering from the economic disability of continuous low potato prices, resulting from a national oversupply. As an area of substantial unemployment, industries and communities within the county have received benefits under the Area Redevelopment Administration and accelerated public works programs. However, the continuing and growing need for farm credit still exists. The Maine office of the Farmers Home Administration has done an excellent job in meeting the farmers' needs, but at present FHA's credit extension capabilities are limited. This additional lending authority is essential if the credit needs of the industry are to be met.

Since I am certain that other agricultural areas are faced with similar difficult economic conditions, I ask unanimous consent that the bill lie on the table through December 1, in order that my colleagues may have an opportunity to join me in sponsoring the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Maine.

The bill (S. 2307) to amend the emergency loan authority of the Secretary of Agriculture under subtitle C of the Consolidated Farmers Home Administration Act of 1961 to authorize such loans in areas where credit is not otherwise available because of serious economic conditions for farmers or ranchers, introduced by Mr. MUSKIE, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENT NO. 320)

Mr. LAUSCHE submitted amendments, intended to be proposed by him, to the bill (H.R. 7835) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

STATEMENT OF ROGER A. FREEMAN, SENIOR STAFF MEMBER, THE HOOVER INSTITUTION ON WAR, REVOLUTION, AND PEACE, STANFORD UNIVERSITY, BEFORE SENATE COMMITTEE ON FINANCE

Mr. DIRKSEN. Mr. President, on November 6, Dr. Roger A. Freeman, senior staff member of the Hoover In-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Nov. 18, 1963
For actions of Nov. 15, 1963
88th-1st; No. 185

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HIGHLIGHTS: Senate passed foreign aid bill. Senate agreed to consider separately Mundt amendment on wheat for Russia. Sen. McCarthy spoke in favor of sending Mexican farm labor bill to conference. Sen. Humphrey explained sales of surplus commodities for export on credit. Senate received USDA proposal to amend assault statute.

SENATE

- 1. FOREIGN AID.** Passed 63-17, with amendments H. R. 7885, the foreign aid authorization bill (pp. 20843-4, 20849-53, 20857-95). Senate conferees were appointed (p. 20895). After debate on wheat for Russia, and following consultation, the Mundt amendment was withdrawn, and it was agreed that a separate bill by Sen. Mundt (to prohibit any guarantee by the Export-Import Bank or any other Government agency of payment of obligations of Communist countries) would be considered by the Senate on Nov. 25 or 26 (pp. 20857-65). Sen. Humphrey commended the Alliance for Progress and development of foreign trade (pp. 20922-6).
- 2. FARM LABOR.** Sen. McCarthy recommended that the Senate insist on a conference on S. 1703, to extend the Mexican farm labor program, rather than agree to the bill in the form passed by the House. pp. 20895-8
- 3. ASSAULT STATUTE.** Received from this Department a proposed bill to amend the assault statute (making it a Federal offense to assault or otherwise hamper certain Federal personnel) by extending this statute to all USDA officers and employees engaged in investigation, inspection, or law enforcement, and to

ASC committee personnel when so engaged; to Judiciary Committee. p. 20842

4. CCC EXPORT SALES. Sen. Humphrey explained how the CCC export credit sales program works. pp. 20920-2
5. PUBLIC WORKS. Sen. McNamara announced formation of the accelerated public works program. p. 20843
6. D. C. APPROPRIATION BILL. This bill, H. R. 7431, was made the unfinished business. p. 20900
7. HEALTH. Passed as reported S. 1561, to amend the Federal Employees Health Benefits Act of 1959 including provisions which would eliminate the discrimination against married women in respect to the contribution made by the Government toward their insurance premium and allow payroll officers adequate time to prepare for this change; and also would allow previously retired employees who did not have an opportunity to carry their health insurance into retirement to do so. pp. 20898-9
8. SPENDING. Sen. Metcalf inserted an article "What Everybody Wants to Know About Deficit Spending" explaining "how deficit spending is a national blessing." pp. 20901-9
9. CREDIT CONTROL. Sen. Simpson inserting an article discussing the pro's and con's of Sen. Douglas' bill to require disclosure of finance charges in connection with extension of credit. pp. 20910-12
10. WATER RESOURCES. Sen. Burdick inserted the resolutions by the N.D. Water Users Association urging Interior and the Budget Bureau to complete the studies of Missouri River Basin power and cost sharing for recreation and fish and wildlife; and commending and supporting the Government's land and water resource programs while urging Congress to initiate construction of the Bowman-Haley dam and completion of investigations on 15 other projects. pp. 20915-6
11. AREA DEVELOPMENT. Sen. Muskie inserted a news release which "outlines the benefits of a Maine firm received under the area redevelopment job training program." pp. 20916-7
12. LEGISLATIVE PROGRAM. Sen. Mansfield stated that, in addition to the D.C. appropriation bill, Monday's legislative program includes the Mexican farm labor bill, conference report on the legislative appropriation bill, independent offices appropriation bill, and air pollution bills, and that the library service bill will also be brought up during the week. p. 20895
13. RECESSED until Mon., Nov. 18. p. 20927.

HOUSE

14. PUBLIC WORKS. The Appropriations Committee voted to report (but did not actually report) H.R. 9140, the public works appropriation bill, 1964. p. D900
15. RECREATION. The National Parks Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee with amendment H.R. 4010, to provide an adequate basis for administration of the Lake Mead National Recreation Area, Ariz. and Nev. p. D900

Third. The Joint Committee on Printing would be authorized and directed to print additional copies of the documents in such quantities and distribute them in such manner as would most economically and equitably fulfill the needs of Members of Congress.

During the present session Congress agreed to Senate Concurrent Resolution 48, which authorized the printing of 51,330 copies of the high school debate document at an estimated cost of \$7,462.34, and House Concurrent Resolution 212, which authorized the printing of 16,125 copies of the college debate document at an estimated cost of \$2,748. As is the customary practice, the copies were pro-rated equally to Members, and as is often the customary effect of this arrangement, some Members quickly exhausted their supplies while others were left with excess copies of documents of short-lived value. This bill would permit a reduction in the number of printed copies—and a corresponding reduction in cost—by authorizing the Joint Committee on Printing to obtain copies and supply them to Members solely on the basis of indicated need.

Mr. President, since it has now become an established practice for high school and college students to write to their Representatives in Congress for debate materials, and since the Members themselves are not about to deny these requests from their youthful constituents, it seems to me we should substitute a standard procedure for the random methods we have employed for the purpose over the past several years. This bill would establish such a standard procedure, and I commend it to the sympathetic consideration of my colleagues.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2311) to provide for the preparation and printing of compilations of materials relating to annual national high school and college debate topics, introduced by Mr. JORDAN of North Carolina, was received, read twice by its title, and referred to the Committee on Rules and Administration.

NOTICE OF HEARING ON PROPOSAL TO EXTEND THE ACCELERATED PUBLIC WORKS PROGRAM

Mr. McNAMARA. Mr. President, on behalf of the Senate Committee on Public Works, I wish to announce the formation of an ad hoc subcommittee to consider pending legislation to extend the accelerated public works program.

The subcommittee will be under the able chairmanship of Senator JENNINGS RANDOLPH, of West Virginia. Other members of the subcommittee appointed are Senator YOUNG of Ohio; Senator MUSKIE, of Maine; Senator GRUENING, of Alaska; Senator MOSS, of Utah; Senator COOPER, of Kentucky; and Senator FONG, of Hawaii.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were

ordered to be printed in the Appendix, as follows:

By Mr. GOLDWATER:

Remarks made by Gerald L. Phillippe, president, General Electric Co., in acceptance of gold Oscar Award for best annual report in all industry, Financial World dinner, New York City, October 30, 1963.

By Mr. METCALF:

Editorial broadcast over radio station KHDN, Hardin, Mont., on October 31, 1963; and leaflet entitled "Executive Orders From the Federal Register Describing Government Takeover."

By Mr. HARTKE:

Article entitled "Outstanding Turnout," published in the Lafayette, Ind., Journal & Courier.

Editorial entitled "Do-It-Yourself Girls," published in the Hammond, Ind., Times on November 10, 1963.

The PRESIDENT pro tempore. Is there further morning business to be submitted? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from South Dakota [Mr. MUNDT] for his amendment No. 305 to the committee amendment, as amended.

The pending amendment will be stated.

The LEGISLATIVE CLERK. In Mr. MUNDT's amendment (No. 305) to the committee amendment, as amended, on page 54, after line 4, it is proposed to strike out, in line 8, after the words "purchase of," the words "grain or", and in the same line to strike out, after the word "product," the word "thereof."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from South Dakota to his amendment No. 305, on page 54 of the committee amendment, as amended.

DO WE REALLY NEED ALL THIS URANIUM?

Mr. SYMINGTON. Mr. President, on Friday, November 8, I placed in the RECORD a colloquy between the Chairman of the Atomic Energy Commission and myself which occurred at a meeting on August 14, 1963, of the Senate Foreign Relations Committee.

Since that time we have been forwarded a copy of the fiscal year 1963 financial report of the Atomic Energy Commission.

This report is quite interesting. It would appear to show that even though construction costs dropped from \$1,215 million in 1954, to \$411 million in 1963, the number of operating contractor employees has increased from 73,000 to 115,000; and administrative expenses have nearly doubled, from \$34,671,000 in 1954, to \$67,068,000 in 1963.

During these 10 years—1954 through 1963—the total cost of Atomic Energy Commission operations was \$21.3 billion.

More interesting, however, is the fact that procurement of raw materials has more than tripled since 1954. The cost of said raw materials has increased from \$142,793,000 in 1954 to \$477,873,000 in 1963.

It is my understanding that the Department of Defense gives its requirements to the Atomic Energy Commission; but, surely, with all the discussions incident to overkill, and so forth, and with the many billions—\$4.68 billion—previously spent on raw materials in the past 10 years, along with the many additional billions—\$6.76 billion—spent in the 10 years previous for the production of nuclear materials, and the many billions—\$4.48 billion—on top of that spent for weapons development and fabrication of nuclear weapons, along with the many billions—\$3.08 billion—additional on top of all those previous billions that have been spent for development of nuclear reactors, there should be some place, at some time, where we could reduce this gigantic and most expensive program without affecting the security of the United States.

Although I have had some experience with balance sheets, it is difficult to understand the figures as expressed in this report of the Atomic Energy Commission. Even though these billions and many billions more for construction and equipment have been spent since 1953, the assets of the Atomic Energy Commission apparently have increased very little.

I am sure there are adequate and proper explanations for most, if not all, of these questions; and I would hope there could be some public hearings, so as to present as much of this information as possible before the American people, especially with respect to these continuing purchases of raw materials, running into billions and billions of dollars.

There would appear no more reason for classifying much of this information than there was for classification of the information on various other stockpiles.

CRITICISM OF SENATE OPPONENTS OF FOREIGN AID PROGRAM OF THE ADMINISTRATION AND THE FOREIGN RELATIONS COMMITTEE

Mr. MORSE. Mr. President, in this morning's Washington Post, an alleged newspaperman by the name of Joseph Alsop has published a scathing criticism of the Senate opponents of the wasteful, inefficient, and corruption-producing foreign aid program of the administration and the Foreign Relations Committee.

This is the Alsop who is the well-known lackey of the Pentagon Building and the State Department. His war-mongering columns for a long time past have demonstrated his disregard for, and presumably his ignorance of, the checks and balances system provided by our constitutional fathers and indelibly written into the Constitution itself.

His writings give the impression that he would be happier if the President of the United States were given dictatorial powers similar to those of many of the

Fascist leaders of the world whose regimes Alsop seems to admire so much.

He gives the impression that he would like to be an intellectual snob, but lacks the intellect to be snobbish about.

I am very proud of my enemies, particularly the members of the yellow press; and I am highly complimented to have this gutter journalist confess his enmity to me in his irrational, White House bootlicking column of this morning.

I ask unanimous consent that his column entitled, "The New Know-Nothings," be printed in the RECORD, inasmuch as it is such devastating proof of his own know-nothingism.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 15, 1963]

THE NEW KNOW-NOTHINGS

(By Joseph Alsop)

In the tedious but crucial struggle over the foreign aid bill, the old tradition of national-minded bipartisanship has been saying President Kennedy's bacon.

In the preliminary wrestling with the bill in the Senate Foreign Relations Committee, the senior members of the majority and the minority, Senators WILLIAM FULBRIGHT, of Arkansas, and BOURKE B. HICKENLOOPER, of Iowa, acted together as partners.

Senator HICKENLOOPER is not widely known for his reluctance to take a good, hard, partisan whack at the Democrats whenever he sees a chance to do so. He thought that the foreign aid authorization that Senator FULBRIGHT wanted the committee to approve—\$4.2 billion—was a bit on the high side. But when FULBRIGHT argued that "we've got to give them something to cut," HICKENLOOPER loyally went along.

Again, when the leadership belatedly discovered the power of the new surge of know-nothings in the Senate, a hasty strategy meeting to discuss the best blocking tactics was strictly bipartisan, and was even held in the Republican cloakroom. The majority and minority leaders, Senators MIKE MANSFIELD, of Montana, and EVERETT DIRKSEN, of Illinois, joined with FULBRIGHT and HICKENLOOPER in the decision to make a voluntary preliminary cut of \$385 million in the committee total, in order to forestall worse cuts by the new know-nothings.

Since then, through the long, squalid, and still unfinished struggle on the Senate floor, DIRKSEN, HICKENLOOPER, and a good many other Republicans have continued to stand four-square for national-mindedness and bipartisanship.

Meanwhile, the President's bill has been under bitter, persistent partisan attack by Democratic Senators, with a group of liberal Democrats, headed by the ineffable Senator WAYNE MORSE, of Oregon, leading the attackers. Even that famous Republican conservative, Senator BARRY GOLDWATER, of Arizona, had been kinder to the foreign aid program than the new Democratic know-nothings, for he has at least been absent for almost every key vote.

The most dramatic vote, though not the closest, was on MORSE's motion to gut the bill for good and all, by recommitting it to the Foreign Relations Committee. Twenty-eight other Senators voted with the Oregon paragon, and 26 of them were Democrats.

Another MORSE amendment, to cut the Development Loan Fund by \$25 million, carried by a vote of 42 to 40, and 24 of the MORSE adherents were Democrats. Embittered southerners, like RICHARD RUSSELL, of Georgia, and HARRY F. BYRD, of Virginia, have of course followed MORSE, gladly yielding him the leadership on this occasion.

MORSE's deputy commander in the attack has been the old New Dealer from Alaska, Senator ERNEST GRUENING. So-called liberals who have joined MORSE are FRANK CHURCH, of Idaho, ALBERT GORE of Tennessee, the former Secretary of Health, Education, and Welfare in the Kennedy cabinet, ABE RIBICOFF, of Connecticut, STUART SYMINGTON, of Missouri, and STEPHEN YOUNG, of Ohio, plus HENRY JACKSON, of Washington and WILLIAM PROXMIRE, of Wisconsin, on the fund cut.

Besides trying to gut the foreign aid bill in every other way, the new know-nothings have put forward an astonishing number of backseat driving amendments. "Some people," Senator HICKENLOOPER has said grimly, "want to turn the U.S. Senate into another committee on the conduct of the war, which helped the South more than Robert E. Lee."

The result, beyond much doubt, would be a half-crippled foreign aid program. The Alliance for Progress, for instance, will be lucky to get \$525 million—apparently because Senator MORSE and his friends are reluctant to allow the United States to spend as much on the prevention of communism in Latin America as the Communist bloc is now spending for the sole purpose of proping up Fidel Castro in Cuba.

If the effort in Vietnam is not weakened, all other military aid programs will have to be cut drastically. Thus old and tried allies which cannot otherwise afford their present levels of defense, like Turkey, Greece, Nationalist China, and South Korea will be hit where it hurts most—apparently because Senators SYMINGTON and RIBICOFF think it is a bad bargain to add this strength to our side at one-tenth the cost of an equal number of American troops.

Finally, development loans, which offer the best hope of future progress and are also to be repaid in the end, will be cut to the point of grave damage to American foreign policy. In short, the national interest is under heavy attack. It would be more comprehensible if the attack had a partisan motive; but peevishness, alas, is the only motive now identifiable.

INVESTIGATION OF THE POLICE DEPARTMENT

Mr. MORSE. Mr. President, downtown there is a District of Columbia Policemen's Association. The president of the association is Pvt. George W. Whaler. Private Whaler, acting in behalf of the policemen's association, has issued a news release which is highly critical of the senior Senator from Oregon because he does not belong to their mutual admiration society in relation to the Chief of Police of Washington, D.C., Mr. Robert Murray.

I made a speech on the floor of the Senate on November 7 in which I commented upon the testimony of the chief of police before the Senate District of Columbia Committee on the so-called omnibus crime bill that is pending before the committee. In my judgment, the bill contains several sections which would contravene basic constitutional guarantees of freedom of the people that live in this city under the Washington, D.C., Police Department.

I ask unanimous consent that the news release of the Washington, D.C., Police Association be printed at this point in my remarks.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

WE DISAGREE WITH SENATOR MORSE

We are not always in agreement with Senator WAYNE MORSE, of Oregon, but we have admired him and considered him a good friend and staunch supporter of our police force and of all law enforcement officers. It is not pleasant when a person you have admired and relied upon lets you down. We of course knew that the Senator approved the Mallory rule, disapproved of arrests for investigation, and opposed any change in the criminal laws which would give the police here more leeway in the fight against crime. With his liberal philosophy it was to be expected that he feel the way he does. Although we believe that he and all others, who are more concerned with the rights of criminals than the rights of law abiding citizens to be safe and secure, are making a terrible mistake, we knew that he was sincere and we did not think we had lost him as a friend.

We were disturbed, however, when on October 14 speaking before the Corrections Conference of the Health and Welfare Council, Senator MORSE said, "I warn the citizens of this community that the Police Department here and in other cities must always be subjected to constant vigilance. * * * Unchecked practices exercised by a police department results in a loss of personal, individual freedom." It is not exactly uplifting to the morale to have a friend say that you must be watched, but we rationalized the Senator's statements by conceding that he could hardly exempt our force if he was saying that all citizens should be aware of the manner in which their police departments are being operated. For our part we would rather have constant vigilance than continuous apathy. In this talk we had not been accused of wrongdoing or misconduct, so, although some concern was expressed at our monthly meeting on October 15, it was generally believed that we could still count upon Senator MORSE as a friend and supporter.

It seems that we were overoptimistic. On Thursday, November 7, in a speech from the Senate floor, Senator MORSE demonstrated that he had really turned against us. This was no general criticism of all law enforcement but a tirade directed against us, our Chief, and the manner in which he had and wished again to operate our Department. After admitting that he had not attended even one hearing of the Senate District Committee on the House-passed crime bill, H.R. 7525, the Senator accused Chief Murray of seeking "police state" powers. He said that the Chief was trying to effect a change in the restrictive Mallory rule, "through a great deal of misrepresentation." We are not expert wordsmiths like the Senator but to us this seems tantamount to charging Chief Murray with making false statements in trying to gain excessive and sinister power.

It can hardly be disputed that all Chief Murray is trying to accomplish in supporting this crime bill is to regain and restore some of the effectiveness our Department had in fighting crime before the restrictive Mallory rule and before we lost the right to make investigative arrests. Is Senator MORSE therefore saying that prior to the Mallory decision, and prior to the banning of arrests for investigation, we were operating with "police state" methods? This is a trite and tired cliché at best. When it is uttered by a Senator who claims to be an authority on law and law enforcement it is an insult to our Chief and to every man on the force. Is the Senator saying that we are somewhat akin to a gestapo now prevented from terrorizing and abusing the people of the community by certain rules? He leaves little doubt that this is exactly what is implied when he says, "I believe that the Mallory rule is vital to the protection of the people of the District of Columbia—particularly to

Saying there is a working conspiracy between Republican and Democratic leaders to deceive the voters while taking orders from foreign masters is not speaking conservatively.

This is hysteria, fear, and the sick that that fear produces. I wonder how long the honorable word "conservative" can stand embrace by political leprosy without losing its health?

To look at the imagined Democratic-Republican conspiracy, let's start at the bottom.

If I vote for a school building bond issue because I have children in school and you vote for it because you own adjoining property or think it will do the town good, we are not conspirators. You may be a conservative on education, I may be a liberal; but when we vote alike we are not conspirators. Nor does it mean one of us has duped the other.

Suppose the State's population increases sharply. Traffic accidents climb.

If both political parties agree more highway patrolmen must be hired, this is no conspiracy. The outs may blame the ins for letting freeway construction lag, or for being unduly influenced by the asphalt peddlers where concrete was called for, but each side calls for stepped-up traffic law enforcement. A conspiracy?

The State may have signed a compact with other States 15 years ago. They exchange students tuition-free in certain specialties, so each State doesn't have to duplicate the other's expensive colleges of medicine, dentistry, etc.

In the process they have spent on education by providing more of it. Both political parties have long since accepted the program though they differ on details. Bipartisan acceptance of the compact doesn't constitute conspiracy, even if the voters never did have a direct vote in the matter.

Agreement, in other words, is not conspiracy. If Republicans and Democrats did not have more in common than in dispute, then I'd worry. With disagreements deep enough and numerous enough, a change of control would become a bloody revolution.

If the Republic is healthy, the quarrel is usually over when, how, and at what expense an action is to be taken. We ought to be in fairly general agreement that the objective is economic well-being and opportunity for as many people as possible, a well-educated citizenry respecting one another's personal freedom, represented by a foreign policy that never sleeps in a round, complicated, and not entirely predictable world.

Those who see some such general American consensus as a conspiracy don't need a political party. They need a doctor.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DOMINICK. Mr. President, during the course of our debate on foreign aid, the distinguished Senators from New York [Mr. JAVITS and Mr. KEATING] urged and very ably guided through the Senate an amendment which had the effect of cutting off aid to Egypt in order to do something about the precarious situation in which Israel finds herself.

There has been criticism from the White House and AID administrators for that action on the ground that it reduced their flexibility in dealing with these problems. So far as I was concerned,

I supported and voted for the amendment cutting off this flexibility as perhaps one of the things we have to do.

Recently, an article came to my attention which points up the problems we have in the aid field today. For the edification of the Senate, the article should be read. It is written by Henry J. Taylor. It reads in part:

I was in Egypt some years ago when the Washington "big think" bought (taxpayers' money) about 100,000 bales of cotton to butter up wily Gamal Abdel Nasser, a man who has it in him to be a traitor to any cause.

We were trying, as we still are, to win false friends by frail policies and money.

Still reading from the article:

And although this far-off generosity to the hawk-eyed colonel was greatly unappreciated and totally misdirected the added bill knocked our taxpayers for another \$55 million.

Well, these 100,000 bales are now being sold, although prying the particulars out of our foreign aid professors and the U.S. Department of Agriculture was like trying to break the arm of Atlas. The clamp was on in a top directive consistent with the policy of manipulated news. For the man we're selling this cotton to is Nasser.

We paid this Scaramouche a dollar a pound. He's buying it back for less than 35 cents. He's paying \$17.4 million to get back what he sold Uncle Sam for \$55 million.

There is a good deal more in this article which is of real significance in our present debate on foreign aid.

I ask unanimous consent to have the article printed at this point in the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EGYPTIAN COTTON WAS A REAL DEAL

(By Henry J. Taylor)

An inside look at a cotton deal should make us wonder who gets what in foreign aid.

I was in Egypt some years ago when the Washington big think bought (taxpayers' money) about 100,000 bales of cotton to butter up wily Gamal Abdel Nasser, a man who has it in him to be a traitor to any cause.

We were trying, as we still are, to win false friends by frail policies and money.

Responding to the horrendous legends and medieval myths that constitute our farm program, America's warehouses were then, as they still are, bulging with our own unsold cotton.

And although this far-off generosity to the hawk-eyed colonel was greatly unappreciated and totally misdirected, the added bill knocked our taxpayers for another \$55 million.

Well, these 100,000 bales are now being sold, although prying the particulars out of our foreign aid professors and the U.S. Department of Agriculture was like trying to break the arm of Atlas. The clamp was on in a top directive consistent with the policy of manipulated news. For the man we're selling this cotton to is Nasser.

We paid this Scaramouche a dollar a pound. He's buying it back for less than 35 cents. He's paying \$17.4 million to get back what he sold Uncle Sam for \$55 million.

No wonder we're in a heads-you-win-tails-I-lose contest with the tax collector. No wonder most of the world thinks we have more money than brains. And no wonder the whole country, I think, is mentally tired

of trying to figure things out. You just don't get anyplace. Nor do we get the truth, unless sought.

President Kennedy bid for added public approval of the Russian wheat deal by announcing emphatically that all the wheat must be carried in American ships to the extent available. Millions were led to visualize an employment-giving parade of Stars and Stripes across the seas.

Yet Mr. Kennedy knew full well as he spoke that less than one out of four ships would, or could, be American. That's all that are available. Behind the manipulated news this maximum was the real meaning of "to the extent of availability."

Mr. Kennedy also knew, of course, from the advance talks in Canada, that the \$10-a-ton higher American cargo rate would affect even the one out of four. In truth, the actual White House offer is to send only 14 percent in American ships and 86 percent in foreign.

It involves an initial delivery of 2.4 million tons, 23 percent in U.S. vessels, and then the entire balance of the 4 million tons in foreign ships. The Russians haven't introduced any really unexpected obstacles. The American people simply were not told the full truth in the first place. That is what makes the manipulated-news policy so dangerous and unworthy.

Mr. DOMINICK. I point out that this is only one example of the difficulties we face in our foreign aid program. We are constantly finding ourselves at odds. We do one thing for one country, and we find that it acts badly on another country. One country may be an ally, another may be a neutral, and a third may be unfriendly. The more money we put into these areas, the more complex the problems become.

The other day I had the opportunity of commenting on the Indonesian situation. During this process and while referring to the attitude of Mr. Sukarno in connection with the Dutch territories, which he literally forced out of their hands, and his present activities in burning the British Embassy and the British possessions and threatening American possessions, I referred to Mr. Sukarno as a bandit. I am really quite entertained that the Ambassador for Indonesia has made a protest in connection with those remarks of mine against Mr. Sukarno.

I have not heard from the State Department, as to whether they gave any reply. In the process of his objection to the State Department, he apparently also criticized the distinguished Senator from Oregon [Mr. MORSE] for calling Mr. Sukarno a no-good, corrupt man who would be in bed with the Communists were it not for American aid. I understand that the Senator from Oregon replied quite vehemently yesterday; and I agree with the statements that he made.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield to the Senator from Oregon.

Mr. MORSE. Not vehemently; objectively.

Mr. DOMINICK. I accept the modification.

It might be interesting if we included some comments at this point concerning the history of Mr. Sukarno.

At the same time that Shriver, the Director of the Peace Corps, fought the Japanese during World War II, Sukarno held down an important post with the enemy, that of general political adviser to the Japanese Military Government in Indonesia.

In that post, Sukarno turned 2 million of his countrymen over to the Japanese to be treated, in the words of Maj. Gen. Charles Willoughby, who was our chief of intelligence in that area, "like coolie slaves."

One of Sukarno's chief tasks was to exhort Indonesians into greater war effort: "We shall flatten out America" and "We shall overturn England."

Then he organized a colossal anti-American rally in Djakarta on November 8, 1944. An Indonesian weekly published photographs of Sukarno burning bigger-than-life pictures of Western leaders. A caption under the picture read: "Roosevelt, Churchill Condemned."

In 1945 he jumped from a sinking Japanese ship and joined with the Soviets. He telegraphed Stalin asking support and pledged himself to the ultimate attainment of Russian aspirations.

In 1949 Sukarno became President of the Indonesian republic. He has since guided Indonesian affairs with a flair that has enabled him to win the order of Lenin and to chortle in Djakarta: "This means I am a Communist of the highest order."

There is information to the effect that Sukarno has publicly endorsed the Communist Party of Indonesia as "a genuine participant in the political process and the Nationalist movement." This endorsement has been made concrete by the appointment of large numbers of Communist Party members to the Parliament and to advisory organs of the Government, such as the Supreme Advisory Council and the National Planning Council.

Sukarno has received more than \$1 billion in late-model arms from the Communist world. I might say that a good portion of the finances that he received with which to pay for these arms came from U.S. aid. Sukarno has embraced Mao Tse-tung, and has told listeners of Radio Peiping that he will work with Mao in the joint struggle "to create a world Socialist society," an aim "impossible to realize if imperialism still exists in the world." He has promised support for the Communist campaign to "liberate Formosa from imperialist lackeys."

That is only a part of his history.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield.

Mr. MORSE. I thank the Senator very much for this documentation on Sukarno. My prediction is that no matter how much aid the United States gives him, he will turn out to be worse than Castro. He is a two-timing politician in Asia who will take everything we give him and then amputate the hand that feeds him. I hope that the administration will recognize that reality and not make the mistake of pouring out additional money for Sukarno. At the present time aid has been suspended

temporarily. It ought to be in perpetuity, because in my judgment here is a place in the world which is headed by a man so corrupt that any money we give him will not help the cause of freedom, but will be used to carry out his diabolical purposes.

Mr. DOMINICK. I appreciate very much the feelings, comments, and remarks of the distinguished Senator from Oregon. All we have to do is to look at recent history; we do not have to go to past history, except, as I said, to lay the background for it.

When he moved into West New Guinea, governed by the Dutch, who wanted to give the right of self-determination to more than 500,000 people, the Papuans, what did we do? Did we support the Dutch in their effort to extend self-determination to these people, a principle which we have so long professed as one of our guiding principles? We did not. We backed Sukarno, and we told the Dutch, in order to create peace in that area, they should get out. With no support, and inability to use our bases, to reinforce their troops in the area, the Dutch did get out. Sukarno has taken over this territory, and these people have been taken over, without any hope of self-determination, and without any hope of redress for any wrongs which may have been committed in that area.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield.

Mr. GRUENING. I commend the Senator from Colorado for his very correct interpretation of what has happened and on his extremely useful summing up of some of the follies that we have committed in Indonesia. That is the only way I can describe them. They were follies. We have supported a ruthless dictator and unscrupulous aggressor. His principles are in direct opposition to ours. He acted ruthlessly in moving to take over West New Guinea when that situation should have been left to the future decision of the people themselves. That area which the Dutch did not wish to retain themselves, although it had been a Dutch colony, should have been turned over to the United Nations under some kind of trusteeship or mandate, so that in the future, when those people had reached the point where they knew what they wanted, they could decide what status or political association they desired to have.

That would have been the proper policy for the United States to support. We yielded to Sukarno's bludgeonic tactics, for reasons that are difficult to justify. We allowed Sukarno to take those people over. The Senator from Colorado has performed a very useful service in the statement he has made.

Mr. DOMINICK. I very much appreciate the support of the distinguished Senator from Alaska. Obviously, from comments which have been made here, there are opinions concerning Mr. Sukarno that are strong opinions and which are based on a historical position as to what he has been doing. When I referred to Mr. Sukarno as a bandit, it is

interesting to note that one of the definitions of a bandit is one who takes unfair advantage over others, usually to procure inordinate payment or profit.

If that is not an accurate description of what he has been doing, not only in his own country and at the expense of his own people, who are fine people for the most part, but also in other places in that area, including west New Guinea and Malaysia, which he is now trying to break up, and including West Irian, and other places which he is trying to seize and hold onto, then I do not know what that word means. I have no intention on the floor of the Senate to back down from such a description of Mr. Sukarno.

JOURNALISM BY INVECTIVE

Mr. GRUENING. Mr. President, the Washington Post seems to be most unhappy about the reforms that have been made in the Senate in the foreign aid bill in the course of a 3-week debate.

Let me state my belief that these reforms have been constructive, needed, and desirable in every sense of the word, and should go far to improve, revitalize, rehabilitate, and save the foreign aid program. This program was rapidly falling apart both in its execution and in the estimation of an increasing number of the American people. Not only has no damage been done to the program, but the amendments adopted should substantially strengthen it.

As far as the quantitative cuts are concerned, they are unimportant. There is still more than \$6½ billion in the "pipeline," which, for the benefit of the public means that that amount of money is the sum left over from previous appropriations which has been unexpended. Therefore, if not one cent had been authorized or appropriated by this Congress, the program could have gone on for a year and a half or nearly 2 years without difficulty. Moreover, a country-by-country approach would show that the total authorization could be cut further without impairment of the program.

And yet we find in the leading editorial of today's Washington Post, entitled "Sermon on Aid," the following characterizations.

This has been, the Post says, a "bitter" fight over foreign aid. Note the adjective "bitter."

In the next paragraph, the Post says that what Congress has done to the aid program is, in its opinion, "wrong and foolish." The Congress has carved the bill to the marrow. Anatomically speaking, the marrow is the inside of the bone. Actually, Congress barely nicked the epidermis.

Further, the Senate has "implanted a series of dogmatic restrictions." Note the word "dogmatic." And Congress apparently has been guilty of "spiteful use of aid as a club." Note the adjective "spiteful" and the noun "club."

The Post notes that the congressional "onslaught was not simply the act of a small and willful minority." I am glad that the Post recognizes that constructive amendments were adopted by majority vote—as they obviously would have to be—and that in the case of some of

the constructive amendments that failed of passage, they failed of passage by a very small margin and that usually there were some 40 votes for them. Were they all "willful"?

Next, we find in the Post's editorial that the "mayhem on aid found the majority support in Congress." Now, what is the definition of "mayhem"? As found in Webster's Collegiate Dictionary, it is "willful and permanent deprivation of a bodily member resulting in the impairment of a person's fighting ability," or "willful and permanent crippling, mutilation or disfigurement of any part of the body." I submit that all that has been done is to do some moderate plastic surgery on the body of the foreign aid bill designed to remove a few malignant tumors lest they spread and become lethal, and to excise a few warts that impaired its foreign aid's image. It might be characterized in part as a face-lifting operation. It was hardly "mayhem."

Next, the Post says the Senate "hacked foreign aid to bits."

Further, the Senate's action is characterized as an "irresponsible binge."

Finally, the Post expresses the hope that "it may yet be possible to expunge some of the worst features of the Senate legislation" and thereby to remedy "the frailties of Congress." Actually, Congress has, for the first time since the beginning of the foreign aid program laid aside its past frailties of inaction and carried out in part its constitutional responsibilities to be a vigilant and alert participant in the authorization of the expenditures of foreign aid funds.

Now, we turn to the next page of the Post and find, under the heading: "Matter of Fact," a column by Joseph Alsop entitled "The New Know-Nothings." Not surprisingly, the article refers to the action of the Senate on the foreign aid bill as "the new surge of know-nothingness." Actually, the Senate displayed a welcome and belated "know-somethingism" about the foreign aid bill with which the public, and indeed much of the Congress, and certainly Mr. Alsop, had been largely unendowed hitherto.

Mr. Alsop further characterized the debate as "squalid."

Democratic Senators who took part in re-forming the bill are characterized as "liberal," the word "liberal" being in quotes, which quotes, of course, suggest that these "liberals" are unsound and wacky fellows. Senator MORSE is referred to as "ineffable." This is a highbrow smear adjective. Ineffable, as defined by Webster, means "incapable of being expressed in words; indescribable; unspeakable; not to be uttered." Does this mean that Mr. Alsop was at a loss to characterize Senator MORSE?

Southerners who voted for some of these amendments are referred to as "embittered."

Later in Mr. Alsop's column, Senators FRANK CHURCH, ALBERT GORE, ABE RIBICOFF, STUART SYMINGTON, STEPHEN YOUNG, HENRY JACKSON, and WILLIAM PROXMIRE are condemned as "so-called liberals." They and the others are charged with "trying to gut the foreign aid bill." Note the verb "gut."

Finally, all of them are charged with "peevishness," and Mr. Alsop declares that that is the "only motive now identifiable."

Speaking as an old journalist, Mr. President, I regret such unintelligent and unperceptive interpretations of what happened in the Senate.

Speaking again as an old newspaperman, I regret the unrestrained use of defamatory adjectives by the Post's editorial writer, whoever he may be in this case, and by its syndicated columnist, Joe Alsop.

Speaking as a Senator, I am proud of what the Senate has done in the last 3 weeks, and I venture the prophecy that history, in the very near future as well as in the long run, will completely vindicate the Senate's performance as useful, needed, and constructive. It has done the administration and the foreign aid program an incalculable service. Had this service been performed in previous years, it would have saved the American people billions of dollars out of the more than \$100 billion which have been spent on foreign aid, much of it squandered. It would have made our foreign aid infinitely more effective and would have left the world in a much better condition than it is now.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article entitled "The New Know-Nothings," written by Joseph Alsop, and the editorial entitled "Sermon on Aid," both published in the Washington Post of today, November 15, 1963.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

SERMON ON AID

President Kennedy used the pulpit of his office yesterday to deliver a powerful sermon on the need for foreign aid. He did not dispute the constitutional right of Congress to decide how much money should be appropriated. But he did point out that the expenditures involved are hardly crushing, that foreign aid is "a valuable arm" of U.S. policy, and that in the end it is the President—not Members of Congress—who is held accountable for the success or failure of our diplomacy.

The pity is that the President did not make his forceful statements weeks ago in a full-scale address to the country. There were clear storm warnings that this year would see a bitter fight over foreign aid. Yet here, as in other areas of controversy, there has been a reluctance to commit the full resources of the Presidency to a drive for the administration's programs. The sermon comes late—after the ushers have already passed the collection plate.

What Congress has done to the aid program is, in our opinion, wrong and foolish. Not only has Congress carved to the marrow the President's budget request; the Senate has also implanted a series of dogmatic restrictions on the use of aid. Surely Mr. Kennedy is only stating the obvious in reminding Congress that the world changes swiftly and that spiteful use of aid as a club usually does not have the intended effect.

Yet the congressional onslaught was not simply the act of a small and willful minority. The mayhem on aid found majority support in Congress—and no doubt has majority support in the country. It is no accident that the Peace Corps received generous treatment in the House at the same time foreign aid was being hacked to bits in the

Senate. Both actions express a consensus on Capitol Hill and in the country.

It is easy to make Congress the scapegoat—especially when the Senate goes on an irresponsible binge and appears to dictate day-to-day policy to the Executive. But the mischievous action of Congress cannot wholly absolve the President of his past inaction. Whose job is it to disclose the purposes of American policy, to explain in plausible terms to the man in the street the American stake in using aid to help buttress the independence of remote countries? When Mr. Kennedy says that he needs foreign aid, he has to persuade the electorate no less than Congress.

Mr. Kennedy's sermon in and of itself was admirable. It may yet be possible to expunge some of the worst features of the Senate legislation in conference with the House. But the result thus far tells something not only about the frailties of Congress. It also tells us that more vigorous leadership on the part of the administration is essential to the achievement of its objectives.

THE NEW KNOW-NOTHINGS

(By Joseph Alsop)

In the tedious but crucial struggle over the foreign aid bill, the old tradition of national-minded bipartisanship has been saving President Kennedy's bacon.

In the preliminary wrestling with the bill in the Senate Foreign Relations Committee, the senior members of the majority and minority, Senators WILLIAM FULBRIGHT, of Arkansas, and BOURKE B. HICKENLOOPER, of Iowa, acted together as partners.

Senator HICKENLOOPER is not widely known for his reluctance to take a good, hard, partisan whack at the Democrats whenever he sees a chance to do so. He thought that the foreign aid authorization that Senator FULBRIGHT wanted the committee to approve—\$4.2 billion—was a bit on the high side. But when FULBRIGHT argued that "we have got to give them something to cut," HICKENLOOPER loyally went along.

Again, when the leadership belatedly discovered the power of the new surge of know-nothingism in the Senate, a hasty strategy meeting to discuss the best blocking tactics was strictly bipartisan, and was even held in the Republican cloakroom. The majority and minority leaders, Senators MIKE MANSFIELD, of Montana, and EVERETT DIRKSEN, of Illinois, joined with FULBRIGHT and HICKENLOOPER in the decision to make a voluntary preliminary cut of \$385 million in the committee total, in order to forestall worse cuts by the new know-nothings.

Since then, through the long, squalid, and still unfinished struggle on the Senate floor, DIRKSEN, HICKENLOOPER, and a good many other Republicans have continued to stand four square for national mindedness and bipartisanship.

Meanwhile, the President's bill has been under bitter, persistent partisan attack by Democratic Senators, with a group of liberal Democrats, headed by the ineffable Senator WAYNE MORSE, of Oregon, leading the attackers. Even that famous Republican conservative, Senator BARRY GOLDWATER, of Arizona, had been kinder to the foreign aid program than the new Democratic know-nothings, for he has at least been absent for almost every key vote.

The most dramatic vote, though not the closest, was on MORSE's motion to gut the bill for good and all, by committing it to the Foreign Relations Committee. Twenty-eight other Senators voted with the Oregon paragon, and 20 of them were Democrats.

Another Morse amendment, to cut the Development Loan Fund by \$25 million, carried by a vote of 42 to 40, and 24 of the Morse adherents were Democrats. Embittered southerners, like RICHARD RUSSELL, of Georgia, and HARRY F. BYRD, of Virginia,

have, of course, followed MORSE, gladly yielding him the leadership on this occasion.

MORSE's deputy commander in the attack has been the old New Dealer from Alaska, Senator ERNEST GRUENING. So-called liberals who have joined MORSE are FRANK CHURCH, of Idaho; ALBERT GORE, of Tennessee, the former Secretary of Health, Education, and Welfare in the Kennedy Cabinet; ABE RIBICOFF, of Connecticut; STUART SYMINGTON, of Missouri; and STEPHEN YOUNG, of Ohio; plus HENRY JACKSON, of Washington, and WILLIAM PROXMIRE, of Wisconsin, on the fund cut.

Besides trying to gut the foreign aid bill in every other way, the new know-nothings have put forward an astonishing number of backseat driving amendments. "Some people," Senator HICKENLOOPER has said grimly, "want to turn the U.S. Senate into another committee on the conduct of the war, which helped the South more than Robert E. Lee."

The result, beyond much doubt, would be a half-crippled foreign aid program. The Alliance for Progress, for instance, will be lucky to get \$525 million—apparently because Senator MORSE and his friends are reluctant to allow the United States to spend as much on the prevention of communism in Latin America as the Communist bloc is now spending for the sole purpose of propping up Fidel Castro in Cuba.

If the effort in Vietnam is not weakened, all other military aid programs will have to be cut drastically. Thus old and tried allies which cannot otherwise afford their present levels of defense, like Turkey, Greece, Nationalist China, and South Korea, will be hit where it hurts most—apparently because Senators SYMINGTON and RIBICOFF think it is a bad bargain to add this strength to our side at one-tenth the cost of an equal number of American troops.

Finally, development loans, which offer the best hope of future progress and are also to be repaid in the end, will be cut to the point of grave damage to American foreign policy. In short, the national interest is under heavy attack. It would be more comprehensible if the attack had a partisan motive; but peevishness, alas, is the only motive now identifiable.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield.

Mr. MORSE. I congratulate the Senator from Alaska on his penetrating analysis of both the Washington Post editorial and the inexcusable, ignorant column by Mr. Alsop. The country is greatly indebted to the Senator from Alaska for the strong leadership that he extended to those of us who have fought during the past 3 weeks to try to bring to an end some of the worst inefficiencies, waste, and causes of international corruption that are embedded and ingrained in the foreign aid program.

Probably the Senate will complete action on the bill today. But this will not be the last time there will be action on the bill. If the conference report contains any attempt to undo what the Senate has done, there will be a further debate at great length, so that the American people may again have the facts presented to them as to how they are being rooked by the foreign aid program.

It is with sadness in my heart that I find that my President is making statements and speeches following that line on foreign aid, but is not uttering a word in those speeches by way of a pledge to the taxpayers that he intends to do something about the inefficiencies, waste,

and inexcusable wrongs that are embedded in the foreign aid bill.

I spoke yesterday on the basis of a foot-high compilation of reports from the Comptroller General of the United States, which pointed out the shocking waste of millions of dollars of taxpayers' money in the sinkholes of foreign aid. I most respectfully ask my President: "When are you going to do something about correcting those wrongs, which are a matter of proof, in regard to foreign aid?"

The President will get my support for a good foreign aid program, but he will not get my support, and does not have my support, for a continuation of the kind of foreign aid that he is talking about, and to which he referred in his speech in New York City last Friday and his news conference yesterday, because the President cannot make a case in support of that kind of foreign aid.

The President asks, "Who will get the blame if the program does not work?" He answers, "I will get the blame."

Let me say that Congress will get the blame, and should get the blame, if it does not exercise its authority under the Constitution to check the President in connection with the wasting of hundreds of millions of dollars of taxpayers' money that is now being poured down the sinkholes of foreign aid in many parts of the world.

Mr. GRUENING. I thank the Senator from Oregon. He has been the leader in the gallant and devoted fight to improve the foreign aid program.

I am not opposed to foreign aid. I favor it. I have favored it all along. However, at various times I have sought to present amendments which I hoped would cure some of the deficiencies of the program. Some of these were accepted in the Senate, over the opposition of the leadership, but later were deleted in conference, when the State Department and AID officials rushed up and said they would ruin the program.

In the past 3 weeks, under the leadership of the distinguished senior Senator from Oregon [Mr. MORSE], the first serious attempts to debate and to reform were made, and they were successful. They did not go quite as far as they might have, because some of the proposals submitted by the Senator from Oregon and some of the proposals submitted by me were not accepted, although some of them came close to being accepted, and thus showed that there is widespread dissatisfaction with the way the program has been administered.

The amendments which have been adopted are most desirable, but I consider them only a beginning.

I hope that with the leadership the Senator from Oregon has demonstrated and with the clear indications of congressional leadership during the debate and in connection with the action taken on the amendments, we shall have a better program.

I believe we shall have a better program next year; but we must constantly be vigilant to be sure that the agencies involved carry out the intent of Congress. I believe it would be very objectionable if some of the activities now ad-

ministered by the AID agency were to be transferred to the Army or to other Government agencies, and thus be concealed. Congress must retain control of the program.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I am glad the Senator from Alaska has made that statement, because that matter will be the subject of one of the great debates next year, inasmuch as the maneuver now being attempted is to turn the military aid program over to the Pentagon. The great issue is, How much longer are we going to let the Pentagon determine so much of our foreign policy?

The State Department is really a split entity, these days, because much of our foreign aid is, in fact and in effect, being determined by the Pentagon, not by the State Department. If we let the Pentagon get its hands on military aid—which is inseparable from U.S. foreign policy—we shall be in for very serious trouble.

Bad as the State Department is at the present time, we must require it to administer all foreign policy, and not permit it to divide its obligations and duties with the Pentagon.

Mr. GRUENING. Mr. President, I am glad the Senator from Oregon supports my view—which I know he has held—that Congress must retain control of, or must continue its efforts to control, the foreign aid program. At this session, that has been done for the first time; and of course that requires maintaining supervision over the military part of the program.

In connection with the next foreign aid bill, we must also be sure that the lending functions are continued by U.S. agencies, not turned over to international agencies over which Congress would have no real control. So if a move is made to stop development loans as a part of the program over which Congress will have jurisdiction, I warn that such an attempt must be stopped, because if it were to be successful, we would lose complete control over that part of the program. Such functions should not be turned over to international lending agencies, which already have an important part in the program; but all lending functions now under the foreign aid program should be maintained there, where they will be under the vigilant and alert eye of Congress. I hope that will be done.

I made a study, for the Government Operations Committee, of the programs in 10 countries in the Middle East. In the case of two of them, I found the program was well carried out and was purposeful, and that there was a clear understanding of what was to be accomplished. In those cases I recommended that the program be both continued and increased. I make this statement because in the past it has been assumed that anyone who was at all critical of the foreign aid program was opposed to foreign aid. However, that is not the case. I shall support the foreign aid program whenever I can, when it is sound and reasonably and effectively administered, and not only does not squander

millions and billions of U.S. taxpayers' dollars, but actually produces results which are effective in connection with our national plans and purposes.

But the aid we have given Sukarno is a positive scandal and is disgraceful. We have built up a Frankenstein monster in the Far East; and we have done much the same in the Middle East, with Nasser.

I am hopeful that the amendments the Senate has adopted, which will stop the giving of our aid to aggressors, and particularly to Indonesia, in connection with the foreign aid program, will be carried out and administered rigidly and correctly by the administration.

RESPONSIBILITIES OF THE EXECUTIVE AND LEGISLATIVE BRANCHES

Mr. MILLER. Mr. President, in the Washington Post of November 11 there was published an article, written by the columnists Rowland Evans and Robert Novak. The article, entitled "The Senate's Scandal," is clearly both cruel and unfair. For one thing, the article includes the following statement:

Kindly, well-meaning Senator MIKE MANSFIELD, of Montana, has been a tragic mistake as majority leader.

The article contains other statements along the same line; and they would cause a reader—if he did not know the facts—to gain the impression that an incipient revolt is developing among the members of the Democratic Party in the Senate against the so-called poor leadership of the Senator from Montana. But I believe the article completely misses the point, which is that there is nothing wrong with the leadership in the Senate, but there is a great deal of trouble with the leadership in the White House.

In this connection, I invite attention to another article which is in somewhat the same category, insofar as unadjustified criticism of the Senate leadership is concerned. This article was written by Doris Fleeson, and was published in the Washington Star of November 13.

In an article written by David Lawrence, and published on the same date in the Washington Star, the following conclusion is drawn: "that the people of this country, through their congressional representatives, disapprove of the legislative program proposed by the Democratic Party's national leader and want a change in leadership."

I believe Mr. Lawrence has more correctly called attention to the real problem. The leadership in the White House has been lucky to have had a majority leader in the Senate such as the Senator from Montana [Mr. MANSFIELD], and is lucky to have gotten what it received during the first 2 years—the honeymoon years—of the New Frontier, and should not be at all surprised to find that the honeymoon is over now that the people back home have begun to realize what has been hitting them and what will hit them for some years to come, as a result of the billion dollar deficit spending programs which have been requested by the White House.

Although I have opposed some of them, I think recognition should be given to

the fact that the majority leader, the Senator from Montana [Mr. MANSFIELD], has been a "good soldier," and has done a rather effective job of getting through the Senate the spending programs that really count.

There has been considerable criticism of Congress. I, for one, do not object to a certain amount of criticism, if criticism is due. But too many persons who are too ready and willing to snipe at Congress apparently do not realize that there are three branches of the Federal Government—the executive, the legislative, and the judicial. Some of them recognize that there is a judicial branch when the Supreme Court hands down a decision involving the recital of prayers in the public schools. But as between the executive branch and the legislative branch, I fear there are too many people who are too much impressed by the Madison Avenue techniques utilized in statements coming out of the White House, as a result of which they overlook the shortcomings there.

The volume of White House-sponsored measures submitted in the last 2½ years, all carrying the label of "urgent," has been multitudinous. It has been beyond the capacity of any Congress to digest, much less the ability of the people of the United States to pay for.

There was no mandate from the people for such a program. President Kennedy was elected by less than 50 percent of the votes of the people who voted in 1960. For some strange reason or other, some of his advisers seemed to conclude that there was a mandate from the people for an overwhelming deluge of vast new Federal spending programs and increases in existing programs. There was no such mandate at all. Members of Congress are more directly connected with the feelings of the people in their districts and States; and they know that the people have had too much already. It took them 2½ years to wake up to what is hitting them.

I have been pointing out that if we merely consider the inflation that the sum of \$21 billion of deficit spending since January 1, 1961, has produced, which amounts to about \$19.5 billion, and apply it to the people throughout the United States in terms of sales taxes, Senators will find that their people in the various States have been hit by sales taxes and indirect sales taxes ranging all the way from 2 to 4½ percent.

People wonder why the cost of groceries, the cost of housing, the cost of building new schools, and the cost of State and local government are going up. They can look to the New Frontier for the answer, and particularly to Members of Congress who have engaged in spending billions of dollars more than we take in. I do not think it should be overlooked that the White House has been part and parcel of the entire operation. The White House would have taken more if Congress would have given it more.

Let us face the fact that it takes people a while to realize what is hitting them. It has now taken them about 2½ years; and we trust that by the election a year from now quite a few mil-

lion more will be realizing what has hit them and will vote accordingly.

An article by the distinguished columnist, William White, appeared in the Washington Evening Star on November 11. The article is entitled "Congress Needs Defenders." Mr. White expressed concern over the fact that there have not been enough Members of the legislative branch of the Government speaking out in defense of some of the criticisms that have been thrown at Congress, particularly this year, and suggested that there ought to be more defense of Congress.

I should like to say that I have done my share of pointing out where Congress is to blame and pointing out where the White House is to blame. I have done my share of defending Congress as an independent legislative branch of the Government.

One of my great disappointments since I have been Senator has been to see the Senate, which historically has existed as a great independent legislative body of our Federal Government, degenerate pretty much into a rubberstamp Senate. There have been a few exceptions. The Senate's rejection, on a procedural point, of the Department's ill-devised, ill-conceived, poorly presented, and highly partisanly presented urban affairs proposal, the Senate's rejection of the unfair Kennedy medicare proposal, known as the King-Anderson bill, which was attempted by way of an amendment a year ago, and now the Senate's treatment of the foreign aid bill, are about the only three exceptions during the last nearly 3 years in which the Senate has really existed as an independent legislative branch of the Federal Government.

The Senate and the House are to be criticized for not adhering a little more closely to the traditional separation of powers. I am ready, willing, and able to criticize those bodies for not doing so. I am also ready, willing, and able to criticize some of the rules which I consider obsolete for effective management of our legislative business. I have not been around here so long that I have become so enamored with every type of rule that we have as to think that no rule can be changed or abolished. Some rules are desirable. It is desirable to have a break in the form of a better than 50-percent vote for cloture. There was quite an argument on that question early this year. Some Senators said that 51 Senators ought to be enough to choke off debate. Some said that it should require two-thirds of the Senators present and voting to choke off debate. That is the present rule. Some said it ought to be three-fifths, or 60 Senators. All kinds of combinations were proposed.

The point was made by the Senator from Minnesota [Mr. HUMPHREY] that more than half the Senators thought there ought to be some change in the rules. We never could agree on what the rules changes should be. I had my own little plan. I said that I favored a three-fifths rule, provided at least a majority of Members of both parties were included in that three-fifths. I am not about to submit to a change in the rules to permit a Senate composed of 67 Democrats and 33 Republicans to have

debate choked off by a vote of 60 Democrats. If 60 Senators, composed of a majority of the Democrats and a majority of the Republicans, desire cloture, that is satisfactory. But to think of choking off debate by a vote of all the Members of one party is to me something that would violate the traditional protection of minority rights which the Senate stands for.

I am not in favor of some of the proposed rule changes in respect to cloture, but I do favor a change along the lines I have mentioned.

There is the rule of germaneness which the distinguished Senator from Rhode Island [Mr. PASTORE] and many others, including myself, have sought to change. The proposal is on the calendar. Whether it will ever be called up remains to be seen. It is a sensible rule. It would provide that during the first 3 hours of debate in the afternoon the discussion must be on the subject that is pending. After that a Senator could talk about anything. We do not have such a rule. As a result, with the Mundt amendment now pending, discussion could take place on almost any subject. What I am now saying has nothing to do with the pending business, nor has much of what has been already said this afternoon. That rule should be changed. I believe that the resolution proposed by the Senator from Rhode Island [Mr. PASTORE] and other Senators would greatly speed up the legislative process in the Senate, because if the Pastore proposal were now in effect, we would be about finished with the amendment, and we would probably be through the foreign aid bill by 3 o'clock. Then if any Senator wished to talk about anything else, he could remain here and do so. That is a change that should be made.

Of course, there is the perennial question of whether there should be a Joint Committee on the Budget. For the past 2 or 3 years the able Senator from Arkansas [Mr. McCLELLAN] and approximately 60 other Senators, including myself, have cosponsored a bill which has passed the Senate unanimously. It has gone to the House, and there it has never seen the light of day. That bill would provide for the creation of a Joint Committee on the Budget. There is a Joint Committee on Internal Revenue to take care of the finance side of things, and it works very well. When we are dealing with subjects as complicated as revenues, taxes, and tariffs, we need a thoroughly competent staff, and we need a harmonious working group of Senators and Representatives.

So those have come along pretty well in the area of tax legislation. But when it comes to spending, we really have trouble because there is no organization in the legislative branch that can possibly cope with the Bureau of the Budget, in the executive branch. On taxes, we have the Joint Committee on Internal Revenue, which can hold its own in analyzing the proposals of the Treasury Department; but we have no control over the Bureau of the Budget. It is about time we had a little control over our budget. It is about time to start putting our revenues and spending into balance.

Although I know there are some economists who believe it is sophisticated to have inflation as a means to achieve prosperity, the fact remains that the great bulk of the American people believe—thank goodness—in the "Puritan ethic" toward which Dr. Heller, the Chairman of the President's Council of Economic Advisers has such a disdainful attitude. But these are changes that should be made, and until they are made I shall be ready, willing and able to criticize the legislative branch, of which I am a Member.

Let us get a proper perspective of the plan, as far as what has been going on this year is concerned. Let us recognize that Members of Congress are fairly close to the people back home. They are closer than the President of the United States. They know when the people are beginning to be disturbed. They know that if they do not acquiesce to a reasonable extent in the people's concern, either by voting the way the people want them to vote or by being able to persuade the people to change their minds, they will not be reelected to Congress.

I have supported the foreign aid bill for each of the past 2 years. I shall have something to say about the bill before final passage, which we hope will come today. I propose to support the foreign aid bill this year.

I have received a good amount of correspondence from people indicating their great disaffection with the foreign aid program. I do not have many letters saying "chop off foreign aid altogether," although all of us have received some of those. Most people, I believe, are convinced that foreign aid is a proper part of our national policy. They want to see a dollar's value for a dollar spent. I do not believe that we in Congress have been doing as good a job on that point as we should have done. We are to be criticized for this; but when we start to do a job, the criticism should not be leveled at us but should be leveled at those who have brought this situation upon the Congress; namely, the administrators and those who have been asking for it, and that includes the President of the United States. All the talk in the past few days about the shortsightedness of Congress—and particularly the Senate—in chopping down the amounts of foreign aid is falling on deaf ears back home. I believe most people are beginning to say, "Thank goodness, Congress finally is starting to exercise its prerogative of serving as a true check and a true balance on the executive branch."

Mr. President, I ask unanimous consent that the articles to which I have referred may be printed in the RECORD at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 11, 1963]

THE SENATE'S SCANDAL

(By Rowland Evans and Robert Novak)

The real scandal of the Senate isn't the Bobby Baker case or the ethical code of Senators. It's the Senate's ever-widening leadership void.

What Connecticut's Senator THOMAS DODD

dared blurt out on the Senate floor last week, other Senators have been whispering in the cloakrooms for months. Kindly, well-meaning Senator MIKE MANSFIELD, of Montana, has been a tragic mistake as majority leader.

The all-year session of Congress won't produce either the tax bill or the civil rights bill. Appropriations bills that should have been passed last summer may actually be carried into 1964, throwing Federal agencies into utter confusion. And although the Senate is considerably more liberal than the House, it has become the real stumbling block for the Kennedy program.

Much of the blame rests with MANSFIELD's unique theories of leadership. He sees the majority leader as an administrator, neither prying into individual Senators' views nor trying to change them.

Accordingly, when MANSFIELD replaced LYNDON B. JOHNSON as Democratic leader in 1961, he began to dismantle the elaborate intelligence and persuasion machinery constructed by JOHNSON. The once formidable staff of the majority leader shrunk to a pitiful handful.

Moreover, MANSFIELD's theory fed upon itself. As his sightless and voiceless operation predictably gave birth to disorderly fiscoes in the Senate, he increasingly withdrew within himself.

MANSFIELD is now nearly isolated. He has regular contact only with two or three conservative Senators (who have little interest in promoting the Kennedy program). There is almost no communication between MANSFIELD and Minnesota's HUBERT HUMPHREY, the assistant majority leader.

In his isolation, MANSFIELD got the current foreign aid debate off to a bad start by proposing a cut in funds without consulting key members of the Senate Foreign Relations Committee. He has not conferred with Arizona's Senator CARL HAYDEN, chairman of the Appropriations Committee, about the critical slowdown in money bills. He mistakenly got the impression that Virginia's Senator HARRY F. BYRD, chairman of the Finance Committee, had agreed to finish action on the tax cut bill within 6 weeks (when BYRD really had no such intention).

Worse yet is the way MANSFIELD's over-courteous attention to the wishes of other Senators gives de facto control of the Senate to any Member who wants to impose his own schedule on his colleagues. That often turns out to be WAYNE MORSE, of Oregon.

Though blessed with a 2-to-1 Democratic majority, MANSFIELD defers repeatedly to Republican wishes—an attitude which helps make Minority Leader EVERETT MCKINLEY DIRKSEN, of Illinois, the most powerful man in the Senate today (and one of MANSFIELD's ardent admirers).

The confusion is compounded by the fall of Bobby Baker, who as the Senate majority's secretary often was MANSFIELD's only link to reality and the rest of the Senators.

Rank-and-file Democratic Senators reveled in their new-found freedom when MANSFIELD first replaced JOHNSON, but their smiles faded long ago.

They also yearn for a little old-fashioned partisanship. When MANSFIELD lauded Republican Senator JOHN WILLIAMS, of Delaware, for exposing details of the Baker case, two Democrats silently stalked off the floor in disgust.

But this doesn't mean a plot to dethrone MANSFIELD is in the making. That's not the way of the world's most exclusive club.

[From the Evening Star, Nov. 13, 1963]

CREEPING ENNUI IN CONGRESS—LACK OF ACCOMPLISHMENT SAID TO MAKE MEMBERS FEEL CRITICISM MORE

(By Doris Fleeson)

The Congress is experiencing something to which it is not accustomed, and that is just plain boredom.

ironhard. It is in short a time for a schedule of "yes-buts."

Let us make a stab at formulating such a schedule:

1. Yes, we should take advantage of the crop failure in the Soviet Union. But if we are going to sell wheat to Russia we should get more than gold or dollars in exchange. We might offer a certain amount of wheat on condition that free farming, with private ownership of acreage, be restored in all the captive nations of Eastern Europe. We might offer still more wheat if free farming were to be restored in Russia itself.

2. Yes, we should have more reciprocal movement of journalists, tourists, students, artists, athletes and technicians across borders. But we should insist that movement inside the borders really be free. When Secretary of Agriculture Orville Freeman returned recently from an 18-day trip to the Soviet Union without having been let in on the secret that the Russian wheatlands weren't producing, it was, to put it mildly, a little ridiculous.

CUBA MISSIONS

3. Yes, we should have a detente on Berlin and Eastern Europe. But in exchange for recognizing a neutral belt stretching from the Baltic to the Black Sea, we should insist that the Berlin wall come down and the Germans be allowed to unify on their own uninhibited terms. Moreover, the new East European neutrals should be permitted the free elections that were originally promised in the Yalta deal.

4. Yes, we should be willing to sign a comprehensive nonaggression pact with Khrushchev. But not until he has taken his minions out of Cuba, dismantled his fifth columns everywhere, and denounced the sly tactic of encouraging indigenous revolutions under the name of Titoism.

This is just scratching the surface of the "yes-buts." Let's hear from a hundred million other "yes-butters" in the United States. Given a sixth or a seventh crop failure (and don't think he won't have it), Khrushchev must some day be disposed to listen.

SOVIET SEIZURE OF PROFESSOR BARGHOORN

Mr. MILLER. Mr. President, in connection with the deal with Russia, all of us are very much aware of the Soviet seizure of Prof. Frederick C. Barghoorn. At the time the nuclear test ban treaty was being considered in the Senate, we were assured that that was to be the opening wedge to friendlier relations and easing of tensions between the West and Communist countries, particularly the Soviet Union.

Like most Senators, I voted to approve the test ban treaty, but I pointed out that I would go along with the majority of Senators with the clear understanding that I wished to see some action on the part of the Soviet Union which would bear out the claims of the proponents of the treaty that such action was an opening to better relations and easing of tensions. I have not seen any evidence of better relations.

The treaty was hardly signed before we had more trouble on the autobahn in East Germany. And now we have heard of the seizure of Professor Barghoorn on the trumped-up charge of being a spy.

In today's issue of the New York Times there is a lead editorial entitled "Freedom of Exchange." It points out that this seizure could be a deliberate provocation

on the part of the Soviet Union to bring about an end to the cultural exchange program, because the Soviets are concerned about their people knowing how we live in the United States and about their people seeing our visitors in the Soviet Union on a cultural exchange program.

Mr. President, I ask unanimous consent to have this editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FREEDOM OF EXCHANGE

President Kennedy stated well yesterday some of the larger implications of the outrageous conduct of the Soviet Government in the case of Prof. Frederick C. Barghoorn. It will be simply impossible to carry on any program of cultural or scholarly exchange with the Soviet Union if Americans asked to participate in it must face the risk of arrest by the secret police and indefinite confinement in a Soviet jail before the American Embassy is even notified.

The barbaric and unacceptable character of the Soviet behavior toward Professor Barghoorn is so clear that the suspicion must arise that this incident is a deliberate provocation aimed precisely at ending the cultural exchange program. Certainly the Soviet officials who ordered this action must have foreseen that it would leave the U.S. Government no alternative but to call off the negotiations scheduled to begin next week for renewal of the agreement on cultural and scholarly exchanges. A motive for such conduct is apparent in the Soviet leaders' acknowledged fear of the penetration of Western ideas among the people of the Soviet Union. Such maneuvering, aimed at putting the blame for an end to the exchange program upon the United States, would certainly be in the best Stalinist tradition.

Another possibility is that the Soviet leaders seized Professor Barghoorn in the belief that he could be traded for one or more Soviet spy suspects now imprisoned in this country. President Kennedy indicated yesterday that if the Soviet action is based on any such presumption it will not be successful. This is the only possible stand. Any other policy would make it extremely hazardous for any American citizen without diplomatic immunity to be in the Soviet Union at any time that the United States arrested a Soviet spy suspect. Surrender to such blackmail would only encourage repetition of such extortion tactics.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MILLER. Mr. President, I thought it was significant when President Kennedy said yesterday that the kidnapping deal of the Soviets could jeopardize the wheat sale program. I believe that point was fairly well made, because last evening when the Senate was considering the Mundt amendment, it was pointed out that we cannot trust the Communists, that the promissory notes which would be given for three-quarters of the cost of the wheat sales would not be worth the price of the paper they were written on. At least, that was

the point made—and I believe very well made and properly so—by the Senator from South Dakota [Mr. MUNDT].

If there are any doubts among Members of the Senate regarding the validity of the statement of the Senator from South Dakota [Mr. MUNDT], let them be laid at rest. On that very basis, the President of the United States said yesterday that this type of activity by the Soviets indicates that we cannot trust them. This is all the more reason why we had better get cash on the barrelhead for the wheat.

In connection with the Mundt statement, there has been considerable reference to the recently authorized sale of wheat to Russia and other bloc nations. Assertions have been made that this will produce some relief to our balance-of-payments deficit problems.

I believe such assertions are well founded. We should understand that the relief will be only partial and temporary.

There have also been some assertions about savings to the taxpayers which have appeared to be exaggerated. I am referring particularly to savings estimates made by the Secretary of Agriculture, Orville Freeman.

On November 7 I placed in the RECORD a letter I had written on October 15 to the Secretary, inquiring about statements he had made that the proposed sale of 150 million bushels of wheat to the Soviet Union and the other bloc nations would result in savings to the U.S. taxpayer of about \$200 million in storage and other costs. I sought an explanation of how this could be accomplished since the expense for more than 1 billion bushels in inventory came to only \$201 million in fiscal year 1963. I noted that, as of that date, I had received only a reply from another official in the Department stating that he was assembling the data and would forward it at an early date. I wondered then why the Department did not have the information readily available in order to support Secretary Freeman's statement of savings.

In introducing the letter into the RECORD, I also referred to an article which appeared in the Wall Street Journal of October 15. The article, in noting Mr. Freeman's \$200 million savings estimate, asserted that he "didn't break down this estimate, but the Agriculture Department has estimated the savings in storage, transportation, and handling costs would total \$225 million during the current fiscal year and \$30 million in fiscal 1965."

This Journal statement was borne out by the Department's background report to correspondents on October 10 on "U.S. Wheat Supply and Distribution." Let me quote from page 9 of that report:

In fiscal year 1964, the chief effect on the Federal budget would be a net reduction of around \$225 million in budget expenditures, including CCC's storage, acquisition, and related costs. The actual costs would depend on the level of world prices and the consequent amount of export subsidy that would be required. In the fiscal year 1965, the impact would be to reduce CCC expenditures for storage and interest by about \$30 million as a result of the reduction in CCC holdings.

This is from one of Mr. Freeman's Department's publications.

Mr. President, on November 13, I received a direct reply from Secretary Freeman. Instead of the savings being effected in 1 year, as the report indicated, his letter now advises that the savings would accrue over a 5-year period.

It would be next to impossible to effect savings of \$225 million in this fiscal year—which Mr. Freeman now recognizes—since the wheat probably will not be moved out until near the end of the current fiscal year, if it can be moved out at all by then. Unless he commandeered all the freight cars in the United States—which is unlikely—that wheat cannot be moved to the ports in such time. This means storage costs are accumulating, interest is mounting, not to mention the eventual \$90 million or so in export subsidies which would have to be added.

But to return to Mr. Freeman's 5-year plan of savings. According to his computations, it costs a total of 26.21 cents a bushel to keep wheat in inventory, which, multiplying this by the 150 million bushels involved in the proposed Soviet transaction, would result in annual costs of \$39.3 million.

He projected this annual cost over a 5-year period since, he stated, recent wheat disposition history shows that wheat acquired in 1963 would remain in inventory for slightly more than 5 years. Secretary Freeman wrote:

Based on that hypothesis, the savings on 150 million bushels of wheat that otherwise would be in CCC holdings would eliminate carrying charges of \$196.5 million over a 5-year period—\$39.3 million per year—at 26.21 cents per bushel.

I have a feeling, however, that Secretary Freeman is inflating that savings estimate somewhat, especially since the Department of Agriculture, in that background statement to correspondents alluded to earlier in my remarks, noted that because "the current U.S. wheat crop is smaller than overall requirements, there is a tight supply of privately held wheat, and the trade must buy 'extra' supplies from the CCC." In other words, the trade will be forced to turn to the Government for wheat in order to meet its needs; these needs appear to be great since, according to USDA compilations, the United States is the world's only country with a large and readily available wheat supply.

And how tight is this supply of privately held wheat? In its "Wheat Situation," also referred to as the "1964 Outlook Issue," released on September 5—well before any determination of a United States-Soviet wheat deal—USDA's Economic Research Service noted the "free" or privately held supply of old-crop wheat on July 1, 1963, was about 4 million bushels. A year earlier, it said, the free carryover was estimated at 130 million bushels.

Certain other aspects of Mr. Freeman's letter disturb me. In computing the 26.21 cents a bushel—or \$39 million annual savings—he included not only storage, handling, and interest charges, but resale payments and transportation

costs for each year. The resale payments, including processing, were figured at the rate of 1.24 cents a bushel, or a total of more than \$9 million in the 5-year period he used. This is erroneous. Resale payments, of approximately \$1.89 per bushel, are made only once, and thereafter the producer receives a storage payment of about 13 cents, the difference between the two being about \$1.76 a bushel.

It is hard to believe that 150 million bushels of wheat would be under resale for 5 years in light of existing conditions. According to the Grain Market News, put out by the Department on October 25, the quantity outstanding under resale loans in 1963 included 39,268,000 bushels of 1962 crop, 7,637,000 bushels of 1961 crop, 12,123,000 bushels of 1960 crop, and 5,591,000 bushels of 1959 crop, a total of less than 65 million bushels, a far cry from the 150 million bushels of wheat we would be led to believe would remain under resale for 5 years. These figures appear to negate inclusion of resale payments.

In addition, it is hard to visualize the Department incurring transportation costs of close to \$6 million a year for the same 150 million bushels.

I could agree that it may cost the Department an initial \$6 million, but not the \$30 million Secretary Freeman includes in computing his savings estimate. Mr. Freeman is not anticipating transporting the grain from one area of the country to another every year for the next 5 years, as he apparently did when he gave me this compilation.

I suggest that Mr. Freeman's savings are exactly what he terms them—a hypothesis, and that the hypothesis is built on erroneous premises. I recognize that some savings will be made to taxpayers, but I dislike to see them exaggerated.

I ask unanimous consent that Mr. Freeman's letter dated November 12, 1963, relating to savings calculations, be placed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., November 12, 1963.
HON. JACK MILLER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MILLER: This is in further reference to your letter of October 15, 1963, wherein you requested information concerning the calculation of the reported \$200 million savings in storage and other costs that would accrue from a sale of 150 million bushels of wheat to the Soviet Union and the satellite bloc.

To compute the \$200 million savings, we used costs recorded in the fiscal year 1962 per bushel of wheat in inventory on the average during the year. These costs, in cents per bushel, are as follows:

	Cents
Storage and handling-----	13.53
Transportation -----	3.93
Resale payments, etc-----	1.24
Interest -----	7.51
Total-----	26.21

As you know, wheat is stored commingled and, for our inventory accounting purposes, it is disposed of on a first-in, first-out basis. Using recent wheat disposition history as a guide, wheat acquired in 1963 would remain

in inventory for slightly more than 5 years. Based on that hypothesis, the savings on 150 million bushels of wheat that otherwise would be in CCC holdings would eliminate carrying charges of \$196.5 million over a 5-year period (\$39.3 million per year) at 26.21 cents per bushel.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MILLER. I am very happy to yield to the Senator from Kansas.

Mr. CARLSON. The distinguished Senator from Iowa has made a very helpful analysis of the savings proposed to be made by the sale of wheat to Russia. As one who favors the sale and who favored it early, I have been using the figure of \$225 million as a saving, on the basis of the transaction.

As I understand the Senator from Iowa, the \$225 million figure is arrived at by spreading it over a 5-year period.

Mr. MILLER. The Senator is correct. Furthermore, it assumes that the wheat will in fact be held for 5 years if it is not sold. This is not a first-year saving. I recall that I first heard about this subject when I was at home in my State at the annual State cornpicking contest. A member of the press asked for my comments on Mr. Freeman's statement that the sale of 150 million bushels of wheat to the Soviet Union would save the American taxpayers next year approximately \$200 million. I recalled that the annual cost of storing about 1,200 million bushels of wheat came to about \$201 million.

Mr. CARLSON. Normally we hear it said that our storage costs are about a million dollars a day, for wheat, corn, and other commodities. That would be approximately \$365 million a year.

Mr. MILLER. Yes. When only 150 million bushels of wheat are involved, as against some 1,200 million bushels, which are in storage, and which cost only \$200 million, how can we have the same amount attributable to 150 million bushels of wheat?

At any rate, I decided that the thing to do was to write to Mr. Freeman and find out how he arrived at his figures. Finally I received his letter. I hope he will make it clear in future publications on this point that his figures were based on a 5-year period of storage.

Furthermore, I hope he will revise the figure as to the annual transportation costs, because we are not, I hope, moving wheat from the elevators in the State of the Senator from Kansas to the elevators in Texas, or back and forth over a 5-year period. If wheat is not, in fact, stored for 5 years, then of course, in light of the tightness of the private trade, it appears that present circumstances would indicate that there would not be anywhere near a 5-year storage period for the wheat if it were not sold to the Russians.

Mr. CARLSON. Mr. President, again I appreciate the information the Senator from Iowa has given in regard to the figure of \$225 million as a saving, because the general impression is that that is an annual saving. The information the Senator has given is very helpful. As

further proof that it is generally accepted as an annual saving figure, in yesterday's Washington Evening Star, the very outstanding financial writer, Sylvia Porter, published an article entitled "Benefits Cited in the Wheat Sale."

At the conclusion of the Senator's speech I shall ask that the entire article be printed in the RECORD, but at this point I should like to read a portion of it, as follows:

Benefit: The export of this wheat would allow a cut in our domestic budget spending of around \$225 million this fiscal year and of another \$30 million in the next fiscal year.

As one who supports the sale of wheat to Russia, I say that the Senator has rendered a real service in pointing out the facts with regard to the figures furnished by the Department of Agriculture. I believe that the country should know exactly what the actual savings are.

Mr. MILLER. I have about finished my main comments. If the Senator is so disposed and would like to include in the RECORD the article to which he has referred, I have no objection to his doing so.

Mr. CARLSON. Mr. President, I ask unanimous consent to insert in the RECORD following the speech by the Senator from Iowa the article written by Sylvia Porter entitled "The Benefits Cited in Wheat Sale," and a statement I made about the sale of wheat to Russia.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MILLER. Mr. President, I again thank the Senator from Kansas. I was intrigued when I heard him mention the article written by Sylvia Porter, which he asked to have printed in the RECORD.

As the Senator knows, I have had some difficulty with Sylvia Porter with respect to some of her economic principles. It is interesting that she has taken the same figure of \$225 million, which Mr. Freeman and the U.S. Department of Agriculture have put out, without giving it some scrutiny, which I am sure she would have been very capable of doing. I hope that perhaps she will use this colloquy as a basis for a future article on this subject.

At any rate, there will be some savings to the taxpayers, and I will be the first to recognize them. I indicated that if certain things were done, such as a cash sale, or a sale on short term commercial credit, perhaps on the basis of 90 days, at a fair price, in the light of the existing situation, which sees our allies making sales to the Soviet Union, leaving Uncle Sam holding the wheat sack, and taking into account our balance of payment deficit problem, and our desire to do something in many ways toward improving it, the United States would be on the plus side as far as this wheat sale to the Soviet Union is concerned.

At the same time, that does not mean that I will not criticize someone when he tries to create an approving public opinion by playing up savings to the taxpayers beyond what they are. Let us give the American people the facts. They do not need anything else. They do not need to have Madison Avenue

window dressing on them. They do not have to have exaggerations or half-truths or mistruths. Give them the facts, and they will be all right. I am quite sure that if they are given the facts they will be able to make a sound judgment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. CARLSON. The Senator from Iowa mentioned the sales that have been made by other foreign countries to the Soviet Union. In the statement I placed in the RECORD as a part of my remarks, it is interesting to note:

Statistics for 1962 show that West Germany trade agreements with Russia alone totaled about \$700 million. Germany is now the third largest industrial nation in the world. Italy has a 4-year trade agreement with the Soviets for \$1.11 billion worth of goods. France has signed a 3-year trade pact with Russia for \$100 million in trade. India has a 4-year trade pact with Russia which provides annual trade of \$440 million. Japan has a 3-year trade pact with Russia that calls for \$365 million. The United States and Russian trade last year was \$16 million each way.

It is my contention that we cannot live in this age, in this period, without world trade. As I said earlier, I favored the sale of wheat to the Soviet Union. Not only that, but I think the time has arrived for us to send out some people with briefcases, to sell in the world markets.

Mr. MILLER. I thank the Senator from Kansas for his comment. The figures he has recited point up the facts of life. It is all very well to talk in terms of theories. I am all for theories. But I think we ought to know where we are going and why we want to get there. We have a condition to be concerned about when we are trying to move toward our objective. The condition is that we are not calling the turn on our allies. I am not sure we could. Even if we could, I am not sure it would be desirable to force them to an isolation of the free world from the Communist world.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield.

Mr. YOUNG of North Dakota. There is something more important involved than in the sale of wheat to Russia. We must consider our overall military security and the effect it would have on the whole U.S. economy. How would the sale of wheat to Russia affect the security or the economy of our country?

Some 10 or 12 years ago the United States refused to sell wheat to Russia, so the Russians broke up millions of acres of new land. Until a drought occurred the last 2 years, they had become net exporters of wheat. Now the Russians are engaged in a program of more irrigation to increase wheat production. That will prove to be rather expensive. But their other program will succeed; that is, to pour on fertilizer, as we do. Also, they are beginning to use more and more insecticides and herbicides. They have not been able to purchase this material from the United States, but we sell it to England and other countries, which in turn resell it to Russia. So it would

be easy for Russia to pour on more fertilizer, use more and more insecticides and herbicides, and thus increase her production of wheat and other commodities 20 to 30 percent.

We think we have a good agricultural production in the United States, but production per acre in Japan is probably twice as much as it is in the United States. So Russia does not have to go far to find new techniques to increase greatly her agricultural production.

In my opinion, the United States would be much better off to have Russia dependent on us for a part of her food needs than to have Russia become self-sufficient, as Hitler and Mussolini tried to do for their countries prior to their engaging in World War II.

Mr. MILLER. I agree with the views of the Senator from North Dakota. However, I think we must emphasize what the President pointed out to the American people, namely, that we cannot count on the sale of wheat to Russia as a basis for future agricultural programs. We must look upon this transaction as a one-shot deal. We can be quite sure that the Soviet Union and the Soviet bloc nations will do their utmost to see to it that they do not have another crop failure.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Iowa further yield?

Mr. MILLER. I yield.

Mr. YOUNG of North Dakota. They intend to become as nearly self-sufficient as possible. A nation as big as Russia, and having as much land as Russia has, can do so easily.

Mr. MILLER. That is correct. If this is to be a one-shot deal, as the Senator from North Dakota has said, we might as well let Russia spend its money for our wheat, rather than spend it on something else, such as on bringing more land into production in the hope that there will be a good crop next year.

Mr. YOUNG of North Dakota. In the past 11 years, the United States has purchased \$92 million more in goods from Russia than Russia has purchased from us. In other words, Russia has received \$92 million of our money in the past 11 years to use in spreading communism throughout the world. Russia can do much more damage with our dollars than she can with our wheat.

Mr. MILLER. I thank the Senator from North Dakota.

Mr. President, the New York Times for today, November 15, has published an article entitled "Eight Million Dollars of Wheat Sold to Hungary." The article states:

The sale of 100,000 more tons of wheat to Hungary was disclosed today—

That is, on November 14—

The Commerce Department announced that it had issued an export license for the \$8 million sale. This price is \$400,000 more than was received for 100,000 tons sold November 8.

That is what caught my eye. Why should the sale of wheat on November 8 have been for \$400,000 less than the amount for which the same quantity of wheat sold a week later?

It makes me wonder about the world price rule that the President laid down when he gave to the American people his conclusions concerning whether the proposed wheat sale should be approved. I suppose it is this kind of question that prompted 10 Republican House Members to call on President Kennedy to "reveal and explain" details of the negotiations on the wheat deal with Russia. The article states:

They contended that what had been originally billed as a private trade deal was becoming a "government-to-government" transaction.

Also, the Baltimore Sun for today, November 15, has published an article entitled "Guidelines on Grain Set." The article refers to the guidelines with respect to the shipments of wheat. It will be recalled that when the President gave his approval of the sale of wheat, he set forth as one of the conditions that the shipments be made in American-owned bottoms, if they were available. That sounded good; but after a while news reports indicated that shipping charges in American-owned bottoms were higher by quite a bit than shipping charges in foreign-owned bottoms, and that the Soviet negotiators were not happy about that and were resisting.

Trial balloons, about which we read so much in Washington area newspapers, were sent up. Someone suggested that if the charges for shipping in American-owned bottoms were higher than the charges for shipping in foreign-owned bottoms, perhaps the American-owned bottoms were not available within the context of the President's conditions.

But the negotiators finally got around that situation to the point that it appears that if the exporter can show that he will ship the wheat 50 percent in American bottoms, and cut the cost somewhat, such an arrangement will be satisfactory.

That is another reason why this entire proposition should be brought into the open. The American people should know not only what the President's conditions were, but how they are being met. It is fine to tell the people about conditions; but it is much better to play fair with them and tell them how he conditions are being met and interpreted.

Mr. President, I ask unanimous consent that the articles from the New York Times and the Baltimore Sun be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, Nov. 15, 1963]

EIGHT MILLION DOLLARS OF WHEAT SOLD TO HUNGARY—SECOND LOT OF 100,000 TONS GETS \$400,000 RAISE IN PRICE

(By William M. Blair)

WASHINGTON, November 14.—The sale of 100,000 more tons of wheat to Hungary was disclosed today.

The Commerce Department announced that it had issued an export license for the \$8 million sale. This price is \$400,000 more than was received for 100,000 tons sold November 8. The November 8 deal was the first sale of wheat to a Soviet-bloc country since President Kennedy approved sale of farm products to Russia and satellite countries on October 9.

Both sales were made by Cargill, Inc., of Minneapolis.

The new Hungarian sale came shortly after President Kennedy told his news conference that the atmosphere for trade with the Soviet Union as represented by the wheat deal had been damaged by the arrest of Prof. Frederick C. Barghoorn of Yale University on spy charges.

NEGOTIATIONS STILL ON

There still was no word on private negotiations underway between grain merchants and a Soviet wheat mission on the direct sale of \$250 million worth of wheat to Russia. Some official sources expected a deal at any time, especially now that the Commerce Department has published its official regulations governing the cost of shipping wheat to Russia.

The regulations issued today followed the outline disclosed last Friday by Under Secretary of Commerce Franklin D. Roosevelt, Jr. In effect, they set a ceiling rate of \$14 to \$18 a ton for wheat shipped to Black Sea and Baltic ports. These rates still are above world charter rates, which officials still insisted were rising to close the gap.

BELOW AID SCHEDULE

The rates were established by setting them 20 percent below the schedules for foreign aid shipments through Public Law 480, the surplus disposal statute, for 10,000- to 15,500-ton U.S.-flag ships. The 20 percent lower rates applied to larger ships, mainly tankers, of 15,600 to 30,000 tons.

Guideline rates for vessels over 30,000 tons will be subject to consultation on specific shipments, the Maritime Administration said.

As worked out with the Russians, U.S.-flag ships will be used for 50 percent of the wheat. This is the same division set down in law for foreign aid shipments.

The maximum "fair and reasonable" rates established by the Maritime Administration showed that shipments from North Atlantic ports to the Odessa on the Black Sea are \$16.55 a ton for winter and \$16.10 a ton for summer. From gulf ports to Odessa the same rates would be \$18.02 a ton for both seasons.

From North Atlantic ports to Leningrad on the Baltic Sea the maximum rates are \$14.35 a ton for winter and \$13.98 for summer. The same rates from gulf ports to Leningrad are \$16.21 and \$15.97, respectively.

Ten Republican House Members called on President Kennedy to "reveal and explain" details of the negotiations on the wheat deal with Russia. They contended that what had been originally billed as a private trade deal was becoming a "government-to-government" transaction.

[From the Baltimore (Md.) Sun, Nov. 15, 1963]

GUIDELINES ON GRAIN SET—APPLY TO FREIGHT RATES TO IRON CURTAIN COUNTRIES

WASHINGTON, November 14.—The Department of Commerce today made public its guidelines on freight rates for the transportation of wheat and the revised regulations governing the applications to export agricultural commodities to Iron Curtain countries.

At the same time, the Department granted an export license—the second granted—for the shipment of \$8 million worth of U.S. wheat to Hungary.

Although a previous export license for 100,000 tons at a cost of \$7,600,000, including transportation, had been issued last weekend, the company involved was having difficulty obtaining American-flag ships at the 20-percent cut rate announced last week and published today by the Government.

Owners of the bulk carriers have said they need from \$20 to \$21 per ton as the rate from the Gulf of Mexico ports to Odessa, compared to the \$18 figure set as the guideline by the Maritime Administration and the Department of Commerce.

BASED ON 1957 COSTS

They have claimed that only ships of 30,000 tons and more can afford to operate at the \$18 rate.

The rate out of the east coast ports would be about \$16.

The guidelines released today by the Maritime Administration and the Department of Commerce are based on the 1957 costs, which the industry has said are far too low in comparison with the actual costs of operation today.

The rates are based on the following conditions:

Mileage between the port of loading and port of discharge; loading and trimming expense, discharge expense.

USE OF U.S. CARRIERS

The regulations today again pointed out that at least 50 percent of the wheat and wheat flour will be exported on U.S.-flag vessels. If a U.S. carrier is not available at reasonable rates, exporters must obtain prior authorization from the Maritime Administration to ship less than 50 percent on U.S. carriers.

Upon the completion of shipping arrangements wheat and wheat flour exporters are now required, in addition, to notify the Maritime Administration of the export license number, the name of the carrier, the carrier's flag of registration, and the quantity of the shipment.

In addition to certifying shipping commitments on license applications, exporters of wheat and wheat flour must include a statement that these commodities were produced in the United States.

The Department of Commerce also is requiring all details of the financing arrangements, including the names of participating financial institutions, on the license applications. If the financing arrangements are not completed at the time applications are submitted, exporters must state on their applications that the Office of Export Control will be provided this information promptly as soon as financing arrangements are completed.

No exporter can sell more than 25 percent of the total quantity expected to be purchased in the United States.

Mr. MILLER. Mr. President, a very interesting article appeared in the Washington Post of November 5. It relates to a major long-term trade agreement between Algeria and Russia, based on an exchange of Soviet heavy equipment and arms for Algerian food. The news article indicates that, under the agreement, Algeria will export to the Soviet Union wheat and flour, among other foodstuffs.

It will be interesting to determine the original source of that wheat which will be shipped to the Soviet Union and whether the United States will be left holding the bag in the long run. According to the August issue of "Wheat Situation," published by the U.S. Department of Agriculture, U.S. exports to Algeria during the July 1962 to June 1963 period came to 9,971,000 bushels of wheat. The report also shows that 2,211,000 bushels of wheat flour and bulgur were shipped to Algeria under the foreign donation program during that same period.

But it should be even more intriguing to discover what happens to the food-for-wages program which the United States entered into with Algeria back in June. Under this program, as set out in a New York Times article of June 26, the United States agreed to furnish surplus food to Algeria to serve as part pay-

ment of wages for 60,000 jobless Algerians.

The article also notes that U.S. assistance in the form of surplus food continues to help feed about 2.5 million needy Algerians, about one-fourth the population. It indicated, in addition, that a third surplus food program on which an accord was near was a government-to-government arrangement under which the United States will provide wheat for the Algerian Labor Ministry to use for its own food-for-wages program without U.S. technical assistance.

Under this all-Algerian plan, about 300,000 jobless Algerians are expected to be employed.

If the Algerian people are so short of food and so dependent upon the United States in this respect, one wonders where the Algerian Government is going to get the foodstuffs—including wheat—to ship to the Soviet Union, in return for heavy equipment and guns. Could it be that the food for wages will not go to the needy Algerians, but will go to Russia, instead?

Mr. President, I think this is a matter of concern to us, not only because the United States may again be short-changed, but also because our surplus food sent to Algeria may wind up behind the Iron Curtain. I believe this matter should be scrutinized very closely and an accounting should be made by Algeria as to exactly where its Russian exports are to come from.

I ask unanimous consent that two articles—one entitled "Russia, Algeria Sign Trade Pact," and the second entitled "United States Sign Pact To Provide Food Aid to Algeria"—be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, June 26, 1963]

UNITED STATES SIGNS PACT TO PROVIDE FOOD AID TO ALGERIA—FARM SURPLUSES TO BE USED AS PART OF PAY TO EMPLOY JOBLESS IN RURAL AREAS

ALGIERS, June 25.—The United States signed today its first direct aid agreement with Algeria. It involved food and wages and technical assistance, but little cash.

Under the accord, the United States agreed to furnish surplus food to serve as part payment of wages for 60,000 jobless Algerians. These men will work on American-supervised soil conservation and irrigation pilot projects in four depressed rural areas—Constantine, Tizi-Ouzou, Orléansville, and Tlemcen.

The use of American technicians and planning sets these projects apart from food-for-work programs already underway in neighboring Tunisia and Morocco.

LONG-TERM GAINS SOUGHT

"Our idea," said an American official, "is not just to create jobs, but to produce some long lasting economic improvement in these rural areas."

Starting this fall, 9 U.S. Soil Conservation Service specialists and 24 junior technicians furnished by the private international voluntary service agencies will live and work under contract on project sites. In addition, the United States will supply hand tools, some equipment and 42,000 tons of surplus food.

The annual cost to the United States, aside from the food, is estimated at slightly

more than \$1 million. Most of the money will be spent in the United States.

The overall direction is under a special Algerian central authority responsible to the Algerian Labor Ministry. The ministry will pay the workers' wages, except for the U.S. food.

The workers' cash wages have been the subject of United States-Algerian negotiations for more than 6 months, since Premier Ahmed Ben Bella agreed in principle to the U.S. plan.

Some Algerians wanted the United States to provide cash as well as food. On a 60-cent daily wage basis, this would have meant a cash outlay of more than \$6 million a year. The request was turned down in Washington.

OTHER FOOD AID CONTINUES

U.S. assistance in the form of surplus food continues to help feed about 2,500,000 needy Algerians, about a fourth the population. Last March the number reached 4 million.

An agreement is near on the continuation of such help to be handled by Care-Medico, Inc., a private agency, using U.S. Government wheat, vegetable oil and dried milk. A labor ministry census has reduced the number expected to be hard-core needy recipients by this fall to 1,300,000.

A third surplus food program on which an accord is near is a government-to-government arrangement under which the United States will provide wheat for the Algerian Labor Ministry to use for its own food-for-wages program without U.S. technical assistance.

About 300,000 jobless Algerians are to be employed under this all-Algerian plan. The remaining 500,000 jobless Algerians are expected by labor ministry officials to be absorbed in a general economic recovery. Western observers regard this prediction as optimistic.

[From the Washington (D.C.) Post, Nov. 5, 1963]

RUSSIA, ALGERIA SIGN TRADE PACT

LONDON, November 5.—Moscow radio today announced a major long-term trade agreement between the Soviet Union and Algeria, based on exchange of Soviet heavy equipment and arms for Algerian food.

The radio said that under the agreement signed in Algiers yesterday the Soviet Union will send Algeria ships, arms, trucks, farm machines, and other capital equipment, as well as timber, paper, oil products and chemicals.

Algeria will export to the Soviet Union citrus fruits, dates, wheat, olive oil, flour, wine, alcohol, fruit juices, hides and other traditional exports.

Mr. MILLER. Mr. President, I yield the floor.

EXHIBIT 1

BENEFITS CITED IN WHEAT SALE

(By Sylvia Porter)

Now that the ground rules finally have been set for sales and shipments of U.S. wheat to the Soviet bloc, let's assume the Kremlin follows through and buys the limit of 4 million long tons President Kennedy has authorized for sale. What would this deal mean to our wheat economy in particular and the U.S. economy in general?

Far, far more than most Americans realize, says Erwin E. Kelm, president of Cargill, Inc., of Minneapolis, largest grain merchant in this country and the corporation which made the first sale of 100,000 tons of wheat to Hungary last Friday. In fact, some of the economic benefits which Mr. Kelm sees stemming directly from these sales well may startle even top experts on wheat and foreign trade. Specifically:

Benefit: While this one deal would increase our total wheat exports over 1962 by

less than 28 percent, it would more than double our dollar sales of wheat compared with last year.

Explanation: In recent years 70 to 75 percent of all our wheat exports have been so-called giveaway sales. We have been selling wheat through normal commercial channels to foreign buyers, but permitting the countries to pay for their purchases in their own soft currencies.

Our Government has been accepting these soft currencies—of such underdeveloped countries as India, Pakistan, Indonesia—and then has been paying the U.S. exporters in dollars.

"The true value of the soft currencies our Government has accumulated from these concessional sales probably amounts to only 12 to 15 cents on the dollar," Mr. Kelm believes.

But the wheat being sold to Russia and the Soviet bloc is to be paid for in gold and hard cash. The sale of 4 million long tons would increase our dollar earnings from wheat by over \$250 million more than 100 percent above 1962's earnings.

Benefit: This \$250 million increase in our dollar earnings would slash the gap between what we earn abroad and what we spend abroad by at least 10 percent—thereby significantly reducing the dangerous deficit in our balance of payments.

Explanation: This deficit is now running at an annual rate of \$2 billion, down from the near-catastrophic rate of earlier this year, but still large enough to pose a relentless threat to our dollar. The benefit of an increase in our dollar earnings of \$250 million is obvious.

Benefit: This one sale would radically change our entire domestic wheat picture—virtually eliminate our wheat surplus and actually reduce our reserve to only a prudent level.

Explanation: The Department of Agriculture just predicted that on next June 30, our wheat carryover will be no more than 725 million bushels, "a scant 125 million bushels over what the Department considers a prudent reserve," says Mr. Kelm. The Cargill president believes President Kennedy's 4-million-ton ceiling on Russian sales "reflects a concern that our stocks might suddenly be reduced below the level of a safe reserve."

Benefit: The export of this wheat would allow a cut in our domestic budget spending of around \$225 million this fiscal year and of another \$30 million in the next fiscal year.

Explanation: As the Government's wheat surplus disappears, the costs of storing the grain will shrink.

Benefit: The elimination of the wheat surplus and the present high world prices for wheat will give us an extraordinary opportunity to work out a reasonable program to solve our chronic wheat problem.

Explanation: Not in years have we had so favorable a surplus-price background against which to agree on a transition program acceptable to all of us—wheat producers, consumers, taxpayers.

As a company vitally involved in the Soviet transactions, Cargill properly refuses to comment on the wheat decision or its enormous political implications. But, says Mr. Kelm flatly, "the economics of the sales are sound"—and he's certainly documenting his view.

WHEAT TO RUSSIA

(Statement by Senator CARLSON, October 8, 1963)

Russia's purchase of 239 million bushels of wheat from Canada for \$500 million, with a delivery date of next July 31, and her purchase of 58½ million bushels of wheat from Australia, valued at \$90 million is of concern to every U.S. wheatgrower from the standpoint of future export markets.

With this sale, Canada has sold practically her entire surplus from the 1963 crop. The temptation, of course, will be for the Canadians to increase their wheat production for future sales not only to Russia, but other countries that need wheat and this means further competition for us.

The last session of Congress spent months writing foreign trade legislation and I believe every realist must agree that despite its idealistic approach to world trade our experience—which is limited—must convince everyone that trade between nations must be realistic and practical. World trade is not only competitive, but it is a cold, calculated business operation.

Russia and Canada are our real competitors in the world trade of wheat. We have never sold wheat to Russia, as her wheat trade has always been on the export side of the market.

Selling wheat behind the Iron Curtain can be an American opportunity to improve our position in the cold war. It can also be an immediate financial gain, in view of our balance of payments.

Russia's original arrangement for payment to Canada for wheat purchased was based on a credit term of 18 months, the first 25 percent to be paid in gold. Now we are advised that Russia will pay the entire amount in gold immediately on delivery.

Our Nation lost \$423 million worth of gold from January 1 to August 31, 1963. Our gold reserve has dropped from \$24 billion in 1954 to \$15.7 billion in 1963.

There are some who will argue that the sale of wheat to Russia strengthens communism, but the facts are that Russia is securing not only foodstuffs, but industrial products from our allies in ever increasing quantities. For instance, statistics for 1962 show that West Germany trade agreements with Russia alone totaled about \$700 million. Germany is now the third largest industrial nation in the world. Italy has a 4-year trade agreement with the Soviets for \$1.11 billion worth of goods. France has signed a 3-year trade pact with Russia for \$100 million in trade. India has a 4-year trade pact with Russia which provides annual trade of \$440 million. Japan has a 3-year trade pact with Russia that calls for \$365 million. The United States and Russian trade last year was \$16 million each way.

I am not advocating the sale of strategic materials to Russia, but I do urge that our Nation give every consideration to expanding our foreign trade with Russia and her satellites in nonstrategic items. We are now selling wheat to Germany, France, and other European countries. Much of this wheat is processed into flour and foodstuffs by these countries and then sold to Russia, therefore, Russia gets our wheat whether we sell it to them or not.

Some are of the opinion that we should not sell wheat to Russia at a subsidized price. The facts are we do not export any wheat in the world market through dollar sales or Public Law 480 that does not carry a subsidy. This is true whether we sell to such Communist countries as Poland, Yugoslavia, or our allies. The present subsidy is about 55 cents per bushel.

The subsidy does not go to the exporter or to the country that buys the wheat. It goes to the American wheat farmer in order to maintain domestic prices above the world market.

At the present time Russia and her satellites, such as Hungary, Czechoslovakia, East Germany, Rumania, and Bulgaria are in the market for wheat. In my opinion, it is in our Nation's interests, from both a financial and a humanitarian standpoint, to sell this grain. Increased exports of wheat from the United States at the present time would not only aid in reducing our surplus, but would also improve our balance of payments, strengthen domestic wheat prices, reduce the taxpayer's carrying cost of our present sur-

plus, and be the humanitarian thing to do, as well as have an important bearing on our foreign policy.

Mr. DIRKSEN obtained the floor.

Mr. DIRKSEN. Mr. President, I yield to the distinguished Senator from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. President, we have been in conference part of the morning and a good bit of the noon hour, in connection with the amendment before the Senate, which was debated last night.

I believe that through the processes of conciliation, compromise, and consultation, we have arrived at a program of procedure which will be satisfactory to Members on both sides of this issue, and will permit the Senate to continue with consideration of the foreign aid bill, without further debate on this point.

As the first step in this connection, I introduce and send to the desk a bill, and request that it be read, for the information of the Senate.

The PRESIDING OFFICER. The bill will be received and appropriately referred, and will be read.

The bill (S. 2310) to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries, was read the first time by its title, and the second time at length, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national.

Mr. MUNDT. Mr. President, if we can have the cooperation of Senators, I propose to work out an agreement and a legislative program whereby this bill will be referred to the Banking and Currency Committee, with instructions from the Senate to report the bill to the Senate on November 25, and with assurance from the majority leader and the minority leader that it will then be called up on the following Monday.

Mr. MANSFIELD. No, Mr. President, either that day or the next day—that Monday, the 25th, or Tuesday, the 26th.

Mr. MUNDT. I stand corrected—either the 25th or the 26th.

In conjunction with this understanding, an agreement has been developed with the Export-Import Bank that it will not make any new credits available to Communist countries in connection with trade in grain or any other product until such time as the Senate has completed its action on whatever recommendations come to it from the Banking and Currency Committee.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. YOUNG of North Dakota. Does this include all industrial products?

Mr. MUNDT. My bill includes all products.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. Mr. President, a meeting was held in my office, which was attended by 12 or 14 Senators of both parties, this morning and into this afternoon. There were present representatives of the Export-Import Bank and the Treasury Department, at our request; and we tried to reach, through a process of accommodation, a reasonable solution of the pending proposal. I was not in favor of it, and I am not in favor of it, because it creates a situation which could be used to undermine the pinnings of the Executive. But I will go along with it, and I will support it, and I will do the best I can along the lines unanimously arrived at, by the Senators of both parties who were present this morning and this afternoon at the conference.

I have talked with the chairman of the Banking and Currency Committee, to which I assume this legislative proposal will be referred. He has assured me that he will strictly adhere to the wishes of the Senate. The Senator from Virginia [Mr. ROBERTSON] is a man of his word, regardless of his personal feelings about any piece of proposed legislation.

Of course, it is anticipated—and I hope it will be made the will of the Senate—that the bill will be reported to the Senate by a week from Monday, November 25; and both the majority leader and the minority leader give the Senate their assurance that it will be brought up either that day or the next day, for immediate consideration.

In brief, I believe that covers the results of our participation in the meeting this morning.

Mr. DIRKSEN. Mr. President, there was a meeting early this morning, and at that meeting I suggested that since there had been no hearings on the proposal offered by the distinguished Senator from South Dakota [Mr. MUNDT], I, for one, hoped that perhaps we could learn a little more about the mechanics of the operations of the Export-Import Bank in processing foreign applications of this kind, and exactly how it works when it operates in handling such applications as commercial transactions on a guaranteed basis. At that meeting it was suggested that perhaps the Chairman of the Export-Import Bank might confer with us. Pursuant to that, I had a session with the majority leader; and a dozen Senators met in his office. The Export-Import Bank and the Treasury had representatives present. We had an opportunity to canvass the authority and the capacity of the Export-Import Bank in this field. More than that, we had an opportunity to explore its operations, its losses, its gains, and exactly how it would process applications of this kind.

After a thorough-going discussion, we thought perhaps we should satisfy the legislative process by having at least a few hearings on this proposal—consonant, of course, with the desires of the distinguished Senator from South Dakota.

That was arranged; and now he proposes to offer his amended amendment—

which includes not only grain, but also all commodities—

Mr. MUNDT. And that is the form in which the bill has now been referred to the committee.

Mr. DIRKSEN. That is correct—and with instruction that it report at the earliest possible date, and, hopefully, not later than November 25. If that can take place, the order for the yeas and nays can be rescinded, the amendment can be withdrawn, we can obtain some testimony from sources both in the Government and out of the Government, and then we can have the subject matter before us; and, as a result, I think we shall be better equipped to deal with it.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Has the bill been introduced?

The PRESIDING OFFICER. The bill has been introduced.

Mr. MANSFIELD. Has it been referred?

The PRESIDING OFFICER. No.

Mr. MANSFIELD. To what committee will the bill be referred?

The PRESIDING OFFICER. At the present moment it would appear that the bill will be referred to the Committee on Banking and Currency.

Mr. MANSFIELD. Will the bill be referred to the Committee on Banking and Currency?

The PRESIDING OFFICER. The Chair rules that it will be unless some question is raised on the floor of the Senate.

Mr. MANSFIELD. Mr. President, since the procedure has gone that far, I ask unanimous consent that the Committee on Banking and Currency be directed to report back to the Senate with its finding on the bill not later than a week from Monday, November 25.

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object—

Mr. MANSFIELD. Let us get the agreement to the request.

Mr. JAVITS. May I ask a question before the agreement is made? The Senator has asked for unanimous consent. I am a member of the Committee on Banking and Currency. I believe I am entitled to have a question answered.

Mr. MANSFIELD. There is no question about that. The Senator said that he would not object, and I merely suggested that the agreement be entered and then the Senator from New York might ask any question he wishes.

Mr. JAVITS. Will the Senator allow me to ask one question?

Mr. MANSFIELD. Certainly.

Mr. JAVITS. Is there anything in the agreement that would bind the Committee on Banking and Currency, not as to the time at which it would report, but as to what it would report?

Mr. MANSFIELD. No.

Mr. JAVITS. That is all.

Mr. DOMINICK. Mr. President, reserving the right to object, as the ranking Republican member of the Subcommittee on International Finance of the Banking and Currency Committee, I

should like to ask one question, at least, about the proposed timing. Some of us may be tied up on the 25th or 26th of November on other subjects. Is it imperative that the discussion of the bill be brought out on the floor on those days?

Mr. MANSFIELD. In the opinion of the leadership it is. The Senator will have to take our word for it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TOWER. Mr. President, reserving the right to object—

Mr. MANSFIELD. Mr. President, I first yield to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I believe that we ought to clarify a couple of questions of procedure. I am the chairman of the Subcommittee on International Finance of the Committee on Banking and Currency. That subcommittee ordinarily has jurisdiction over questions affecting the Export-Import Bank. I do not know, because I do not see the chairman of the full committee present in the Chamber, whether it will be his intention or whether it is the intention of the leadership to bypass the normal reference to a subcommittee in order that the full committee, because of the time factor, should consider the Mundt amendment.

Mr. MANSFIELD. Mr. President, will the Senator permit me to interrupt?

Mr. CLARK. Surely.

Mr. MANSFIELD. I am sure the Senator did not mean, and would wish to withdraw, the implication in his statement as to what the intent of the leadership was or is, because we have no intent. We do not interfere with committees. Committees are independent in their own right. They make their own decisions, and, under no circumstances, has the leadership ever attempted or will it ever attempt to lay down a rule, a law, or a dictum to any committee in this body.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. MANSFIELD. I yield.

Mr. CLARK. I certainly withdraw the imputation. I make only the comment that in my opinion it might be wiser if the leadership would interfere a little more than it does. This must be a question of judgment for the leadership. The Senator from Montana and I do not have the same views on that question.

Mr. MANSFIELD. No, but we have committees.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. The leadership has no authority over subcommittees. That is an intracommittee question that must be resolved within the committee.

Mr. CLARK. It is a question of the function of the leadership. I happen to disagree with the Senator from Illinois on the question of the function of leadership.

Mr. MANSFIELD. If the Senator from Pennsylvania desires the leadership to function in the manner in which he proposes, he had better give the leadership some authority, because we do not have that authority now—98 Senators in this body have more authority

in their own hands than the 2 so-called leaders have. I think the Senator from Pennsylvania knows that.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. CLARK. As the Senator from Montana well knows, I have been trying to get the leadership more authority during the 7 years I have been serving in the Senate. Since the year 1961 I have been conspicuously unsuccessful.

Mr. Leader—this is all in good fun—

Mr. DIRKSEN. I am glad the Senator is not angry.

Mr. MANSFIELD. But truthful.

Mr. CLARK. I should like to ask the leadership the following question. I wish the Senator from Virginia [Mr. ROBERTSON] were present in the Chamber. Perhaps the Senator from Alabama [Mr. SPARKMAN], who is the ranking Democratic member of that committee, will be able to answer the question. As the chairman of the Subcommittee on International Finance, I am of the view that it does not make too much difference whether the matter is considered in a subcommittee or by the full committee.

Before the bill is reported to the Senate, we should have a hearing. We ought to call the Chairman of the Export-Import Bank, and perhaps we ought to call as a witness the Secretary of State.

Mr. MANSFIELD. Such action would be expected.

Mr. CLARK. I am not at all sure that the limitation of time which has been suggested would be altogether wise in view of the fact that the Mundt amendment will not be part of the foreign aid bill anyway, and what is all the hurry?

Mr. MANSFIELD. Mr. President, there is an element of doubt in the latter assertion made by the distinguished Senator from Pennsylvania.

Mr. CLARK. As there is, indeed, with respect to most of my assertions.

Mr. MANSFIELD. No, no; I refer to what the outcome of a vote would be. I believe there is a question of grave doubt there. As far as the subject of witnesses is concerned, it is anticipated that the Secretary of State, the Secretary of the Treasury, the officers of the Export-Import Bank, and others would be called before the committee.

I intended to refer to another portion of the Senator's statement, but I have forgotten what it was.

Mr. CLARK. I have practically forgotten what I was going to say, too. All I can say to the majority leader is that, so far as I am concerned, I am prepared to cooperate wholeheartedly.

Mr. MANSFIELD. I recall what I intended to say. I ask the Senator from Pennsylvania to take my word as to why there is a reason for the bill to be considered and reported not later than the 25th of this month.

Mr. CLARK. I shall take the word of my friend the Senator from Montana. So far as I am concerned, the committee procedure can be any way the chairman and the ranking Democratic and Republican members of the committee wish it to be. I shall reserve my right as chair-

man of the subcommittee to have a good deal to say about the bill.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. MANSFIELD. I promised first to yield to the Senator from Texas.

Mr. TOWER. My question was covered by the colloquy between the Senator from Montana and the Senator from Pennsylvania.

Mr. SPARKMAN. Mr. President, the chairman of our committee, the Senator from Virginia [Mr. ROBERTSON], is not in the Chamber at the present time. However, the Senator from Pennsylvania may not know that the majority leader has talked with the Senator from Virginia. I assume that they discussed the proposed time limitation.

Mr. MANSFIELD. Only the time limitation.

Mr. SPARKMAN. In the discussion this morning at which the question was worked up, I believe everyone present understood that we would have the officials of the Export-Import Bank, the Secretary of the Treasury, and the Secretary of State appear as witnesses.

I believe the Senator from South Dakota [Mr. MUNDT] was suggested.

Mr. MANSFIELD. Yes.

Mr. SPARKMAN. Yes, certainly. I think we can finish consideration of the bill in the committee within the time set. I believe it is rather urgent that we do so. I do not know what the intention of the chairman of the committee might be. I take it that the chairman has the discretion of referring a bill to a subcommittee or not referring it. In this case I should think that, by reason of the limitation of time, the hearings would be held by the full committee.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Florida.

Mr. HOLLAND. It occurs to me that perhaps one of the most salient points in the whole situation has been overlooked in the colloquy. Is it not correct that the Export-Import Bank has agreed to hold up any further commitments until after the proposed new bill is disposed of, provided it is disposed of in a short period of time?

Mr. MANSFIELD. Within the time limitation—and "a short period" is an accurate statement. It will be a short period of time, because we have no right to hold up anything indefinitely. As I said before, I have very grave doubts about the procedure we are following, because I think we are undermining the foundations of the executive branch of the Government in taking unto ourselves responsibilities which are not ours under the Constitution.

Mr. HOLLAND. Mr. President, is the agreement on the part of the Export-Import Bank to hold up further commitments provided speedy disposition is made of the bill a part of the whole package? Am I correct or not?

Mr. MANSFIELD. The Senator is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

The bill (S. 2310) was referred to the Committee on Banking and Currency.

Mr. MUNDT. Mr. President, what is the status of the proposed agreement?

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Has the bill been referred?

The PRESIDING OFFICER. The bill has been referred.

Mr. MANSFIELD. The time certain limitation has not yet been agreed to.

The PRESIDING OFFICER. The unanimous-consent request of the Senator from Montana has not yet been agreed to.

Mr. COTTON. Mr. President, reserving the right to object—apparently the bill will be reported on the 25th or the 26th—

Mr. MANSFIELD. The 25th.

Mr. COTTON. On the 25th. Obviously no provision has been made as to how long the Senate will consider it. No provision can be made?

Mr. MANSFIELD. That is correct.

Mr. COTTON. Last night, I recall, one Senator—one of the distinguished leaders—felt so strongly about this matter that he indicated if it were to be passed he would discuss it at great length.

Mr. MANSFIELD. Mr. President, will the Senator from New Hampshire yield?

Mr. COTTON. Please allow me to finish the question I wish to ask. Now, while the foreign aid bill is pending, it is unlikely that we would have a long drawn out discussion—I do not use the word "filibuster"—that would preclude its passage; but if it is brought in all alone, particularly when there are other measures before the Senate that certain Senators do not wish to expedite, there is nothing in the whole wide world to prevent the Senate from discussing it for days and days and days. I should like to hear some comment on that before I agree to this proposal. Many times I have heard in the Senate the suggestion, "Do not tie it into this bill; we will take care of it separately." In the years I have been in the Senate, I have yet to see anything taken care of separately that was objected to under such circumstances.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. MANSFIELD. I recall the allusion to which the distinguished Senator from New Hampshire refers. I point out that we are all mortal, that we all have our faults. Most of us are becoming a little edgy at this time of the year, I would hope most sincerely that Senators would unanimously see to it that the word given by the two leaders would be honored and that the debate would not be dilatory or drawn out. I am sure it would not be. We should be supported in our hope and expectation that once this measure is reported back to the Senate by the Banking and Currency Committee, we would be able to dispose of it in 1 or 2 days.

So far as the author of the amendment and the proposal is concerned, the distinguished Senator from South Dakota

[Mr. MUNDT] has indicated that he will make every effort to do so. All we have in this body is our word, and it is either worth something or it is worth nothing. If Senators want leaders, they must have a little confidence in them and help them along.

Mr. COTTON. I was not suggesting any lack of confidence in the leadership.

Mr. MANSFIELD. I understand.

Mr. COTTON. I am suggesting what the distinguished majority leader himself said a moment ago, that there is not a leader—majority or minority—or anyone else who can give his word about what other Senators will do.

Mr. MANSFIELD. That is correct.

Mr. COTTON. I believe we should be aware of the fact that, while we may have an agreement, when the bill reaches the Senate no one knows how long it will take to get affirmative action. I should like to object. I am not going to do so, but I regret that we are not going to dispose of this critical question while we are dealing with the foreign aid bill, so that it could be disposed of in a reasonable time.

Mr. MANSFIELD. I appreciate the remarks just made by the distinguished Senator from New Hampshire [Mr. COTTON], but strangely enough, I still have faith in the membership of this body, on both sides of the aisle. I can be disappointed, and I have been disappointed, but I expect the membership, both Democratic and Republican, to uphold our hands when the time comes, regardless of how they may feel personally.

Mr. COTTON. I share the faith of the distinguished majority leader. If anything could restore my faith in expeditious work by the Senate, it is the fact that we have accomplished so much in such a short time this session.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DOMINICK. I wonder whether the distinguished leader can tell us whether this program has been coordinated in any way with the House?

Mr. MANSFIELD. No.

Mr. DOMINICK. It occurs to me that if the bill comes back and is passed by the Senate and then sent to the House, and the House sat on it for the rest of the session, we would get nowhere.

Mr. MANSFIELD. No. This program has not been discussed with the House. It is not intended to be discussed with the House. This is looked upon purely as a Senate responsibility. I am quite sure the minority leader and the distinguished Senator from South Dakota [Mr. MUNDT], as well as the Senator from Georgia and other Senators, will support the statement I have just made. What the House does is its own business. What we do in this instance is ours. That was made very plain in the meeting this morning.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GORE. Because of my attendance in committee I have not heard all that has transpired in the Chamber, but Senate aids have briefed me on the subject.

I was one of a bipartisan group of Senators to whom the question of the sale of wheat to Russia was put. I gave my reaction and approval of the sale of wheat on the basis of cash on the barrelhead—gold preferably, no credits, and no soft currency.

Now that the possibility of a much wider trade has come into question, I wish to reexamine the whole question before reaching a decision. I believe that the wise course to follow is committee hearings and consideration.

I congratulate the majority leader and the minority leader upon reaching this agreement, to which I subscribe.

Mr. MANSFIELD. I am grateful to the Senator from Tennessee.

The PRESIDING OFFICER (Mr. BAYH in the chair). Is there objection to the request of the Senator from Montana [Mr. MANSFIELD]? The Chair hears none, and it is so ordered.

Mr. MUNDT. Mr. President, in view of this agreement, I am willing to offer some unanimous-consent requests which will clear the decks so that we may proceed.

First of all, I ask unanimous consent that the order for the yeas and nays ordered on my amendment and on the modifying amendment may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUNDT. Mr. President, I now ask unanimous consent that I may be permitted to withdraw the two amendments, because I have introduced a bill covering the subject.

The PRESIDING OFFICER. The Senator from South Dakota now has that right. It is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. To set the record straight, a bill has been introduced and referred to the Committee on Banking and Currency. By direction of the Senate, it will be reported no later than a week from Monday, November 25, and on the basis of the pledge of the leaders, it will be brought up for consideration that day, or the next day.

Again, may I express the hope that the debate will be assiduous and energetic but not dilatory or delaying.

Mr. MUNDT. Mr. President, I should like to add to the general understanding, so that all Senators may know, that the directors of the Export-Import Bank have agreed not to extend any further credits to Communist countries until the Senate has expressed its voice on the matter.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HUMPHREY. I should like to reply to the Senator from New Hampshire [Mr. COTTON], since I gather that his remarks, directed to the majority leader, had some indirect reference to my comments last evening. I was looking through the CONGRESSIONAL RECORD. It was a rather tense moment of the floor—most of it due to fatigue. I said the following:

I shall not let the Senate, if I can help it, vote on the issue immediately, because it

seems to me that if we needed time to discuss some minor amendments to the aid bill, we need plenty of time to discuss the present situation.

Earlier, I said:

I am rather surprised that Senators who are members of the Committee on Banking and Currency, which committee has jurisdiction over the operations of the Export-Import Bank, are willing to have major policy questions decided on the floor of the Senate at 10 minutes after 10 p.m., after 3½ weeks of exhausting debate, discussion, and time-consuming activities in this body.

I give my assurance to the Senator from New Hampshire and to the majority leader that there is no intention on my part to do anything but make a constructive contribution to the debate, and with no delays.

Mr. MANSFIELD. If only the rest of the Senate would follow the example of the Senator from Minnesota—this year.

Mr. HUMPHREY. I thank the Senator.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. The Senate knows and we know—with a sense of affection—that the “immediates” of the Senator from Minnesota are sometimes longer and sometimes shorter.

Mr. HUMPHREY. I want to reserve the degree of flexibility along the lines the minority leader has suggested.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from New Hampshire.

Mr. COTTON. I assure the distinguished Senator from Minnesota, who knows I hold him in the very highest esteem, that I did not mention his name. I was not impugning his motives, I was not criticizing him; I merely used that as an example. I said if one Senator felt so strongly on this question that he would talk at length, if that was true of the Senator from Minnesota last night, it may be true of several Senators on November 25.

Mr. HUMPHREY. I fully understood the Senator's remarks. I wanted the RECORD clear that I felt last evening that we were proceeding too rapidly on a vital question. I am pleased with the resolution of this vital matter. As I felt last night, I feel even the text of the resolution goes far beyond what is wise policy. I shall await the report of the Banking and Currency Committee. I hope the report will be negative. I intend to vote as I expected to vote last evening.

Now I wish to ask the Senator from South Dakota a question. The understanding is clear as to the Export-Import Bank and its recess, so to speak, as to any commitments relating to transactions that require Export-Import Bank guarantees for the future. Is that correct?

Mr. MUNDT. Yes; and it holds until such time as the Senate may conclude its action.

Mr. HUMPHREY. No matter how the Senate may conclude its action. Is that correct?

Mr. MANSFIELD. But with the assurance that it will not be delayed.

Mr. HUMPHREY. And that it is not retroactive.

Mr. MUNDT. My amendment is not retroactive. Congress cannot pass retroactive legislation.

To make it perfectly clear, so that there will be no question, the Export-Import Bank has already underwritten credits to Hungary for \$4.5 million, under terms of that sale. Neither my amendment nor the gentlemen's agreement we have entered into can move backward. I have no such intention.

Mr. HUMPHREY. If business transactions are entered into which do not require guarantees by the Export-Import Bank, but are privately financed, or are made with a private bank, the understanding we have does not prevail?

Mr. MUNDT. The understanding would not affect the sale of the grain as we anticipated it—that is, sale of the grain for gold or cash. My amendment covers only the implications covered by my amendment, and those only.

Mr. HUMPHREY. Or where a private bank with Government help takes on the guarantee responsibility.

Mr. MUNDT. That is correct, but it is my opinion that the Johnson Act would preclude the right of such private banks to extend credit to a Communist country in default.

Mr. HUMPHREY. I know of no such situation, but I thought we should understand that.

I yield now to the Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. Mr. President, I was not at the meeting this morning, so I wonder if this matter involves credit for any other export sales than grain. Has the Export-Import Bank been extending credit for other sales?

Mr. HUMPHREY. It applies to all products.

Mr. YOUNG of North Dakota. Has the bank been extending this kind of insurance to them?

Mr. HUMPHREY. Only to Yugoslavia.

I yield to the Senator from Vermont.

Mr. AIKEN. Any conditions that are applicable will, according to the understanding, be applicable to all exports. It is not contemplated that the Export-Import Bank will make loans. The Export-Import Bank insures loans made by the commercial banks to provide exporters loans for the purpose of financing exports to foreign countries. It is an insurance business, and not a loan business, and the two transactions that have taken place have been insurance issued by the Export-Import Bank to banks that have financed Cargill and one other company.

Mr. MANSFIELD. It is a money-making proposition.

Mr. AIKEN. That is correct. The Export-Import Bank, since its inception in 1925, has made profits in the neighborhood of \$2 billion. Losses have been minimal. There were some losses when Castro confiscated powerlines and a telephone company in Cuba, but the losses have been negligible.

Mr. YOUNG of Ohio and Mr. JAVITS addressed the chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the Senator from Ohio [Mr. Young] sought recognition. I would not want to preempt his right to the floor. I have a question which may result in an amendment. Has the Senator from Ohio an amendment?

Mr. YOUNG of Ohio. I wish to lay before the Senate an amendment on which I have already spoken.

Mr. JAVITS. I yield to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. YOUNG of Ohio. Mr. President, I offer my amendment No. 293, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio to the committee amendment in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 41, between lines 8 and 9, to insert the following:

(d) Add the following new section:

"Sec. 512. PROHIBITION AGAINST MILITARY ASSISTANCE TO SPAIN.—No military assistance shall be furnished under this Act to the Government of Spain. No other provision of this Act shall be construed to authorize the President to waive the provisions of this section. The provisions of this section shall not be construed to prohibit sales to the Government of Spain of defense articles or services under section 507."

Mr. YOUNG of Ohio. Mr. President, having already spoken out regarding this amendment, I shall take less than 1 minute. It may be that the distinguished Chairman of the Foreign Relations Committee [Mr. Fulbright] will not object to the insertion of this amendment in the bill. On the other hand, it can be truthfully stated that the pending bill does not provide military assistance for Generalissimo Franco's Spain. This amendment pins that prohibition down definitely and simply provides that—

No military assistance shall be furnished under this Act to the Government of Spain. No other provision of this Act shall be construed to authorize the President to waive the provisions of this section. The provisions of this section shall not be construed to prohibit sales to the Government of Spain of defense articles or services under section 507.

I hope the chairman will agree to accept the amendment, and that the amendment will be adopted.

Mr. FULBRIGHT. Mr. President, I regret that I cannot accept the amendment. Everyone knows that we have had an agreement with Spain regarding very important base arrangements. Military assistance has been given to Spain primarily for that purpose in recent years. That was the only reason why we concluded an agreement dealing with the bases.

I could not possibly accept the amendment, much to my regret. I wish I could accept it, but I oppose the amendment. If we singled out Spain for this kind of treatment, it would be regarded as an unfriendly act, directly contrary to the

reason for the action of our Government in that regard.

Mr. YOUNG of Ohio. I would like to also single out Duvalier's Haiti. I would like to include it in my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio, on page 41, between lines 8 and 9, to the committee amendment, in the nature of a substitute, as amended.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. HUMPHREY. Mr. President, I send an amendment to the desk. I have discussed it with the chairman of the committee.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota to the committee amendment, in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 54, after line 4, to insert the following:

(c) Redesignate present section 109 to be 110 and insert the following new section 109:

"Sec. 109. The President may, subject to the restrictions contained in this Act, carry out transactions authorized by this Act without regard to the provisions of any other Act whenever he determines that such transactions are important to (1) the national interest of the United States, and (2) the ability of the United States to carry out effectively the policies and purposes of section 2 of this Act or to meet the requirements of the common defense.

Mr. SCOTT. Mr. President, reserving the right to object, I heard the phrase "that the President would be empowered to carry out the provisions of this act without regard to the provisions of any other act." That is pretty broad language. Unless it is explained by some legislative history, I shall be constrained to object to it.

Mr. HUMPHREY. I am about to explain it.

The purpose is to make crystal clear that the section of Public Law 480 dealing with the trade expansion features of the bill, as well as the utilization of food, as necessary, for the common defense, is not restricted. The amendment contains language that will make crystal clear that the restrictions that we have written into it with respect to Public Law 480, Section 2, referring to general policy dealing with trade expansion, for example, and to alleviate famine in the world, are not to be excluded; secondly, that in the common defense, when food is needed for national interests, it is not to be excluded.

Mr. SCOTT. There are restrictions already in existence pertaining to shipments of goods and materials to Communist countries.

Mr. HUMPHREY. This relates only to Public Law 480.

Mr. SCOTT. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SCOTT. I should like to have some order in the Senate so that I may complete my sentence, at least, for the sheer pleasure of making a complete sen-

tence of what I was about to say. There are other restrictions already in existence pertaining to shipments of goods and materials, that is, limitations on shipments and other dealings, with Communist and Communist-dominated countries. I understand from what the Senator has said that the proposed restriction is limited to Public Law 480.

Mr. HUMPHREY. The Senator is correct.

Mr. SCOTT. Therefore there is no intention that the executive department shall be able to avoid any other situation whatever.

Mr. HUMPHREY. The Senator is absolutely correct; so that there will be no doubt at all as to what that section in Public Law 480 means.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. The Senate adopted an amendment, proposed by the Senator from Alaska [Mr. Gruening] and myself, which was expressly designed to deal with Public Law 480, because it is under Public Law 480 that Nasser is getting anything preponderantly. Is it not a fact that this proposal would cancel out the very purpose of that amendment, because it leaves the discretion to the President?

Mr. HUMPHREY. The Senator is correct.

Mr. JAVITS. He can suspend it if he wishes to do so in the national interest. Is that correct?

Mr. HUMPHREY. If it is in the national interest or in the common defense.

Mr. JAVITS. That is what we argued against. Nearly everything Nasser is getting he is getting under Public Law 480.

Mr. HUMPHREY. This does not relate alone to Nasser. It makes sure that if food supplies are needed in the southern command of NATO, or food supplies are needed anywhere else, the provision of Public Law 480 will be applicable, and not limited by anything we have done in this act or any other act.

Mr. JAVITS. By legislating with a broadsword we take in everything. It will take in Mr. Nasser, as well as the southern defense command to which the Senator refers. Therefore, Mr. President, I oppose the amendment. It will vitiate what the Senate did in the Gruening-Javits amendment. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I came into the Chamber rather late. I wish to ask the Senator to explain the purpose of his amendment. From what I have heard, I am sure it calls for a major debate in the Senate. If what I have heard is true, I completely agree with the Senator from New York, that it seeks to vitiate much of what we have done during the course of the debate. I do not propose to have that done.

I hope the Senator will explain his amendment.

Mr. HUMPHREY. I have explained it. Mr. MORSE. I did not hear the Senator's explanation.

Mr. HUMPHREY. The amendment is designed to do two things; first, to make it crystal clear that the reservations that have been placed in the bill, namely, the pending foreign aid bill, insofar as those reservations are concerned with respect to Public Law 480, shall not be applicable to what we call the common defense or to the national interests of the Nation, when the President in his judgment determines that the national interest is at stake.

Mr. MORSE. I will speak in my own right later.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, I wish to confer with the Senator from Oregon and the Senator from Ohio on the amendment. I wish to withdraw the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. HUMPHREY. I ask unanimous consent that I may withdraw the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator withdraws his amendment.

Mr. JAVITS. Mr. President, in the first place I say to the Senator from Minnesota that I am very much pleased that he did what he did. It would have caused unquestioned confusion in respect to the pending bill if his amendment had been adopted. It would ride across everything we have fought and bled for, and some of us almost died for, on the floor.

I should like to have the attention of the chairman of the committee, the Senator in charge of the bill, and the Senator from Ohio [Mr. LAUSCHE], in order to see if we can do something to help with a very trying section of the bill, and perhaps avoid the need for amending it.

I call attention to page 34, lines 16 to 18, which read:

(3) In paragraph (2) strike out "fraud or misconduct" in the second proviso and substitute "fraud, misconduct, or negligence".

It will be noted that it is proposed in the bill to establish additional bases for enabling the United States to defend against claims under the all-risk guarantees which are provided for by the act. The all-risk guarantees could now be vitiated if the person having the benefit of the guarantee were guilty of fraud or misconduct for which that person or corporation was responsible.

The words of the statute are clear. They state:

Provided, further—

This is section 221(b)(2) of the Foreign Aid Act—

Provided, further, That no payment may be made under this paragraph 2 for any loss arising out of fraud or misconduct for which the investor is responsible.

The part of the bill to which I refer proposes to include negligence, so that the new bases of defense would be fraud, misconduct, or negligence.

I am advised—and this is borne out by communications to the committee

and to me—that the purpose of the all-risk guarantee is likely to be vitiated, because the investors who have been investing will not invest if negligence becomes a defense. I will give the reasons for that. The all-risk guarantee which is covered by the law provides for \$180 million in guarantees, with certain limitations on the individual.

The all-risk guarantee has mainly been used for housing projects in Latin America, certainly a most important and constructive aspect of the act.

A good deal of this investment has been in housing projects in South America. It is somewhat analogous to our housing agencies or housing authorities.

The underwriters of these security issues, the makers of these investments, are mainly banking firms in this country, which have communicated with me as well as the committee. I will tell the whole story to the Senate. If these downtown Wall Street banking firms do not invest, that business will not be done unless the United States puts up its own money.

We must understand that we are dealing with the business equation, with businessmen who can invest or not invest, as they choose, and there is nothing we can do to compel them. That is why I lay the question directly before the Senate. They say that if we add the defense of negligence, they are concerned that they will not be able to be responsible for such loose standards as to third parties; namely, the housing authorities or building and loan and other organizations with which they might be dealing in Latin America.

As everyone knows, negligence relates to the standard of care of a reasonable man. Numerous juries are required to determine that question in the United States. Hence, the feeling is that if we add to the other definitions; namely, fraud or misconduct, where there has been something willful, something overt, the standard of negligence, we will create a situation in which the terms will become so ambiguous that businessmen will neither invest nor underwrite. Also, there is grave doubt that the paper which they hold as notes or mortgages will be negotiable on the same ground as to be a defense against the holder.

I have discussed this question with the drafter of the amendment, the Senator from Ohio [Mr. LAUSCHE]. I gather that he is willing to make certain definitions with regard to this subject. I shall ask him two questions which we have agreed upon, so that the Senate may be fully advised. Naturally, I am interested in saving the amendment of any of our colleagues who feel in deep good faith that what they propose is desirable. If the committee has adopted the amendment, and if it is possible to save it, I am happy to try to do so. Naturally, it is not at all certain that the Senate would not take a different position upon argument, debate, and amendment. The questions which I shall ask the Senator from Ohio to answer will be helpful, I feel, but I cannot assume that they will be conclusive either upon me or upon the underwriters. The committee of conference will then have to decide

as a practical question what it wants to do.

If the Senator from Ohio is willing to answer the questions, I think his responses will be helpful and may prove to dispel the difficulties. I think it is worth trying. I do not wish to question the Senator under false pretenses.

The first question is: Is it a fact, as a matter of legislative history, that the fraud, misconduct, and negligence which are here referred to, in order to be a defense to an all-risk guarantee must be fraud, misconduct, or negligence of the employees, officers, or duly constituted agents of the investor?

Mr. LAUSCHE. That is the understanding I had in submitting the amendment. That is my conviction, and that is the understanding under which the amendment was approved in committee.

Mr. JAVITS. Second, in the administration of this section—and we would hope that the courts, too, would be guided by this standard—is it the legislative intent of the amendment that the burden of proof shall be upon the Government to assert its defense against an all-risk guarantee?

Mr. LAUSCHE. It is my understanding of the general law, stated many times in the jurisprudence of evidence, that the burden of establishing negligence, fraud, or misconduct would be upon the guarantor—the U.S. Government. That is the understanding and intention of the committee.

Mr. JAVITS. That is exactly correct. That is the important point. I may say to the Senator—and I shall ask him no further questions—that what he has last said is so important, because most of those things we would hope that, like a good insurer, the Government would pay honorable and legitimate claims. Therefore, what the Senator has said is, in my view, far more important to government administration than to the courts. We cannot control the courts, but we certainly can have rulings on the way in which a provision like this shall be administered. I am grateful to the Senator from Ohio for saying what he said.

Mr. President, may we have from the chairman of the committee some confirmation of the statements by the Senator from Ohio?

Mr. FULBRIGHT. The understanding of the Senator from Ohio is also my understanding. The negligence referred to is negligence of some person who is in no way under the control of the borrower, as described by the Senator from New York. He is not an employee or agent or third person, over whom the borrower would not exercise control, or for whom he is not responsible. It seems to me that that would be unfair and, in my opinion, was not the intention of the committee.

Mr. JAVITS. As to the latter question, does the chairman agree as to the question of burden of proof throughout, as to the administration of this question and its effect on the question of judicial interpretation?

Mr. FULBRIGHT. That is my opinion.

Mr. LAUSCHE. It is not my intention, as the proponent of the amendment, or

of the committee, to require the aggrieved party to prove that he was not guilty of fraud, not guilty of misconduct, and not guilty of negligence. The aggrieved party would have made his case by showing loss, and the burden of proof would then fall upon the U.S. Government to show that the loss occurred through the misconduct, fraud, or negligence of the agent, official, or servant of the aggrieved person.

Mr. JAVITS. I should like to ask the Senator from Ohio one further question, which he may or may not answer, as he chooses. May we have some idea as to why the Senator felt that the amendment as to negligence was important?

Mr. LAUSCHE. Under the present law, the U.S. Government, in guaranteeing the loss incurred in a housing project or a business, was relieved of responsibility if and when it was able to show that the loss resulted from fraud or misconduct on the part of the agents, officials, or servants of the borrowing company.

I added the word "negligence" because I did not believe that the Government should be responsible, when it could prove that the loss resulted from the negligence of the borrower. Unless we include the word "negligence," there is practically ironclad responsibility devolving upon the U.S. Government. I did not think that should be.

Mr. JAVITS. One other question, if the Senator from Ohio will bear with me, because it should prove to be helpful. What the underwriters and investors are deeply concerned about is, Where is the line drawn between negligence and bad judgment in a particular matter? Perhaps A might claim inadequate administration of a particular department, because of the fact that particular people who are put on the job were not so bright as they should be, although they acted in complete good faith and were perfectly legitimate employees of substance and capacity. In other words, who is to determine the line between negligence and bad business judgment or bad discretion, used in making a certain decision? That, I think, is what is worrying those people. If we could spell out some standard, it would be helpful.

Mr. LAUSCHE. The word "misconduct" is a word of art. "Fraud" has a distinct definition. The definition of "negligence" is known by every lawyer. If we can logically and understandably include the words "fraud" and "misconduct," it follows as a matter of logic that no impediment arises when we include the word "negligence." If a trial were to be had, the court would define what "fraud" meant; what "misconduct" meant; and what "negligence" means.

My understanding is that "negligence" means that a person has failed to do what a reasonably prudent person would have done, or has done what a reasonably prudent person would not have done under the circumstances. That is my understanding of the definition of "negligence."

Mr. JAVITS. Does the Senator believe that an underwriter would dare to underwrite or would dare to make a loan with that as the standard in the law, in

view of the fact that that is a defense which could be invoked by the United States against anybody? It takes a trial and a jury decision in order to prove it; and the jury decision could go either way.

May I give the Senator an example? Suppose I wish to invest in a housing loan. Suppose I send some operatives to investigate, and they fail to look at some bookkeeping analysis or some particular title analysis, and I say, "That is not negligence. My people looked at some other piece of paper, that told them the same thing, or they took the word of a person operating a particular savings and loan association."

But the U.S. Government replies, "We are sorry, sir, but we do not pay. That is negligence. It has to go to trial, and the jury may decide 'Yes' or 'No'."

Is it not a fact that an underwriter who follows the established standard or rule in regard to negligence in connection with torts will not be inhibited at all from going into these risk guarantees?

Mr. LAUSCHE. The term "negligence" is applicable to business operations just as it is to tort actions. The director of a corporation can become liable on two bases: one, because of violation of a trust obligation; the other, because of the perpetration of negligence.

Mr. JAVITS. He can because of gross negligence. A corporate officer or director cannot be held for other than gross negligence.

Mr. LAUSCHE. That may be the law of New York, but it is not the law of Ohio. There is a Federal law on the subject.

However, from the standpoint of trials or practicality, what difference is there between proving fraud or misconduct or negligence? In any case it becomes an issue, and must be proved.

Mr. JAVITS. I think fraud is dishonesty. Misconduct is generally considered a violation of some ethical or legal obligation. The word "misconduct" is rather loosely construed, but apparently the underwriting community has accepted this definition. But negligence—as we learn from the decisions of juries every day—can be interpreted in one way or the other; and after the jury has decided, no one can argue about it.

Let me ask this question of the Senator from Ohio: Should it develop, as a practical matter, that the concept the Senator from Ohio has of the law on this question is not quite in accord with the legal situation, would he then give consideration to adding the words "gross negligence" or some other phrase or clause which would help—although it would not necessarily be considered here, because we cannot do research work on it here? I am referring only to the situation based upon checking back on the Senator's views as to the law.

Mr. LAUSCHE. I regret to say this; but if we allow the bankers to determine what will be included in the bill, nothing will be in it, for they want to receive the interest, and they want the Government to assume the obligation. But I do not think the Government should assume the obligation in cases in which the loss resulted from fraud, misconduct, or negligence.

Mr. JAVITS. Yes; but we want the bankers to invest—

Mr. LAUSCHE. But they are saying, "We will not invest unless you do as we say." But that does not mean to me that we are obligated to follow the course they request.

I shall be glad to consider this matter at a later date.

Mr. JAVITS. I thank the Senator from Ohio. I think we have opened up the subject.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

Mr. LAUSCHE. Mr. President, I have an amendment, although I shall not call it up now. But it may become applicable the next time this subject comes before us. In short, many U.S. citizens of Yugoslav ancestry have claims against the Yugoslav Government, but the Yugoslav Government has disregarded them or has paid no attention to them. My amendment contemplates requiring a showing by the Yugoslav Government in the future, if it wishes to receive our help, that it has made a legitimate effort to settle these claims. At this time I shall not call up my amendment; but I shall call it up next year or the following year, if some favorable action is not taken by the Yugoslav Government on these claims.

The PRESIDING OFFICER. If there be no further amendment to be proposed to the committee amendment, as amended, the question is on agreeing to the committee amendment, as amended, in the nature of a substitute.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. MORSE. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, I shall vote for this foreign aid bill. I believe it is a much sounder bill now than it was as it came out of the Foreign Relations Committee.

May I say that I am glad that the bill was not referred back to the committee for further revision. Instead, the Senate has been operating as a de facto Committee of the Whole for the past 3 weeks. This has enabled each of us to become much better informed about this important piece of legislation and also about the entire foreign aid program. And this is a very good thing. One of the unfortunate dispositions into which the Senate has fallen is the tendency to take too much for granted the judgment of its committees. I believe that great weight should be given to the collective judgment of the members of the committees, because by and large the staffs and the members of the committees have devoted considerably more

time to the legislation before them than have other Members of the Senate. But there are many Members of the Senate not members of a committee whose background and expertise with respect to some of the problems considered by a committee are superior to the knowledge possessed by some of the members of the committee; and these Members should be given greater consideration when they speak out on these problems and, particularly, when they offer amendments to the bills which have been processed by the committees.

For too long now the Foreign Relations Committee has been operating in a world of its own. I do not say this in criticism of the committee. I say it in criticism of the Senate itself. Too many Members have been disposed to regard matters of foreign relations and foreign trade as matters beyond the understanding and appreciation of the average Member of the Senate who is not a member of the committee. This disposition has, I fear, lulled us into a false sense of well-being over legislation affecting our foreign affairs, and particularly the foreign aid authorization bills into which policy changes, entirely within the proper purview of the Congress, might heretofore have wisely been written.

The result has been an increasing awareness on the part of the taxpayers, who are paying the bill, that Congress has not been doing as good a job as it should. Thanks to the free press and the alertness of some of our Members, the abuses, waste, and unsound practices which have inexcusably occurred in the conduct of the foreign aid programs have been brought home to the people who sent us here to represent them. Sooner or later, the pressure had to build up to a breaking point, and the breaking point has occurred this year over this bill.

I do not say that we now have a perfect bill. But I do say that we have a much better bill than we had 3 weeks ago. And I trust that when it is taken to conference, the Senate conferees will stand very firm on the amendments which have been made. Actually, my estimate is that the House conferees will be most happy to accept most of the amendments. And I wish to sound a warning that the conferees had better bring back a conference report which contains most of these hard-considered amendments if it wishes to have the conference report agreed to by the Senate. The people we represent recognize that we have been giving voice to their concerns and their desires through the adoption of these amendments, and I do not believe that they will be satisfied at all if the opposition to them by non-elected officials of the State Department prevails. It is these officials who are working for the taxpayers—not vice versa.

The authorization limit has been reduced to some \$3.8 billion—a substantial reduction from the \$4.2 billion brought out by the Foreign Relations Committee and a very substantial reduction over the \$4.9 billion requested by the President in his so-called “frugal budget” presented early this year in the amount of \$98.8 billion. It is still some \$300 million over

the House bill, but only \$100 million under the amount appropriated for the last fiscal year. I see no reason why anyone should be concerned over the reduction made by the Senate. In fact, even with this figure I must say I am not entirely satisfied, because I am greatly concerned over the committed and unexpended funds currently in the foreign aid program pipeline. Many taxpayers do not know about this, and I believe they should be made fully aware of it.

According to the Agency for International Development, as of June 30, 1963, the total unliquidated commitments amounted to more than \$6.3 billion, including nearly \$4 billion earmarked for economic assistance programs, \$2.3 billion for military assistance, and some \$153 million in the special reserve and revolving funds—table A. It should be noted that of the \$4 billion for economic assistance, there is the sum of \$358 million for supporting assistance. Ninety-four countries are listed in this committed but unexpended fund pipeline—table B.

I can readily see why there must be some funds in that pipeline: We should and must take care of our obligations. It is my understanding that if the agreed provisions under which an activity is undertaken are not met, if the conditions which generated U.S. undertaking of an activity change materially, or if the final cost of a project is less than originally provided for, funds may be deobligated and used for some other purpose. I understand that in fiscal year 1963, about \$30 million in economic assistance funds were deobligated and used in the program; this is less than one-half of 1 percent of the total economic assistance pipeline. I have been told that about \$50 million additional funds were also deobligated, but not used, and as a result, will either revert to the Treasury or be reappropriated by the Congress to meet the needs of the fiscal year 1964 program.

AID says that it does not believe that a substantial amount of fiscal year 1964 funds will remain unobligated at the end of the fiscal year 1964—and if the Congress continues to cut the foreign aid program, this could be true. But outside of that, AID has cited three central reasons why there might be some funds left unobligated and I believe these reasons are pertinent to the discussions going on now on the Senate floor:

1. We hope that it would not be necessary to use all of the contingency funds. We will be able to return \$117 million of the \$250 million appropriated for the fiscal year 1963 contingency fund.

If this much is to be returned for the last fiscal year, then the \$175 million we have authorized by amendment for this fund would still be excessive.

2. The foreign aid program utilizes many hundreds of accounts. By law, none of these accounts may be overdrawn. Prudent management requires that we plan to leave small balances in each of these accounts. The sum of these small balances is a significant amount.

3. We will not obligate funds unless recipient countries undertake self-help and reform measures, and successfully meet the conditions of other criteria upon which pro-

vision of U.S. assistance is based. We may earmark funds for use in a certain activity, contingent on whether the recipient effectively takes agreed upon steps. If some progress is made, but at the end of the fiscal year the recipient is not able to successfully complete the necessary steps, we will not obligate the funds for that activity, and there will not be sufficient time to prudently undertake another activity. Thus these funds will not be obligated.

That last reason brings us to the meat of the problem: How long are we to leave these funds in the pipeline?

In examining the AID's country-by-country report on the “status of loan agreements,” as of June 30, 1963, I find that there were a total of 127 loan agreements into which we had entered into during or before 1960 and of which there still remained unliquidated balances. It seems that those funds should be moving, especially when some go back as far as 1953. On February 6, 1953, we entered into a loan agreement with the Instituto De Acueductos y Alcantarillados Nacionales of Panama for financing a water supply and sewerage system. The amount of loan agreement was \$6 million. To date, not one cent of that loan has been made to that Panama institution.

What is the reason for this and for the others? If conditions have not been met, then those funds should be released for other activities. Or are these so-called “small” loans to be piled up indefinitely?

Mr. President, I ask unanimous consent that tables A and B, and a table C setting forth examples of old loan agreements and amounts disbursed thereunder be placed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE A.—Foreign assistance program (mutual security), preliminary June 30, 1963, unliquidated commitments

[In thousands of dollars]	
ECONOMIC ASSISTANCE	
Budgeted programs:	
Development loans.....	2,170,047
Development grants:	
General authorization.....	353,987
Special foreign currency programs.....	2,780
Surveys of investment opportunities.....	303
Alliance for Progress:	
Loans	280,371
Grants	56,192
Inter-American program for social progress.....	47,227
Social Progress Trust Fund.....	335,000
International organizations.....	133,985
Supporting assistance.....	358,139
Contingency fund.....	219,093
Administrative expenses, AID.....	7,736
Administrative expenses, State.....	779
Chilean reconstruction.....	17,765
Total budgeted programs.....	3,983,404
MILITARY ASSISTANCE ¹	
Grant aid.....	2,263,500
Sales program.....	69,600
Total military assistance.....	2,333,100
Grand total economic and military assistance.....	6,316,504

Footnote at end of table.

TABLE A.—Foreign assistance, etc.—Con.

[In thousands of dollars]

Special reserve and revolving funds:	
Acquisition of property-----	559
Investment guarantees-----	152,231
Total special reserve and revolving funds-----	152,790

¹ Preliminary June 30, 1963, data not available; figures shown represent estimates shown in budget document.

TABLE B.—Foreign assistance (mutual security) program by countries¹ (including military and economic assistance)

ESTIMATED UNLIQUIDATED BALANCES AS OF JUNE 30, 1963

[In millions of dollars]

Developing countries:	Unliquidated balances
Afghanistan-----	56.8
Algeria-----	1.6
Argentina-----	107.6
Bolivia-----	52.0
Brazil-----	93.1
Burma-----	24.4
Burundi-----	(²)
Cambodia-----	44.8
Cameroon-----	12.8
Central African Republic-----	.8
Ceylon-----	3.7
Chad-----	1.3
Chile-----	70.8
China, Republic of-----	284.6
Colombia-----	91.0
Congo (Brazzaville)-----	.9
Congo (Leopoldville)-----	32.8
Costa Rica-----	18.9
Cyprus-----	3.2
Dahomey-----	1.3
Dominican Republic-----	30.2
Ecuador-----	33.1
El Salvador-----	23.0
Ethiopia-----	32.8
Gabon-----	.8
Ghana-----	82.1
Greece-----	300.0
Guatemala-----	16.5
Guinea-----	15.5
Haiti-----	4.8
Honduras-----	9.3
Iceland-----	.1
India-----	815.6
Indonesia-----	50.1
Iran-----	117.4
Iraq-----	1.3
Israel-----	69.9
Ivory Coast-----	3.3
Jamaica-----	4.9
Jordan-----	15.9

TABLE B.—Foreign assistance, etc.—Con.

[In millions of dollars]

Developing countries:	Unliquidated balances
Korea-----	426.4
Laos-----	24.8
Lebanon-----	3.5
Liberia-----	47.5
Libya-----	4.5
Malagasy Republic-----	.5
Malaya (fiscal year 1959)-----	4.7
Mali-----	6.2
Mauritania-----	.1
Mexico-----	19.2
Morocco-----	53.5
Nepal-----	5.8
Nicaragua-----	11.9
Niger-----	1.9
Nigeria-----	43.0
Pakistan-----	340.3
Panama-----	20.9
Paraguay-----	7.9
Peru-----	60.2
Philippines-----	44.1
Poland-----	3.1
Saudi Arabia-----	.1
Senegal-----	2.8
Sierra Leone-----	3.4
Somali Republic-----	12.8
Sudan-----	15.2
Syrian Arab Republic-----	18.2
Tanganyika-----	9.4
Thailand-----	131.6
Togo-----	1.4
Trinidad and Tobago-----	13.5
Tunisia-----	76.4
Turkey-----	436.7
Uganda-----	5.3
United Arab Republic-----	83.1
Upper Volta-----	.6
Uruguay-----	6.5
Venezuela-----	63.3
Vietnam-----	160.6
Yemen-----	4.5
Yugoslavia-----	18.3
Territories-----	11.7
Others—undistributed classified (military)-----	267.5
Total developing countries-----	5,001.8
Europe, Japan, and other developed countries (all military assistance with the exception of \$16,700,000 in Spain):	
Australia-----	2.0
Belgium-----	24.0
Denmark-----	85.2
France-----	41.1
Germany (Berlin)-----	.1
Italy-----	132.9

TABLE B.—Foreign assistance, etc.—Con.

[In millions of dollars]

Europe, Japan, and other developed countries (all military assistance with the exception of \$16,700,000 in Spain):	Unliquidated balances
Japan-----	77.9
Netherlands-----	67.3
New Zealand-----	.8
Norway-----	101.0
Portugal-----	32.6
Spain-----	67.3
United Kingdom-----	3.5
Total Europe, Japan and other developed countries-----	635.7
Regional and nonregional—Economic assistance:	
Development grants-----	46.1
Social progress trust fund-----	335.0
International organizations-----	109.0
Administrative expenses—AID-----	7.7
Other-----	18.4
Total regional and nonregional—Economic assistance-----	516.2
Regional, nonregional and adjustments—Military assistance:	
Regional and nonregional-----	248.4
Adjustment of undelivered programs ³ -----	-85.6
Total regional, nonregional and adjustments—Military assistance-----	162.8
Total unliquidated balances-----	6,316.7

¹ The country amounts are composed of the following:

(1) Economic assistance: Undisbursed authorized loans and unliquidated obligations. (Preliminary Aug. 16, 1963.)

(2) Military assistance: Estimated value of goods programed but not delivered, since unpaid obligations/reservations are not available by countries. (Congressional presentation.)

² Less than \$50,000.

³ This adjustment reduces the total programed and undelivered amounts for military assistance included in the country balances, as expected in footnote 2 (2) above, to the total estimated unpaid obligations/reservations for military assistance as reflected in the congressional presentation.

NOTE.—No new countries are proposed for aid in fiscal year 1964.

Country and purpose	Date of loan agreement	Loan amount	Loan disbursement	Country and purpose	Date of loan agreement	Loan amount	Loan disbursement
Government of Finland: Ship construction-----	May 22, 1959	\$5,000,000.00	\$4,662,890.31	Credito Somalo (Somalia): Development bank-----	Mar. 31, 1959	\$2,000,000.00	\$653,080.53
Government of Iceland: Commodity assistance-----	May 23, 1959	3,000,000.00	2,983,131.33	Sudan-American Textile Industries: Textile mill-----	May 22, 1959	10,000,000.00	9,978,133.70
Development bank-----	Apr. 10, 1959	1,760,000.00	1,423,302.30	Societe Nationale Tunisienne de Cellulose (Tunisia): Pulp factory-----	May 13, 1959	6,250,000.00	5,955,996.33
Government of Poland: Commodity assistance-----	June 10, 1959	6,000,000.00	5,897,440.15	Societe Nationale des Chemins de fcs Tunisiens (Tunisia): National railways-----	May 27, 1959	2,750,000.00	2,410,169.20
Government of Spain: Railway rehabilitation-----	June 5, 1959	14,900,000.00	9,890,021.55	Government of Tunisia: Irrigation project-----	Oct. 11, 1960	18,000,000.00	1,965,770.54
Government of Yugoslavia: Project assistance-----	Nov. 12, 1957	73,700,000.00	72,210,799.03	Government of Ceylon: Highway rehabilitation-----	Sept. 3, 1958	726,000.00	689,700.00
Do-----	May 22, 1958	46,900,000.00	46,153,566.83	Project assistance-----	Mar. 25, 1959	3,320,000.00	1,243,382.32
Fertilizer plant-----	Jan. 8, 1959	22,500,000.00	21,066,391.18	Do-----	Sept. 23, 1959	6,000,000.00	2,932,138.81
Project assistance-----	Mar. 10, 1959	69,200,000.00	57,923,809.52	Government of Greece: Fertilizer plant-----	Jan. 28, 1959	12,000,000.00	11,790,884.94
Commodity assistance-----	Apr. 14, 1959	7,700,000.00	7,359,493.55	Public Power Corp. (Greece): Hydroelectric plant-----	Jan. 29, 1960	31,000,000.00	5,047,597.59
Electric power-----	Nov. 25, 1959	9,000,000.00	8,282,650.11	Government of Iran: Commodity assistance-----	Oct. 10, 1958	2,500,000.00	2,444,008.35
Hydroelectric power-----	Dec. 17, 1959	15,000,000.00	7,115,126.34	Industrial & Mining Development Bank of Iran: Development Bank-----	Nov. 19, 1959	5,200,000.00	1,573,145.37
Zagreb plastics-----	Sept. 16, 1960	23,000,000.00	21,207,127.29	Government of Israel: Project assistance-----	Aug. 25, 1958	3,600,000.00	2,114,425.32
Liberian-American Agricultural & Industrial Corp.: Sawmill project-----	Dec. 16, 1958	190,000.00	164,039.61	Do-----	Dec. 17, 1958	18,872,000.00	16,697,816.67
Government of Libya: Electric powerplant-----	June 28, 1957	3,500,000.00	3,137,944.51	Industrial Development Bank of Israel: Development bank-----	May 12, 1959	10,000,000.00	8,328,002.09
Do-----	June 25, 1959	5,000,000.00	4,700,405.59				
Government of Morocco: Irrigation project-----	Mar. 16, 1960	23,000,000.00	5,158,208.94				
Commodity assistance-----	June 28, 1957	20,000,000.00	19,913,609.19				
Commodity and project assistance-----	July 10, 1958	29,900,000.00	29,436,394.98				
Commodity assistance-----	June 30, 1959	15,000,000.00	13,821,911.20				
Do-----	Mar. 21, 1960	20,000,000.00	18,486,912.11				

Footnotes at end of tables.

Country and purpose	Date of loan agreement	Loan amount	Loan disbursement	Country and purpose	Date of loan agreement	Loan amount	Loan disbursement
Government of India:				(China) China Development Corp.: Development bank	Mar. 24, 1960	\$10,000,000.00	\$3,140,835.80
Project assistance	June 28, 1957	\$234,100,000.00	\$215,022,977.06	(China) Taiwan Telecommunications Administration: Telecommunications	do	2,000,000.00	1,962,451.99
Do	June 30, 1958	20,000,000.00	12,486,548.41	(China) Taiwan Power Co.: Nanpu thermal power	Sept. 30, 1960	14,910,000.00	13,542,827.85
Do	Nov. 3, 1958	35,100,000.00	32,018,100.48	Government of Indonesia: Commodity assistance	June 15, 1959	450,000.00	446,167.74
Do	Apr. 27, 1959	129,700,000.00	54,348,335.83	Railway rehabilitation	June 26, 1959	3,000,000.00	2,581,209.35
Sharavathi hydroelectric plant	June 30, 1960	8,400,000.00	3,521,624.91	Harbor development	do	6,000,000.00	985,195.81
(India) Ahmedabad Electricity Co.: Thermal power	do	3,900,000.00	3,754,874.07	Government of Korea: Telecommunications	Apr. 8, 1959	3,500,000.00	3,469,163.84
Government of India:				(Korea) Oriental Chemical Industry: Soda ash plant	Dec. 11, 1959	5,600,000.00	298,150.00
Barauni thermal power	do	3,800,000.00	2,805,024.12	(Korea) Korean Reconstruction Bank: Development bank	Apr. 12, 1960	5,000,000.00	507,130.15
Chandrapura thermal power	do	30,000,000.00	14,237,982.41	Federation of Malaya: Wharfage accommodations	Mar. 18, 1959	10,000,000.00	8,500,171.44
Durgapur power	do	20,000,000.00	11,372,389.25	Roads and bridges	do	10,000,000.00	6,773,511.80
Kanpur thermal power	Dec. 5, 1960	1,600,000.00	1,122,635.01	(Philippines) Central Bank of Philippines: Small industry loan fund	May 6, 1959	5,000,000.00	1,287,113.52
Barapani hydroelectric	do	2,500,000.00	453,725.36	(Philippines) Mindanao Portland Cement Co.: Cement plant	Oct. 26, 1959	3,700,000.00	3,579,582.32
3d railway loan	do	50,000,000.00	41,954,909.81	(Philippines) Bataan Pulp & Paper Mill: Pulp and paper mill	July 10, 1959	100,000.00	59,589.75
Capital equipment	do	25,000,000.00	21,388,979.77	Government of Philippines: Roads and bridges rehabilitation	June 29, 1959	18,750,000.00	6,350,652.05
Steel imports	do	25,000,000.00	19,911,071.13	Government of Thailand: Project assistance	June 28, 1957	10,000,000.00	9,672,867.14
(India) Industrial Finance Corp.: Development bank	Dec. 7, 1960	10,000,000.00	4,648,936.79	Telecommunications projects	June 27, 1958	7,000,000.00	3,999,947.20
(India) Hindustan Chemicals & Fertilizers: Trombay fertilizer plant	Dec. 29, 1960	30,000,000.00	21,182,272.71	(Thailand) Metropolitan Electricity Authority: Electric power expansion	Mar. 6, 1959	20,000,000.00	12,974,942.32
(Jordan) Transjordan Electric Power: Electric power project	June 5, 1959	1,200,000.00	804,868.00	Government of Vietnam: Telecommunications project	June 28, 1958	3,300,000.00	1,138,982.40
Jordan Phosphate Mines: Phosphate mine expansion	Oct. 26, 1959	1,500,000.00	1,269,026.36	(Vietnam) Vietnam Railway System: Railways	Aug. 10, 1960	9,700,000.00	1,694,047.52
(Lebanon) Banque de Credit Agricole, Industrial et Fancier: Development bank	May 4, 1960	5,000,000.00	3,193,645.56	(Vietnam) Saigon-Cholon Water Distribution System: Water distribution system	Nov. 2, 1960	17,500,000.00	1,264,304.25
(Lebanon) Societe pour L'Industrie des Metaux, S.A.: Aluminum plant	Nov. 8, 1960	400,000.00	369,590.05	Government of Bolivia: Runway construction	Oct. 22, 1959	1,500,000.00	1,058,028.47
Government of Nepal: Commodity assistance	July 29, 1960	1,000,000.00	166,151.00	Government of Brazil: Project assistance	Dec. 31, 1956	117,895,000.00	84,472,292.50
Government of Pakistan:				Government of Chile: Project assistance	Apr. 29, 1957	850,000.00	695,724.58
Project assistance	Mar. 6, 1958	23,600,000.00	22,393,442.47	Do	Dec. 27, 1957	27,680,000.00	25,460,812.53
Water sewage disposal	June 30, 1958	5,500,000.00	3,096,423.29	Airport design	May 20, 1959	300,000.00	103,237.00
Railway rehabilitation	Feb. 18, 1959	9,100,000.00	8,723,313.20	Airport construction (Pudahuel)	July 19, 1960	10,500,000.00	
(Pakistan) West Pakistan Water & Power Development Authority: Land reclamation	do	15,200,000.00	14,691,603.27	Government of Colombia: Project assistance	Feb. 4, 1958	12,240,000.00	11,141,819.88
Government of Pakistan: Karnafali multipurpose dam	do	20,250,000.00	17,817,096.85	Do	May 29, 1959	3,140,000.00	2,878,864.46
(Pakistan) West Pakistan Water & Power Development Authority: Power transmission lines	do	14,700,000.00	10,301,143.76	Government of Costa Rica: Project assistance	Apr. 29, 1957	2,000,000.00	1,496,320.63
Government of Pakistan:				Government of Ecuador: Project assistance	Apr. 30, 1957	2,000,000.00	883,582.89
Secondary transmission grid	June 29, 1959	23,000,000.00	14,684,520.60	Do	Nov. 12, 1958	880,000.00	654,129.16
Port facilities	July 10, 1959	2,000,000.00	23,188.56	Highway construction	Mar. 23, 1959	4,700,000.00	3,058,162.98
Inland waterways	Sept. 12, 1959	1,750,000.00	1,430,561.12	Do	Nov. 6, 1959	4,004,012.71	3,908,616.51
(Pakistan) PIOC (2d): Development bank	Jan. 15, 1960	10,000,000.00	9,131,011.49	(Guatemala) Banco de Guatemala: Rubber production	Aug. 17, 1959	5,000,000.00	750,000.00
Government of Pakistan: Railway rehabilitation	Jan. 16, 1960	22,000,000.00	21,905,688.58	Government of Haiti: Irrigation	May 28, 1959	4,300,000.00	4,251,477.31
Indus water system	Sept. 19, 1960	70,000,000.00	55,090,129.00	Government of Honduras: Highway development	May 16, 1958	5,000,000.00	4,560,902.51
(Syria) Industrial Development Bank: Development bank	Aug. 15, 1960	500,000.00	198,500.00	(Honduras) Empresa Nacional de Energia Electrica: Canaveral hydroelectric	Sept. 9, 1960	2,800,000.00	1,786,914.42
(Syria) Posts, Telegraphs & Telephones Administration: Telecommunications	Oct. 3, 1960	2,500,000.00	119,916.87	(Nicaragua) Empresa Nacional de Luz Fuerza: Rio tuma hydroelectric	June 30, 1960	2,500,000.00	1,077,961.82
(Turkey) Industrial Development Bank: Development bank	Sept. 12, 1958	10,000,000.00	8,065,243.67	Republic of Panama: Feeder roads	Nov. 10, 1960	5,300,000.00	2,874,560.75
(Turkey) Turkiye Komur Islemeleri Kurumu: Coal mining facilities	Apr. 30, 1959	14,500,000.00	6,035,856.10	(Panama) Instituto De Acueductos y Alcantarillados Nacionales: Water supply and sewerage system	Feb. 6, 1953	6,000,000.00	
(Turkey) ETIBANK: Electric power distribution	Jan. 21, 1960	7,000,000.00	2,591,718.40	Government of Peru: Highway construction	Dec. 19, 1960	4,500,000.00	829,885.46
Government of Turkey: Railway construction	Dec. 13, 1960	6,000,000.00	792,482.24	(Uruguay) Administracion General De Las Unimas Electricas y Los Telefonos De Estado: Telephone system	Sept. 3, 1959	8,800,000.00	6,844,876.57
(United Arab Republic-Egypt) Industrial Development Bank: Development bank	Aug. 31, 1960	6,000,000.00	14,123.00				
(United Arab Republic-Egypt) Ad fina Por L'Exportation de la Fabrication des Produits: Canning and freezing plant	Oct. 7, 1960	200,000.00	139,689.98				
(United Arab Republic-Egypt) Al Nasr Co: Bagasse pulp mill	Nov. 23, 1960	6,700,000.00	6,277,836.83				
Government of Burma:							
Project assistance	Mar. 21, 1957	17,300,000.00	7,985,247.65				
Do	do	25,000,000.00	11,680,633.86				
Do	May 29, 1958	10,000,000.00	4,933,546.74				
Do	Aug. 12, 1960	800,000.00					
Republic of China:							
Multipurpose dam	Nov. 10, 1958	21,500,000.00	20,439,319.71				
1st railway loan	Nov. 12, 1958	3,032,371.52	3,026,024.34				

Source: "Agency for International Development—Status of Loan Agreements," as of June 30, 1963, Office of the Controller, AID.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I share the concern which many Members of this body have expressed over the last few days as to the provisions of H.R. 7885. There is much in this bill with which I

find myself in direct opposition both as to the basic idea underlying the program and the performance with which the program has been implemented. It has long been my view that our foreign aid program is both improperly conceived and inefficiently implemented.

Even the most rabid supporters of the foreign aid program have been reluctantly forced to the view that a major overhaul is in order. One of the strongest supporters of the foreign aid program stated on the Senate floor recently:

The question calls for a national commission on the highest possible level to reexamine the foreign aid program of the United

States and recommend how it may be re-oriented and remain effective. I would very much favor such action, but that is a far cry from dismantling the program at this stage.

I am of the opinion that the report issued in March of this year by the President's specially appointed committee, commonly referred to as the Clay Committee, offers to Congress a unique opportunity at this time to be instrumental in reassessing the foreign aid program. The Clay Committee was appointed on the highest official level, and its conclusions and recommendations should be

carefully considered by the Members of Congress. And yet, few, if any, of its recommendations have been included in the bill which is now pending before this body.

Mr. President, I request the attention of my colleagues to one specific portion of H.R. 7885, concerning which too little has been said. The provision to which I make reference is section 402 of the foreign aid bill. This provision would authorize the President to give the benefit of U.S. trade agreement reductions in tariff duties to products imported from Communist countries when: first, he determines such treatment would be "important to the national interest"; second, he determines such treatment would promote "independence" of the Communist countries "from domination or control by international communism"; and, third, he reports these determinations and his reasons to the Congress.

To understand the reason for the inclusion of this provision in the foreign aid bill, it is necessary to briefly discuss the background of the tariff legislation with which it is concerned.

The basic tariff act setting forth the duties applicable to goods imported into the United States is the Tariff Act of 1930. Under the Trade Agreements Act of 1934, and the 11 extensions of that act, the President was authorized to reduce the rates of duty set forth in the Tariff Act of 1930. Most rates of duty have been reduced one or more times and the majority of them have been reduced several times. The total impact of these duty reductions has been to lower the ad valorem equivalent of U.S. duties from approximately 50 percent in 1930 to about 12 percent in 1962.

Under a provision of the trade agreements law, known as the most-favored-nation rule, tariff reductions granted by the United States to one country are uniformly applicable to goods imported from other countries. The most-favored-nation clause is customarily found in treaties of friendship, commerce, and navigation and in reciprocal trade agreements. Under a most-favored-nation clause, each of the contracting countries promises to give to the other contracting countries tariff treatment as good as it accords to any third country, subject to specified exceptions in most instances.

The Congress enacted the most-favored-nation rule into the Trade Agreements Act of 1934 by providing that the duties proclaimed by the President under the act should apply uniformly to articles brought into the United States from the country with which the particular agreement is made and from other countries generally. One qualification of the policy of equal tariff treatment based on the principle of the most-favored-nation clause stems from a provision of the Trade Agreements Act of 1934 authorizing the President to suspend the application of trade agreement rates of duty to products of countries which discriminate against the commerce of the United States or which pursue policies tending to defeat the purposes of the Trade Agreements Act. Un-

der this particular provision, reduced trade agreement rates on duties were withheld in pre-World War II years from imports of German products.

Despite these particular exceptions, the State Department in years past has persuaded the President that it would serve a useful purpose for U.S. trade agreement concessions to be made available to Yugoslavia and Poland. In recent years, articles imported from those countries have received the benefit of all U.S. tariff rate reductions.

Congress, in enacting the Trade Expansion Act of 1962, which substantially replaced the prior Trade Agreements Act, directed that the benefit of U.S. tariff reductions not be made available to any Communist country. Unfortunately, section 231 of the Trade Expansion Act of 1962, in directing the President to withdraw the benefit of trade agreement tariff reductions from Yugoslavia and Poland, used the words "as soon as practicable." These words have been seized upon and used to effectively thwart the stated intention of Congress in adopting section 231 of the Trade Expansion Act of 1962. Notwithstanding the fact that the 1962 act became effective on October 11, 1962, the State Department has taken absolutely no action to withdraw the benefit of all our trade agreement concessions from Yugoslavia and Poland.

In March of this year, some 5 months after the effective date of the Trade Expansion Act of 1962, I wrote letters to the Chairman of the Tariff Commission, the Secretary of Commerce, and the Secretary of State to find out what steps, if any, had been taken pursuant to section 231 of the Trade Expansion Act of 1962. Mr. Ben Dorfman, Chairman of the U.S. Tariff Commission replied as follows:

DEAR SENATOR THURMOND: This is in response to your letter of March 9, 1963, in which you ask what steps, if any, the President has taken pursuant to section 231 of the Trade Expansion Act of 1962 with regard to imports from any country or area under Communist domination or control.

Section 257(e) (2) of the Trade Expansion Act provides that action taken by the President under section 5 of the Trade Agreements Extension Act of 1951, and in effect on the date of enactment of the Trade Expansion Act, shall be considered as having been taken by the President under section 231. Therefore, products of all countries or areas designated by the President pursuant to section 5 as being under Communist domination or control, continue to be excluded from the benefits of most-favored-nation rates of duty by operation of section 257.

Products of Poland and Yugoslavia continue to receive most-favored-nation tariff treatment. Although no formal steps have been taken by our Government to discontinue this treatment, it is understood that the matter is under advisement by the administration. Section 231 provides that such action shall be taken "as soon as practicable." The Commission is not advised as to the factors which make it "impracticable" to take such action at this time.

Sincerely yours,

BEN DORFMAN,
Chairman.

The Secretary of Commerce, the Honorable Luther H. Hodges, replied as follows:

DEAR SENATOR THURMOND: I refer to your letter of March 9, 1963, concerning section

231 of the Trade Expansion Act of 1962, which deals with most-favored-nation treatment of imports from Communist-dominated countries or areas.

This is a matter which directly involves our treaty relationships with other nations, and which therefore is of direct and immediate concern to the Department of State. That Department presently has under advisement the steps to be taken to carry out section 231, and I am forwarding a copy of your letter to Secretary Rusk, with the request that he furnish you full information concerning the matter.

With best wishes,

Sincerely yours,

LUTHER H. HODGES,
Secretary of Commerce.

And finally and most importantly, Mr. Frederick G. Dutton, Assistant Secretary of State, replied on behalf of the Secretary of State as follows:

DEAR SENATOR THURMOND: Thank you for your letter of March 9 to the Secretary asking what steps have been taken to implement section 231 of the Trade Expansion Act of 1962. This provision requires that the President take action "as soon as practicable" to deny the benefits of most-favored-nation tariff treatment to any country or area dominated by communism.

The only Communist countries which presently have most-favored-nation status are Yugoslavia and Poland. Yugoslavia has such status by virtue of the 1881 Treaty of Commerce with the Kingdom of Serbia, a predecessor state of the present country of Yugoslavia. Poland was denied this status in 1952, along with other Soviet-bloc countries, pursuant to the terms of section 5 of the Trade Agreements Extension Act of 1951. Poland was restored to most-favored-nation status effective December 16, 1960, following conclusion in July of that year of an agreement under which Poland is paying \$40 million in compensation for the claims of American nationals against Poland.

The legislative history established during consideration of the conference report of the Trade Expansion Act indicates that the phrase "as soon as practicable" was intended to afford the President discretion in determining when action should be taken under the law. The timing of such action is under active consideration.

If I may be of further assistance to you please do not hesitate to call upon me.

Sincerely,

FREDERICK G. DUTTON,
Assistant Secretary.

Mr. President, it is apparent from these answers that not only had nothing been done to implement section 231 of the Trade Expansion Act of 1962, but that no action on the part of the executive branch was contemplated. Even though the 1962 act became effective on October 11, 1962, the State Department, in more than a year's time, has taken absolutely no action to withdraw the benefit of our trade agreement concessions from Yugoslavia and Poland. This amounts to an utter disregard for the mandate of Congress and is in direct contrast to past occurrences.

In 1951, the Trade Agreements Extension Act of 1951 contained a similar provision directing the President "as soon as practicable" to suspend the benefit of trade agreement concessions from all Communist countries. The 1951 act became effective on June 16, 1951. By August 3, 1951, less than 2 months later, President Truman had issued a proclamation taking the necessary action. The provisions of the act of 1951 were

aimed at some 13 countries. In the proclamation which President Truman issued, he instructed the Secretary of the Treasury to assess the full rates of duty provided in the Tariff Act of 1930 on imports from named Communist countries. Some few months later, President Truman effected the withdrawal of trade agreement benefits from four additional Communist countries.

The State Department fought tooth and nail the enactment of section 231 of the Trade Expansion Act of 1962 in the form in which it became law. After the State Department lost this legislative battle, it nevertheless determined that it would not carry out the directions of the Congress that most favored nation benefit of our tariff concessions be withdrawn from Yugoslavia and Poland.

The State Department recognized that it would be difficult, if not impossible, to secure the approval of the Congress for such legislation if the matter were brought up through normal legislative channels. Normal legislative channels would require that such a proposal first be considered by the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate. In order to circumvent this normal procedure, the State Department strategy was to include a suitable provision in the foreign aid bill. Of course the foreign aid bill does not come before the Ways and Means Committee of the House of Representatives or the Finance Committee of the Senate. Instead, it comes before the Foreign Relations Committee which would more readily acquiesce in the wishes of the Department of State. For that reason, the determination was made that the use of the foreign aid authorization bill as a vehicle for overruling section 231 of the Trade Expansion Act would have a greater chance of success.

H.R. 7885, as it passed the House of Representatives, did not contain this provision overruling the mandate of Congress in section 231 of the Trade Expansion Act of 1962. It was, however, contained in the Senate version of this bill, S. 1276. The amount of testimony offered to the Foreign Relations Committee in connection with this particular section is negligible in comparison with its importance. The Secretary of State, the witness who should be required to carry the burden of proof, devoted only one small portion of his statement to this section of the bill. This can be found beginning on the bottom of page 14 and the top of page 15 of the printed hearings.

In addition to this, a memorandum was prepared for the use of the committee by the former Ambassador to Yugoslavia, George F. Kennan. The meager amount of testimony which is available falls far short of that required for Congress to overrule its previous enactment which is contained in section 231 of the Trade Expansion Act of 1962.

Last year, a congressional study mission in Europe made a very enlightening report concerning the economic offensive which the Soviets are continually carrying on. The report of this study mis-

sion has been printed as House Report No. 32.

As a result of the group's on-the-ground study of the problem, it unanimously concluded that economic and trade warfare is being used as an important instrument of Soviet worldwide strategy. At this particular time, the principal commodity being used for this purpose is oil. In the past, aluminum and other commodities have been used. No one can predict with any degree of reliability which commodities or products the Soviet bloc will select in the future when it desires to disrupt the free-world markets and weaken the industries of this or other countries in the Western World.

The Soviet bloc already possesses considerable economic and technological potential from disrupting Western markets and creating this type havoc. Foreign trade by Communist countries is conducted by State trading enterprises. These are merely puppets which are manipulated by the Communist conspiracy when the grand design for the destruction of the United States and the entire Western World makes it seem appropriate. In 1961, the Soviet bloc exported \$15.6 billion worth of commodities. As it happened, only a small percentage of these Communist exports were sent to the United States. The important point to remember, however, is that the Communist countries do possess a surplus production and an ever-present rive for them to deal a blow to this counter-export potential. When the moment arrives, they possess the means of selecting products of importance in the markets essential to the economic health of our strategic industries.

It is well known that the state trading enterprises of Communist countries are able to fix prices for export sales at will. This power to set prices arbitrarily permits Communist countries to dispose of surplus production by dumping it on the world market in a manner which suits their objectives. The availability of the reduced trade agreement rate applicable to imports of such products helps the Communists in their dumping operations.

The State Department's obstructionism in carrying out the will of Congress as expressed in section 231 of the Trade Expansion Act is part of its program of wooing over Marshal Tito. The State Department's overture to Tito seems to be contrary to the views and recommendations of other branches of the executive department. In October 1962, Under Secretary of the Treasury Henry H. Fowler, in addressing the National Defense Executive Reserve on the subject of "Our Industrial Economy and National Security," pictured in very graphic terms the challenge of the Sino-Soviet bloc. By devoting its economic production to destructive purposes rather than to the benefit of its own people, the Soviet bloc is in a position at times of its own choosing to wage economic warfare on the strategic industries of the United States. Under Secretary Fowler realistically recommended the adoption by the United States of "a program covering

ordinary normal trade with the bloc in a manner that will protect private trade from the abuses of bloc state trading techniques." One such measure is readily at hand simply by having the President overrule the State Department and obey the directive of the Congress in the Trade Expansion Act by withdrawing from Poland and Yugoslavia the benefit of the reductions in U.S. duties contained in our trade agreements.

It is important to note in this regard that none of these concessions was made in trade agreements with either Yugoslavia or Poland. We will not be violating any of the terms of the agreements with those Communist countries; rather, we will be suspending their enjoyment of trade concessions for which they paid nothing, which they do not reciprocate, and which facilitate their economic penetration of U.S. markets.

Mr. President, it seems that with the notable exception of the Department of State the whole world is completely aware of the destructive potential of the state trade techniques used by Communist countries, including Yugoslavia and Poland. No less an authority than the Executive Secretary of the General Agreement on Tariffs and Trade discussed this objectionable feature of trade by Communist countries in an address delivered in Warsaw in June of 1961. He stated:

To many contracting parties it appears that the Polish trading system is such that Poland cannot in practice offer to their exporters the degree of nondiscriminatory access, subject only to a defined degree of tariff protection, as Poland would acquire as a contractual right under the general agreement.

It is significant that the United States is one of the few countries in the world which gratuitously extends to Poland and Yugoslavia most-favored-nation treatment. Poland is not now a member of GATT, and will not be entitled to most-favored-nation enjoyment of the reduced tariff duties of the member countries of GATT unless and until she becomes a member of that organization. When the President withdraws the benefit of our trade agreement concessions from Poland, as he is directed to do by section 231 of the Trade Expansion Act, the resulting situation will be no different than that which now confronts Poland in its trade with other countries of the West. To continue the quotation from the address delivered by the Executive Secretary of GATT, Mr. Eric Wyndham White:

Polish import policy is an integral part of its economic plan. The plan allocates to the import sector only that part of consumption which cannot be met by planned domestic production. There is therefore no possibility of competing on equal terms with Polish domestic products, nor of penetrating Polish markets on the basis of competition in quality and price.

The GATT Secretary pointed out:

Both the volume and direction of trade (with Poland) is arbitrary and not subject to the play of market forces so much as to administrative and governmental decisions.

This exists not only on the import side but also in Poland's export trade. The GATT Secretary declared:

Export prices, too, present a problem for which normal antidumping provisions are inadequate, because the normal elements of price formation are lacking or difficult to establish. A control of imports from Poland is therefore necessary to make good this deficiency.

Mr. President, it is completely true, as the GATT Secretary, Mr. White, explained in his address in Poland, that countries like the United States are powerless to defend themselves from destructive imports from these Communist countries. Our procedures, geared to the prevention of disruption in the marketplace where prices are established by business organizations, simply do not accomplish the job in dealing with products that are exported by state trading enterprises with the power deliberately to price them below any level of control that can be achieved in the country of destination.

For this reason, it is madness for the United States to facilitate destructive imports from Communist countries in the future by dismantling the tariff rates of duty which would apply if trade agreement concessions were not available to them.

Mr. President, it is true that Yugoslavia put a new general customs tariff applicable to all imports into effect in March of 1961. Furthermore, it must also be pointed out that Yugoslavia is applying most-favored-nation rates of duty to imports from all sources. It is also true, however, that Yugoslavia has retained a system of import and export controls superimposed upon the tariff. Imports, with some few exceptions, are subject to a licensing requirement. Foreign exchange is allocated and controlled in such a manner that these licenses are sparingly granted. On the export side, the Yugoslavian Government subsidizes the exportation of products representing a substantial part of Yugoslavia's total exports. These export premiums may be as much as 32 percent of the value of the product being exported.

In the final analysis, Yugoslavia remains essentially a state trading enterprise in foreign trade. As stated by the report of the GATT working party on its second annual review of relations with Yugoslavia, on December 7, 1961, the Yugoslav system is of a special nature; there are no private traders and there is no place for the concept of private ownership of the means of production or of the objects of commerce in the Yugoslav social system. And while the working party concluded that the Yugoslav system was not properly a monopoly or state trading, the fact of the matter is that the means of production and the fruits of production are owned by the state and it is the agents of the state who make the decisions concerning prices and export policies. The recent GATT report on trade in agricultural products, in dealing with Yugoslavia, sets forth the views of members of Committee II, which conducted the study, that the state sets export prices for agricultural products, and that there are many interventions in the Yugoslavian system which limit the free play of market forces.

Mr. President, the Soviet bloc countries have a planning body called the Council for Mutual Economic Assistance, known by the letters CMEA. That group worked out a set of principles for the International Socialist Division of Labor. It includes the following statement:

It is necessary continually to perfect the system of price formation on the world Socialist market in keeping with the requirements of the planned extension of the International Socialist Division of Labor, a steady expansion of trade, and the accelerated development of the world Socialist economy, while creating conditions for the gradual changeover to an independent price basis.

This statement, translated into ordinary language, means that for a long time to come the Communist countries will set prices deliberately at whatever level is required to further the Communist objective of expanding their economic system throughout the world. When it is no longer necessary for the Communist system to use arbitrary prices as a weapon of attack against the West, they will then consider some system of normal pricing, but not before.

Mr. President, the Senate of the United States is engaging in the futile exercise of wishful dreaming if it seriously thinks that granting a most-favored-nation treatment to these two Communist countries will successfully lure them away from the Communist bloc. The assertions made on the Senate floor by myself and other Senators which led to the inclusion of section 231 in the Trade Expansion Act of 1962 are just as valid today as they were then. The State Department officials and others in the executive branch of the Government have not changed their attitude nor have they cited any new or additional information which tends to prove that their high-flown theory that both Yugoslavia and Poland are independent of domination by the international Communist conspiracy is accurate.

Having persuaded the President to agree to the inclusion of a provision dealing with section 231 of the Trade Expansion Act in the foreign aid authorization bill, the State Department has also asked for the power to broaden the authority that would be conferred on the President beyond merely Yugoslavia and Poland. The language of section 402 of H.R. 7885 would not only allow the President to extend most-favored-nation treatment for imports from the Communist countries of Yugoslavia and Poland, but it would also empower him to grant that privilege to any Communist country when he decided that such action would promote the independence of that Communist country from control by international communism. Of course, this power which is being given to the President would in actuality be delegated to the Department of State. In reality, they are asking for this power on their own behalf.

At the present time, the official State Department policy is to recognize the existence of an ideological struggle within the Communist world between Red China and the Soviet Union. The State Depart-

ment, acting on behalf of the President, might well make a determination under section 402 that granting most-favored-nation treatment to any of the Communist satellite countries would promote their lining up with the Soviet Union against China, or vice versa. In their view, this would promote the independence of the beneficiary nation from control by whichever of the two Communist giants, China or Russia, that the State Department felt at the time would most likely emerge victorious in the ultimate decision.

Mr. President, it is impossible for benefits to be extended to one Communist country which do not become readily available to the whole Communist conspiracy. All that is required is that goods originating outside of Yugoslavia or Poland be sent to those countries for transshipment. If the markings on the containers are changed to indicate that Yugoslavia or Poland is the country of origin, it would be impossible for U.S. customs authorities to penetrate the Iron Curtain so as to establish the facts concerning the actual country of origin. Hence, no mistake should be made about the fact that granting most-favored-nation benefits to one Communist country extends it to all Communist countries for use at such times as Khrushchev's economic lieutenants decide that it would further the Soviet Union's or Communist China's common objective of burying the United States.

Section 402 of the foreign aid bill, therefore, is not only an attempt to overrule the public policy insisted upon by the Congress in the enactment of the Trade Expansion Act of 1962—namely, that the most-favored-nation benefit of our tariff concessions should be withdrawn from Yugoslavia and Poland—it also goes far beyond any previous line of demarcation on the subject of Communist eligibility for the most-favored-nation benefits which we grant the nations of the free world by permitting the President in his sole discretion, at times of his own choosing, to grant most-favored-nation privileges to any Communist country.

The report of the Senate Committee on Foreign Relations, approving the foreign aid bill, refers to section 402 commencing at page 39. The report's treatment of section 402 is misleading. In its first sentence it indicates it is designed to permit the President to extend most-favored-nation treatment to Communist countries. The fact is that under the law these Communist countries already have most-favored-nation treatment and will continue to have it so long as the President continues to ignore the mandate in section 231 of the Trade Expansion Act.

The report is weak in the emphasis it gives in the second paragraph to the fact that the President was directed to withdraw most-favored-nation treatment "as soon as practicable." He has failed to do so in more than a year. October 11 was the anniversary of the effective date of the Trade Expansion Act.

The final sentence in the first paragraph of the report is somewhat mis-

leading, to the extent that it suggests that the effect of section 231 is only to penalize Yugoslavia and Poland. This section was not so restricted, but applies to all Communist countries, and when the force of this section is ruined by section 402, then the President has authority to decide it is in the interest of this country to extend the benefit of reduced duties to each and every Communist nation in the world, except possibly Russia.

The report makes out a very weak case for favoring Yugoslavia, particularly in the discussion of trade with Yugoslavia. On page 40 the report notes that U.S. imports from Yugoslavia amounted to \$48.3 million and that U.S. exports to Yugoslavia amounted to \$154.1 million.

This apparent balance of trade in our favor is effectively destroyed when there is deducted from our exports to Yugoslavia the estimated \$131 million of exports which have been financed by the United States under various AID and other loan programs. To this extent, our exports to Yugoslavia have not been exports which offset imports in the true sense. The ultimate result is an adverse balance on commercial trade to the extent of approximately \$25.2 million.

A similar calculation can be made in the case of Poland. The report shows that U.S. imports in 1962 from Poland were \$45.6 million, and U.S. exports to Poland during 1962 were \$94.5 million. But when there is deducted from the U.S. exports the estimated \$64 million of exports which were financed by U.S. taxpayers, it is obvious that on commercial trade there is an adverse balance of trade against the United States. In this case, it is approximately \$15.1 million.

Mr. President, there is no tangible reason why section 402 of the foreign aid bill should be enacted into law. It would be detrimental to the national security of our country. Even from a purely commercial standpoint, the enactment of this section would undoubtedly benefit the Communist bloc. Unfortunately, Mr. President, the Senate rejected the amendment which was offered to eliminate section 402 from H.R. 7885. This action on the part of the Senate as a whole provides me with ample reason to vote against this measure even if the rest of the bill were acceptable.

However, the rest of this measure contains the same objectionable features which have been brought before the Senate in past years. Basically, the issue is one of economic stability versus bankruptcy. The United States, which is the last and strongest remaining bulwark of freedom, cannot continue to spend more money than it derives in revenue year after year. Not only are we doing the people of the United States and future generations a grave injustice by attempting to do so, but we are also endangering the survival of freedom.

Mr. President, the October 21, 1963, Dan Smoot report contains some very revealing statistics concerning our foreign aid program. Mr. Smoot says:

The official public debt of the United States represents money already spent, in excess

of revenue. It does not include contingent liabilities (literally trillions of dollars which the Government has committed itself to spend in future years). On December 31, 1962, the official public debt of the United States was \$303,470,080,489—which was \$24 billion more than the total indebtedness of all other nations on earth.

Yet, President Kennedy demands another \$4½ billion foreign aid bill. Why? Foreign aid has been the means of implementing the 1944 Bretton Woods scheme to give away our wealth until America is reduced to the status of a weak and dependent unit in an interdependent one-world Socialist system.

From July 1, 1946, to June 30, 1963, the United States gave away abroad \$148,456,333,000. The following tabulation, showing where the money went, does not include great sums of money and goods, in private giving, which have flowed from America to foreign lands. It does not include billions in aid which American industries have provided by building plants and making other investments abroad. A heavy percentage of the private American investments abroad has been artificially stimulated by our Government through guarantees against loss, underwritten by tax money, for the specific purpose of aiding the foreign nations. The following tabulation does not include billions of dollars' worth of agricultural goods which we have sold to foreign nations at subsidized prices, with American citizens paying the subsidies. The tabulation does not include all agricultural surpluses which we have sold to Communist nations like Poland and Yugoslavia and to neutralist nations like India, for local currencies. In such sales, we accept payment in the currency of the nation which receives our goods. We can use a small amount of such local currency to pay operating expenses of missions and embassies, and to offset dollar accumulations, in those countries. Most of the local currency, however, is worthless to us and is spent on aid projects in the countries involved.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD at this point in my remarks a tabulation of U.S. foreign aid to the different countries of the world from 1946 to 1962 which is contained in this issue of the Dan Smoot report.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

U.S. Aid to Western bloc nations (1946-62)	
Austria.....	\$1,618,300,000
Belgium-Luxembourg.....	2,166,700,000
China (Nationalist).....	4,789,600,000
Denmark.....	887,400,000
France.....	11,397,300,000
French territories.....	6,000,000
Germany.....	7,576,900,000
Germany (Berlin).....	143,900,000
Greece.....	3,943,200,000
Iceland.....	78,800,000
Ireland.....	146,200,000
Israel.....	1,211,400,000
Italy.....	7,466,800,000
Japan.....	6,146,800,000
Netherlands.....	2,687,400,000
Norway.....	1,159,700,000
Portugal.....	136,800,000
Portuguese oversea provinces.....	25,300,000
Spain.....	2,195,600,000
Sweden.....	110,000,000
Turkey.....	3,711,400,000
United Kingdom.....	12,528,300,000
United Kingdom territories.....	1,110,000
Europe, general.....	2,611,500,000
Total.....	73,106,110,000

U.S. aid to Communist bloc nations (1946-62)	
Cuba.....	\$90,500,000
Ghana.....	28,700,000
Poland.....	967,900,000
U.S.S.R.....	500,000,000
Yugoslavia.....	3,290,300,000

Total..... 4,877,400,000

U.S. aid to Latin American nations (1946-62)

Argentina.....	\$1,027,300,000
Bolivia.....	286,400,000
Brazil.....	3,193,400,000
British Guiana.....	2,600,000
British Honduras.....	2,600,000
Chile.....	904,700,000
Colombia.....	576,100,000
Costa Rica.....	136,700,000
Dominican Republic.....	9,400,000
Ecuador.....	139,000,000
El Salvador.....	23,400,000
Guatemala.....	207,900,000
Haiti.....	127,700,000
Honduras.....	54,300,000
Jamaica.....	11,200,000
Mexico.....	1,246,500,000
Nicaragua.....	98,400,000
Panama.....	121,100,000
Paraguay.....	68,600,000
Peru.....	630,600,000
Surinam (Dutch Guiana).....	3,100,000
Uruguay.....	120,400,000
Venezuela.....	333,600,000
West Indies Federation.....	12,600,000
Latin America, general.....	240,500,000

Total..... 9,578,400,000

U.S. aid to Afro-Asian bloc nations (1946-62)

Afghanistan.....	\$275,600,000
Burma.....	138,900,000
Cambodia.....	298,000,000
Cameroon.....	2,400,000
Ceylon.....	124,100,000
Chad.....	100,000
Congo (Brazzaville).....	100,000
Congo (Leopoldville).....	24,100,000
Cyprus.....	19,000,000
Dahomey.....	4,200,000
Ethiopia.....	228,400,000
French Indochina.....	1,535,200,000
Gabon.....	100,000
Guinea.....	5,700,000
India.....	5,208,300,000
Indonesia.....	976,100,000
Iraq.....	69,900,000
Iran.....	1,340,700,000
Ivory Coast.....	2,100,000
Jordan.....	349,500,000
Kenya.....	9,500,000
Korea.....	6,143,000,000
Laos.....	372,700,000
Lebanon.....	110,500,000
Liberia.....	199,200,000
Libya.....	243,600,000
Malagasy.....	500,000
Malaya.....	24,400,000
Mali.....	3,100,000
Mauretania.....	1,700,000
Morocco.....	395,500,000
Nepal.....	64,800,000
Niger.....	2,000,000
Nigeria.....	19,800,000
Pakistan.....	1,982,100,000
Philippines.....	2,683,700,000
Rhodesia-Nyasaland.....	55,700,000
Saudi Arabia.....	65,800,000
Senegal.....	3,600,000
Sierra Leone.....	1,300,000
Somalia.....	13,400,000
Sudan.....	51,200,000
Syria.....	100,000,000
Tanganyika.....	6,300,000
Thailand.....	676,800,000
Togo.....	2,700,000
Tunisia.....	372,000,000
Uganda.....	1,200,000
United Arab Republic.....	684,300,000

*U.S. aid to Afro-Asian bloc nations
(1946-62)—Continued*

Upper Volta.....	\$2,000,000
Vietnam.....	2,214,200,000
Yemen.....	25,900,000
Africa, general.....	22,300,000
Asia, Far East.....	427,800,000
Asia, south.....	773,500,000

Total..... 28,358,600,000

*U.S. contributions to world organizations
(1946-62)*

CENTO (Central Treaty Organization).....	\$25,000,000
Export-Import Bank.....	7,000,000,000
International Bank for Reconstruction and Development.....	635,000,000
International Monetary Fund.....	4,125,000,000
International Finance Corporation.....	35,168,000
International Development Fund.....	320,300,000
Inter-American Development Bank.....	450,000,000
Inter-American Social Progress Fund.....	394,000,000
United Nations; U.N. specialized agencies, special programs and funds.....	1,717,093,000
UNRRA (United Nations Relief and Rehabilitation Administration).....	3,400,000,000
Total.....	18,101,561,000

Résumé

Foreign aid appropriated but unspent as of June 30, 1962.....	\$8,000,000,000
Foreign aid appropriated for fiscal year ending June 30, 1963 (breakdowns not yet available).....	6,433,962,000
Grand total, U.S. aid to all nations and world organizations, July 1, 1946, through June 30, 1963.....	148,456,333,000

Mr. THURMOND. Mr. Smoot goes on to say:

The \$148.5 billion which our Government has taken from taxpayers and given away abroad since 1946 is \$46.7 billion more than the total assessed valuation of all property (including land) in the 50 largest cities of the United States.

Foreign aid since 1946 has cost individual taxpayers an average of \$1,537 each, and has cost corporation taxpayers an average of \$25,828 each. Since all corporation taxes must necessarily be passed on to consumers in price of goods, the total burden of our Government's foreign giveaway actually falls on individual Americans.

None can deny the harsh fact that this giveaway has brought us to the edge of economic ruin, saddling our citizens and their posterity with a debt exceeding the combined indebtedness of all other nations on earth, and putting us at the mercy of the very nations which have received our bounty. None can deny that American tax money has built foreign industries which now undersell our own—and that the American industries are still being taxed to subsidize foreign competitors. None can deny that American foreign aid and American foreign-investment guarantees have caused American industries to expand abroad, thus curtailing industrial expansion at home. None can deny that many American industries have already been grievously hurt by foreign competition which American tax money subsidizes abroad—and that thousands of American workers have thus lost jobs.

And none can show that our foreign aid programs have done any good for the United States. Ostensibly, the primary purpose of

our foreign aid is to fight communism. It has done the opposite.

Look at the list of nations receiving our aid and determine which, if any, are now stancher friends of America, or sterner foes of communism, than before our aid began. You will not find one on the list.

We alienated the Netherlands by forcing them to surrender their East Indian possessions—which became the pro-Communist nation of Indonesia. In 1962, we deepened the injury by our part in forcing the Netherlands to surrender New Guinea to Indonesia.

Australia (which owes us no money) is disturbed and angry because of this New Guinea deal. Indonesia and the Philippines now berate us for supporting the new nation, Malaysia.

Our State Department is responsible for converting Cuba into an enemy nation. In forcing the downfall of Trujillo in the Dominican Republic, we eliminated the last strong friend we had in the Caribbean area. We helped establish the pro-Communist government of Juan Bosch in the Dominican Republic. This month, we refused to recognize the anti-Communist group which overthrew Bosch.

The alienation of France now seems complete. West Germany is outraged about our wheat deal with the Soviets. Cambodia resents us because of arms we give to Thailand. Thailand resents us because of arms we give to Cambodia. Pakistan resents us because of aid we give to India. India resents us because of aid we give to Pakistan.

We alienated Portugal by our United Nations stand regarding Portuguese Angola in Africa; and we alienated South Africa (which owes us no money) by criticizing her internal policies.

The dastardly United Nations rape of Katanga—which we financed and supported without stint—not only eliminated Katanga as a friend of America but apparently caused hatred of us throughout Africa. United Nations forces bombed hospitals, homes, industrial plants, and schools. United Nations troops (which included uncivilized Ghurkas from India and savage tribesmen from Ethiopia) committed atrocities against women, children, missionaries, doctors, and other civilians. Meanwhile, Congolese troops—drawing their pay at the expense of American taxpayers—roamed the country in lawless, drunken bands, raping, killing, and pillaging.

In Peru, there is hurt and bewilderment on the part of intelligent, middle-class Peruvians at our failure to give full recognition to the anti-Communist group which seized power there.

Brazil (largest recipient of our aid in South America) is in the hands of Communists or pro-Communists, and so are Bolivia, Uruguay, and Venezuela. Argentina, second largest beneficiary of our aid in South America, is so wildly unstable that a Communist coup is possible at any time. Indeed, Kennedy's foreign aid program for Latin America (Alliance for Progress) is preparing that whole region for communism.

Iceland is pro-Communist, strongly anti-United States. Israel, a socialist nation which has received vast sums of American money, is training armies for the Communist dictator of Ghana. Italy contains the second biggest Communist Party outside the Communist bloc and is currently nationalizing (which means communizing) major industries.

Of the 52 Afro-Asian bloc nations which receive our aid, at least 5 can correctly be called Communist nations, since they are controlled by Communists or by men like Sukarno of Indonesia who is, for all practical purposes, a Communist: Algeria, Congo (Léopoldville), Guinea, Indonesia, Laos.

All Afro-Asian nations are, like Burma and India, Socialist nations with political ideologies basically inimical to American con-

stitutional ideals; and most of them have revealed a deep hostility toward the United States. Yet, the European nations which were once colonial powers in Africa and Asia, resent us for the aid we gave to help destroy their empires.

All over the world, nations take our economic aid, not to develop free enterprise economies compatible with American constitutional principles, but to finance Socialist systems patterned after the Soviet Union. All over the world, nations accept our military aid, not to help defend the free world against communism, but to support their own tyranny over their own people and to strengthen themselves against their neighbors, who are also accepting our military aid as members of our free world alliance.

Our military aid to foreign nations puts all of our allies into an armaments race with one another. We finance both sides, and both sides resent us.

How much freedom for the world, or friendship for ourselves, have we bought with \$4.8 billion in aid to Communist nations since July 1946? The \$500 million shown in the above tabulation for the Soviet Union is for World War II lend-lease delivered after July 1, 1946. Prior to 1946, we gave the Soviets (in lend-lease during World War II) \$11.1 billion in aid.

In this connection, it is instructive to look at the total picture of American foreign aid. The figures tabulated above are for the period since July 1, 1946. Prior to that, we had already given away \$58.9 billion in aid to foreign nations.

The net amount of foreign aid which the United States has given to foreign nations since our involvement in the First World War is \$207,434,234,867. Australia, Canada, New Zealand, and South Africa are—as far as I have been able to determine—the only nations on earth who do not owe money to the United States. Here are the 15 nations which have received the most from us (the figures include unpaid World War I debts, net amounts of lend lease received during World War II, and net amounts of foreign aid received from July 1, 1946, through June 30, 1962):

	Amount
United Kingdom.....	\$45,003,414,301
France.....	19,998,967,994
U.S.S.R.....	12,351,952,530
Italy.....	9,673,447,659
Germany.....	7,576,900,000
Japan.....	6,146,800,000
Korea.....	6,143,000,000
China (Nationalist).....	6,125,232,000
India.....	5,208,300,000
Greece.....	4,064,320,815
Turkey.....	3,741,400,000
Brazil.....	3,512,894,000
Yugoslavia.....	3,366,329,843
Netherlands.....	2,865,464,000
Philippines.....	2,683,700,000
Total.....	137,462,123,142

Mr. President, the August 1963 issue of the Reader's Digest contained a very revealing story entitled "Let's Stop Sending U.S. Dollars to Aid Our Enemies," by Charles Stevenson. I have previously had this article printed in the CONGRESSIONAL RECORD. However, I believe that a brief résumé of some of the points brought out would be worthwhile at this time. Mr. Stevenson quotes Congressman OTTO E. PASSMAN, chairman of the House Foreign Aid Appropriations Subcommittee, as follows:

The trouble is that too much of our foreign aid has deteriorated into a subsidy of Communist takeover. And the spenders are so power hungry, they so withhold the truth from the public, they are so beyond the normal controls of Congress, that there seems

no way to confine assistance to helping people help themselves unless we kill the entire operation and begin over.

Mr. Stevenson goes on to say:

Simply reducing appropriations won't cure what's wrong with an aid organization which is in more trouble than ever after going through 10 different administrators, 5 major reorganizations and more than 100 billion tax dollars.

As an example, this article points out that the foreign aid authorities have not been able to spend as much money as they have been given in any year since 1958. There is an accumulation of funds carried over from year to year to such an extent that the failure of Congress to pass an authorization bill would probably not effectively restrain the level of foreign aid spending.

Our foreign aid money in all parts of the world is being used to finance Government-owned and controlled, socialistic enterprises which in many cases compete with private businesses.

Articles of this nature are causing the American public to realize the fallacy underlying our foreign aid program. I believe that this large-scale public understanding is beneficial and will result in more serious misgivings about this program on the part of the Members of Congress. I cannot support the pending foreign aid authorization bill and will express my opposition to any such future proposals until such time as the needed reforms are undertaken.

A SYSTEMATIC REVIEW OF FOREIGN AID NEEDED

Mr. HART. Mr. President, yesterday President Kennedy called the opposition to his foreign aid program the worst attack since the Marshall plan. Certainly the debate these last couple of weeks has put on the line some very urgent matters. We need better guidelines in the program. We apparently need a new framework for allocating and expending the taxpayers' money. We need a clearer set of priorities. We need more concentrated effort in particular areas. We need more integrated thinking on the role of foreign aid in the overall pattern of American foreign policy, and our long-term strategic interests. We need more effort to relate foreign aid to other tools of our foreign policy, and to the political objectives of the free world. We need a greater interallied effort.

In short, Mr. President, we need a major and total review of our foreign aid program in the light of present world conditions, and our best estimate of current and future international trends. This is the nub of today's situation. This is the meaning of the reckless attacks on a major tool of our foreign policy, and one that has served this country well. This is the meaning of the restrictive amendments proposed to the pending measure, and the mass confusion they have created.

Perhaps a major review of our foreign aid program is underway in the executive branch—I do not know. In any case, such a review is needed—before the next session of Congress. It will help clear the air, and renew public confidence in a major program. I urge the President to give this matter his urgent attention. He would be well advised, I believe,

to recall the Clay Committee to serve as a focal point of such a review, with a mandate to seek further findings and recommendations early in 1964.

It is true that in the last couple of years, the administration has taken a number of initiatives to put our aid program on a firmer footing. Some splendid efforts have been made. The Alliance for Progress is a foremost example.

But some of these efforts, and their positive results, have gone largely unnoticed—or so it seems. A case in point is the very sensitive and highly important plan to make economic reform a condition of U.S. aid—a plan, Mr. President, that is beginning to bite.

Some efforts have been taken out of context and misinterpreted. The Clay report, for example, has been falsely used by the opponents of foreign aid in their efforts to reduce drastically the current program—much to the chagrin of General Clay. I need only call Senators' attention to a recent article by the general, which I will ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks.

Other efforts of the administration, Mr. President, have been lost in the flurry of debate riveted on the failures and shortcomings of our aid policy. Still others have been smothered by the "petty irritations" President Kennedy mentioned in a speech a few days ago.

Perhaps this situation was inevitable, inasmuch as these efforts often reflected a brush-fire approach to our aid problems. They were often quick improvisations and piecemeal measures. They were often defensive in tone. But whatever the reason, a total reexamination is now due.

Mr. President, the distinguished chairman of the Foreign Relations Committee, the junior Senator from Arkansas, pointed the way to a reexamination of the foreign aid program on October 28. I commend the Senator for his thoughtful remarks. He speaks from experience and with authority. I wish to associate myself with the general tenor of his comments. As I recall the Senator's remarks, he offered four suggestions:

First, that we seriously consider separating the military component of the foreign aid program from the economic and other elements;

Second, that we consider reducing our bilateral development loan program, and look increasingly to international financial institutions for the provision of capital loans;

Third, that we consider giving priority attention to the development of the human resources which are necessary precursors to meaningful economic development—education and the like; and

Fourth, that we consider providing the President with a much larger contingency fund to act with maximum effect in critical situations.

The Senator's suggestions deserve our attention in the months ahead, Mr. President, and the attention of all Americans. He offers some worthy suggestions. I stake no claim on being an expert in foreign affairs, but there are at least two additional areas I would add to his list of suggestions.

First, a very real and concerted effort must be made to coordinate free world aid programs and to increase the aid contributions of our allies. We need more concrete results in this area.

Second. Regional approaches to foreign aid must receive greater attention. In southeast Asia, for example, this could possibly be done through a revived Southeast Asia Treaty Organization. Serious consideration should be given by the Allied Powers to a broadening and redefining of SEATO's terms of reference. SEATO is now an exclusively anti-Communist alliance. It would seem to me, however, that SEATO would be serving free world interests even more, if it were capable of insuring the political stability and economic progress of the entire area, including the new Malaysia and against subversion from any quarter.

Broadening SEATO's terms of reference, and injecting into it a little of the Alliance for Progress concept—or an inter-Allied basis—is a tall order. But it is an avenue of approach which needs, I believe, some thoughtful consideration—for southeast Asia and other areas as well.

Mr. President, I trust the administration will undertake a systematic review of our entire foreign aid program in line with the long-term strategic interests of this country. It should present recommendations to Congress early in the next session. The American people would welcome this review.

Congress must still complete action on the pending program. I was hopeful the end result would not digress radically, at least from that proposed by the Foreign Relations Committee. But this does not seem to be the will of Congress.

Certainly, we need some new directions in the foreign aid program. We need a reexamination. That is why I propose, most urgently, a systematic review. Meanwhile, in further considering the pending program, we would do well to weigh our criticisms against the positive value being accomplished for our security because of the aid program and in spite of its shortcomings. The scales are heavily weighted on the value side.

And is it not a paradox, Mr. President, that at a time when the Communist bloc is experiencing difficulties in its domestic and foreign programs, including that of foreign aid, the bulk of this country's attention is riveted upon the failures and shortcomings of our program, rather than on the opportunities opening up for America, and on the possibilities of making foreign aid of even greater value to our security in the years ahead?

Hopefully, the problems in our foreign aid program, and those in our relationship to the undeveloped countries, will not repel us back toward isolationism. I do not believe we have lost our creative instincts. Let us put on our thinking caps. Let us solve our problems. Let us seize the opportunities before us, and get on with the task at hand. The security of our country, and that of freedom everywhere, requires no less.

Mr. President, I ask unanimous consent to include at this point in the *RECORD* the statement of General Clay which appeared in the *Grand Rapids Press* on October 13, 1963. I also ask unanimous consent to include an editorial from the *Detroit News*—October 28, 1963—on making greater use of the international financial institutions for economic development.

There being no objection, the statement and editorial were ordered to be printed in the *RECORD*, as follows:

[From the *Grand Rapids Press*, Oct. 13, 1963]

CLAY OPPOSES AID CUTS—SEES DANGER FOR FREE WORLD IN HOUSE ACTION

(EDITOR'S NOTE.—The Committee To Strengthen the Security of the Free World earlier this year made certain recommendations on U.S. foreign aid, based on an intensive study of the question. But the House ignored the committee's suggestions and made drastic cuts in the proposed budget. Gen. Lucius D. Clay, chairman of the committee, here explains some of the dangers he sees in the House action.)

(By Lucius D. Clay)

Our Committee To Strengthen the Security of the Free World, in its comprehensive examination of the aid program earlier this year, found in the words of our report what every American President has found since the program was first started: that a sound foreign aid program "is essential to the security of our Nation and necessary to the exercise of its worldwide responsibilities."

In the belief that it would contribute to the continuance of the program on a sound basis, our report did recommend certain reductions which we thought would improve its effectiveness while reducing its cost. However, the report stressed the importance of these cuts being made over a period of several years to avoid drastic consequences and cancellation of commitments entered into in good faith.

By and large, the recommendations which we had made were closely paralleled by many in the report of the House Foreign Affairs Committee to the full House of Representatives. Indeed, this committee made somewhat greater cuts than were embodied in our suggestions. Nevertheless, its considered recommendation for an authorization of \$4.1 billion, which was in itself \$400 million below the President's request, was slashed by \$585 million to \$3.5 billion on the House floor.

I believe that the larger cut is a threat to vital U.S. interests abroad, and I am disturbed in particular by the reductions in the Alliance for Progress and for the military assistance program.

In proposing the Alliance for Progress, the United States undertook solemn commitments in the Charter of Punta del Este to provide external support to the self-help efforts of the Latin American countries. While it is likely that some of the Latin American countries will not be able to realize the goals essential to maximum support by the United States, many of them are making real progress. While only those funds justified by this progress will actually be made available, it would seem to me that the United States must be in a position to sustain its commitments to the full extent that would result if Latin American performance were satisfactory.

A failure to authorize the appropriation of funds which would meet this commitment would be taken by many as evidence of our lack of sincerity. Moreover, if the reduction stands, fewer funds would be available this year than were appropriated last year when the Alliance was moving less rapidly

than it is today. Certainly, political stability on this continent is highly desirable, and such stability can develop only to an atmosphere of economic improvement. If the Alliance for Progress does not provide this atmosphere, I know of no other way to proceed, and it seems to me that it justifies our full support as long as it holds promise.

I also believe that the House has made much too sharp a reduction in the military assistance program to be accomplished in 1 year without encouraging damaging results to the security of the free world. Certainly, our policy of supporting the defense establishments of free nations adjacent to Communist countries has prevented the political penetration which was so successful in taking over the countries of Eastern Europe. It is also clear that the defense establishments in many of these countries are beyond their economic capacities. Admittedly, cutbacks in this program are possible—over several years. Immediate forced reductions could require rapid deterioration in military forces with consequent political disturbances in several of the countries now receiving military aid from the United States. In point of fact, we might well reduce the resources of our own defense budget rather than to discontinue or to sharply reduce the support which makes possible the contribution of the foreign military forces to the security of the free world.

Thus, and particularly in these specific programs, I believe the cuts enacted by the House to be excessive. If allowed to stand, the damage they would cause would have its effect on future years, even if not immediately apparent. The Senate has, of course, not yet acted on the authorization bill, nor has the Senate Committee on Foreign Relations as yet reported to the Senate.

However, there is not much time left to consider carefully the extent of this year's program and to be sure that it represents a sound and balanced contribution to our national security and to the execution of our foreign policy. False charges, valid criticism, and general indifference may have obscured, and even overshadowed, an appreciation of the value of our foreign aid program. It can be carefully and gradually reduced, barring extraordinary developments. Nevertheless, real progress is being made both in improving the administration of the program and in directing funds to countries and projects which offer optimum return. This is the proper way to improve our foreign aid program rather than to take the risks involved in too great a cut in 1 year—a cut which might well negate really successful efforts in many parts of the world.

[From the *Detroit News*, Oct. 28, 1963]

SHIFT IN AID URGED

Even their best friend in Congress is now telling foreign aid administrators what is wrong with their programs.

Foreign aid's best friend has been the Senate Foreign Relations Committee, which now has recommended that loans for economic development be made by international agencies such as the World Bank rather than by the U.S. Government alone.

In making this recommendation, the committee endorsed the views of Eugene Black, former World Bank President. He believes World Bank officials could exercise more influence over the use of a loan because they would not be suspected of ulterior motives. World Bank officials also could be more insistent on sound terms and could make their lending conditional upon greater efforts by the recipient country itself.

The committee itself felt that the shift from bilateral to multilateral lending would tend to put a greater burden of foreign aid financing on Western European countries. They have been spending more for foreign aid, but their \$2-billion-a-year total still is

well below their capacity, in the committee's view.

Despite its criticism of present foreign aid loan practices, the committee recommended a \$4.2 billion foreign aid authorization for the current year. That compares with the \$3.5 billion authorization voted by the House and the \$4.5 billion asked by the President. The authorization, when finally passed by both Houses, will serve only as a ceiling, and the appropriation bill still will have to be passed.

Since the Government already is almost 4 months into the current fiscal year, the committee's recommendation for the internationalization of foreign aid loans may have come too late for action at the current session of Congress. But it is a good recommendation that ought to be implemented as soon as Congress can get to it.

OIL CONTRACT NULLIFICATION

Mr. MONRONEY. Mr. President, on Wednesday, my distinguished colleague from Iowa [Mr. HICKENLOOPER] spoke to us at length on the attitude of the Argentine Government toward foreign oil companies, and outlined to us the manner in which his amendment to the Foreign Assistance Act is being strengthened in this year's bill.

I spoke at that time to indicate my support of the additional language to make sure that assistance is suspended in cases of what has been called creeping expropriation. My colleagues from the Foreign Relations Committee made it clear that the law we are considering will cover the Argentine oil contract nullification case, if nullification is carried out, to suspend foreign aid and other funds.

The Senator from Iowa, who has made a great contribution in his study of this subject, assured the Senate, in answer to my questions, that the amendment applies for the Alliance for Progress as it does to other AID programs.

Interest in our action here is evident among citizens all over the country. The *Tulsa World*, in *Tulsa, Okla.*, carried an excellent editorial in its November 12 edition on this subject of Argentine attitudes toward foreign oil companies, and urged us to revise last year's amendment. I am glad to be able to inform them that the bill this year is even stronger than we passed previously. I ask unanimous consent that the editorial be printed in the *RECORD*.

There being no objection, the editorial was ordered to be printed in the *RECORD*, as follows:

FALSE PRIDE IN ARGENTINA

Most Americans north of the border find it hard to understand the attitude of the Government of Argentina headed by President Arturo Illia.

The Illia regime seems determined to cancel its contracts with all foreign oil companies in Argentina. The action would directly affect a number of U.S. firms with an investment estimated at \$397 million.

The Government promises to protect legitimate rights, but Argentina will determine what those rights are. The oil companies can hardly be reassured by this kind of pledge.

Illia states no specific objections to the contracts. But he ran for office on a promise to annul them, and he is apparently going to keep his word, regardless of the international consequences.

The stakes in Argentina go far beyond the interests of the oil companies. The U.S. basic

concept in the 20-nation Alliance for Progress is clearly involved.

One of the main goals of the Alliance is to encourage private investment in the Latin American countries, where the flow of American aid is intended to stimulate the local economy. All the Latin countries need foreign capital, and that certainly includes Argentina, a nation that has complained in the past it was not getting American aid fast enough.

What kind of effect can the Illia government expect its oil contract annulment to have on present and potential investors in Argentina? The answer is obvious; the action is bound to throw a chill over any plans to bring private money into the country.

The United States does not approve of the Argentine Government's attitude, but Under Secretary of State Averell Harriman doesn't seem able to change Illia's mind. So what do we do about it?

We suggest that one place to start showing U.S. displeasure is Alliance for Progress funds. Why should our Government continue to spend Alliance funds in behalf of a country that is summarily undermining American investments?

The principal purpose of the Alliance is not to protect the chestnuts of private American companies. But neither is our Government obliged to pour tax money into countries that are long on accepting the benefits of the Alliance but mighty short on assuming its obligations.

The Latin Americans are proud people. Understandably, they do not like the role of beggars; they want some say-so in how foreign aid money is spent in their countries.

But the United States has some feelings, too. For one thing, we object to anyone who accepts our friendly aid money and responds by kicking us in the teeth.

If we continue to shell out in the face of such ungracious conduct, will not the other Alliance countries feel free to do the same?

Last year an effort was made in Congress to tie a little "if" to the foreign aid program, holding back aid from countries that reached out to gobble up U.S. investments. Maybe it's time to revive that amendment.

ANNOUNCEMENT OF MEETING OF THE COMMITTEE ON BANKING AND CURRENCY ON NOVEMBER 20

Mr. ROBERTSON. Mr. President, I wish to announce that the Committee on Banking and Currency will hold hearings, in accordance with the recent unanimous-consent agreement, on the bill S. 2310, introduced by the Senator from South Dakota [Mr. MUNDT] to prohibit any guarantee by the Export-Import Bank on any other agency of the Government of payment of obligations of Communist countries. These hearings will be held in room 5302, New Senate Office Building, beginning at 10 a.m., on Wednesday, November 20, 1963. All persons who wish to appear and testify on this matter are requested to notify Mr. Matthew Hale, chief of staff, Committee on Banking and Currency, room 5300 New Senate Office Building, Washington, D.C., telephone number Capitol 4-3121, extension 3921, as soon as possible.

Mr. President, I have admiration, fondness, and respect for the Senate leaders. They are two splendid men—the Senator from Montana [Mr. MANSFIELD] and the Senator from Illinois [Mr. DIRKSEN]. When they united in calling me today to ask whether I would cooperate with them in having prompt hearings on a bill that embodied the Mundt

amendment, which I fully supported, and asked our committee to report back to the Senate on November 25, and gave assurances that if the bill were reported to the Senate on the 25th it would be given priority. I agreed to do so. Hence my announcement.

But, Mr. President, in my opinion the bill embodies a very important principle. We have been giving aid to 107 nations in the world.

The bill that the Senate will shortly pass contains a prohibition against any aid going to any Communist country, except for a hospital in Poland and the Public Law 480 program in Poland and Yugoslavia.

The Mundt amendment proposed that we should not give aid to Communist countries that wished to buy on credit through the Export-Import Bank. That is what the bill S. 2310 is about. It is a vital bill.

I expect all members of the Committee on Banking and Currency to be present on November 25 so that we can legally act on the bill and report it either favorably or unfavorably. I believe this opportunity to commend our majority and minority leaders.

Mr. CLARK. Mr. President, I shall detain the Senate no more than a very few minutes. I have hitherto remained silent while the debate went forward on the bill. I wish to make a brief record of my position. I shall vote for the bill, which I fear has been badly crippled by the Senate. Many amendments with which I find myself in accord in principle have been adopted. I believe we should look hard and long before we give another dollar of aid to Nasser. I think we should look hard and long before we give another dollar of aid to Sukarno. But I fear that in the strait-jacket in which a number of the amendments have placed the President it will be difficult indeed for him to have the flexibility needed to conduct our day-to-day foreign policy as the Constitution intended that he should.

I believe it is the right of the Senate to lay down broad legislative mandates in the field of foreign policy. Indeed, that was contemplated by the Constitution. I therefore have no quarrel with many of the new indications of policy which appear in the bill. In fact, I support most of them. I say again, as I said last night, that I deplore the effort of so many of us to be our own little individual secretaries of state and impinge on the right of the President and the Secretary of State to conduct foreign policy day by day, and to write in inflexible restrictions on the power of the President to conduct our foreign policy.

I deplore also the action of the Senate—and, indeed, the action of the leadership—in cutting back from \$4,200 million to hardly more than \$3,500 million the authorization in the bill.

I should like to have had an opportunity to vote for the original figure of \$4.2 billion proposed by the Foreign Relations Committee. I regret that I had no such opportunity. That does not mean that I do not think that in due course we should taper off the program.

I am opposed to military aid for Latin America. I am opposed to military aid for NATO allies who can well support their own situation.

I wonder why we did not have the courage to cut back aid to Chiang Kai-shek. I wonder why we did not have the courage to take some of the aid out of South Korea. Those are the places we should be looking into. Instead of that, we do it by indirection. We cut aid back to some of our friends with the thought that the only way the President can find the money to give them what they need is to take it away from some of the areas in which we should have the political courage to stand up and say, "You do not need it there."

Mr. President, I shall support the bill with a fairly heavy heart. I hope that by next year the administration will have found a formula by which this great and generous country can pay an infinitely small percentage of its gross national product to countries less fortunate than we are, to countries in need, to countries that we hope to save from the yoke of communism. My hope is that can be worked out. I also hope the conference will show more wisdom than, in my judgment, was shown by the Senate.

I shall vote for the bill.

Mr. HUMPHREY. Mr. President, I shall be brief. Let me point out that in the final moments of consideration of this bill we find ourselves in a most paradoxical and ironic situation. I believe that in Mr. David Bell we have as able an administrator of the foreign aid program as any we have ever had. As administrator, he presides over the program at a time when it is receiving its most bitter and severe criticism.

The program was reorganized in 1961 at the behest of President Kennedy. Following the enactment of the 1961 foreign aid program, a new effort was made for the recruitment of new personnel—experienced and knowledgeable administrators, assistant administrators and mission chiefs. I should like to go on record as saying it is my conviction, after careful on-the-spot examination, in country after country, that we have dedicated, able, and conscientious people in the AID program to a degree such as we have never had since the days of the Marshall plan.

Mr. President, I am pleased with one development in the debate on foreign aid. We have strengthened the role of private enterprise in the foreign aid program. This was long overdue. We have invited into the overseas economic and technical assistance program the real muscle, the real strength, the real know-how of America, which is the private enterprise free economy system. For this we are indebted to many Senators, who have been critical of the bill but who have offered constructive amendments.

I was happy to join with some of those Senators in aiding the adoption of those amendments.

We find ourselves in another paradoxical situation—at the time this country is approaching a \$600 billion a year economy, we are retreating, and retrenching in our overseas commitments.

This is the smallest foreign aid authorization ever adopted by the Senate since 1948. At the time our gross national product is the largest, at the time that we have the greatest commitments in the world, at the time we are beginning to see some signs of victory for the side of freedom, we are retrenching.

We retrench at the time the Soviet Union and its satellites find themselves in difficulty, economically and politically. It seems to me that what we should be doing is pouring on the coal, so to speak, redoubling our efforts, harnessing our resources, and making up our minds that we have a great opportunity.

Mr. President, I know reforms are necessary. Some of those reforms have been outlined in the committee report. I am going to file for the RECORD a statement as to what I believe would be constructive reforms in foreign aid—not reforms that will diminish our effort, but reforms that will accelerate and intensify our effort. One of those reforms, which I believe is vital, relates to the matter of bringing in other nations to help us provide economic assistance to help underdeveloped areas, by using the contract form with private groups and with the established Government agencies, which we call the domestic agencies of our Government.

Mr. President, I hope Senators have read the morning press. Despite 3 or 4 days of really disturbing news from Brazil, we now find that the program which our Government supports has won the overwhelming support of our Latin American neighbors.

The bad news that claimed the headlines for a week are in the ashcan. America's proposal—the proposal of President Kennedy—at the São Paulo Conference for an overall supervisory committee has been adopted, Brazil and Argentina to the contrary notwithstanding. These are things that we said would happen, and I believe we should let this vote on foreign aid be an expression of our confidence in our program.

TECHNICAL ASSISTANCE FOR HEALTH IN THE MUTUAL SECURITY AUTHORIZATION BILL FOR 1964

Mr. President, I should like to express a few words with respect to one of the technical assistance programs which is authorized in the foreign aid bill.

I refer to a program in which I have been especially interested down through the years—technical assistance for health.

The actual dollar outlay for this purpose represents only a tiny proportion of the total funds in the bill pending before us.

POINT 4 TYPE GRANTS AND LOANS FOR HEALTH

In the 1963 fiscal year, the Agency for International Development spent around \$36 million in grants for health; in the 1964 fiscal year, it will have spent around \$45 million for point 4 type health assistance.

In addition, during these 2 fiscal years, AID health loans for public water and sewerage projects were and are \$95 million and \$112 million, respectively.

HEALTH AID IS RELATIVELY NONCONTROVERSIAL

This is money well spent. Probably no single item in the entire multibillion-dol-

lar aid program is more universally esteemed and less controversial than aid against mankind's ancient foes of disease and disability.

At this very time in Chicago, Ill., a second conference on international health is being held under the auspices of the American Medical Association. The American Medical Association had kindly invited me to this important meeting, but Senate duties, of course, prevented my being there.

The conference signifies, however, the deep, nonpartisan interest of the medical and of allied professions—nursing, dentistry, pharmacy, sanitary engineering, and so forth—in oversea health assistance.

CAPITAL RESOURCES AND HUMAN RESOURCES

Year after year, I have urged that increased attention be paid to all forms of technical assistance to education, to agriculture, and health.

Year after year, however, there has been a tendency—I must say very frankly—to keep assistance for human resources relatively low and to maximize assistance for capital resources.

Economists, particularly, tend to think that foreign aid can best launch developing countries into self-sustaining growth by sponsoring such "brick and mortar" projects as new roads, powerplants, steel-mills, other forms of factories, and the like.

There is no question but that, from an economic standpoint, gross national product can indeed be most spectacularly increased by aid for capital-type projects of this nature.

From a human standpoint, however, we cannot afford to lose sight of the importance of aid to the human beings who are now living and who, in so many instances, are now suffering and dying.

A careful balance is necessary, therefore, between aid for capital improvements which do generate national income and aid for human beings who are, after all, a nation's most important asset.

Certainly, capital loans for clean water and for sound disposal of waste represent a good blend of economic human aid.

I am delighted, therefore, that AID is supporting more water and sewer programs in the interest of combating the infectious diseases which are bred by unsanitary conditions.

REGRETTABLE CUT IN NUMBER OF HEALTH TECHNICIANS

It is a curious fact, however, that at the very time that AID is soundly increasing its water-sewer loans, it is cutting down its point 4 type health personnel from 372 technicians to 334 in the 1964 fiscal year. This means, for example, fewer sanitary engineers to supervise the loans for sanitary projects.

This cut is, very candidly, neither good economics nor good health practice. Water and sewer projects do not get built well or function well if construction and operation are not properly supervised by competent people, right on the scene.

I hope, therefore, that AID will see its way clear toward sending not only adequate money, but adequate numbers

of well-trained men and women to supervise and to work on health projects, in cooperation with indigenous health teams.

DISTURBING SLASH IN LATIN AMERICA

I should like to say further that the figures which I have quoted earlier are worldwide estimates.

In one particular region the estimates, when broken down, prove actually disturbing. In Latin America, of all places, the one region where U.S. interest is paramount, the number of point 4 type health assistance projects is being slashed from 101 in the 1963 fiscal year to only 43 in the 1964 fiscal year. This slash cannot be justified, in my view.

It seems to represent the views of economists who are more concerned with monumental engineering projects for tomorrow than with the plight of human beings, living today.

The needs of tomorrow must certainly be attended to, but people are sick today, are dying today, and need medical assistance today. These people are interested in what their government and our Government are doing for them and for their children now—not just tomorrow.

I can well understand the thinking of AID on the difficult problem of allocation of relatively limited resources.

DANGER IN HOUSE SLASH OF OVERALL FUNDS

I point out, too, that if the House's unfortunate slash in AID funds is not altered in conference, the reduction in health aid will become even more severe.

I hope and believe that this will not occur. I earnestly ask our colleagues in the House to give their most thoughtful review to this problem.

NEED FOR PUBLIC HEALTH SERVICE COLLABORATION WITH AID

There is one further phase of oversea health aid to which I should like to refer.

It is a phase on which the Senate Government Operations Subcommittee, of which I am chairman, has particularly specialized. I refer to interagency coordination.

Ever since 1958, this Subcommittee on Reorganization and International Organizations has insisted on closer coordination between the foreign aid agency—that is AID—and the so-called domestic agency which has the foremost technical competence in the health field—the U.S. Public Health Service.

Although this idea seems relatively simple, although it has always been accepted, at least in theory, because it is so unassailable, in point of fact, it has never been adequately implemented.

Often, as a result, AID has found it virtually impossible to fill vacancies in principal health posts in key countries.

Public Health Service officers have sometimes felt that their acceptance of an oversea AID assignment might prove a detriment, not an aid to their own ultimate career development. And there have been other interagency shortcomings as well.

TRIBUTE TO HEALTH PROFESSIONALS

Notwithstanding these conditions, I want to say that this Nation can be proud of the humanitarian accomplishments overseas by federally employed doctors,

nurses, malariologists, pharmacists, and other members of the health team, just as it can be proud of aid rendered by non-governmental groups like CARE, Medico, Project Hope, medical missionaries of various religious faiths, and other private sources.

ABLE TOP TEAM AT AID

From the standpoint of the U.S. Government, the time for improved teamwork is nonetheless long overdue.

Fortunately, as AID's Assistant Administrator for Human Resources, serving with the able Administrator, David Bell, there is a very competent physician in charge, Leona Baumgartner. This distinguished doctor has a long and outstanding interest in public health measures, at home and abroad.

I do not have the slightest doubt but that Dr. Baumgartner seeks to work out the closest collaboration with the U.S. Public Health Service and with private organizations. However, the sometimes rigid mechanisms of the Agency for International Development have tended to discourage greater initiative and responsibility on the part of other Federal agencies, such as the constituent units of the Department of Health, Education, and Welfare.

Here, I refer to both medical and non-medical units of HEW; that is, to the U.S. Office for Education, for example.

What I seek is to encourage the domestic U.S. agencies with technical assistance competence—for example, in such fields as in housing, agriculture, and so forth—to become genuine partners—in fact, not merely in name—with AID.

NEED FOR A CAREER POOL OF EMPLOYEES

Such cooperation and coordination is in the interest of both economy and efficiency. For example, in health, the U.S. Public Health Service has the best trained experts in the executive branch and the best access to still more of the best experts in private life, in schools of public health and elsewhere. Meanwhile, AID has the mandate and at least limited funds to assist in health.

A happy union of the two is indispensable. By "union," I refer to the establishment, in effect, of a unified pool of career medical experts who could serve not in one agency, but in all agencies with health activities—the Peace Corps, AID, NIH, other units of the Public Health Service, Defense Department programs overseas, and so forth. They would rotate as the needs of the Nation and as their professional interests made advisable.

Some small progress has been made toward this goal. But it has been "too little and too slow."

AID and the State Department need not surrender in the slightest their basic obligations for policymaking and policy supervision. But they should not try to do, in day-to-day technical management, what the so-called domestic U.S. agencies are far more competent to do.

Overseas health aid requires, in the final analysis, not only money, equipment, and other physical resources—it requires trained people. There is certainly not an unlimited number of American citizens with adequate training in

public health-type skills who are willing or able to take overseas assignments for 2 or 3 years at a time and who are effective in working with foreign nationals.

We need more such Americans and we need to make the best possible use of those we already have.

Similarly, we need to give every possible encouragement to the much larger number of American professionals, skilled in medical specialty services like surgery, ophthalmology, cardiology, neurology, and psychiatry, to accept temporary assignments with private organizations, to serve abroad. Survey after survey has shown that literally thousands of private M.D.'s are indeed willing to serve in developing countries for at least short periods. The necessary *modus operandi* for tapping this great talent must be worked out.

OUR ASSETS FOR OVERSEA HEALTH

We can do so. We must do so. There is no reason why we should not do so. There is every reason why we should do so.

We have a great U.S. Public Health Service. We have a dedicated organization for foreign aid—AID. We have an outstanding multilateral organization—the World Health Organization—whose regional collaborator is the famed Pan American Health Organization. We have enormous interest among private professionals and laymen.

We have an American Council of Voluntary Agencies for Foreign Service, uniting the major religious and nonsectarian aid groups. And we have other outstanding assets to do the job.

The job must be done—not just in the teeming cities, with their crowded slums, but in the hinterland, in the countryside, in the jungles, in the mountains, in the tiny villages which have never seen a doctor or drunk clean water or been free from disease, infected flies or snails or mosquitoes or other carriers.

HELP NOT JUST TO "COMBAT COMMUNISM" BUT TO FULFILL OUR IDEALS

Finally, it is my hope that we will render technical assistance in health to a greater degree—not because we are concerned that the desperate native masses will turn to communism, but because it is morally and ethically sound that we do so.

No people has acted from greater humanitarian zeal than the American people. No nation in all of history has done more or wanted to do more to relieve human suffering than has our Nation.

We do so because it is in our nature, our character, our tradition; it is part of all of the religions by which we worship.

I serve notice, therefore, of my continued intention to help make certain that these objectives which I have expressed, time and time again, will receive appropriate attention by the Agency for International Development, by the Department of State and the U.S. Public Health Service.

FOREIGN AID NOW CONDITIONED ON PERFORMANCE

Mr. President, what kinds of conditions are now being agreed upon by the United States and the recipient govern-

ments, and how do these conditions work?

There are two categories of conditions. First, there are conditions based on the performance of an entire country, and applied to all aid programs and projects in that country. Second, there are conditions for specific programs or projects in a country, even where the country as a whole does not have to take certain agreed upon self-help steps.

Under the Charter of Punta del Este, which established the Alliance for Progress, every country in Latin America is committed to undertake certain self-help measures. It is explicitly recognized in the Charter that U.S. assistance to Latin American development will be conditioned upon the necessary structural reforms and measures for the mobilization of internal resources on the part of recipient countries.

The recent United States-Brazilian agreement which conditions further U.S. aid to Brazil upon the taking of certain steps by the Brazilian Government, was made in accordance with the Charter. Under this agreement, which is the first of its kind, Brazil was to—

First. Increase revenue by reforming the tax system, as well as improve tax collection and administration.

Second. Reduce Government budgetary deficits by eliminating subsidies on wheat and petroleum, eliminating deficits on publicly-owned enterprises including transportation and power systems, and curbing public pay increases.

Third. Control inflation by limiting the expansion of credit by the banks, by establishing better central banking machinery, and by appealing to unions and businesses to hold the line on wages and prices.

Fourth. Reduce the balance-of-payments deficit by establishing a realistic exchange rate and by adopting specific measures to increase exports.

Fifth. Stimulate economic growth by adopting measures to encourage outside private investment.

Sixth. Increase agricultural growth and productivity by seeking a broad program of agrarian reform.

In addition, it was understood that Brazil should arrange with the International Monetary Fund to defer payment on an IMF obligation, as well as secure a standby arrangement under which the IMF would make temporary credits available to offset Brazilian export losses. It was also understood that Brazil would secure additional aid from other free world countries.

In several other cases development loans for Latin American countries have been made contingent upon acceptable arrangements with the International Monetary Fund for exchange rate reform and an economic stabilization program.

One example is the recent \$35 million development loan to Chile which is conditional upon a satisfactory stabilization program. The loan will be disbursed at a rate corresponding to the rate of Chile's budgetary performance. Better budgetary performance will speed up the rate of loan disbursement, and vice versa.

In some cases there is a condition that the borrowing nation secure aid from other donor nations before the United States will promise assistance. A stabilization loan for Egypt, and the consortia arrangements for Pakistan and India, and more recently for Turkey, are examples of this type of condition.

There are numerous examples of specific types of conditions required by the United States on development grant and development loan projects.

In one Middle East country the government undertook to reorganize the port administration, to establish separate organizations for the goods handling and customs functions, and to finance the timely completion of complementary requirements such as connecting roads. Management, organizational, financial, and budgetary arrangements for the port satisfactory to the United States were made conditions of an AID loan.

In another Middle East country, specific conditions were set forth in a U.S. loan made for the purchase of construction equipment. Because several government departments were involved, one condition of the loan was that a new central agency be established to handle the equipment. Employment of qualified foreign advisers and the establishment of an acceptable spare parts and maintenance system were other conditions of the loan.

A home savings program in a Latin American country requires that the U.S. contribution of \$7.5 million to the savings bank be matched, and that there be established a National Housing Institute to administer the program.

Conditions to insure repayment of U.S. loans, including government guarantees of loans to private or semipublic institutions, are common practice. In one such case, the United States insisted upon the financial reorganization of a truck company to open up prior mortgage bonds so that AID would be ratably insured, the sale of common stock rather than of senior convertible debentures as proposed by the company, establishment of a ratio of debt to net worth not to exceed 2 to 1, and a limitation on dividend payments.

A normal condition of cost-sharing between the United States and a recipient country in a grant project is exemplified by a recent work relief project emphasizing rural reconstruction. Under this agreement, the United States provides surplus agricultural commodities for food, hand tools and equipment, Soil Conservation Service specialists and junior level technicians, and the cooperating government guarantees the provision of cash wages for 60,000 workers.

Establishing conditions for aid is one thing; enforcing those conditions, especially when political considerations are involved, is another. Flexibility in enforcing foreign aid conditions is just as essential as flexibility in enforcing the conditions of a commercial contract. Up to a certain point, exigencies must be taken into account. The problem, of course, is knowing where to draw the line.

In agreements on conditions, especially those involving an entire country

program, it would be a mistake to expect the line always to be drawn where it was marked out originally. But allowing for reasonable adjustments, it is reasonable to expect conditions to be carried out, as nearly as possible, as agreed upon. Otherwise agreements on conditions will not be taken seriously.

The difficulty in carrying out conditions while at the same time serving broader foreign policy interests can be seen in the case of Brazil. U.S. aid to Brazil is being held up at the moment because the Government of Brazil has not met the conditions agreed upon earlier this year. Since the Brazil-United States agreement was signed, the Brazilian Government has done little, in fact, to live up to its pledge. Inflation increased by more than 25 percent in the first half of 1963, and probably will increase by more than 50 percent before the end of the year. The Government of Brazil has loosened rather than tightened credit. The Brazilian budget deficit has gone up rather than down. Government pay raises, rather than being held to the announced 40 percent, have been increasing by 70 percent.

What happens next? From the standpoint of general foreign policy considerations, Brazil must not be allowed to flounder. If the unenforcement of conditions on our aid program were predicted to have that effect, it would be very difficult to make the conditions stick. On the other hand, if the conditions are modified to the point of being substantially softened or virtually removed, it would be very difficult in the future to persuade any government to live up to its commitments. The answer may lie somewhere in between. But even if there should have to be some adjustments in the original agreements—and they certainly should be kept to a minimum—we will at least have made a start on establishing, together with the host government, performance standards for a country receiving U.S. assistance. This is one of the most encouraging improvements made in foreign aid since the new program was established in 1961.

EFFECTIVE FOREIGN AID—PEOPLE-TO-PEOPLE TECHNICAL ASSISTANCE

Mr. President, a key element of the U.S. foreign aid program is the technical assistance effort going forward in many emerging countries around the world. In some 21 countries technical assistance constitutes almost our entire foreign assistance effort. In other countries it is carefully coordinated with other forms of assistance to insure that our help gets to the people.

In many countries a small number of devoted Americans are working among the people to transfer American know-how and skills. They are not living in luxury as is often charged. Rather, they are working side by side with the people of the developing countries getting a job done. It is a challenging, often frustrating profession.

These are people from the backbone of America—from Vermont, Indiana, California, from all over the United States. These are people with the kind of pioneering spirit which built America.

Because of them, and the rest of our aid effort, U.S. foreign assistance is reaching the people of the underdeveloped world. It is making a constructive impact.

The evidence of this impact is not often dramatic. Nevertheless, change is occurring at an increasingly rapid pace. For every constructive change in the traditional way of life that is visible, there are many others that are spreading more slowly but which will ultimately transform the society of the underdeveloped nations in the decades to come.

It is clear that if there is to be substantial development in these nations it will have to come from changes generated and accepted within the framework of their own societies. This is what self-help really means—not simply that we would like to have developing nations pay a fair share of the cost of development, but rather that we and they realize that lasting development must be built from within.

It is within this framework that U.S. technical assistance plays such a basic and vital role. Technical assistance helps the individual in an underdeveloped country to help himself and to help build his society. It enables the campesino, the peasant, the tribal farmer to adapt the technical know-how and expertise of the modern world to the realities and confines of his own primitive conditions.

Modern communications, independence, the education of a few native leaders are causing an awakening in the developing countries. In some places it is an emotional demand for modern social legislation or educational facilities; in other places it is a less articulate but no less pressing demand for improved health practices or for the right to own the land that the people work; in still other places—perhaps the majority—it is a slowly growing realization that things need not necessarily be as they have always been. This, for many, is the one dynamic new idea: That change is possible; that the pattern of life of the last 2,000 years need not be the pattern of life for the next 2,000 years.

American technical assistance is helping to insure that the changes which will inevitably occur in the developing countries are changes for the better; that all people share in the opportunity for a better life.

How effectively are we achieving this goal? Let me give you a few examples from one area of our foreign assistance program—agriculture. These examples could be repeated many times in other areas such as public health and education.

In Nigeria, 170,000 farmers will be reached by AID-assisted and trained extension workers in 1963. More than 100 Young Farmers Clubs with a total membership of more than 7,000 Nigerian youth have been organized under the guidance of a single AID technician.

In the Sudan, 325,000 people are being reached this year by agricultural extension programs sponsored by AID.

In South Korea, counterpart funded loans from members of the National Agricultural Cooperatives Federation provided more than 724,000 individual

agricultural credit loans for crop production during 1962. Fifteen thousand loans were made to village cooperatives to assist in procurement of materials and marketing.

In Ghana last year, 180,000 farm families were reached directly by AID-sponsored agricultural extension farm programs. These programs included demonstrations and training in livestock development, vegetable production, construction and use of minor irrigation works, and the uses of fertilizer and pesticides.

In Turkey, 31,000 of the total of 40,000 rural communities will be reached this year by AID-trained and assisted agriculture extension workers. In the last 2 years, 246,000 new acres of farm land have been prepared for irrigation. Almost 17,000 potential farm leaders from 3,500 villages have received water and soil conservation training under a program financed by Public Law 480 commodities.

In Chile, 215,000 farmers were reached last year by AID-sponsored extension activities. Twenty rural training centers are reaching 2,000 students each year in basic agricultural techniques.

In Taiwan, 80,000 agricultural credit loans were made last year under the sponsorship of AID-supported National Agricultural Cooperatives Federation; 637,000 farmers are benefiting directly from AID-generated farm and home economic extension work. More than 80 percent of farm families in Taiwan are now being reached by extension workers.

In Vietnam, in the midst of a shooting war, rapid strides are being made in increased agricultural production—300,000 people are being reached by extension work in basic agricultural techniques. A million and a half people have been reached by a plant production program designed to provide training and demonstration in the protection of plants and harvests from rodents and insects.

These specifics are impressive and I am afraid not very well known; but they are not unusual. They are typical of the way in which the U.S. foreign assistance effort is getting directly to the grass roots of the developing nations.

Our foreign aid program is effective; it is doing a job.

This is no time for us to slacken our efforts.

I urge that the Senate approve the Foreign Assistance Act as reported by the Foreign Relations Committee.

WHY DID AID NOT USE ALL ITS FISCAL YEAR 1963 ALLIANCE FUNDS?

Mr. President, development loans make up the major AID contribution to the Alliance for Progress. Over \$340 million in development loans was used in fiscal year 1963. Total commitments for development loans and grants were \$465 million.

It was and is impossible to state precisely the need for loan funds. The level of the Alliance lending program is contingent upon many factors. Most are beyond the control of the United States. The uncertainty stems from the fact that no lender, no bank, can predict the amount it will lend in the

future and still remain a sound institution.

Based on the most careful analysis of the probabilities, AID has stated that it will need a minimum of \$550 million for new development loans and \$100 million for development grants this year. This amount is designed to meet the Latin American countries' increasing need for marginal external assistance as the Alliance progresses.

AID's commitment of development loan funds for the Alliance in fiscal year 1963 gives us a clear idea of how the program operates. Two years of Alliance experience back up the method, which has to meet two key U.S. objectives. These involve the assurance that the self-help and reform requirements of the Alliance must be met and, at the same time, the need to capture the confidence and imagination of the Latin American people.

AID, therefore, has acted on these principles: First, it has refused to commit or spend unless convinced that the outlay is clearly in the U.S. national interest, promoting development and freedom in Latin America; and second, it has been prepared to offer assistance whenever a Latin American nation initiates the social and economic changes the Alliance calls for. On a per capita basis, countries like Chile, El Salvador, Colombia, and Panama received much more aid than did Paraguay or Haiti, for example.

In fiscal year 1963, aid was concentrated in the countries which performed. It was reduced or held up where self-help and reform efforts were shunned or lagging. You will recall that the United States spent almost nothing in Peru. Funding for Brazil and Argentina was much lower than expected. Brazil had not met her self-help commitments, nor had it reached the stage of political—and particularly, financial stability which would make worthwhile all of the lending which was previously estimated. Argentina's political problems prevented any clear focus on development.

This year, Peru's new constitutionally elected Government has put that hitherto politically stagnant country on the Alliance road to reform. Argentina has a constitutionally elected government and the prospects are good for stability after a year of turbulence. Further development opportunities are evident in Central America and Chile, among others.

AID's development lending operations, like those of a bank, depend a great deal on mutual confidence. The United States has not assumed the posture of a hardhearted lender. Congress has placed tight restrictions on AID loan procedures, however. The loans must reflect careful feasibility studies and a clear capacity for repayment. AID, therefore, has acquired many aspects of a full-fledged banking operation. It has, moreover, insisted that the Latin Americans live up to their own commitments on reforms. If we did not do so the money we lend would neither benefit the borrower nor further our Alliance objectives. On the other hand, to raise hopes and aspirations, to achieve worth-

while bootstrap efforts and then not be able to back them up with marginal external lending causes a loss of confidence among our Latin American neighbors and a sense of alienation from the Alliance.

Right now, today, finance minister and development experts from the Alliance countries are meeting in Sao Paulo, Brazil. This meeting of the Inter-American Economic and Social Council is devoted to an analysis of reform efforts, to methods for improving the administration of the Alliance, and to strengthen that spirit of mutual confidence which is the true revolution in this hemisphere over the past 3 years.

The democratic leaders in Latin America today count on us. At the very moment when they have gained confidence in us and are exposing themselves to grave political hazards in the firm expectation of timely and effective support from the United States, we must come through.

THE FOREIGN AID BILL HAS BEEN GREATLY IMPROVED BY THE SENATE

Mr. GRUENING. Mr. President, I wish to pay tribute to the majority leader [Mr. MANSFIELD] for the wise and skillful manner in which he handled the debate on the foreign aid authorization bill. The action of the Senate on this bill was tantamount to the Senate acting as a Committee of the Whole in working its will upon the bill. It was an operation which I hoped to avoid by supporting the motion to recommit. When that motion failed, there was no alternative but to rework the bill right here on the floor of the Senate.

That we have now done.

The guidance of the majority leader in that action was eminently successful and has now produced a bill which, in my opinion, is a much stronger bill than the one reported by the Senate Committee on Foreign Relations. In reporting, even that committee in its report expressed its dissatisfaction with the bill and the conduct of the program.

I would also express my appreciation and admiration for the work of the senior Senator from Oregon [Mr. MORSE] in leading the debate on the floor of the Senate during these past weeks to strengthen the bill and thereby, we hope, the foreign aid program. His skillful, learned presentation of each point in the debate is greatly to be admired. If, as a result of the action here on the floor in strengthening the bill, the foreign aid program itself is strengthened, then the credit in no small measure must go to the senior Senator from Oregon. He astutely guided the perfecting and strengthening amendments to the bill through the shoals of opposition—opposition which, I must say, at times was blind opposition to any change whatsoever, however meritorious and justified that change might be.

Mr. President, it is my intention to vote in favor of final passage of H.R. 7885 as amended.

The cuts in the amounts authorized were relatively unimportant. It is my firm belief, Mr. President, that if action by the Congress a few years back had

kept the lid on the ever-increasing authorization for our foreign aid program that program today would be in a much stronger position and would not have aroused the criticism of the people of the United States from coast to coast. If the AID administrators had been forced to count their pennies rather than their millions, they would have put the U.S. dollars where they would do the most good. The program needs greatly to supplant largess with frugality and omniscient presence with selective leadership where it counts the most.

Two amendments which I offered have been adopted and are included in the bill.

One amendment deals with withholding all aid—except the Peace Corps and Fulbright educational grants—from nations found by the President to be aggressors or preparing for aggression. This amendment should not have been necessary. For years now either the Senate has adopted "sense of the Congress" resolutions or Members have taken the floor to denounce this or that aggressor nation squandering our money to prepare to engage in aggression. But these warning signs of a rising tide of opinion on the part of the people of the United States have gone unheeded by this and past administrations. And now the Congress has acted with clarity in setting forth the guidelines of how it expects the foreign aid program to operate.

The second amendment relates to military aid to Latin American countries. This too is an amendment which should not have been necessary. There have been plenty of hints in the Congress during the past years which should have given the military program administrators clear indication that the policies they were pursuing in giving military assistance to each and every Latin American country did not follow the wishes of the Congress. However, those hints—and even some of the restrictions written into foreign assistance program authorizations—went unheeded. So, finally, there was no recourse but to write the restriction into the bill this year.

Many other amendments offered by other Senators have been adopted and should result in a much stronger bill.

Will it result in a much stronger foreign aid program? That remains to be seen.

Congress can but set down broad general guidelines describing the type of program it is willing to support. It is now up to the administrators of that program to adhere to those guidelines and steer the foreign aid program in that direction. And to those administrators I will give this one bit of advice: I for one—and I am certain there will be others—will be watching the administration of the foreign aid program closely in the months ahead to see to it that the congressional administrations are heeded. And I for one—and here, too, I know that I will be joined by many of my colleagues—will not hesitate to fight for stronger action if these warnings go unheeded.

In that connection I would point out one fact dealing with interest rates on development loans.

On November 8 I called up my amendment to increase rates of interest on development loans to the amount paid by the United States to borrow money. That amendment was defeated by the vote of 30 to 44.

On November 13 the Senate rejected a second amendment raising the interest rate to 2 percent. That amendment was rejected by a vote of 41 to 47.

The point I make in this admonition to the administrators of the AID program is just this: There are at least 41 Senators who are dissatisfied with the custom of granting development loans at three-fourths of 1 percent interest. They want it raised to at least 2 percent. So when the foreign aid authorization bill for fiscal year 1965 comes before the Senate not many months from now there will be many of us who will be watching to see whether the minimum written into the fiscal year 1964 authorization has become the maximum. If so I am certain they will be willing to join with me in an attempt once again to make these real loans rather than combined loans and grants.

Mr. President, much has been written and spoken in the past weeks about the role of the U.S. Senate in the realm of foreign policy. Much of what has been written has been hastily conceived and not thought through.

Now every foreign aid authorization bill has contained restrictions on and directives to the Executive in administering the foreign aid program. If this were not so, the foreign aid authorization bill could be expressed in a single paragraph such as the following:

There is hereby authorized to be appropriated the sum of \$— for the fiscal year — to be used for carrying out a foreign aid program.

Some who have spoken and written on the role of the Senate seem to set such a wide open authorization as their goal.

With the advent of the AID program as an instrumentality of U.S. foreign policy, the Congress—which alone can appropriate funds—has become—whether it wants to or not—truly enmeshed in foreign policy determinations. These can be of a positive or negative type. Negatively by continuing to appropriate funds for on-going programs the Congress acquiesces in the policies being pursued; positively by writing into the authorization bill certain directives and limitations.

Actually—upon analysis—those who have been critical of some of the directives written into the bill worked on in the Senate are critical because of the content of the directives rather than because they believed that Congress should hand the administration a blank check in the field of foreign assistance. They have sought to cloak their criticisms under learned phrases about the Executive having a free hand in foreign policy determinations. They overlooked their own silence over the restrictions approved and recommended by the Senate Foreign Relations Committee.

There is nothing sacrosanct about the recommendations of that committee. They are still only recommendations of that committee. They are still only recommendations to be accepted, rejected or

amended by the Senate and the other body.

That is precisely what the Senate has been doing these past weeks—accepting, rejecting, or amending the recommendations of its Foreign Relations Committee. That is its duty. For the Constitution states not only that the appropriating power lies with the Congress, but it contains the further limitation that:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement of account of the receipts and expenditures of all public money shall be published from time to time.

During the course of the debate on the foreign aid bill—H.R. 7885—two proposals for changing the program have been advanced which should put all Members of Congress on the alert.

The repeated statements portending proposals to be put before the Congress bode ill for the retention of even the small amount of congressional control over the foreign aid program.

If this is the future "new look" of the program it is only more of the same.

The first proposal I expect to be advanced is that we should delegate to international organizations more and more of the conduct of our foreign aid program—with our money, of course. This trend I will also resist. The Congress should seek in more and more ways to regain control of the foreign aid program—control which it has in the past years weakly permitted to be taken from it. It is essential that this control be regained by the Congress. You will recall the action a few years back when the World Bank approved a large loan to Egypt for improving the Suez Canal at the very time when Egypt was refusing to adhere to its international commitments and permit free passage through the canal.

This lack of firm control over who, where, and how U.S. dollars are to be spent should not be transferred to international organizations. The siren's call of anonymity in foreign aid decisions should not be heeded. It is true that such anonymity dissipates blame for foreign aid fumbles. But more important, if we are building up the U.S. image in the countries aided, we should be there to take the credit when our foreign aid program proves to be a success.

Although I shall vote in favor of the final passage of the foreign aid authorization bill, because of the improving amendments which the Senate adopted, it should not be taken to mean that I am completely satisfied with the bill or will, without attempting further to improve the foreign aid program, docilely vote to approve whatever appropriations may be recommended by the Senate Appropriations Committee. On that point, I shall wait and see.

NEW EMPHASIS ON DEVELOPING PRIVATE ENTERPRISE THROUGH FOREIGN AID

Mr. HARTKE. Mr. President, in his foreign aid message to Congress last spring, President Kennedy declared:

The primary new initiative in this year's program relates to our increased efforts to encourage the investment of private capital in the underdeveloped countries.

Private investment is now being heavily stressed in our foreign aid program for four basic reasons.

First. The United States has a vital interest in encouraging private enterprise and initiative in countries receiving our assistance.

Second. Achievement of industrial and agricultural growth in the less developed nations requires the development of technological and managerial skills in the private sector of their economies.

Third. Economic development of the less developed countries cannot be achieved through Government assistance alone. There is not enough money in all the public treasuries to supply the needed capital. Foreign aid can provide some of the capital required for the first stages of development, but only through private enterprise can a country achieve eventual economic independence.

Public funds are, of course, still necessary for large public utility type projects, such as dams, transportation networks, and irrigation systems. These facilities, while essential to support the private sector, are often not attractive to private investors, especially in the less-developed countries. Moreover, Government funds are necessary to provide the social progress projects—the schools, for example, from which private companies must draw their educated managers and skilled laborers, as well as the public health facilities essential to a vigorous work force.

Finally, as foreign aid succeeds in helping countries to reach self-sustaining economic growth, private capital will take the place of Government aid. Private investment is therefore increasingly important not only to assist in the phase-out of Government aid but also to provide a continuing mutually beneficial economic relationship when aid has terminated.

Foreign aid draws on the resources of a broad segment of the private sector both at home and abroad. This is done in part through universities, cooperatives, savings and loan associations, credit unions, trade unions and similar organizations. Relationships with private business, United States and foreign are also very extensive. These relationships can be divided into three general categories: First, procurement with foreign aid dollars; second, assistance to private U.S. business in locating and financing profitable investment opportunities in less developed countries, and third, strengthening the local foreign business community.

As part of a deliberate policy to tighten procurement procedures in order to protect U.S. balance of payments and to stimulate the U.S. economy, our foreign aid program is increasingly based on procurement of American goods and services. Of the \$2.4 billion committed during fiscal year 1963, \$1.9 billion or 80 percent will be spent in the United States.

This has had a dramatic impact on several major U.S. industries, particularly the chemical industry and the iron and steel industry. In 1960, 17 percent

of the fertilizer financed by foreign aid came from the United States; in 1963 that percentage will be 97 percent.

In the first 9 months of 1963, for example, Chemical Week magazine reports that foreign aid funds financed \$34 million in exports of chemical products such as fertilizer, pesticides, and basic industrial chemicals.

Similarly, in iron and steel products in 1960, 11 percent came from U.S. mills while in 1963, 87 percent of such products came from the United States. At the present time more than one-half of all U.S. iron and steel exports are financed out of the foreign aid program.

Just in recent weeks, for example, there have been foreign aid orders for \$630,000 for steel billets to Pakistan from Bethlehem Steel, \$1.5 million for hot-rolled aluminum steel sheet to India from McLouth Steel, \$563,000 for coke tin plate to Taiwan from Wheeling Steel, and \$255,000 for steel wire rods to India from Colorado Fuel & Iron.

In addition to using 8 out of 10 foreign aid dollars for buying American goods, special efforts are now being made to increase the role of U.S. private investment in the development of less-developed countries.

First. There is a special program for finding and drawing the attention of private businessmen to investment opportunities in less developing countries. The first comprehensive listing and summarizing is now being made of investment opportunities identified in feasibility studies conducted since 1960.

Four countries have been selected as showcase nations for private investment—that is, specific target countries in which to demonstrate the contribution that private participation can make to economic development. The four countries selected are Colombia in Latin America, Pakistan in the Near East, Nigeria in Africa and Thailand in the Far East. These are all nations which are regarded as friendly toward private investment from the United States, and countries in which substantial economic progress can be anticipated in the near future.

In each country the U.S. Embassy and our foreign aid mission, together with the host governments, have selected a small number of industries of a priority nature that would be especially appropriate for private investment. After these opportunities have been identified, efforts are made to match them with potential U.S. investors. Full use is made of industrial and publications resources of the Department of Commerce, consultations with trade associations, banks, and management consulting firms, and ultimately direct contact with individual companies.

Second. Through the investment guarantee program approved by Congress, the U.S. Government pays up to 50 percent of the cost of over 50 surveys being undertaken by U.S. private businessmen to survey such investment opportunities as castor bean processing in Thailand, and manufacturing prestressed concrete in Argentina. Use of this special program has been increasing as more businessmen have learned of

the availability of this form of assistance. Forty-five surveys were approved during the past year, and 28 more are now being processed.

Third. Between January 1, 1962, and June 30, 1963, 70 dollar and local currency loans to private business amounting to over \$70 million were approved. In September 1963, the largest Cooley loan was approved—\$17.5 million in Indian rupees to a private fertilizer company in India in which the California Chemical Co. and the International Minerals & Chemical Co. are major participants.

Fourth. Processing of specific risk investment guaranty contracts has been accelerated. There are now over \$1 billion of such insurance contracts outstanding.

The number of guaranties issued annually has jumped six times in the last 2 fiscal years—from \$53 million in fiscal 1960 to over \$300 million in 1962. It is estimated that the dollar volume in fiscal 1964 will exceed one-half billion dollars.

The geographic coverage of the program has also been enlarged—this year 8 additional less developed countries have agreed to implement the program—bringing the total of participating nations to 57.

What does this protection mean to the U.S. investor? Let me cite one example. In 1960, the Pluswood Industries, of Oshkosh, Wis., made an investment in what was then the Belgian Congo. Political upheaval, along with foreign exchange difficulties, resulted in the firm's inability to transfer into dollars the Congolese francs received as interest on a \$200,000 loan. But since this investment was covered by a guaranty against inconvertibility of currency, the U.S. Government paid Pluswood over \$17,000 in American dollars for the Congolese francs. Thus, the investor received his money at once and in dollars. The U.S. Government then became the holder of the francs and subsequently was able to recover \$8,000 through selling the foreign currency after the restrictions on convertibility were relaxed.

Likewise, if a foreign government should expropriate the assets of a guaranteed investment without paying prompt, adequate, and fair compensation to the American owner, he would be paid for his loss by the U.S. Government under the guaranty. Our Government would then step into the shoes of the former owner and acquire all his legal rights against the foreign government. If necessary, the U.S. Government can sue the foreign government before an international tribunal or arbitration commission to obtain reimbursement for the funds it had previously paid out to the American investor.

The confiscations of American businesses in Cuba by the Castro regime are only too familiar to us all. Although the guaratee program had been in existence in Cuba long before Castro's ascent to power, none of the U.S. companies operating there had taken advantage of the insurance against expropriation. The lesson was well learned through this sad experience, and since that time applications for investment guarantees

have increased markedly. Presently pending are over 1,000 applications for investment guarantees amounting to more than \$4 billion.

In view of the unsettled conditions in the world today, the frequent talk about nationalization of foreign enterprises, and the newspaper articles on bombings by Communist rebels, one might expect that the Government must have paid out substantial amounts of money under these guarantees. Yet, amazingly enough, to date the only loss suffered by the Government is that one case I already mentioned, the Pluswood Co. in Oshkosh, Wis., where the net loss equaled about \$9,000. Thus, for over \$1 billion in insurance coverage, the U.S. Treasury has had to pay out only \$9,000 and that small outlay has been more than amply offset by the premiums collected on the policies—over \$12 million as of June 1963.

Although the program has been operating since 1948, no guaranteed investment has ever been nationalized by a foreign government and no guaranteed investment has yet been damaged by war, revolution, or insurrection. Of course, it is possible that in the future these events could occur and that is why the guarantees are available. But the Government has taken several steps to minimize the likelihood of their occurrence. Before the program may be instituted in any country, suitable arrangements must be made by the government of that nation to protect the interest of the United States. This generally takes the form of an international agreement in which the foreign government agrees to submit any disputes with the United States arising out of investment guarantee matters to international arbitration. In this manner, the foreign nation assumes both a legal and moral obligation to respect the rights of the American investor and his Government. At present, 57 less developed countries have signed these agreements and implemented the program.

Each individual investment must also receive the approval of the government of the host country before an investment guarantee is issued. As of June this year almost 700 applications for guarantees had received foreign government approval in nations throughout the free world.

I am pleased that the Foreign Relations Committee has approved the full administration request for increasing the ceiling on specific risk guarantees from \$1.3 to \$2.5 billion. This request also has been approved by the House.

I am also pleased that the Foreign Relations Committee rejected a provision in the House bill which would make an investment guarantee agreement a condition for aid. I agree with the committee's statement on page 14 of its report that such a provision would not accomplish the intended purpose of promoting U.S. investment. On the contrary, I think there is ample evidence, especially in Latin America, that such a provision would seriously jeopardize U.S. private investment. I hope our conferees will stand firm in conference on dropping this very unwise provision, which was adopted by the House after

brief debate, and after being rejected in the House Foreign Affairs Committee.

Fifth. Guarantees involving \$30.9 million have been authorized to cover extended risks of U.S. private investments in self-liquidating pilot housing projects in Latin America. One nonhousing extended risk guarantee has been authorized to assist in the financing of an integrated petrochemical complex in Argentina involving five U.S. firms.

Sixth. There has been vigorous support of intermediate credit institutions. Since September 1951, over 1 billion in dollars and dollar equivalents of local currency has been lent to 85 institutions in 46 countries for relending by them to qualified private subborrowers in the fields of industry, housing, and agriculture.

In Colombia, for example, a dairy company has completed an investment survey and is proceeding with a joint venture to produce dairy products. A number of U.S. firms are considering partnership ventures in the fields of food processing, meatpacking, metalworking, lumber and building materials.

In Nigeria, another major dairy company, with U.S. assistance, has committed itself to make a half million dollar investment to build a reconstituted milk plant in Lagos with Nigeria partners; it has applied for a U.S. political risk investment guaranty.

In Thailand, a joint venture between a U.S. cable and wire manufacturer and a local Thai firm is under active negotiation as a direct result of U.S. efforts. Our foreign aid officials also are working with a potential investor in an aluminum fabricating plant in Thailand.

In Pakistan, an investment proposal for a tire plant is now going forward, and investment survey grants have been approved for a carbon black plant, a machine tool operation, a pulp and paper manufacturing plant, a plastics firm, and a seafood processing venture.

What about the effect of these programs on our balance of payments? A recent survey of investments covered by specific risk guaranties showed that 88 percent of the investment was in the form of exports of U.S. goods—of equipment, materials, engineering—leaving an initial dollar outflow of 12 percent of the investment. In addition, we can expect not only a dollar return on these investments in the future, but also in increased exports of American components and equipment to supply these new factories.

A number of other measures are being taken by our Government toward improving the local climate for investment and stimulating the growth of local private enterprise. These include: Working with host governments to induce local changes and reforms in tax, tariff, monetary and agrarian policy; assisting in organizing and financing local investment centers, development institutions and productivity centers for identifying investment opportunities, bringing together local and foreign investments, training and assisting local businessmen in improving business administration; conducting feasibility studies to establish what investment opportunities exist by industry for particular countries; con-

ducting a major participant training program to provide training, and the like. One good example is the school of business administration being established in Peru by U.S. experts, which the Peruvians themselves will later operate. This is the first graduate school of business administration in all of Latin America. It is a pioneering step toward developing the entrepreneurial and business skills which Latin Americans need in order to spur the growth of private business.

Through our foreign aid program we are attempting to spread by every possible means a wider knowledge in the developing countries of what modern responsible private business leadership can do to speed up economic development. In order for us to achieve the foreign aid goal of self-sustaining economic growth, we must strengthen the local private sector, including the role of U.S. industry, by applying basic American business principles—good pay for trained and productive workers; large volume sales on small net profit; mass production and mass consumption. The success of these principles in fostering economic growth, so amply demonstrated by our own economy, has also been demonstrated in recent years in the successful growth of the economies of Greece, Israel, Mexico, the Philippines and Taiwan.

In a sense, much of our foreign aid is like a consumer credit operation selling goods on time. Foreign aid is financing capital projects and investments which will help the countries receiving aid to become self-supporting and to repay their loans from us. After World War II, we provided substantial economic assistance to Western Europe and Japan. We no longer need to help those nations, and their booming economies now permit them to buy ever-increasing amounts of American goods. In the same way, our aid to the underdeveloped world, while helping to stimulate industrialization and the creation of a higher standard of living for millions of underprivileged people, can provide a rich new future market for American goods and investments.

Mr. SIMPSON. Mr. President, this year, at long last, I have seen an attempt by a few Senators to express the will and the desires of the American people who are tired of seeing their money wasted on needless foreign aid programs. I want to take this opportunity to commend the gallant effort that Senator WAYNE MORSE is carrying on in his effort to bring commonsense to our foreign aid program. Many of us are here supporting him but few have shown the spirit and the courage that has been demonstrated by this American. I am proud to associate myself with him in this fight against this excessive authorization for foreign aid. Many Americans have wanted to phase out and eliminate our foreign aid program. At long last the Senate of the United States has had a few Members who have shown the courage to rise up and fight the big spenders of Washington who give away our money. I hope that this fight which is being made by a group of Senators is the beginning of the end for the days of the free spenders who have dominated the Washington scene for many years. Let us bring commonsense back to Government.

It is patent that the Americans have lost their patience with the big spenders who insist upon giving away millions of our taxpayers' dollars for programs that are poorly administered and lack realistic or practical effects beneficial to the citizens of the countries receiving the huge sums of money.

I have voted for all the amendments which would bring order out of the chaos and the confusion that exists in our current foreign aid program. I voted for the so-called powerhouse amendment with full realization that the cuts authorized in that amendment were totally inadequate and insufficient if a realistic and effective program were to be adopted. The need for foreign aid today bears no resemblance in either cause or effect to the justification of foreign aid in the late 1940's and early 1950's.

The debate which has taken place on this floor in the past 2 weeks has conclusively shown one thing to be a fact and that is: We cannot buy friendship. In administering our foreign aid program we have given money to Communist countries and to neutral countries which have not been friendly toward us, but, in fact, have denied us when the chips were down.

We have doled out since the inception of our foreign aid program \$104 billion. Some of this money has been constructively used to stimulate and develop economies of countries which were wrecked because of the war. We have assisted many peoples and have alleviated much suffering. But times have changed. We are no longer living in the 1940's and 1950's. This is 1963. I ask the advocates to admit to changing times and realize that because a program was successful in 1948 does not mean that it is good today. We have tried to convince ourselves that we are buying friendship, but friendship cannot be purchased.

We have attempted to establish strong governments through our foreign aid gifts and yet because our foreign aid program has been mismanaged, the governments we have attempted to establish have been mismanaged. Governments we have financed have been destroyed and taken over by other persons alien to our causes or persons who are eager to benefit personally from our foreign aid programs.

Over \$2½ billion, American taxpayer's money, has gone to the Communist government of Yugoslavia headed by an avowed Communist, Marshall Tito. What have we done in that country with our money? We have not purchased a friend. We have not wooed the country from the Communist bloc. We have not brought freedom to its people. We have done nothing but pour \$2½ billion down the rathole.

Our Treasury gates have been left wide open with the big spenders shoveling our American money to countries which will never make the needed reforms. The welfare of the United States demands that we stop this shocking waste and the inefficient policies of our foreign aid program. We need to phase out this program. Steps must be taken to do that in the immediate future. The

debate here on the Senate floor resembles a gigantic auction sale. We have been selling to the most persuasive bidder U.S. tax dollars. A few patriotic Senators have been attempting to stop the outflow of our taxpayers' money. In order to stop the flow they must compromise with the administration's spokesmen. We have been compromising with the property rights of the American taxpayers. It is their money which has been the subject matter of the great compromise.

Today America is faced with some serious problems of its own. We have an unemployment problem. Our economy is not growing at a rapid enough rate. Our balance of payments is creating a serious threat to our solvency. Our gold outflow is at a precarious level. Let us face our home problems with all our energies, talents, and resources. Do not forget that this Nation is faced with crises which need to be handled today. Generosity is a wonderful thing and I believe that we should give a helping hand when assistance is needed, but charity begins at home and our talents and resources are needed here.

We had better use our talents and resources here in the United States so that we may develop a country which is strong economically and militarily. We need to protect our own interests. We must not let the State Department dictate economic conditions under which this country must operate in order to favor a foreign country. We must not try to buy friendship. We must not let countries import great quantities of materials into this country in a vain effort to win their friendship. Let us not use huge sums of American taxpayers' moneys to build giant steel mills and other industries in foreign countries which then turn around and import goods into this country, thus creating a greater unemployment problem for our own people. The unemployment problem is bad. I think it deserves immediate attention. We must take the shackles off our own industry if we are going to solve our own unemployment problem. I do not feel that the way to help ourselves in this area is to create great industries abroad which can compete from a preferential position with our own people.

We are the United States of America. Let us keep our perspective. Let us maintain our Republic. We must protect our own interests if we are to gain the leadership of the world. Until very recent years we were the envy of all Nations. But, recently we have not lived up to our commitments. We have appeased our enemies. We have shown weakness when strength was needed. We were the envy of the world because we had an industrial country which could compete and withstand the pressure of the whole world. We were militarily strong. We had a people who were devoutly religious with a faith in their God and confidence in themselves and in their Government. And now look at us. We are now looked down upon by the peoples of the world because they look at a government which is inconsistent and does not have a program or an objective.

We have been abused by those people we have financed. We are ridiculed the world over because we attempt to buy friendships which are not for sale. Let us be realistic about foreign aid. Let us put our resources to building a country and a Nation which can once again aspire to a position that is respected and envied the world over.

FOREIGN AID—A SOUND INVESTMENT

Mr. HUMPHREY. Mr. President, before the final vote on the foreign aid bill, I would like to offer a few final comments. I would like to comment on the bill itself, but more importantly on the treatment of the aid bill in the Senate this year and on the future of the foreign aid program.

The present situation is indeed paradoxical. All things considered, the present foreign aid program is the best-administered program we have had since the Marshall plan. Following the enactment of the Act for International Development in 1961, the whole program was reorganized. It was placed on a regional basis, with a regional administrator directing and coordinating all aid activities in one area. New personnel were recruited. An experienced, knowledgeable aid administrator was appointed from the ranks of the President's closest collaborators. In general, this has left us today with an aid organization that is better tooled to do the job than has been the case in years. And yet, paradoxically, this is the very time Congress has heaped criticism on this program.

Why this assault on the aid bill this year? It should be clear by now from the debate in the Senate that the foreign aid bill this year has become a lightning rod for every frustration suffered by any Senator. If a Congressman or Senator is unhappy about continued high unemployment, he may give vent to his dissatisfaction by attacking the foreign aid program. If he is dissatisfied with the inadequacy of the public works program in his State or district, he may attack the aid program. If he is disappointed over the failure of the Congress to pass a tax bill or a civil rights bill, his frustration spills over on the foreign aid program. If he believes the administration has pushed too hard in the field of civil rights, a healthy slap at foreign aid may serve to remind the administration of congressional power. In short, the aid program is fair game for attacks from any source for any reason.

The actions of Congress these past weeks also indicate a growing frustration with the heavy burden of the cold war. The foreign aid burden continues after 15 years—and there is little prospect that it will disappear, because there is little prospect that the cold war will disappear.

Again we are confronted with a strange and disturbing paradox. At the very time we finally appear to be winning the cold war, we seem to be doubting our own strength. At the very time the Communists finally seem to be giving way and pulling back, we also seem to be giving way and pulling back.

The Communists are having trouble with their economy. They are cutting

back on their foreign aid program because they do not have the necessary resources. What a great opportunity this provides the United States and the rest of the free world. Now is not the time to retrench. Now is the time to use our own economic resources and the fruits of our \$600 billion national income for a great foreign aid offensive.

Now is the time for mobilizing all the resources at our command—public and private—yes, above all, bringing into our oversea economic and technical assistance programs the private economy of the United States—we must put to work all private enterprise resources.

Now is the time for faith in ourselves, and confidence that the future belongs to freemen.

As the Soviet Union cuts back on its commitments we should move ahead. Look at the way the Germans are moving ahead all over the world. Some of the largest investments in the underdeveloped world are being made by the Federal Republic of Germany, many of them in some of the most apparently unsettled countries, such as the Congo, Korea, and Brazil.

The same is true of the French Government, which is expanding its foreign aid program.

Or look at the example of the British, who are preparing to launch an even larger foreign aid program at the very time we are reducing ours. How paradoxical.

It strikes me as just a bit strange that at the very time when our example is beginning to catch hold, we find ourselves talking about cuts. This is like cutting back on production just as the new models begin to catch on, and sales have started booming.

Unfortunately, foreign aid does not always achieve quick results. If we have learned anything in the last 15 years, it is that the development of less-developed countries requires determination—dogged determination. The way is often hard. Results are not always readily apparent. Change is stubbornly slow. There are many disappointments and defeats. Mistakes are made. Errors are committed. Doubt sets in, and discouragement grows.

Then, suddenly, a sense of despair seems to grip the mind. Doubts become fears, and hopes are overcome by questions. Can foreign aid ever work? Are there any solutions to the problems of development? Would we be better off to abolish the existing foreign aid program and start all over again?

Many are worried, and rightly so, about our balance of payments. But why take it out on foreign aid, which contributes less to the balance-of-payments deficit than the cumulative spending of American tourists overseas, in fact only half as much?

Others are justifiably worried about restrictions placed by other countries on American exports. But why make foreign aid the whipping boy when 8 out of every 10 foreign aid dollars are spent on exporting U.S. goods and services?

Why kick foreign aid, when major U.S. industries are benefiting materially from export sales financed by foreign aid

dollars—when one-fourth of the exports of U.S. iron and steel companies, one-third of U.S. fertilizer exports and almost one-fourth of U.S. railroad equipment, for example, are paid for by foreign aid?

Some are increasingly concerned, with good reason, about the future of constitutional government in countries struggling toward political democracy. But why should the foreign aid program as a whole suffer because of particular problems encountered along the way?

Others are troubled by the climate for American investment overseas and the effect of development in other countries on our own economic strength. But why should foreign aid be blamed for our economic distress and dislocation, or for the state of our international trade?

Foreign aid has its problems, and they must be faced realistically and resolutely. But foreign aid should not become the catharsis for all the ills of the world, nor made the scapegoat for accumulated anxieties.

No undertaking in the history of the human race has posed a greater challenge than the foreign aid program. The wonder is that we have made any progress during the brief time the program has been in operation. It has been almost a thousand years since the Magna Carta, and we are still struggling with basic questions of democratic government. Yet scarcely more than 10 years since the launching of one of history's greatest human undertakings there is impatience with its progress.

Life magazine, in a recent editorial on the Alliance for Progress entitled "The Latin Sky is Brighter," commented that the goals of the Alliance "are nothing less than to raise the incomes, diversify and integrate the economies, reform the tax and land structures, improve the health, housing and schooling, and enlarge the freedom of 200 million people in the next 8 years. Unlike the Marshall plan, which rebuilt a damaged but going concern, the Alliance aims to shape a society and an economy that have not existed before."

Impatience is sometimes a virtue, and complacency a sin. But it takes 21 years before we even consider a human being mature enough to shoulder individual responsibility, and the Alliance, as the Life editorial says, involves nothing less than the building of a new society and a new economic system. Even in the space age, where time has been compressed beyond belief, it is foolish to expect such a gigantic task to be accomplished overnight. Ten years may seem to us like a long time. But measured by history, and by the time required to change whole societies, 10 years is but a beginning. The Alliance was never meant to be completed in 10 years. It was meant to be well underway within 10 years. Yet there are those who are saying after only 2 years have passed since it was created that the Alliance cannot succeed. Truly it could not succeed if this attitude were to prevail. It is succeeding, and I am convinced that it will succeed, but only if we give it our full and continued support now and in the years ahead.

Arnold Toynbee has said that this age will be remembered not as the atomic age or even as the space age. It will be remembered as the age in which one-third of the human race banded together to help the other two-thirds. Being mortal and finite, being bounded in our understanding and in our perspective, we have difficulty comprehending the historical significance of the momentous events of our day and generation. We act by faith, reason, and conviction, without knowing the consequences. We can see back, but we can only look ahead. We can peer into the future, and try to take the road which leads in the right direction. But we commit an act of faith, in ourselves and in human destiny, whenever we choose one way in preference to another.

There are many who look upon foreign aid as the wrong course to follow. Some look back in sorrow, and some in anger, at the mistakes made in the name of foreign aid in the past. Each of us, I suppose, might run the foreign aid program differently if we were in charge. And each of us wonders, when the roll is called, whether our faith in the foreign aid program, if faith we have, will be justified by the future. We see through a glass darkly. But unless we have faith in ourselves and the future; unless we can translate past success into future action, we will forfeit one of history's greatest opportunities for human good and advancement.

Some day, if we live long enough, we will celebrate the success of the Alliance for Progress and of the entire foreign aid program, just as we celebrate now the great success of the Marshall plan. I hope I am around then, not to say "I told you so," but to celebrate one of the greatest victories in human history. I may allow myself one small pleasure—the pleasure of reading back one of these debates, and comparing what was said with what happened.

We have heard one Senator say here on the floor of the Senate, "If I believe the expenditure of this amount of money would stop the spread of communism, I would support it. But in the light of history, how can any Senator rise on this floor and say it will stop communism?" We have heard another Senator say that foreign aid "is the road to bankruptcy, and not a very long road at that."

Someday I want to read back over what is being said on this bill. I want to amuse myself, as well as to console myself, just as I have with the statements I have just quoted from the Senate debate on the Marshall plan in 1948. I want to rejoice then, as I do now, that the prophets of doom were wrong, utterly wrong, in predicting such dire consequences for foreign aid; in saying it would never work. The Marshall plan was a key weapon in the defense of Europe against communism. And rather than bankrupting the United States, the Marshall plan created vast new markets for American business, and now has enabled Europe to join the United States in helping the less developed countries.

The Marshall plan had its legion of critics. But these are always with us. I sometimes wonder how the American

Constitution was ever adopted. It passed the New York Convention by only one vote and was ratified by a bare margin in Virginia. How could so many virtuous and intelligent men have been wrong in 1789, and in 1948? History has not treated them kindly. Events have not borne out their fears and misgivings. In the cold light of history they stand convicted of being wrong, however sincere and well motivated they were at the time.

I think it is important for us to bear in mind some of the remarkable improvements which have been made in the foreign aid program during the past 2 years, together with some of the accomplishments which are beginning to be seen. Unlike the Marshall plan, of course, foreign aid to the less developed nations is a much longer, slower process. It has taken more than 10 years to evaluate the success of the Marshall plan, and it will take considerably longer before the results of our assistance to the less developed nations can be appraised.

I shall not attempt to recite all of the successes we have gained in recent years. Almost every day there is news of some new achievement. Just the other day I learned about a remarkable example of the progress we are making. In India, which is receiving more American assistance and more assistance from other free world countries than any of the less developed countries, the rate of industrial production increased from 6.4 to 8 percent during the year ending March 1963. Some of the increases in Indian production are particularly amazing. The production of aluminum, for example, increased from 20,000 tons to 43,000 tons, more than doubling during the year. The output of machine tools, an industry so essential for industrial development, expanded by more than 50 percent during the year. The production of nitrogenous fertilizers, without which the Indians cannot achieve vitally needed agricultural output, increased by 40 percent. These startling statistics are one measure, among many, of the strides in the underdeveloped world being made possible by the combination of local initiative and American help.

There are countless other examples of the successes being achieved in the less-developed countries with our help. You could write a shelf full of books on the technical assistance achievements made possible through U.S. aid, or on the advances made in public administration, taxation, and business administration. Countless other examples could be cited in the field of cooperatives, in which I have taken a special interest; in the development of private enterprise through the extension of credit; or in the development of agriculture through a combination of technical assistance and agricultural credit.

Many stories could be told about the great achievements in the fields of health and education. One of the most dramatic of these is the story of malaria eradication. During recent years the number of cases of malaria in the world has been cut from 350 million to less than

100 million. In some countries malaria has been eliminated altogether, freeing millions of people for more productive lives. This is not only a great human achievement. It is a great step toward developing the economic potential of countries burdened with sickness and disease. In several areas of India, for example, the return on money invested in controlling malaria has been about 50 to 1 in increased industrial production, resulting in an increase in the Indian gross national product of some \$500 million each year. In one rich region in northern India the elimination of malaria increased the area of cultivated land by 400 percent and the production of food grains by 130 percent.

In terms of overall economic success, a recent analysis of 41 countries which have received more than \$300 million in American assistance since the beginning of the program, or, in the case of countries of less than 10 million which have received at least \$30 per person, reveals that 33 have achieved substantial economic growth of at least 1.5 percent per capita in increased income per year for the last 5 years. Fourteen of these countries have achieved complete self-sufficiency, while another 11 have reached the point of adequate self-sufficiency with less than 20 percent of their total investment presently being covered by foreign aid. In all 24 of the countries which have achieved both substantial economic growth and adequate self-sufficiency, democratic political institutions have also been strengthened.

Another overall measure of the success of our foreign aid program is the increase in our trade with countries receiving our assistance. U.S. exports to Marshall plan countries more than doubled from 1953 to 1962. Our exports to Japan have more than tripled since 1950. In 32 countries receiving 80 percent of U.S. aid between 1957 and 1962, imports from the United States have increased four times as fast as U.S. economic aid. There are many reasons why foreign aid is in our interest. One of these is the contribution foreign aid makes toward promoting trade. The less-developed world is potentially a vast market for American goods and services. Through foreign aid American business can achieve new opportunities for commercial relations with countries which can become good customers in the future.

We all know that besides promoting more and better trade between the less-developed countries and our own, the foreign aid program is also having an increasingly beneficial effect on the American economy. Eighty percent of all procurement now consists of American goods and services, and much of the remaining 20 percent eventually comes back home. Almost every State in the Union is now beginning to experience the good effects of aid contracts.

In addition to the direct benefit of sales, aid-financed U.S. procurement is also providing the opportunity for U.S. business to gain experience in world trade. Many contracts are being let to businesses which have never before had

any experience, or have had very little experience, in selling overseas. Through foreign aid contracts American businessmen are learning the ropes and acquiring the skills necessary for selling through regular commercial channels in the future. As trade replaces aid in the years to come, these skills, techniques and business contacts will prove invaluable in enabling the American businessman to take his rightful place in the world market.

There have also been great improvements in the organization and administration of foreign aid in the last several years. The whole program has been reshaped according to the new directions established by Congress in the Foreign Assistance Act of 1961. These include emphasis on long-term development projects within the framework of general development plans, increased efforts to boost the contributions of other donor nations, emphasis on self-help and reform, and greater concentration and selectivity. As the committee report states, there has been considerable progress in these respects. Eighty percent of all U.S. economic assistance is now going to 20 countries. Eighty percent of all military assistance is going to 10 countries.

Foreign aid is also becoming more selective as a result of better planning and programming, both by our Government and by recipient governments. For years, one of the greatest weaknesses of the aid program has been the lack of a comprehensive U.S. approach to the problems of a country, as well as the lack of planning by the countries being aided. Until recently, most aid has been given on a project-by-project basis. There was very little intensive and systematic analysis of the situation in each country, together with analysis of ways in which the United States could most effectively assist with development of the country. The procedure now being used by our aid officials is a great improvement over the old system. Careful studies are made of each country, and comprehensive plans are set forth to maximize the effectiveness of U.S. assistance. Except where urgent political considerations are involved, aid is given according to development priorities established for each country. Careful studies are made of a country's progress in order to make sure that U.S. aid is achieving maximum results, and that the country is undertaking satisfactory self-help measures.

We are now also encouraging and helping countries to study their problems and to formulate their own development plans.

In the case of the Alliance for Progress, every Latin American country is required to submit development plans to an expert committee of the Organization of American States for review and recommendation.

Another way in which greater selectivity has recently been introduced into our foreign aid program is through agreements on conditions or requirements which must be met before aid is forthcoming. We labored for many years under the mistaken assumption that such

conditions or strings on aid constituted interference in the domestic affairs of other countries, and therefore, were wrong. By contrast, it is now recognized that in order for U.S. assistance to be effective, agreement has to be effective, agreement has to be reached between the United States and the recipient country on conditions which must be met before aid can be made available.

Many of these changes were long overdue, and many others remain to be made. But there has been remarkable progress.

Despite the outcry in Congress, I am convinced that there is substantial support in the electorate for foreign aid.

Support for foreign aid is strong, and growing stronger, in one of the most important groups in American life—American businessmen. A recent study of 1,500 prominent businessmen by the Research Institute of America disclosed that the great majority of American business leaders consider foreign aid essential for promoting a self-supporting and prosperous community of free nations. These findings as reported in the General Electric Forum, were hailed as “revolutionary in their significance”—and they are. They signify not only the end of economic and political isolation in the American business community, but also the existence of a new consensus concerning the responsibilities of the United States as the leader of the free world.

RECOMMENDATIONS FOR CHANGES AND IMPROVEMENTS IN THE FOREIGN AID PROGRAM

Before closing, I would like to make several comments about the redirection of the aid program during the next year. The report of the Senate Foreign Relations Committee has already recommended a further concentration of the program and acceleration of the trend toward multilateralizing the aid program. I would like to concur with and to go beyond the committee's comments.

If the discussion in the Senate this year has revealed anything, it has shown that the Congress is not prepared to finance a farflung, multifaced aid program forever in every area of the world. The time has come to make a sharper distinction between some areas of the world and others and to translate this distinction into the machinery of the aid program.

The top priority in our aid program is and should be given to Latin America. The Alliance for Progress program should not be merely one of four regional programs in the same agency. It is different, and on the U.S. end alone entails a wide variety of capital development loans, economic loans, social development loans and grants, and technical assistance. The Alliance program in the U.S. Government should be more independent, should be more autonomous than it now is. Perhaps it should be a separate agency, like the Peace Corps. If this would pose too great a problem of coordination with the State Department, there should be some other steps taken to make the Alliance program more autonomous, independent, and visible.

While a large U.S. lending program will probably continue to be necessary under the Alliance for Progress, more of the capital development lending should be shifted to the Inter-American Bank and other international finance institutions.

In other areas of the world, such a multifarious, many-sided program is unnecessary. In the Far East, our military-oriented program should be gradually scaled down, just as our direct involvement in southeast Asia should be gradually curtailed.

In the Near East and parts of Asia like India and Pakistan, multilateral agencies can and should supply much of the capital needed for large-scale development. Increasing the role of the World Bank and IDA in promoting capital to countries like India, Pakistan, Iran, and Turkey can both provide the capital assistance needed and, at the same time, enlist greater participation on the part of our European allies on economic participation sorely needed.

In Africa we should encourage the Europeans to play the leading role in providing economic assistance. Our presence can be assured through provision of technical assistance, through the Peace Corps, the food-for-peace program, limited economic aid, and other forms of assistance. The limited capital Africa should be channeled, in part, through multilateral agencies, where it will be matched by European funds.

We ought to encourage multilateral, multinational, international banking structures to do more of the financing. We can ask for proper representation on the boards of these banks. We can ask that Americans be included in substantial numbers in the secretariat or the administrative structure, but we have to come to a recognition that direct bilateral arrangement in financing involves us in each country's trouble and is very, very costly. By putting our emphasis upon the multinational organization, we will be able to get the help of others in financing world development. Otherwise, we do most of it ourselves.

GREATER USE OF PRIVATE GROUPS AND OTHER GOVERNMENT AGENCIES

I would like to add one final suggestion for consideration by AID officials. This has come to me in response to remarks I have made upon the Alliance for Progress. The emphasis of the suggestion is that our aid should be channeled toward the building of free groups and private enterprise in the countries aided. To do this requires the mobilization of nongovernmental U.S. and international agencies.

Where the self-help of recipient nations is largely confined to public enterprise, U.S. foreign aid is creating “Frankensteins” which will eventually threaten, rather than contribute to, American security. Every dollar spent in a manner which encourages free groups and institutions is a step toward a world which is in harmony with American interests and ideals. This notion is in accord with Secretary Dean Rusk's demand for an active and affirmative policy of building the social economic and moral strength of independent na-

tions so that they will have the capacity within themselves to throw off the virus of totalitarianism and pursue material objectives in a climate of expanding freedom. It would seem to be in accord with the present administrator's ideas. But what is needed is the practical application of this idea on a sufficient scale to assure its practical significance.

If nongovernment agencies are to be encouraged in countries which receive U.S. aid, this can be done effectively only in one way: by the channeling of U.S. aid to a large extent through nongovernment U.S. and international agencies and by the encouragement of the development and creation of such agencies among the nations receiving aid. This requires the enlistment for the U.S. aid program of a great variety of nongovernmental agencies, ranging from the great foundations such as Ford and Rockefeller to a multitude of small agencies concerned with health, education, community development and many other noneconomic activities. AID has recently made a contract with the National Association of Settlements which will help to encourage Urban Community Development in Venezuela to assist in community developments among people moving from the country into Caracas. Such contracts on a scale which helps to encourage several hundred of such groups every year in every country which receives aid is the dimension needed to restore U.S. foreign aid to the status it merits and which it needs to survive satisfactorily in the United States of America and abroad.

An approach to foreign aid keyed to such an objective on this scale would provide a substantial leverage effect for foreign aid funds given AID; it would help to mobilize local and international resources on a hitherto undreamed of scale; it would therefore help rapidly to reduce the funds which the United States has to contribute. It would bring about the involvement of the American people which is needed to rekindle their enthusiasm for the great and noble enterprise which American foreign aid has been in the past and can again become. This approach will remove most of the misgivings and create a national atmosphere in which the administration can again count on congressional support for its foreign aid program.

A change of emphasis and perspective of this kind which would place what has been a fringe activity into the center of AID's policy is not easy to achieve. It would probably require some drastic changes of organization and above all of procedures. Perhaps what is needed in the first instance is a committee composed chiefly of officers of AID, but including some outsiders from some of the other Government agencies in Washington as well as from both private business and other nongovernmental organizations such as some of the foundations to consider what changes of organization and procedure would help to increase rapidly the effective encouragement which AID can give both to the employment of United States and international nongovernmental institutions and enterprises for foreign aid on a large and in-

creasing scale, as well as to the development and creation of such institutions and enterprises among people abroad receiving foreign aid.

It may not be necessary, Mr. President, to establish another committee. One of the problems is that we already have too many committees, and that we take too long to do what needs to be done. But the proposal itself, and others like it, is worth considering.

It should be clear by now to all concerned that some basic changes are going to have to be made in the foreign aid program in the very near future. One of the changes most urgently needed is the increased use of non-Government agencies, together with greater use by AID of other Government agencies and departments.

This was the purpose of the Humphrey amendment to the new Foreign Assistance Act of 1961, which was adopted and became part of section 621 of the act. My amendment, which I called the technical-services-for-peace amendment read as follows:

In providing technical assistance under this act in the field of education, health, housing, or agriculture the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such field.

The Humphrey amendment called upon AID to utilize other agencies to the "fullest extent practicable" in carrying out the foreign aid program. My objective, as I said at the time, was to enlist the best personnel and the finest facilities available, not just in the U.S. Government itself, but in the entire country, in effectuating the purposes of the foreign aid program.

Rather than enlisting new personnel and building up a large new body of public servants, the foreign aid agency under my amendment, was directed to rely as much as possible on the expertise and staffs of the existing departments and agencies of the Government which had already developed competence in particular fields. For example, the Department of Agriculture has more competence in the field of conservation, land reform, and certain areas of agricultural redevelopment than any group of people that we could bring quickly into the agency. Therefore we should call upon the Department and use its personnel facilities to the maximum extent practicable.

Another example is the Department of the Interior, which has specialists in many fields related to the economic development of the less-developed countries, such as erosion control, reclamation, and irrigation.

The U.S. Public Health Service is another example. It has the confidence of the American medical profession, and long experience with medical fields of importance to the less-developed countries. Under my amendment the foreign aid agency was directed to utilize the Public Health Service, including the National Institutes of Health, in carrying out vital programs in the international health field, which is so closely related

to the goals of our foreign policy and of our foreign aid program.

In offering the amendment I did not intend to reduce the foreign aid agency to the status of a contracting office. The foreign aid program has to be operated under the direction of the Secretary of State and under the direct administration of the Administrator of AID. Nor was I proposing the establishment of separate foreign aid offices by any of the other departments or agencies of Government. My proposal was made with the recognition that all foreign aid activities of other Government agencies and departments should be conducted under the supervision and direction of the Department of State and the Agency for International Development.

In short, Mr. President, the Humphrey amendment of 1961 was designed to strengthen AID both by enabling the Agency to maintain as small a staff as possible, and to provide maximum resources for the foreign assistance program by making use of all available talent and facilities in the Government and throughout the country.

Section 621 has now been amended by the Senate to read as follows:

In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

I supported this additional language to my amendment of 1961 in order to make it crystal clear that Congress wants the foreign aid agency to make greater use of other Government agencies and of all available U.S. public groups and organizations in carrying out the foreign aid program.

As changes and improvements in the foreign aid program are considered, Mr. President, ways of implementing the desire of Congress to have greater use made of the full resources of the Government and of the great public organizations and private groups of this country must be given top priority.

It is essential for more of the foreign aid program to be carried out on contract with public and private groups and organizations and on a reimbursable basis by other Government agencies. The Agency for International Development itself must become less of a line agency and more of a staff agency if the foreign aid program is going to become a more effective expression of American ideals and goals, and a better vehicle for applying American skills and knowledge to the problems faced by the less-developed countries.

This has been a long and difficult debate. It has produced mixed results, in my opinion, but I hope the final result will be a better foreign aid program.

There has been a great deal of criticism during the past 3 weeks. By and large this has been useful and constructive, as I am sure it was meant to be.

I know that it will be received in a constructive manner by those responsible for administering the program.

But debate in the Senate is something like a family argument—it may give a misleading impression about the true state of affairs. Listening to the debates one might wonder how committed the Senate is, not just to the present foreign aid program, but to the whole concept of foreign aid. For this reason, I think it is important to end our deliberations with a clear affirmation.

Let it be made clear to all the world that the United States does not intend to abandon its foreign aid program.

The United States is deeply committed to the development of a free and prosperous community of nations.

The United States has supported foreign aid for 15 years as a vital instrument for bringing into being this free community of nations.

Let there also be no misunderstanding of the meaning of this debate in the Senate.

The Senate wants the foreign aid program to be improved, to be sharpened, to be made more effective; but the Senate is not turning its back on the foreign aid program. The Senate is attempting to criticize constructively, not for the purpose of tearing down, but in order to build a program which will better serve the great principles of freedom and progress for which it stands.

This, the building of a better foreign aid program, is the task before us as we turn from the mistakes and the achievements of the past to the challenge of the future. The critics have had their day. Now let us, critics and all, reaffirm our support for foreign aid, and unite in our determination to make it work.

Mr. President, I have a memorandum from the acting chief of staff of the Foreign Relations Committee setting forth the major amendments to the foreign aid bill—S. 1276—which were adopted by the Committee on Foreign Relations.

In addition to these amendments made by the committee, of course, other amendments have been adopted during debate on the floor.

The memorandum provides ample evidence of the great amount of care and attention given the foreign aid bill by the Committee on Foreign Relations. It also is a useful compendium of the action taken by the committee on policy questions affecting the foreign aid program.

I ask unanimous consent that the memorandum be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM TO SENATOR HUMPHREY FROM
PAT HOLT

Set forth below are the major amendments to the administration's foreign aid bill (S. 1276) which were adopted by the Committee on Foreign Relations.

1. The following new paragraph was added to the statement of policy:

"It is the sense of the Congress that assistance authorized by this act should be extended to or withheld from the Government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the re-

turn to their homeland of Americans involved in that struggle."

The committee report states (p. 8):

"This new paragraph reflects the committee's conviction that stabilization of the political situation in Vietnam is of the utmost importance for winning the war against the Communist guerrillas. The committee takes note of the fact that there is still pending before it Senate Resolution 196 calling for discontinuance of aid to South Vietnam unless the Vietnamese Government puts needed reforms into effect. If the political situation in South Vietnam deteriorates further to the detriment of the war effort, the committee will be disposed to give further consideration to the more drastic steps called for by Senate Resolution 196."

2. A new subsection was added to section 201, relating to the Development Loan Fund, which reads as follows:

"No assistance shall be furnished under this title unless the President determines that the project for which such assistance is requested is taken into account in the economic development of the requesting country, including an analysis of current human and material resources, together with a projection of the ultimate objectives of the country, and specifically provides for appropriate participation by private enterprise."

According to the committee report (p. 8):

"The amendment is designed to insure that the projects for which development loans are made are directly relevant to economic development, and especially that such projects can be supported by the borrowing country's available human and material resources. The committee hopes through this amendment to avoid situations in which loans are made for projects beyond the technical and managerial capacities of the borrowing country."

"It is also the intention of this amendment to encourage the greatest feasible participation of private enterprise in such projects, where appropriate."

3. A new subsection (b) was added to section 241, relating to development research, which reads as follows:

"Funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control."

The committee report (p. 14) states:

"Because of the profound impact of population growth on economic development, the committee considers it appropriate to provide explicit authority for the conduct of research and technical assistance activities in this field. It is the view of the committee that population growth must be regarded as a critical factor in the development prospects of countries which receive development assistance from the United States."

"No less than general education and technical, administrative, and managerial competence, the capacity of a country to maintain a reasonable balance between population and resources is a vital factor in its prospects for successful economic development. It is a well-known fact that in many less-developed countries rapid population growth has substantially or entirely negated the benefits of U.S. economic assistance. Even in some countries where economic growth has been impressive, per capita income levels have remained virtually stagnant as a result of mushrooming increases in population."

"Substantial progress has been made in recent years in defining the preconditions of economic growth. To a great extent our economic assistance has been refocused on those countries which have largely fulfilled these preconditions. The one vital criterion of successful development which has been neglected is that of population control. The

purpose of the committee's amendment to title V of the act is to encourage research into appropriate measures to correct this omission."

4. With regard to your amendment relating to aid to Latin American cooperatives, the committee report (p. 17) states as follows:

"The committee has long been impressed with the constructive role which cooperatives can play, not only in promoting economic growth, but also in contributing to the democratic development contemplated by the Alliance for Progress. In order to give special emphasis to the importance which the committee assigns to the role of cooperatives, special provision is made in this bill for the use of certain foreign currencies available to the United States in Latin America to assist the cooperative movement."

"First, a new subsection is added to section 251 of the act, which contains the general authority for the Alliance for Progress. This new subsection provides that the President 'shall, when appropriate, assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.'

"Second, a new provision is inserted in section 253 of the act, which relates to Alliance for Progress fiscal provisions, to make foreign currencies available for this purpose. The foreign currencies involved are those which have accrued as a result of loans which are repayable in foreign currencies. Most of these loans were made by the development loan fund between 1958 and 1961. Since the latter date, all development loans have been repayable in dollars. However, as a result of earlier development loans, the United States now has about \$7 million in Latin American currencies. This amount is expected to increase, as a result of repayments, to about \$60 million over the next 5 years. The President is authorized to reserve up to \$25 million of these currencies in any fiscal year for loans to cooperatives. These funds will be available for this purpose without regard to section 612 of the act, or of any other act which makes foreign currencies available only as specified in appropriation acts."

"The foreign currencies to which this amendment applies can be used not only for loans to individual cooperatives but also to provide seed capital, should that prove desirable, to a central inter-American cooperative finance institution for relending."

5. A new section 254 was added to title VI, relating to the Alliance for Progress, which reads as follows:

"RESTRICTIONS ON ASSISTANCE.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest."

The committee's comments on this amendment (pp. 17-18) are as follows:

"The committee has been gravely concerned over the number of elected governments in Latin America which have been overthrown by force in recent months."

"The forcible overthrow of duly elected governments is a step entirely out of harmony with the principles of the inter-American system and of the Alliance for Progress. It is difficult to see how the economic and social goals of the Alliance can be achieved in the face of such political instability. Thus, assistance furnished to irregular governments is unlikely to accomplish the purposes of the Alliance for Progress."

"Furthermore, such assistance may very well encourage ambitious militaristic forces elsewhere in the hemisphere to believe that they too can carry out coups d'etat with impunity and continue to receive American aid and otherwise to participate in the Alliance for Progress. It is important that vigorous steps be taken to dispel this dangerous delusion. The Alliance for Progress is threatened from both left and right in Latin America. The United States has gone to considerable lengths to protect the Alliance from the threat from the left represented by Castroite subversion and infiltration. It is equally important that the Alliance be protected from the threat from the right represented by the forces of the ultraconservative traditional oligarchies."

"Finally, there is at stake here the credibility of the United States, whose ambassadors, speaking for this Government, have repeatedly warned Latin American military leaders that the United States would look with disapproval on the overthrow of constitutional governments. If our word is to be believed in the future, we must follow through on these warnings by concrete steps to express disapproval."

"For these reasons, the committee has adopted an amendment which prohibits any assistance under the Foreign Assistance Act to any country in the Alliance for Progress 'in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections.' There is an exception to this prohibition in cases in which the President determines that withholding assistance would be contrary to the national interest. This exception is included because the committee believes that the President should have flexibility in utilizing the foreign aid program as an instrument of American foreign policy. It is also included because, although the committee strongly disapproves of the overthrow of constitutional governments, the committee does not consider itself wise enough to foresee clearly every situation which may arise in the future."

6. The committee reduced from \$57.5 to \$50 million the limitation in the existing law (sec. 511(a)) on the total value of grant programs of defense articles for the American Republics. In addition, the committee bill authorizes the use of \$25 million to this amount for assistance to an international military force under the control of the Organization of American States."

The committee report states:

"Both of these changes are a reflection of the committee's growing concern over the scope and nature of the military assistance program in Latin America. In the past, the committee has sought to encourage the formation of an OAS military force which could perform peacekeeping functions in the hemisphere. The committee is aware of the problems involved in the organization of such a force, but it is disappointed that the officials with responsibility in this area have not shown as much ingenuity in finding ways to bring such a force into being as they have in finding reasons why the proposal is impractical."

7. The committee adopted an amendment to section 601, relating to the encouragement of free enterprise and private participation, which directs the President to take appropriate steps to discourage nationalization, etc., of private investment and discriminatory or other actions which might impair the climate for new private investment."

The committee report (p. 27) states as follows:

"The main point involved here is that, aside from legal problems and questions of compensation, nationalization is unwise from a purely economic point of view if it diverts resources from other more productive purposes and if it results in discouragement of new private investment. The question of compensation for nationalized prop-

erty is not directly related to this limited point and is dealt with in section 620(e) of the act.

"The law already contains many provisions emphasizing that the foreign assistance program should be administered as far as possible through normal commercial channels of trade and through private facilities. This is not only in keeping with traditional American methods, but as a general rule is both cheaper and more efficient. Particularly in the field of major engineering services, the committee hopes that AID will avail itself more of the services of private firms and will not try to build up its own engineering staff to the degree that would be required if all of AID's engineering work were done by AID personnel."

8. The committee amended section 612, which relates to the use of foreign currencies, to make these currencies available, in certain cases, for sale to U.S. citizens for travel or other purposes.

The committee report (p. 28) explains this amendment as follows:

"Foreign currencies accruing under Public Law 480 are already available for sale to American tourists under the provisions of section 104(s) of that law in appropriate circumstances. The amendment in this bill to section 612 of the Foreign Assistance Act will also make available foreign currencies accruing as a result of the foreign aid program. These foreign assistance currencies will be available, not only for tourists, but for other uses by U.S. citizens."

"The amendment applies only to those foreign currencies which are in excess of the needs of the U.S. Government and which are not prohibited from sale to U.S. citizens or committed to other uses by prior agreements with the other country concerned. The dollars received from the sale of these currencies will be deposited in the Treasury as miscellaneous receipts."

"To the extent that excess foreign currencies can be sold to U.S. citizens for dollars, to pay for the foreign travel or other activities of those citizens, the balance-of-payments position of the United States will be improved. This is the purpose of this amendment."

9. The committee approved an amendment to section 620(a) which prohibits assistance to the present Government of Cuba and to any country furnishing assistance to that Government.

The committee report (pp. 28-29) explains the new language as follows:

"The main purpose of the bill's amendment to section 620(a) is to deal with the problem of free world shipping in the Cuban trade. The bill prohibits assistance (except under sec. 214) to any country which, by failing to take such steps as are appropriate, permits ships or aircraft under its registry to carry to or from Cuba any military personnel, or any items of primary strategic significance, the shipment of which is embargoed to the Communist bloc under title I of the Battle Act."

"Assistance is also prohibited if the country concerned, through failure to take appropriate steps, permits the carriage of any other equipment, materials, or commodities to or from Cuba, unless the President determines that the furnishing of assistance is important to the security of the United States and reports such determination to the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House."

"Countries receiving assistance have 60 days after the enactment of the Foreign Assistance Act of 1963 to take appropriate steps. The prohibition applies so long as Cuba is governed by the Castro regime or any other Communist regime, and the prohibitions may not be waived pursuant to any other authority or law. In the case of nonstrategic materials, the prohibition does not apply with

respect to the fulfillment of firm commitments made by the United States prior to the date this bill becomes law. Neither does the prohibition apply to military sales which are made by the United States under the Foreign Assistance Act. These sales, mainly to Western Europe, amount to about \$1 billion a year, and are an important plus factor in the U.S. balance of payments."

"The committee regards this amendment as another step to isolate further the Castro regime in Cuba. Substantial progress has been made in this direction, but the committee is disappointed that a few countries continue to receive assistance from the United States while their ships continue to carry goods to and from Cuba, thereby lightening the burden which Cuba represents to the Soviet Union and contributing to the sustenance of the Castro regime."

10. The committee made several changes in the Hickenlooper amendment (sec. 620 (e)) which requires suspension of assistance in cases where American property has been expropriated without prompt and adequate compensation.

The committee report (pp. 29-30) explains these changes as follows:

"The existing law covers not only nationalization, expropriation, and seizure of ownership or control, but also discriminatory taxes, other exactions, and 'restrictive maintenance or operational conditions, which have the effect of' nationalization, expropriation, or seizure of control. This is broadened to include 'other actions' having the same effect."

"The committee has added the phrase 'other actions' because it has been concerned over recurring reports of actions which certain governments are either proposing or initiating and which can perhaps best be described as creeping expropriation. These other actions include, for example, unusually high taxes which are perhaps not discriminatory in a technical sense but which are tantamount to confiscation or which at least raise a serious question of their confiscatory effect. The committee intends for confiscation to be construed broadly and not in a narrow technical sense."

"The committee has also been concerned about the attitude which certain foreign governments have taken toward existing contracts with American companies, even though these contracts may have been negotiated several years ago in good faith by an earlier regime. To meet this problem the committee has added a new subparagraph which brings section 620(e) into play whenever a foreign government—'has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by the United States citizens.'"

"Under the existing law, assistance is suspended when a country which has taken the actions described in the preceding paragraphs fails to provide 'equitable and speedy compensation for such property in convertible foreign exchange.' This is changed so as to require 'speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof.'"

"The bill also adds a provision which authorizes the Foreign Claims Settlement Commission, upon request of the President, to evaluate property which has been expropriated or subjected to other discriminatory actions and to make an advisory report to the President. The Commission is to act within 90 days of the President's request. Its advisory report is to be made available to the owner of the property, but is not to be otherwise published unless authorized by the President. Appropriations, as may be necessary, are authorized to enable the Commission to carry out this new function."

"In view of the injection of the Commission into the process, the provisions of the

present law relating to the deadline for suspension of assistance are amended. The deadline is now 6 months after the expropriation or other discriminatory action. The bill retains this deadline, but provides that, in case the matter is referred to the Foreign Claims Settlement Commission, the deadline is to be 20 days after the report of the Commission is received. If the President does refer the matter to the Commission, he must do so soon enough so that the matter can be settled within the overall 6-month time limit."

Finally, the existing law provides only for the termination of assistance furnished under the Foreign Assistance Act of 1961, as amended. The committee bill provides also for the termination of assistance under any other act, in the circumstances described by section 620(e). This would extend the sanctions of the section to such activities and agencies as Public Law 480, the Export-Import Bank, and the Peace Corps."

"The committee has been gratified by the experience under section 620(e) since it was made a part of the law last year. At least one major expropriation case has been settled which, in the committee's judgment, probably would not have been settled in the absence of section 620(e). Several other expropriations or discriminatory actions have been avoided. In only one case has the section operated to suspend assistance."

"The revisions which the committee now proposes tighten the existing law somewhat, broaden its provisions, and provide the President, in his discretion, with the resources and experience of the Foreign Claims Settlement Commission."

11. The committee added a new subsection to section 620 which provides:

"No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under paragraph II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000."

The committee report (p. 30) states as follows:

"Grant assistance to developed countries has been substantially reduced and in many cases eliminated, but the process has not gone as fast as the committee thinks it should. The committee recognizes, however, that there are some cases of prior commitments, mainly in regard to military assistance, which have not yet been entirely fulfilled. These include, among others, a military assistance cost-sharing agreement with Norway."

"The committee also recognizes the value of limited military orientation and training programs for officers of developed countries. These programs are an important factor in sales of military equipment amounting to approximately \$1 billion a year, and are in reality a 'business expense' of the Defense Department. The amendment makes an exception for programs of this nature. Further, it will not preclude financing of military training and orientation courses by the Defense Department under other appropriations if considered desirable and possible."

"The question arises as to what is an 'economically developed nation capable of sustaining its own defense burden and economic growth.' The committee believes this to be a matter of reasonable judgment. The amendment is intended to cover the countries of Western Europe, among others."

"In view of the specific U.S. base rights in Spain and Portugal the committee does not intend this amendment to apply to these two countries. However, the committee is strongly of the view that the United States has been generous in its grants-in-aid to Spain and Portugal and that in the future

these programs should be progressively reduced with a view toward termination.

"Neither does the committee intend the amendment to apply to NATO cooperative enterprises involving the furnishing of military and technological information, licenses of Government owned or controlled inventions, and liaison by members of the Armed Forces."

12. The committee also added a new subsection to section 620 which provides:

"No assistance under this Act shall be furnished for projects establishing or otherwise assisting Government-owned manufacturing, utility, merchandising, or processing enterprises in any country or area, except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

The committee report (pp. 31-32) states that the committee agrees with the conclusion of the Clay Committee that the United States should not aid a free government in establishing government-owned industrial and commercial enterprises which compete with existing private endeavors.

The committee report adds:

"At the same time, the committee realizes that there are instances in which needed goods or services either are not or cannot be adequately provided by private businesses. In such instances, it may be appropriate to assist in the establishment of government-owned enterprises. The question of what is 'adequate' is a matter of judgment and will have to be determined in individual cases by the responsible officials of the executive branch. The committee intends the word to be construed so as to promote the most efficient use of limited resources for investment in projects designed to contribute to economic growth. The committee notes in addition that relatively little assistance has in fact been extended by AID to government owned enterprises competing with private firms, but the committee felt it desirable to make certain as nearly as possible that this does not occur in the future."

13. The committee adopted an amendment relating to interest rates on loans which is explained in the report (pp. 34-35) as follows:

"The committee bill contains an amendment which fixes minimum terms for loans made under part I, which deals with economic assistance. The existing law leaves the question of these terms to the discretion of the President, and under current practice the softest terms are three-fourths of 1 percent interest and a maximum maturity of 40 years, with a grace period of 10 years as to repayment of principal.

"Under the terms of the amendment adopted by the committee the minimum interest rate will be three-fourths of 1 percent for the first 5 years and 2 percent thereafter.

The grace period on repayment of principal will be reduced to 5 years from the date of disbursement, and repayment on an amortized basis will be required within 30 years after the grace period. Loans which may be made to the International Development Association under authority of section 205 are exempt from these new terms.

"Although the amendment adopted by the committee represents a substantial hardening of loan terms compared to current U.S. practice, the terms required by the committee amendment are still substantially softer than those offered by any other free world capital exporting country. This was one of the reasons which led the committee to adopt the amendment. The committee is encouraged by recent moves on the part of some Western European countries, particularly the United Kingdom, to reduce interest rates and lengthen maturity. The executive branch should take every opportunity to urge our European friends to do even more in this respect.

"Another reason the committee adopted this amendment is that it felt it could no longer justify three-fourths of 1 percent, 40-year loans in view of the U.S. budgetary and balance-of-payments position. The higher interest rates and shorter maturity required by this amendment will serve to reduce the long-term cost of the foreign aid program to the United States.

"It should be made clear that the terms fixed in this amendment are minimum terms. In cases in which the borrowing country's capacity to repay permits, loan terms should be more realistic and should more nearly reflect, insofar as possible, the actual cost of the loan to the United States. Furthermore, the committee expects the executive branch to include renegotiation provisions in loan agreements so that interest rates may be raised as the economy of the borrowing country improves.

"Historically, U.S. aid policy has evolved from a program of almost all grants through a program of soft loans repayable in foreign currencies into a program of dollar repayable loans. The amendment made by this section will carry this evolution a step further."

14. The committee approved an amendment to section 635, relating to general authorities, which provides:

"(1) No loan or grant in excess of \$100,000,000, and no agreement obligating or committing the United States to make a loan or grant in excess of \$100,000,000, for the financing of any particular project shall be made or entered into under part I unless such loan, grant or commitment shall have been specifically submitted to the Congress and specifically approved by Congress."

The committee report (p. 36) states:

"This amendment is designed to assure advance congressional review of these large projects.

"There are not, in fact, many individual projects of this magnitude. Where one is seriously proposed, its magnitude alone would indicate the most careful review in which Congress should specifically participate.

"It should be emphasized that the amendment applies only to individual projects. It does not apply to programs. The distinction is that the program in a country might embrace a number of individual projects, each of which would be less than \$100 million although collectively they might total substantially in excess of that amount.

"Neither would the amendment apply to individual projects which are financed by an international consortium if the U.S. share of the financing is less than \$100 million, even though the total cost of the project is in excess of that."

15. The committee adopted an amendment to include fish products within the definition of a "surplus agricultural commodity."

The committee report (p. 41) reads as follows:

"The committee adopted an amendment to section 106 of Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954) to make it possible to include fish in the food-for-peace program upon a finding by the Secretary of the Interior that a domestically produced fishery product is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars. The amendment applies only to titles I and IV of Public Law 480, and will therefore not make fish available for grant programs under title II. For purposes of title I, which authorizes sales for foreign currencies, the amendment will become effective January 1, 1965.

"There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products

may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

"The effective date for purposes of title I is postponed until January 1, 1965, because the present authority under title I extends through December 31, 1964, and was intended to include only surplus agricultural products at the time it was enacted."

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON (when his name was called). I have a live pair with the senior Senator from Nebraska [Mr. HRUSKA]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. JOHNSTON (when his name was called). On this vote I have a pair with the Senator from South Dakota [Mr. McGOVERN]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. LONG of Missouri (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. TALMADGE (when his name was called). On this vote I have a pair with the senior Senator from West Virginia [Mr. RANDOLPH]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. WALTERS (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. ELLENDER]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. YOUNG of North Dakota (when his name was called). I have a pair with the junior Senator from Washington [Mr. JACKSON]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. McGOVERN], the Senator from Utah [Mr. MOSS], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that the Senator from West Virginia [Mr. RANDOLPH] is necessarily absent.

On this vote, the Senator from Utah [Mr. MOSS] is paired with the Senator from Mississippi [Mr. STENNIS]. If present and voting, the Senator from Utah

would vote "yea," and the Senator from Mississippi would vote "nay."

I further announce that, if present and voting, the Senator from California [Mr. ENGLE] and the Senator from Washington [Mr. MAGNUSON] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] and the Senator from Delaware [Mr. WILLIAMS] are necessarily absent.

The pair of the Senator from Nebraska [Mr. HRUSKA] has been previously announced.

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Nebraska would vote "nay."

The result was announced—yeas 63, nays 17, as follows:

[No. 239 Leg.]

YEAS—63

Aiken	Fulbright	Metcalf
Allott	Gore	Miller
Bartlett	Gruening	Monroney
Bayh	Hart	Muskie
Beall	Hartke	Nelson
Boggs	Hayden	Neuberger
Brewster	Hickenlooper	Pastore
Burdick	Hill	Pearson
Byrd, W. Va.	Holland	Pell
Cannon	Humphrey	Prouty
Case	Inouye	Proxmire
Church	Javits	Ribicoff
Clark	Keating	Saltonstall
Cooper	Kennedy	Scott
Cotton	Kuchel	Smathers
Dirksen	Lausche	Smith
Dodd	Mansfield	Sparkman
Dominick	McCarthy	Symington
Douglas	McGee	Williams, N.J.
Edmondson	McIntyre	Yarborough
Fong	McNamara	Young, Ohio

NAYS—17

Bennett	Jordan, N.C.	Robertson
Bible	Jordan, Idaho	Russell
Byrd, Va.	McClellan	Simpson
Eastland	Mechem	Thurmond
Ervin	Morse	Tower
Goldwater	Mundt	

NOT VOTING—20

Anderson	Johnston	Randolph
Carlson	Long, Mo.	Stennis
Curtis	Long, La.	Talmadge
Ellender	Magnuson	Walters
Engle	McGovern	Williams, Del.
Hruska	Morton	Young, N. Dak.
Jackson	Moss	

So the bill (H.R. 7885) was passed.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized, in the engrossment of the Senate amendment to H.R. 7885, to make certain technical changes, correct any grammatical errors, and make changes in section numbers.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the bill be printed showing the Senate amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. HICKENLOOPER, and Mr. AIKEN conferees on the part of the Senate.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader about the schedule for the remainder of the day, and also for next week.

ORDER FOR RECESS TO MONDAY NEXT

Mr. MANSFIELD. Mr. President, in response to the question raised by my distinguished friend, the minority leader, I ask unanimous consent that when the Senate recesses today, it recess to meet at 12 o'clock noon, Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 621, S. 1561, be laid before the Senate and made the pending business. It is anticipated that it will pass very shortly. I understand there is no objection to it.

Then we shall take up Calendar No. 609, H.R. 7431, the District of Columbia appropriations bill, which will be the pending business, to be considered on Monday.

There will be no further votes today.

So far as the remainder of the schedule is concerned, on Monday it is expected that the District of Columbia appropriation bill will be followed by Calendar No. 614, H.R. 6001, the Waukegan bill; Calendar No. 617, S. 298, and Calendar No. 618, S. 1309, the small business bills; also the braceros bill; the conference report on the legislative appropriations bill; H.R. 8747, the independent offices appropriation bill; and the air pollution bills H.R. 6001 and S. 432.

S. 2265, the library service bill will also be brought up next week.

Those bills will be brought up next week, but not necessarily in that sequence, except for the first two mentioned.

There will be no further votes today. There is one little bill to be considered. That is about it.

COMMITTEE MEETING DURING THE SESSIONS OF THE SENATE NEXT WEEK

Mr. MANSFIELD. Mr. President, in view of the unusual procedure undertaken by the Senate this afternoon, and with the full concurrence of the minority leader, I ask unanimous consent that the Committee on Banking and Currency be authorized to hold hearings on the Mundt bill during the sessions of the Senate next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE MEXICAN FARM LABOR PROGRAM

Mr. McCARTHY. Mr. President, on October 31, the House approved a 1-year extension of the Mexican farm labor bill. The House version eliminates the language which was adopted when the Senate passed on this legislation on August 15. The bill which passed the Senate provided minimal protection for American migrant workers. It is my understanding that Senators who opposed the reforms which were included in the Senate bill will move to bypass taking this measure to conference, and plan to move to have the Senate concur with the House language when that bill is brought up before the Senate on Monday.

It is my opinion that the bill should go to conference. In the course of the consideration of the proposed legislation in August, 2 or 3 days were spent in debate. Three or four yea-and-nay votes were held on the question of whether American migrant workers were to receive the same protection under the law that the Mexican farm laborers are afforded. The Senate, by a single vote, after long debate and a series of yea-and-nay votes, determined that these protections should be written into the law.

It will be argued, of course, that because the majority was a simple one of one vote, it is more or less meaningless, and, secondly, that we should surrender to the House of Representatives, I assume, if we do have a conference, even before the conferees reach the rotunda. At least this would have been a test by way of representing the Senate's position in a contest with the House.

The proposal will be made that we not even go to conference and attempt some kind of accommodation or reconciliation. In my opinion, the appropriate procedure in handling this measure, involving a significant difference between the House and Senate versions, is to hold a conference.

In the course of the debate on the foreign aid authorization bill and other measures which have recently been before the Senate, the argument has been strongly made that the House position should not be accepted by the Senate, and that we should not surrender our position to the House on the floor of the Senate.

I am sure that when the measure comes up, some of the Senators who advocated that stand will be among those who will say, "Why not accept the House version?" They will not want to give a majority of the Senate who voted for the version passed by the Senate on August 15 the courtesy, even, of going to a conference.

From the time the Mexican farm labor bill was proposed in 1951, the farm labor program has been highly controversial, and it has become more so in recent years. The House itself has been almost equally divided, not on the question of whether American workers should be given protection, but on the question of whether the program should be continued under any circumstances.

Two weeks ago the House approved an extension by a vote of 173 to 158, but earlier in the session the House killed a bill providing for a 2-year extension by a vote of 174 to 158.

I assume, if we are to play the numbers game, it will be argued that we should not go to conference because the Senate approved a protective measure by a margin of 1 vote; therefore, we could just as well argue that the House had 2 separate votes, one in which 174 Members said there should be no extension of the program at all, and yet another vote, in which the House said, by 173 votes, that there should be an extension.

So far as the single-vote difference is concerned, if we jump a period of several months in the House, it would appear that the issue before the conference committee would be whether one vote in the Senate in favor of the program is worth more than one vote in the House against the program. I assume the ratio should be at least 4 to 1; and therefore on the basis of numbers alone the senior members of the Committee on Agriculture and Forestry should at least be willing to go to conference in an attempt to arrive at a compromise, if they are not willing to accept the language in the Senate version.

Both the House and Senate versions provide for a 1-year extension, but the Senate bill takes a step toward protecting the rights of American citizens. It provides that growers desiring to import Mexican nationals must first make a limited effort to recruit domestic workers. The Senate bill does not, of course, require growers to do anything; it only states that if they want to secure braceros they must first offer terms regarding workmen's compensation, housing, transportation, and work period guarantees comparable to those they offer Mexican nationals.

This is certainly a reasonable condition. It does not guarantee that American workers will get all the benefits now given to Mexican nationals under the program. It provides only limited protection for domestic workers. Under the Senate provisions, growers with an established need will still be able to get Mexican nationals if domestic workers are unavailable.

The Mexican farm labor program is opposed by church groups and many civic groups. The opposition of the church leaders now and in the past is based on a deeply held conviction that this is a moral as well as an economic and social issue. I do not believe that anyone has ever suggested that the church groups have any motivation except the clear and honest one of protecting the rights of underprivileged citizens.

Representatives of many religious groups have programs to assist migratory laborers. They see firsthand the suffering and privation under which these citizens live and work. They are opposed to extending this program of importing foreign workers to compete with these neglected citizens for jobs and wages.

Church leaders may not always be experienced in economics, but they know human suffering and neglect when they see it. They know that something is

wrong with the system when over the years as many as 400,000 foreign workers have been brought annually to compete with our own citizens who are already at the bottom of the economic ladder.

They know that something is wrong when hundreds of thousands of citizens are forced to drift from place to place, hopefully looking for work but suffering from extensive seasonal unemployment, earning low wages, being forced to live in substandard housing, and their children receiving only a scattering of formal education.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a few of the letters I received from church and other leaders when S. 1703 was scheduled for Senate action last summer. I also ask unanimous consent to have printed in the RECORD an editorial entitled "Defeat for the Migrants," published in the New York Times of November 3, 1963, and an editorial entitled "Stoop Labor," published in the Washington Post of November 2, 1963, which urged that the Senate bill be upheld.

There being no objection, the letters and the editorials were ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF THE
CHURCHES OF CHRIST
IN THE U.S.A.,
New York, N.Y., July 29, 1963.

Hon. EUGENE J. MCCARTHY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MCCARTHY: I enclose a statement of the general board of the National Council of Churches entitled, "Resolution Regarding the Future of the Mexican Agricultural Worker Importation Program (Public Law 78, 82d Cong.)."

This resolution, adopted in February 1960, reflects the long experience of the National Council of Churches through its Ministry to Migrants. This led us to the conviction that the Mexican farmworker importation program, introduced as a wartime emergency measure and continued year after year long after the emergency had ceased, should be gradually eliminated during a specified phaseout period.

Since that time the widespread introduction of mechanization has resulted in an automatic phaseout process in which the number of braceros brought into the country has decreased each year. This fact, together with the widespread and increasing unemployment among both farm and other workers in this country, has reinforced the conviction that the importation program should not be again extended.

I am sending this to you for your information on a matter of public interest before the Congress at this time. We believe you will be interested to know of the principles relating to this issue adopted by this body of men and women from our churches and the accompanying brief statement of reasons therefor.

Sincerely yours,

CAMERON P. HALL.

BISHOPS' COMMITTEE FOR
MIGRANT WORKERS,
Chicago, Ill., July 30, 1963.

Hon. EUGENE J. MCCARTHY,
U.S. Senate, Senate Office Building, Wash-
ington, D.C.

DEAR SENATOR: It has come to my attention that there is an effort being made to have the Senate approve a 1-year extension of Public Law 78—Senate bill 1703, and that this is being done without any hearings. I

am shocked and surprised if this be the truth.

With the present rate of unemployment growing constantly because of automation and with the threatened railroad strike on our hands, it is difficult to understand the mind of the Senate asking for a 1-year extension of Public Law 78, which has long since outlived its utility and necessity, if it ever had such.

Our committee is united with many other civic and religious groups, labor organizations, etc. that have fully studied and fought against Public Law 78.

We urge your cooperation in bringing justice to American workers by holding the line against any further extension of this law.

Sincerely,

Rev. RALPH J. DUGGAN.

NATIONAL CATHOLIC RURAL
LIFE CONFERENCE,
Washington, D.C., July 29, 1963.

Hon. EUGENE J. MCCARTHY,
U.S. Senate, Washington, D.C.

DEAR SENATOR MCCARTHY: It is my understanding that S. 1703, the bill to extend the Mexican farm labor program for 1 year, is expected to come to the Senate floor very soon, perhaps in the next day or two.

Those of us who oppose the extension of the bracero program are both astonished and disappointed that legislation rejected by the House should be rushed to the Senate floor without hearings. On a matter as controversial as this it seems essential that all interested parties should have the opportunity to have their views heard.

Particularly is this true of the many church bodies which have long and uncompromisingly opposed the bracero program. To mention only Catholic organizations, the following have repeatedly gone on record as opposed to any extension of Public Law 78: the National Catholic Rural Life Conference; the Social Action Department, NCWC; the Bishops' Committee for Migrant Workers; the Bishops' Committee for the Spanish Speaking; the National Council of Catholic Men; the National Council of Catholic Women; and the National Federation of Catholic College Students. A list as long and as weighty could be given of Protestant and other church groups as well as innumerable other citizen organizations.

Surely the unanimous voice of virtually everyone except the handful of bracero-using employers and their spokesmen should be heard.

I appeal, therefore, to you, Senator, to add your voice and vote to the effort to end this program once and for all. With every good wish I remain,

Very sincerely yours,

Rev. JAMES L. VIZZARD, S.J.,
Director of Washington Office.

MINNESOTA MIGRANT
COMMITTEE OF THE MINNESOTA
COUNCIL OF CHURCHES,
Minneapolis, Minn., July 29, 1963.

Hon. EUGENE J. MCCARTHY,
U.S. Senate, Senate Office Building, Wash-
ington, D.C.

MY DEAR SENATOR MCCARTHY: Working with the approximately 9,000 migrant workers who came to Minnesota again this summer, and seeing how much of the time they must spend without work in our State, is convincing evidence that there is much to be desired for improvement in "their labor market." In four areas of migrant concentration in our State, workers have spent many days without work due, they say, to too many workers being available and recruited for the work to be done.

It is alarming to me to hear that a new measure, Senate Bill 1703, will be reported to the floor very hastily in an attempt to extend Public Law 78 for 1 year. I feel this

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 15 (legislative day, OCTOBER 22), 1963

Ordered to be printed with the amendment of the Senate

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 ~~That this Act may be cited as the "Foreign Assistance Act~~
4 ~~of 1963".~~

PART I

CHAPTER 1—POLICY

7 ~~SEC. 101. Chapter 1 of part I of the Foreign Assistance~~
8 ~~Act of 1961, as amended, is hereby redesignated "POLICY"~~
9 ~~and section 101, which relates to short title, is hereby~~
10 ~~deleted.~~

1 SEC. 102. Section 102 of the Foreign Assistance Act of
2 1961 as amended, which relates to statement of policy, is
3 amended as follows:

4 (a) In the last sentence of the seventh paragraph, strike
5 out "should emphasize long-range development assistance"
6 and insert in lieu thereof "shall emphasize long-range de-
7 velopment assistance".

8 (b) Immediately after the seventh paragraph, insert the
9 following:

10 "The Congress further declares that, in order to assure
11 that each program of assistance under this part is admin-
12 istered in such a manner as will most effectively carry out
13 the policies stated in this section, each request for authoriza-
14 tion of funds for such program shall be accompanied by a
15 detailed statement setting forth—

16 “(1) the purposes of such program,

17 “(2) the specific objectives of such program, and

18 “(3) the priorities assigned to such purposes and
19 objectives,

20 which will be adhered to in the administration of such
21 program.”

22 (c) The eighth paragraph is amended to read as fol-
23 lows:

24 “It is the sense of the Congress that in the administra-
25 tion of these funds great attention and consideration should

1 be given to those countries which share the view of the United
 2 States on the world crisis and which do not, as a result of
 3 United States assistance, divert their own economic resources
 4 to military or propaganda efforts directed against the United
 5 States or against other countries receiving aid under this
 6 Act, whether or not such efforts are supported by the Soviet
 7 Union or Communist China."

8 (d) Immediately after the tenth paragraph insert the
 9 following:

10 "It is the sense of the Congress that, in the administra-
 11 tion of programs of assistance under chapter 2 of this part,
 12 every possible precaution should be taken to assure that such
 13 assistance is not diverted to short-term emergency purposes
 14 (such as budgetary purposes, balance-of-payments purposes,
 15 or military purposes) or any other purpose not essential to
 16 the long-range economic development of recipient countries.
 17 It is further the sense of the Congress that short-term emer-
 18 gency purposes such as those referred to in the preceding
 19 sentence should be met, to the extent possible, through inter-
 20 national institutions (such as the International Monetary
 21 Fund) which are equipped to condition assistance on im-
 22 mediate economic and monetary reform."

23 (e) The first sentence of the last paragraph is amended
 24 by inserting "(including private enterprise within such
 25 countries)" immediately after "countries".

1 ~~(f)~~ Immediately after the first sentence of the last para-
 2 graph insert the following new sentence: "In particular, the
 3 Congress urges that other industrialized free-world countries
 4 increase their contributions and improve the forms and terms
 5 of their assistance so that the burden of the common under-
 6 taking, which is for the benefit of all, shall be equitably borne
 7 by all."

8 CHAPTER 2—DEVELOPMENT ASSISTANCE

9 TITLE I—DEVELOPMENT LOAN FUND

10 SEC. 103. The second sentence of section 201(b) of
 11 the Foreign Assistance Act of 1961, as amended, which
 12 relates to considerations to be taken into account in making
 13 loans from the development loan fund, is amended as
 14 follows:

15 ~~(a)~~ Strike out clauses ~~(1)~~ and ~~(2)~~ and insert in lieu
 16 thereof the following: "~~(1)~~ whether financing could be ob-
 17 tained in whole or in part from other free-world sources on
 18 reasonable terms, including private sources within the United
 19 States; ~~(2)~~ the economic and technical soundness of the
 20 activity to be financed, including the capacity of the recipient
 21 country to repay the loan at a reasonable rate of interest,".

22 ~~(b)~~ Strike out "and" at the end of clause ~~(5)~~.

23 ~~(c)~~ Insert immediately before the period at the end of
 24 such second sentence the following: "and ~~(7)~~ the economic
 25 development plans of the requesting country, which plans

1 should specifically provide for appropriate participation by
2 private enterprise and include an analysis of current human
3 and material resources, together with a projection of the
4 ultimate objectives of the plans with respect to the overall
5 economic development of such country”.

6 SEC. 104. Section 202(a) of the Foreign Assistance Act
7 of 1961, as amended, which relates to authorizations for the
8 Development Loan Fund, is amended by inserting immedi-
9 ately before the period at the end thereof the following:
10 “: *Provided further*, That, in order to effectuate the purposes
11 and provisions of sections 102, 201, 601, and 602 of this
12 Act, not less than 50 per centum of the funds appropriated
13 pursuant to this subsection for the fiscal year ending June
14 30, 1965 and June 30, 1966 respectively shall be available
15 only for loans made for purposes of economic development
16 through private enterprise”.

17 SEC. 105. Section 201(d) of the Foreign Assistance
18 Act of 1961, as amended, which relates to interest rates on
19 development loans, is amended by inserting immediately
20 after “in no event” the following: “less than 2 per centum
21 per annum nor”.

22 SEC. 106. Section 202(a), which relates to authoriza-
23 tion, is amended by striking out “and \$1,500,000,000 for
24 each of the next four succeeding fiscal years,” and inserting
25 in lieu thereof “, \$1,500,000,000 for the fiscal year 1963,

1 \$900,000,000 for the fiscal year 1964, and \$1,500,000,000
2 for each of the next two succeeding fiscal years.”

3 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
4 COOPERATION

5 SEC. 107. Title II of chapter 2 of part I of the Foreign
6 Assistance Act of 1961, as amended, which relates to
7 development grants and technical cooperation, is amended
8 as follows:

9 (a) Section 211(a), which relates to general authority,
10 is amended—

11 (1) by striking out “and” at the end of clause (5)
12 contained in the second sentence thereof; and

13 (2) by inserting immediately before the period at
14 the end of the second sentence the following: “, and (7)
15 whether such activity could be financed through a de-
16 velopment loan available under title I of this chapter”.

17 (b) In section 212, which relates to authorization,
18 strike out “1963” and “\$300,000,000” and substitute
19 “1964” and “\$217,000,000”, respectively.

20 (c) Amend section 214, which relates to American
21 schools and hospitals abroad, as follows:

22 (1) In subsection (a) strike out “use, in addition
23 to other funds available for such purposes, funds made
24 available for the purposes of section 211 for” and sub-
25 stitute the word “furnish”.

1 ~~(2)~~ In subsection ~~(b)~~ strike out "to use" and "for-
 2 eign currencies accruing to the United States Govern-
 3 ment under any Act, for purposes of subsection ~~(a)~~
 4 of this section and for" and substitute "to furnish" be-
 5 fore the word "assistance".

6 ~~(3)~~ Add the following new subsection:

7 “(e) There is hereby authorized to be appropriated to
 8 the President for the purposes of this section, for the fiscal
 9 year 1964, \$12,000,000, to remain available until expended.
 10 Of the sums authorized to be appropriated under this sub-
 11 section, not to exceed \$2,200,000 shall be available for
 12 direct dollar costs in carrying out subsection ~~(b)~~ and
 13 \$2,000,000 shall be available solely for the purchase of
 14 foreign currencies accruing to the United States Government
 15 under any Act.”

16 TITLE III—INVESTMENT GUARANTIES

17 SEC. 108. Title III of chapter 2 of part I of the Foreign
 18 Assistance Act of 1961, as amended, which relates to in-
 19 vestment guaranties, is amended as follows:

20 ~~(a)~~ Amend section 221~~(b)~~, which relates to general
 21 authority, as follows:

22 ~~(1)~~ In the first sentence after "wholly owned" in-
 23 sert "(determined without regard to any shares, in
 24 aggregate less than 5 per centum of the total of issued

1 and subscribed share capital, required by law to be held
2 by persons other than the parent corporation)".

3 ~~(2)~~ In paragraph ~~(1)~~ strike out "\$1,300,000,000"
4 in the proviso and substitute "\$2,500,000,000".

5 ~~(3)~~ In paragraph ~~(2)~~ strike out "\$180,000,000"
6 in the third proviso and substitute "\$300,000,000".

7 ~~(4)~~ In paragraph ~~(2)~~ strike out "1964" in the
8 fourth proviso and substitute "1965".

9 ~~(b)~~ Amend section 222(a), which relates to general
10 provisions, by striking out "section 221(b)" and substi-
11 tuting "sections 221(b) and 224".

12 ~~(c)~~ Amend section 222(b), which relates to general
13 provisions, by striking out "section 221(b)", in both places
14 it appears and substituting "sections 221(b) and 224".

15 ~~(d)~~ Amend section 222(d), which relates to general
16 provisions, to read as follows:

17 "(d) Any payments made to discharge liabilities under
18 guaranties issued under sections 221(b) and 224 of this
19 part, sections 202(b) and 413(b)(4) of the Mutual
20 Security Act of 1954, as amended, and section 111(b)(3)
21 of the Economic Cooperation Act of 1948, as amended (ex-
22 clusive of informational media guaranties), shall be paid first
23 out of fees referred to in section 222(b) as long as such fees
24 are available, and thereafter shall be paid out of funds, if any,
25 realized from the sale of currencies or other assets acquired

1 in connection with any payments made to discharge liabilities
2 under such guaranties as long as such funds are available;
3 and thereafter shall be paid out of funds heretofore appro-
4 priated for the purpose of discharging liabilities under the
5 aforementioned guaranties, and thereafter out of funds real-
6 ized from the sale of notes issued under section 413(b)(4)
7 (F) of the Mutual Security Act of 1954, as amended, and
8 section 111(c)(2) of the Economic Cooperation Act of
9 1948, as amended, and finally out of funds hereafter made
10 available pursuant to section 222(f)."

11 "~~(e)~~ Amend section 222(c), which relates to general
12 provisions, to read as follows:

13 "~~(e)~~ All guaranties issued prior to July 1, 1956, all
14 guaranties issued under sections 202(b) and 413(b)(4)
15 of the Mutual Security Act of 1954, as amended, and all
16 guaranties heretofore or hereafter issued pursuant to this
17 title shall be considered contingent obligations backed by
18 the full faith and credit of the Government of the United
19 States of America. Funds heretofore obligated under the
20 aforementioned guaranties (exclusive of informational media
21 guaranties) together with the other funds made available
22 for the purposes of this title shall constitute a single reserve
23 for the payment of claims in accordance with section 222(d)
24 of this part."

1 ~~(f)~~ Amend section 222 by adding at the end thereof the
2 following new subsection:

3 ~~“(g)~~ In making a determination to issue a guaranty
4 under section 221~~(b)~~, the President shall consider the pos-
5 sible adverse effect of the dollar investment under such
6 guaranty upon the balance of payments of the United
7 States.”

8 ~~(g)~~ Amend section 224, which relates to housing
9 projects in Latin American countries, as follows:

10 ~~(1)~~ In subsection ~~(b)~~ strike out “\$60,000,000”
11 and substitute “\$150,000,000”.

12 ~~(2)~~ Strike out subsection ~~(c)~~.

13 TITLE VI—ALLIANCE FOR PROGRESS

14 SEC. 109. Title VI of chapter 2 of part I of the Foreign
15 Assistance Act of 1961, as amended, which relates to the
16 Alliance for Progress, is amended as follows:

17 ~~(a)~~ Amend section 251, which relates to general
18 authority, as follows:

19 ~~(1)~~ In subsection ~~(b)~~, amend the next to the last
20 sentence thereof by inserting immediately after “reason-
21 able terms” the following: “(including private sources
22 within the United States), the capacity of the recipient
23 country to repay the loan at a reasonable rate of
24 interest,”.

1 ~~(2)~~ In subsection ~~(c)~~ strike out "economical" and
2 substitute "economically".

3 ~~(3)~~ In subsection ~~(f)~~ strike out "Agency for Inter-
4 national Development" and substitute "agency primarily
5 responsible for administering part I".

6 ~~(b)~~ Section 252, which relates to authorization is
7 amended as follows:

8 ~~(1)~~ In the first sentence, strike out "fiscal years
9 1963 through 1966, not to exceed \$600,000,000 for
10 each such fiscal year" and insert in lieu thereof "fiscal
11 years 1963, 1965, and 1966, not to exceed \$600,000,000
12 for each such fiscal year, and for use beginning in the
13 fiscal year 1964, not to exceed \$450,000,000,".

14 ~~(2)~~ Immediately after "1963" the second time it
15 appears therein, insert the following: "and not to exceed
16 \$100,000,000 of the funds appropriated pursuant to
17 this section for use beginning in fiscal year 1964.".

18 ~~(c)~~ Section 252, which relates to authorization, is
19 amended by adding at the end thereof the following new
20 sentence: "In order to effectuate the purposes and provisions
21 of sections 102, 251, 601, and 602 of this Act, not less than
22 50 per centum of the loan funds appropriated pursuant to this
23 section for the fiscal years ending June 30, 1965 and June
24 30, 1966 respectively shall be available only for loans made

1 for purposes of economic development through private enter-
2 prise.”

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
4 PROGRAMS

5 SEC. 110. Section 302 of the Foreign Assistance Act
6 of 1961, as amended, which relates to international organi-
7 zations and programs, is amended by striking out “1963”
8 and “\$148,900,000” and substituting “1964” and “\$136,
9 050,000”, respectively.

10 CHAPTER 4—SUPPORTING ASSISTANCE

11 SEC. 111. Section 402 of the Foreign Assistance Act
12 of 1961, as amended, which relates to supporting assistance,
13 is amended by striking out “1963” and “\$415,000,000”
14 and substituting “1964” and “\$380,000,000”, respectively.

15 CHAPTER 5—CONTINGENCY FUND

16 SEC. 112. Section 451 of the Foreign Assistance Act
17 of 1961, as amended, which relates to the contingency fund,
18 is amended by striking out “1963” and “\$300,000,000” and
19 inserting in lieu thereof “1964” and “\$150,000,000”,
20 respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,000,000,000, which", respectively.

(b) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) At the end of such chapter, add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO

1 AFRICA.—No military assistance shall be furnished on a
2 grant basis to any country in Africa, except for internal
3 security requirements or for programs described in section
4 505(b) of this chapter.”

5 PART III

6 CHAPTER 1—GENERAL PROVISIONS

7 SEC. 301. Section 601(b) of the Foreign Assistance Act
8 of 1961, as amended, which relates to encouragement of pri-
9 vate enterprise, is amended as follows:

10 (a) Strike out “and” at the end of paragraph (3).

11 (b) Strike out the period at the end of paragraph (4)
12 and insert in lieu thereof a semicolon.

13 (c) At the end thereof add the following new para-
14 graphs:

15 “(5) utilize, wherever practicable, the services of
16 United States private enterprise (including, but not
17 limited to, the services of experts and consultants in tech-
18 nical fields such as engineering); and

19 “(6) take appropriate steps to discourage national-
20 ization, expropriation, confiscation, seizure of ownership
21 or control, of private investment and discriminatory or
22 other actions having the effect thereof, undertaken by
23 countries receiving assistance under this Act, which di-
24 vert available resources essential to create new wealth,
25 employment, and productivity in those countries and

1 otherwise impair the climate for new private investment
2 essential to the stable economic growth and development
3 of these countries.”

4 SEC. 302. Section 611(b) of the Foreign Assistance
5 Act of 1961, as amended, which relates to completion of
6 plans and cost estimates, is amended by striking out “circular
7 A-47 of the Bureau of the Budget” and substituting “the
8 Memorandum of the President dated May 15, 1962”.

9 SEC. 303. Section 614, of the Foreign Assistance Act
10 of 1961, as amended, which relates to completion of plans
11 and cost estimates, is amended by adding to the end thereof
12 the following subsection:

13 “(c) The President shall establish such procedures as
14 he may deem necessary to assure to the maximum extent
15 practicable all contracts for construction outside the United
16 States made in connection with any agreement or grant
17 subject to subsection (a) of this section shall be made
18 in accordance with the same standards applicable to contracts
19 made by the Federal Government for similar construction
20 within the United States.”

21 SEC. 304. Section 620(a) of the Foreign Assistance Act
22 of 1961, as amended, which relates to prohibitions against
23 furnishing assistance to Cuba, is amended as follows:

24 (a) Insert “(1)” immediately after “(a)”.

25 (b) Insert immediately after the second sentence thereof

1 the following new sentence: "No funds provided under this
2 Act shall be used to make any voluntary contribution to
3 any international organization or program for financing proj-
4 ects of economic or technical assistance to the present Gov-
5 ernment of Cuba."

6 ~~(c)~~ At the end thereof add the following new para-
7 graphs:

8 ~~"(2)~~ Except as may be deemed necessary by the Presi-
9 dent in the interest of the United States, no assistance shall
10 be furnished under this Act to any government of Cuba, nor
11 shall Cuba be entitled to receive any quota authorizing the
12 importation of Cuban sugar into the United States or to
13 receive any other benefit under any law of the United States,
14 until the President determines that such government has
15 taken appropriate steps according to international law stand-
16 ards to return to United States citizens, and to entities not
17 less than 50 per centum beneficially owned by United States
18 citizens, or to provide equitable compensation to such citizens
19 and entities for property taken from such citizens and en-
20 tities on or after January 1, 1959, by the Government of
21 Cuba.

22 ~~"(3)~~ No funds authorized to be made available under
23 this Act ~~(except under section 244)~~ shall be used to furnish
24 assistance to any country which has failed to take appro-

1 prate steps, not later than 60 days after the date of enact-
2 ment of the Foreign Assistance Act of 1963—

3 ~~“(A) to prevent ships or aircraft under its registry~~
4 ~~from transporting to Cuba (other than to United States~~
5 ~~installations in Cuba)—~~

6 ~~“(i) any items of economic assistance,~~

7 ~~“(ii) any items which are, for the purposes of~~
8 ~~title I of the Mutual Defense Assistance Control~~
9 ~~Act of 1951, as amended, arms, ammunition and~~
10 ~~implements of war, atomic energy materials, petro-~~
11 ~~leum, transportation materials of strategic value, or~~
12 ~~items of primary strategic significance used in the~~
13 ~~production of arms, ammunition, and implements of~~
14 ~~war, or~~

15 ~~“(iii) any other equipment, materials, or com-~~
16 ~~modities,~~

17 ~~so long as Cuba is governed by the Castro regime; and~~

18 ~~“(B) to prevent ships or aircraft under its registry~~
19 ~~from transporting any equipment, materials, or com-~~
20 ~~modities from Cuba (other than from United States~~
21 ~~installations in Cuba) so long as Cuba is governed by~~
22 ~~the Castro regime.”~~

23 SEC. 305. Section 620(e) of the Foreign Assistance Act

1 of 1961, as amended, which relates to suspension of assist-
2 ance, is amended as follows:

3 (a) In clause (2), immediately after "operational con-
4 ditions," insert "or has taken other actions,".

5 (b) Strike out "equitable and speedy compensation for
6 such property in convertible foreign exchange" and insert
7 in lieu thereof "speedy compensation for such property in
8 convertible foreign exchange equivalent to the full value
9 thereof".

10 SEC. 306. Section 620 (f) of the Foreign Assistance Act
11 of 1961, as amended, which relates to prohibitions against
12 furnishing certain assistance to Communist countries, is
13 amended by inserting immediately before the period after
14 "Union of Soviet Socialist Republics" the following: "(in-
15 cluding its captive constituent republics)".

16 SEC. 307. Section 620 of the Foreign Assistance Act
17 of 1961, as amended, which relates to prohibitions against
18 furnishing assistance to Cuba and certain other countries,
19 is amended by adding at the end thereof the following new
20 subsections:

21 "(i) No assistance shall be provided under this or any
22 other Act, and no sales shall be made under the Agricultural
23 Trade Development and Assistance Act of 1954, to any
24 country which the President determines is engaging in or
25 preparing for aggressive military efforts directed against—

1 ~~“(1)~~ the United States,

2 ~~“(2)~~ any country receiving assistance under this
3 or any other Act, or

4 ~~“(3)~~ any country to which sales are made under
5 the Agricultural Trade Development and Assistance
6 Act of 1954,

7 until the President determines that such military efforts or
8 preparations have ceased and he reports to the Congress
9 that he has received assurances satisfactory to him that
10 such military efforts or preparations will not be renewed.
11 This restriction may not be waived pursuant to any au-
12 thority contained in this Act.

13 ~~“(j)~~ No assistance under this Act shall be furnished to
14 Indonesia unless the President determines that the furnish-
15 ing of such assistance is in the national interest of the United
16 States. The President shall keep the Foreign Relations
17 Committee and the Appropriations Committee of the Senate
18 and the Speaker of the House of Representatives fully and
19 currently informed of any assistance furnished to Indonesia
20 under this Act.

21 ~~“(k)~~ Until the enactment of the Foreign Assistance
22 Act of 1964 or other general legislation, during the calendar
23 year 1964, authorizing additional appropriations to carry
24 out programs of assistance under this Act, no assistance
25 shall be furnished under this Act to any country for con-

1 struction of any productive enterprise with respect to which
2 the aggregate value of such assistance to be furnished by
3 the United States will exceed \$100,000,000. No other
4 provision of this Act shall be construed to authorize the
5 President to waive the provisions of this subsection.

6 “(1) No assistance shall be provided under this Act
7 after December 31, 1964, to the government of any less
8 developed country which has failed to enter into an agree-
9 ment with the President to institute the investment guaranty
10 program under section 221(b)(1) of this Act, providing
11 protection against the specific risks of inconvertibility under
12 subparagraph (A), and expropriation or confiscation under
13 subparagraph (B), of such section 221(b)(1).

14 “(m) No assistance shall be furnished under this Act
15 for the construction or operation of any productive enter-
16 prise in any country unless the President determines that
17 similar productive enterprises within the United States are
18 operating at a substantial portion of their capacity and that
19 such assistance will not result in depriving such United
20 States enterprises of their reasonable share of world markets.
21 The President shall keep the Foreign Relations Committee
22 and the Appropriations Committee of the Senate and the
23 Speaker of the House of Representatives fully and currently
24 informed of assistance furnished under this Act for the

1 construction or operation of productive enterprises in all
2 countries, including specifically the numbers of such enter-
3 prises, the types of such enterprises, and the locations of
4 such enterprises.

5 “(n) No assistance shall be furnished under section
6 201, 211, or 251 of this Act to the government of any
7 country which does not agree to permit such reviews, in-
8 spections, and audits by the United States as the President
9 may require for the purpose of ascertaining whether such
10 assistance is being administered within the recipient country
11 to carry out the purposes for which it was furnished.”

12 CHAPTER 2—ADMINISTRATIVE PROVISIONS

13 SEC. 308. Chapter 2 of part III of the Foreign Assist-
14 ance Act of 1961, as amended, which relates to administra-
15 tive provisions, is amended as follows:

16 (a) Amend section 624, which relates to statutory offi-
17 cers, as follows:

18 (1) In subsection (a)(2) strike out “two shall
19 have the rank of Deputy Under Secretaries” and sub-
20 stitute “one shall have the rank of Deputy Under Secre-
21 tary”.

22 (2) In subsection (a)(3) strike out “nine” and
23 substitute “ten”.

1 ~~(3)~~ In subsection ~~(b)~~ strike out “paragraphs ~~(2)~~
2 and” and substitute “paragraph”.

3 ~~(b)~~ Amend section 626~~(b)~~, which relates to experts,
4 consultants, and retired officers, as follows:

5 ~~(1)~~ Strike out the entire first sentence.

6 ~~(2)~~ In the second sentence strike out “Nor shall
7 such service” and substitute “Service of an individual as
8 an expert or consultant under subsection ~~(a)~~ of this
9 section shall not”.

10 ~~(c)~~ In section 631, which relates to missions and staffs
11 abroad, add the following new subsection ~~(c)~~:

12 “(c) The President may appoint any United States
13 citizen who is not an employee of the United States Govern-
14 ment or may assign any United States citizen who is a United
15 States Government employee to serve as Chairman of the
16 Development Assistance Committee or any successor Com-
17 mittee thereto of the Organization for Economic Cooperation
18 and Development upon election thereto by members of said
19 Committee, and, in his discretion, may terminate such ap-
20 pointment or assignment, notwithstanding any other provision
21 of law. Such person may receive such compensation and
22 allowances as are authorized by the Foreign Service Act of
23 1946, as amended, not to exceed those authorized for a chief
24 of mission, class 2, within the meaning of said Act, as the

1 President may determine. Such persons may also, in the
 2 President's discretion, receive any other benefits and per-
 3 quisites available under this Act to chiefs of special missions
 4 or staffs outside the United States established under this
 5 section."

6 ~~(d)~~ Amend section 635, which relates to general author-
 7 ities, by adding the following new subsection ~~(k)~~:

8 "~~(k)~~ Any cost-type contract or agreement ~~(including~~
 9 grants) entered into with a university, college, or other
 10 educational institution for the purpose of carrying out pro-
 11 grams authorized by part I may provide for the payment
 12 of the reimbursable indirect costs of said university, college,
 13 or other educational institution on the basis of predetermined
 14 fixed-percentage rates applied to the total, or an element
 15 thereof, of the reimbursable direct costs incurred."

16 ~~(e)~~ Amend section 636, which relates to provisions on
 17 uses of funds, by adding at the end thereof the following new
 18 subsection:

19 "~~(h)~~ In carrying out programs under this Act, the
 20 President shall take all appropriate steps to assure that, to
 21 the maximum extent possible, ~~(1)~~ countries receiving as-
 22 sistance under this Act contribute local currencies to
 23 meet the cost of contractual and other services rendered in
 24 conjunction with such programs, and ~~(2)~~ foreign currencies

1 owned by the United States are utilized to meet the costs
2 of such contractual and other services."

3 (f) Amend section 637(a), which relates to administra-
4 tive expenses, by striking out "1963" and "\$53,000,000"
5 and substituting "1964" and "\$54,000,000", respectively.

6 CHAPTER 3—MISCELLANEOUS PROVISIONS

7 SEC. 309. Section 644(f) of the Foreign Assistance Act
8 of 1961, as amended, which relates to definition of defense
9 services, is amended by inserting "including orientation"
10 after "training" the first time it appears.

11 SEC. 310. Section 645 of the Foreign Assistance Act
12 of 1961, as amended, which relates to unexpended balances,
13 is amended to read as follows:

14 "SEC. 645. UNEXPENDED BALANCES.—Unexpended
15 balances of funds made available pursuant to this Act, the
16 Mutual Security Act of 1954, as amended, or Public Law
17 86-736 are hereby authorized to be continued available for
18 the general purposes for which appropriated, and may at
19 any time be consolidated, and, in addition, may be consoli-
20 dated with appropriations made available for the same gen-
21 eral purposes under the authority of this Act."

1 PART IV—AMENDMENTS TO OTHER LAWS

2 SEC. 401. The Act to provide for assistance in the
3 development of Latin America and in the reconstruction of
4 Chile, and for other purposes (Public Law 86-735, 22
5 U.S.C. 1942 et seq.), is amended as follows:

6 (a) In section 2 strike out “\$500,000,000” and sub-
7 stitute “\$700,000,000”.

8 (b) Insert following the enacting clause “That this
9 Act may be cited as ‘the Latin American Development and
10 Chilean Reconstruction Act’ ”.

11 SEC. 402. (a) Section 101 (f) of the Agricultural Trade
12 Development and Assistance Act of 1954, as amended, is
13 amended to read as follows:

14 “(f) obtain rates of exchange applicable to the
15 sale of commodities under such agreements which are
16 not less favorable than the highest of exchange rates
17 legally obtainable from the Government or agencies
18 thereof in the respective countries.”

19 (b) Section 105 of such Act is amended by adding at
20 the end thereof the following new sentence: “The President

1 shall utilize foreign currencies received pursuant to this title
2 in such manner as will, to the maximum extent possible,
3 reduce any deficit in the balance of payments of the United
4 States."

5 (c) Section 202 of such Act is amended by striking
6 out "economic development" and inserting in lieu thereof
7 "economic and community development".

8 SEC. 403. (a) Section 571(a) of the Foreign Service
9 Act of 1946, as amended, is amended by changing the final
10 period to a colon and adding the following: "*Provided*, That
11 in individual cases when personally approved by the Secre-
12 tary further extension may be made."

13 (b) Section 911(2) of the Foreign Service Act of 1946,
14 as amended, is amended by inserting immediately after "on
15 authorized home leave;" the following: "accompanying him
16 for representational purposes on authorized travel within the
17 country of his assignment or, at the discretion of the Sec-
18 retary, outside the country of his assignment, but in no case
19 to exceed one member of his family;"

20 (c) Title IX of the Foreign Service Act of 1946, as
21 amended, is amended by striking out section 921(d), re-
22 lating to use of Government vehicles, and by inserting im-
23 mediately after section 913 the following new section:

1 “USE OF GOVERNMENT OWNED OR LEASED VEHICLES

2 “SEC. 914. Notwithstanding the provisions of section 5
3 of the Act of July 16, 1914, as amended (5 U.S.C. 78),
4 the Secretary may authorize any principal officer to approve
5 the use of Government owned or leased vehicles located at
6 his post for transportation of United States Government
7 employees and their dependents when public transportation
8 is unsafe or not available.”

9 (d) Title X of the Foreign Service Act of 1946, as
10 amended, is amended by adding at the end thereof the follow-
11 ing:

12 “PART I—EDUCATIONAL FACILITIES

13 “SEC. 1081. Whenever the Secretary determines that
14 educational facilities are not available, or that existing educa-
15 tional facilities are inadequate, to meet the needs of children
16 of American citizens stationed outside the United States
17 engaged in carrying out Government activities, he is author-
18 ized, in such manner as he deems appropriate and under
19 such regulations as he may prescribe, to establish, operate,
20 and maintain primary schools, and school dormitories and
21 related educational facilities for primary and secondary
22 schools, outside the United States, or to make grants of funds
23 for such purposes, or otherwise provide for such educational

1 facilities. The provisions of the Foreign Service Buildings
2 Act, 1926, as amended, and of paragraphs (h) and (i) of
3 section 3 of the Act entitled 'An Act to provide certain basic
4 authority for the Department of State', approved August 1,
5 1956 (5 U.S.C. 170(h) and 170h(i)), may be utilized
6 by the Secretary in providing assistance for educational
7 facilities. Assistance may include, but shall not be limited
8 to, hiring, transporting, and payment of teachers and other
9 necessary personnel."

10 SEC. 404. The Act entitled "An Act to provide certain
11 basic authority for the Department of State", approved
12 August 1, 1956 (5 U.S.C. 170f-170t), is amended by in-
13 serting immediately after section 12 the following new
14 section:

15 "SEC. 13. There is hereby established a working capital
16 fund for the Department of State, which shall be available
17 without fiscal year limitation, for expenses (including those
18 authorized by the Foreign Service Act of 1946, as amended)
19 and equipment, necessary for maintenance and operation
20 in the city of Washington and elsewhere of (1) central
21 reproduction, editorial, data processing, audiovisual, library
22 and administrative support services; (2) central supply
23 services for supplies and equipment (including repairs);

1 and ~~(3)~~ such other administrative services as the Secretary,
2 with the approval of the Bureau of the Budget, determines
3 may be performed more advantageously and more economi-
4 cally as central services. The capital of the fund shall consist
5 of the amount of the fair and reasonable value of such supply
6 inventories, equipment, and other assets and inventories on
7 order, pertaining to the services to be carried on by the
8 fund, as the Secretary may transfer to the fund, less the
9 related liabilities and unpaid obligations, together with any
10 appropriations made for the purpose of providing capital.
11 Not to exceed \$750,000 in net assets shall be transferred
12 to the fund for purposes of providing capital. The fund
13 shall be reimbursed, or credited with advance payments,
14 from applicable appropriations and funds of the Department
15 of State, other Federal agencies, and other sources author-
16 ized by law, for supplies and services at rates which will
17 approximate the expense of operations, including accrual
18 of annual leave and depreciation of plan and equipment of
19 the fund. The fund shall also be credited with other receipts
20 from sale or exchange of property or in payment for loss or
21 damage to property held by the fund. There shall be trans-
22 ferred into the Treasury as miscellaneous receipts, as of the
23 close of each fiscal year, earnings which the Secretary deter-

1 mines to be excess to the needs of the fund. There is hereby
 2 authorized to be appropriated such amounts as may be
 3 necessary to provide capital for the fund.”

4 SEC. 405. The first sentence of the first section of the
 5 Act entitled “An Act to authorize participation by the
 6 United States in parliamentary conferences of the North
 7 Atlantic Treaty Organization”, approved July 11, 1956
 8 (70 Stat. 523), is amended to read as follows: “That not
 9 to exceed eighteen Members of Congress shall be appointed
 10 to meet jointly and annually with representative parliamen-
 11 tary groups from other NATO (North Atlantic Treaty
 12 Organization) members, for discussion of common problems
 13 in the interests of the maintenance of peace and security in
 14 the North Atlantic area.”

15 That this Act may be cited as “the Foreign Assistance Act
 16 of 1963”.

17 PART I

18 CHAPTER 1—POLICY

19 SEC. 101. Chapter 1 of part I of the Foreign Assistance
 20 Act of 1961, as amended, is amended as follows:

21 (a) In the chapter heading strike out the words “SHORT
 22 TITLE AND”.

23 (b) Section 101, which relates to short title, is repealed.

24 (c) Amend section 102, which relates to statement of
 25 policy, by—

1 (1) inserting between the fourth and fifth para-
2 graphs the following additional paragraph:

3 *“It is the sense of the Congress that the institution of*
4 *full investment guaranty programs under title III of*
5 *chapter 2 of this part with all recipient countries would*
6 *be regarded as a significant measure of self-help by such*
7 *countries improving the climate for private investment*
8 *both domestic and foreign.”,*

9 (2) striking out “should emphasize” in the last
10 sentence of the seventh paragraph and substituting “shall
11 emphasize”,

12 (3) striking out “Finally, the” in the first sentence
13 of the last paragraph and substituting “The”,

14 (4) inserting “(including private enterprise within
15 such countries)” immediately after “countries” in the
16 first sentence of the last paragraph thereof, and

17 (5) adding the following after such last paragraph:

18 *“It is the sense of the Congress that assistance author-*
19 *ized by this Act should be extended to or withheld from*
20 *the government of South Vietnam, in the discretion of the*
21 *President, to further the objectives of victory in the war*
22 *against communism and the return to their homeland*
23 *of Americans involved in that struggle.”*

1 *CHAPTER 2—DEVELOPMENT ASSISTANCE*

2 *TITLE I—DEVELOPMENT LOAN FUND*

3 *SEC. 102. (a) Section 201 of the Foreign Assistance Act*
4 *of 1961, as amended, which relates to general authority with*
5 *respect to development loans, is amended by adding at the*
6 *end thereof the following:*

7 *“(f) No assistance shall be furnished under this title*
8 *unless the President determines that the project for which*
9 *such assistance is requested is taken into account in the eco-*
10 *nomie development of the requesting country, including an*
11 *analysis of current human and material resources, together*
12 *with a projection of the ultimate objectives of the project with*
13 *respect to the overall economic development of such country,*
14 *and specifically provides for appropriate participation by*
15 *private enterprise.”*

16 *(b) Section 202 of the Foreign Assistance Act of 1961, as*
17 *amended, is amended by striking out “for each of the next four*
18 *succeeding fiscal years,” and inserting “for the fiscal year*
19 *1963 and \$950,000,000 for the fiscal year 1964,”.*

20 *(c) Section 203 of the Foreign Assistance Act of 1961,*
21 *as amended, which relates to fiscal provisions with respect*
22 *to development loans, is amended to read as follows:*

23 *“SEC. 203. All receipts from loans made under and in*
24 *accordance with this title shall be available for use for the*
25 *purposes of this title, subject only to the annual appropria-*

tion thereof. Receipts so appropriated and other funds made available under this title for use for the purposes of this title shall remain available until expended."

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add the following at the end of subsection (a): "No program of technical assistance shall be undertaken under this title unless prior to the commencement thereof the recipient country shall have agreed to accept responsibility for the continuation and financing of such program after the expiration of such reasonable time, which shall not exceed seven years, as shall be specified in the agreement, or unless such program is scheduled for completion within such time."

(b) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$225,000,000", respectively.

(c) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made

1 available for the purposes of section 211 for” and sub-
2 stitute the word “furnish”.

3 (2) In subsection (b) strike out “to use” and
4 “foreign currencies accruing to the United States Gov-
5 ernment under any Act, for purposes of subsection (a)
6 of this section and for” and substitute “to furnish” before
7 the word “assistance”.

8 (3) Add the following new subsections:

9 “(c) There is hereby authorized to be appropriated to
10 the President, in addition to other funds available for such
11 purposes, such amounts as may be necessary from time to
12 time to carry out the purposes of this section, which amounts
13 shall remain available until expended.

14 “(d) The President is authorized to use, in addition to
15 other funds available for such purposes, foreign currencies
16 accruing to the United States Government under any Act, for
17 purposes of this section.”

18 TITLE III—INVESTMENT GUARANTIES

19 SEC. 104. Title III of chapter 2 of part I of the Foreign
20 Assistance Act of 1961, as amended, which relates to invest-
21 ment guaranties, is amended as follows:

22 (a) Amend section 221(b), which relates to general
23 authority, as follows:

24 (1) In the first sentence after “wholly owned”
25 insert “(determined without regard to any shares, in

1 *aggregate less than 5 per centum of the total of issued*
2 *and subscribed share capital, required by law to be*
3 *held by persons other than the parent corporation)”.*

4 (2) *In paragraph (1) strike out “\$1,300,000,000”*
5 *in the proviso and substitute “\$2,500,000,000”.*

6 (3) *In paragraph (2) strike out “fraud or mis-*
7 *conduct” in the second proviso and substitute “fraud,*
8 *misconduct, or negligence”.*

9 (4) *In paragraph (2) strike out “1964” in the*
10 *fourth proviso and substitute “1965”.*

11 (b) *Amend section 222(a), which relates to general*
12 *provisions, by striking out “section 221(b)” and substi-*
13 *tuting “sections 221(b) and 224”.*

14 (c) *Amend section 222(b), which relates to general*
15 *provisions, by striking out “section 221(b)” in both places*
16 *it appears and substituting “sections 221(b) and 224”.*

17 (d) *Amend section 222(d), which relates to general*
18 *provisions, to read as follows:*

19 “(d) *Any payments made to discharge liabilities under*
20 *guaranties issued under sections 221(b) and 224 of this*
21 *part, sections 202(b) and 413(b)(4) of the Mutual Se-*
22 *curity Act of 1954, as amended, and section 111(b)(3) of*
23 *the Economic Cooperation Act of 1948, as amended (exclu-*
24 *sive of informational media guaranties), shall be paid first*
25 *out of fees referred to in section 222(b) as long as such fees*

1 are available, and thereafter shall be paid out of funds, if
2 any, realized from the sale of currencies or other assets ac-
3 quired in connection with any payments made to discharge
4 liabilities under such guaranties as long as such funds are
5 available, and thereafter shall be paid out of funds heretofore
6 appropriated for the purpose of discharging liabilities under
7 the aforementioned guaranties, and finally out of funds
8 hereafter made available pursuant to section 222(f)."

9 (e) Amend section 222(e), which relates to general
10 provisions, to read as follows:

11 "(e) All guaranties issued prior to July 1, 1956, all
12 guaranties issued under sections 202(b) and 413(b)(4)
13 of the Mutual Security Act of 1954, as amended, and all
14 guaranties heretofore or hereafter issued pursuant to this
15 title shall be considered contingent obligations backed by the
16 full faith and credit of the Government of the United States
17 of America. Funds heretofore obligated under the afore-
18 mentioned guaranties (exclusive of informational media
19 guaranties) together with the other funds made available
20 for the purposes of this title shall constitute a single reserve
21 for the payment of claims in accordance with section 222(d)

1 of this part, except that so much thereof as may be necessary
 2 shall be used for the immediate redemption of any outstand-
 3 ing notes issued under section 111(c)(2) of the Economic
 4 Cooperation Act of 1948, as amended, or section 413(b)(4)
 5 (F) of the Mutual Security Act of 1954, as amended."

6 (f) Amend section 224, which relates to housing proj-
 7 ects in Latin American countries, as follows:

8 (1) In subsection (b) strike out "\$60,000,000"
 9 and substitute "\$150,000,000".

10 (2) Strike out subsection (c).

11 TITLE V—DEVELOPMENT RESEARCH

12 SEC. 105. Section 241 of the Foreign Assistance Act of
 13 1961, as amended, which relates to development research, is
 14 amended by inserting "(a)" after the section heading and by
 15 adding at the end thereof the following new subsection:

16 "(b) Funds made available to carry out this section may
 17 be used to conduct research into the problems of controlling
 18 population growth and to provide technical and other assist-
 19 ance to cooperating countries in carrying out programs of
 20 population control."

1 *TITLE VI—ALLIANCE FOR PROGRESS*

2 *SEC. 106. Title VI of chapter 2 of part I of the Foreign*
3 *Assistance Act of 1961, as amended, which relates to the*
4 *Alliance for Progress, is amended as follows:*

5 *(a) Amend section 251, which relates to general*
6 *authority, as follows:*

7 *(1) In subsection (e) strike out "economical" and*
8 *substitute "economically".*

9 *(2) In subsection (f) strike out "Agency for*
10 *International Development" and substitute "agency*
11 *primarily responsible for administering part I".*

12 *(3) Add the following new subsection (g):*

13 *"(g) In order to carry out the policies of this Act, the*
14 *President shall, when appropriate, assist in promoting the*
15 *organization, implementation, and growth of the cooperative*
16 *movement in Latin America as a fundamental measure to-*
17 *ward the strengthening of democratic institutions and prac-*
18 *tices and economic and social development under the Alliance*
19 *for Progress."*

20 *(b) Amend section 252, which relates to authorization,*
21 *as follows: Insert following "1963" the second time it appears*
22 *the words "and not to exceed \$75,000,000 of the funds*
23 *appropriated pursuant to this section for use beginning in*
24 *fiscal year 1964".*

25 *(c) Amend section 253, which relates to fiscal provisions,*

1 (1) by amending the first sentence to read: "All receipts
2 in United States dollars from loans made under this title
3 and from loans made for the benefit of countries and areas
4 of Latin America under title I of chapter 2 of part I of this
5 Act, notwithstanding section 203, shall be available for use
6 for loans payable as to principal and interest in United
7 States dollars in furtherance of the purposes of this title,
8 subject only to the annual appropriation thereof." and (2)
9 by inserting immediately after the first sentence thereof the
10 following new sentence: "All receipts in foreign currencies
11 from loans made under this title or for nonmilitary assistance
12 purposes under the Mutual Security Act of 1954, as amended,
13 or any Act repealed thereby, shall be available, in addition
14 to other funds available for such purposes, for loans on such
15 terms and conditions as the President may specify to carry
16 out the purposes of subsection (g) of section 251 of this title,
17 and the President may, notwithstanding the provisions of
18 any other Act, reserve such currencies in such amounts (not
19 to exceed \$25,000,000 in any fiscal year) and for such
20 periods as he shall determine to be necessary to provide for
21 the programs authorized by said subsection (g)."

22 (d) After section 253, which relates to fiscal provisions,
23 insert the following new section:

24 "SEC. 254. RESTRICTIONS ON ASSISTANCE.—None of
25 the funds made available under authority of this Act may

1 *be used to furnish assistance to any country covered by*
 2 *this title in which the government has come to power through*
 3 *the forcible overthrow of a prior government which has been*
 4 *chosen in free and democratic elections unless the President*
 5 *determines that withholding such assistance would be con-*
 6 *trary to the national interest."*

7 *TITLE VII—EVALUATION OF PROGRAMS*

8 *SEC. 107. Chapter 2 of part I of the Foreign Assistance*
 9 *Act of 1961, as amended, is further amended by adding at*
 10 *the end thereof a new title as follows:*

11 *"TITLE VII—EVALUATION OF PROGRAMS*

12 *"SEC. 261. The President shall appoint such commit-*
 13 *tees as may be necessary which, except as provided in section*
 14 *262, shall be composed of either three or five members, a*
 15 *majority of whom shall be representatives of the public, to*
 16 *review and evaluate the economic development program of*
 17 *each country receiving economic aid under this Act, and to*
 18 *report to the President and to the Congress their findings with*
 19 *respect to the following—*

20 *"(1) whether the recipient country (a) has a prac-*
 21 *tical development program which affords a reasonable*
 22 *expectation that the objectives of such program will be*
 23 *attained, taking into consideration the human and nat-*
 24 *ural resources and fiscal capabilities of the country, (b)*
 25 *is providing the maximum amount of self-help within its*

1 *capabilities, and (c) has adopted the fiscal, administra-*
2 *tive, and social reforms necessary to the success of such*
3 *program;*

4 *“(2) whether the specific projects to which United*
5 *States aid is allocated will contribute materially to the*
6 *fulfillment of the primary needs of the recipient coun-*
7 *try’s development, and to the purpose of the United*
8 *States to assist in strengthening democratic processes,*
9 *the economy of the country, and in raising the standards*
10 *of living of the people of that country; and*

11 *“(3) such other matters as in their opinion will be*
12 *useful to the Congress in its consideration of legislation*
13 *authorizing or appropriating funds for financing for-*
14 *ign aid programs for fiscal year 1965 and subsequent*
15 *fiscal years.*

16 *“SEC. 262. Committees referred to in section 261 shall*
17 *be appointed first to review the economic development pro-*
18 *grams of those countries receiving the largest amount of*
19 *assistance and which in fiscal year 1963 collectively received*
20 *one-half of the total assistance extended by the United States*
21 *under its foreign assistance programs. In addition to the*
22 *foregoing committees, a committee of such size as the Presi-*
23 *dent may find necessary, a majority of whose members*
24 *shall be representatives of the public, shall be appointed to*
25 *review the economic development programs of those countries*

1 included in the Alliance for Progress program in accordance
2 with the criteria set forth in section 261, and evaluate the
3 progress of the Alliance. All committees referred to in this
4 section shall report their findings not later than January 1,
5 1965; reports of committees for other countries shall be
6 made not later than June 1, 1965.

7 "SEC. 263. Legislation authorizing or appropriating
8 funds for carrying out economic development programs for
9 fiscal years after the fiscal year 1965 shall not be enacted
10 until the Congress has received and considered the reports
11 referred to in this title for the countries referred to in section
12 262.

13 "SEC. 264. Members of committees referred to in section
14 261, who are not otherwise employed by the Government,
15 shall receive compensation at rates to be fixed by the Presi-
16 dent without regard to the Classification Act of 1949, as
17 amended, and shall be entitled to reimbursement in accord-
18 ance with section 5 of the Administrative Expenses Act of
19 1946 for travel and other expenses incurred in carrying
20 out their functions. The compensation and expenses of mem-
21 bers of a committee appointed to review economic develop-

1 ment programs of any country may be paid out of any
2 funds available for use in carrying out such programs in
3 such country.”

4 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
5 PROGRAMS

6 SEC. 108. Section 302 of the Foreign Assistance Act of
7 1961, as amended, which relates to international organiza-
8 tions and programs, is amended by striking out “1963” and
9 “\$148,900,000” and substituting “1964” and “\$136,-
10 050,000”, respectively.

11 CHAPTER 4—SUPPORTING ASSISTANCE

12 SEC. 109. Section 402 of the Foreign Assistance Act of
13 1961, as amended, which relates to supporting assistance, is
14 amended by striking out “1963” and “\$415,000,000” and
15 substituting “1964” and “\$380,000,000”, respectively.

16 CHAPTER 5—CONTINGENCY FUND

17 SEC. 110. Section 451 of the Foreign Assistance Act of
18 1961, as amended, which relates to the contingency fund, is
19 amended by striking out “1963” and “\$300,000,000” and
20 substituting “1964” and “\$175,000,000”, respectively.

1 *PART II*2 *CHAPTER 1—POLICY*

3 *SEC. 201. Chapter 1 of part II of the Foreign Assistance*
4 *Act of 1961, as amended, is hereby redesignated "Policy"*
5 *and section 501, which relates to short title, is hereby deleted.*

6 *CHAPTER 2—MILITARY ASSISTANCE*

7 *SEC. 202. Chapter 2 of part II of the Foreign Assistance*
8 *Act of 1961, as amended, which relates to military assist-*
9 *ance, is amended as follows:*

10 *(a) In section 504(a), which relates to authorization,*
11 *strike out "the fiscal years 1962 and 1963" and "\$1,700,-*
12 *000,000 for each such fiscal year, which sums" and substitute*
13 *"fiscal year 1964" and "\$1,000,000,000, which", respec-*
14 *tively.*

15 *(b) In section 505(a), which relates to utilization of as-*
16 *sistance, change the period at the end thereof to a colon and*
17 *add the following proviso: "Provided, That, except (1) to the*
18 *extent necessary to fulfill prior commitments or (2) to the*
19 *extent that the President finds, with respect to any Latin*
20 *American country, that the furnishing of military assistance*
21 *under this Act is necessary to safeguard the security of the*
22 *United States or to safeguard the security of a country*
23 *associated with the United States in the Alliance for Progress*
24 *against military overthrow of a duly constituted government,*

1 and so informs the Congress, no further military assistance
2 under any provision of this Act shall be furnished to any
3 Latin American country.”

4 (c) In section 510(a), which relates to special author-
5 ity, strike out “1963” in the first and second sentences and
6 substitute “1964”.

7 (d) In section 511, which relates to restrictions on
8 military aid to Latin America, strike out “\$57,500,000”
9 and substitute “\$50,000,000, of which \$25,000,000 may be
10 available during each fiscal year for assistance to an inter-
11 national military force under the control of the Organization
12 of American States”.

13 (e) Add the following new section:

14 “SEC. 512. RESTRICTIONS ON MILITARY AID TO
15 AFRICA.—(a) The value of grant programs of defense
16 articles for African countries, pursuant to any authority
17 contained in this part other than section 507, in any fiscal
18 year beginning with fiscal year 1964, shall not exceed
19 \$25,000,000.

20 “(b) Internal security requirements shall not, unless the
21 President determines otherwise and promptly reports such
22 determination to the Senate Committee on Foreign Relations
23 and to the Speaker of the House of Representatives, be the
24 basis for military assistance programs for African countries.”

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601(b), which relates to encouragement of private enterprise, is amended as follows:

(1) At the end of paragraph (3), strike out "and".

(2) In paragraph (4), strike out "wherever appropriate" and insert in lieu thereof "to the maximum extent practicable", and strike out the period at the end thereof and substitute a semicolon.

(3) Add the following new paragraphs at the end thereof:

"(5) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and

"(6) utilize wherever practicable the services of

1 *United States private enterprise (including, but not*
2 *limited to, the services of experts and consultants in*
3 *technical fields such as engineering)."*

4 *(b) At the end of section 601 add the following new*
5 *subsection:*

6 *"(c) (1) There is hereby established an Advisory Com-*
7 *mittee on Private Enterprise in Foreign Aid. The Advisory*
8 *Committee shall carry out studies and make recommendations*
9 *for achieving the most effective utilization of the private enter-*
10 *prise provisions of this Act to the head of the agency charged*
11 *with administering the program under part I of this Act, who*
12 *shall appoint the Committee.*

13 *"(2) Members of the Advisory Committee shall represent*
14 *the public interest and shall be selected from the business,*
15 *labor and professional world, from the universities and foun-*
16 *dations, and from among persons with extensive experience in*
17 *government. The Advisory Committee shall consist of not*
18 *more than nine members, and one of the members shall be*
19 *designated as chairman.*

20 *"(3) Members of the Advisory Committee shall receive no*
21 *compensation for their services but shall be entitled to reim-*
22 *bursement in accordance with section 5 of the Administrative*
23 *Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and*
24 *other expenses incurred in attending meetings of the Advisory*
25 *Committee.*

1 “(4) The Advisory Committee shall, if possible, meet not
2 less frequently than once each month, shall submit such interim
3 reports as the Committee finds advisable, and shall submit a
4 final report not later than December 31, 1964, whereupon
5 the Committee shall cease to exist. Such reports shall be made
6 available to the public and to the Congress.

7 “(5) There is hereby authorized to be appropriated such
8 sum as may be necessary to enable the Advisory Committee to
9 carry out its functions.”

10 (c) Section 611(a), which relates to completion of plans
11 and cost estimates, is amended by inserting before the semi-
12 colon at the end of subparagraph (1) a comma and the
13 following: “and, in any case in which such estimate of cost
14 exceeds \$500,000, until such estimate of cost and the feasi-
15 bility of the project have been approved by the Corps of
16 Engineers, United States Army, or by a reputable United
17 States private firm of engineers”.

18 (d) Section 611(b), which relates to completion of plans
19 and cost estimates, is amended by striking out “circular
20 A-47 of the Bureau of the Budget” and substituting “the
21 Memorandum of the President dated May 15, 1962”.

22 (e) Section 612, which relates to use of foreign cur-
23 rencies, is amended as follows:

24 (1) Insert “(a)” after the section heading.

(2) *Add at the end thereof the following new subsection:*

“(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury shall make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts.”

(f) Section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended as follows:

(1) Subsection (a) is amended as follows:

(i) Insert “(1)” immediately after “(a)”.

(ii) Add the following new paragraph (2) at the end thereof:

1 “(2) No funds authorized to be made available
2 under this Act shall be used to furnish assistance (ex-
3 cept under section 214) to any country which, by fail-
4 ing (beginning not later than sixty days after enactment
5 of the Foreign Assistance Act of 1963) to take such steps
6 as are appropriate:

7 “(a) permits the further carriage by any ship
8 or aircraft under its registry, to or from Cuba, so
9 long as it is governed by the Castro regime or any
10 other Communist regime, of any military person-
11 nel, or any arms, ammunition, and implements of
12 war, atomic energy materials, petroleum, or any
13 articles, materials, or supplies, transportation ma-
14 terials of strategic value, and items of primary stra-
15 tegic significance used in the production of arms,
16 ammunition, and implements of war, contained on
17 the list maintained by the Administrator pursuant
18 to title I of the Mutual Defense Assistance Control
19 Act of 1951, as amended; or

20 “(b) permits the further carriage by any ship
21 under its registry, to or from Cuba, so long as it is
22 governed by the Castro regime or any other Com-
23 munist regime, of any other equipment, materials
24 or commodities, unless the President determines that
25 the furnishing of such assistance is important to the

1 security of the United States and reports such de-
2 termination to the Foreign Relations and Appropria-
3 tions Committees of the Senate and the Speaker of
4 the House of Representatives: Provided, however,
5 That this subparagraph (b) shall not apply with
6 respect to the fulfillment of firm commitments of the
7 United States made prior to the date of enactment of
8 this paragraph, nor to military sales under section
9 508.

10 The restrictions contained in this paragraph (2) may not
11 be waived pursuant to any other authority contained in
12 this Act or any other provision of law.”

13 (2) Subsection (e) is amended to read as follows:

14 “(e) The President shall suspend assistance to the govern-
15 ment of any country to which assistance is provided under
16 this or any other Act when the government of such country
17 or any government agency or subdivision within such coun-
18 try on or after January 1, 1962—

19 “(1) has nationalized or expropriated or seized
20 ownership or control of property owned by any United
21 States citizen or by any corporation, partnership, or
22 association not less than 50 per centum beneficially
23 owned by United States citizens, or

24 “(2) has taken steps to repudiate or nullify existing
25 contracts or agreements with any United States citizen or

1 any corporation, partnership, or association not less than
2 50 per centum beneficially owned by United States citi-
3 zens, or

4 “(3) has imposed or enforced discriminatory taxes
5 or other exactions, or restrictive maintenance or opera-
6 tional conditions, or has taken other actions, which have
7 the effect of nationalizing, expropriating, or otherwise
8 seizing ownership or control of property so owned,
9 and such country, government agency, or government sub-
10 division fails within a reasonable time (not more than six
11 months after such action, or, in the event of a referral to the
12 Foreign Claims Settlement Commission of the United States
13 within such period as provided herein, not more than twenty
14 days after the report of the Commission is received) to take
15 appropriate steps, which may include arbitration, to discharge
16 its obligations under international law toward such citizen
17 or entity, including speedy compensation for such property
18 in convertible foreign exchange, equivalent to the full value
19 thereof, as required by international law, or fails to take steps
20 designed to provide relief from such taxes, exactions, or con-
21 ditions, as the case may be; and such suspension shall con-
22 tinue until the President is satisfied that appropriate steps are
23 being taken, and no other provision of this Act shall be con-
24 strued to authorize the President to waive the provisions of
25 this subsection.

1 *“Upon request of the President (within seventy days*
2 *after such action referred to in paragraphs (1), (2),*
3 *or (3) of this subsection), the Foreign Claims Settlement*
4 *Commission of the United States (established pursuant to*
5 *Reorganization Plan No. 1 of 1954, 68 Stat. 1279)*
6 *is hereby authorized to evaluate expropriated property, deter-*
7 *mining the full value of any property nationalized, expro-*
8 *priated, or seized, or subjected to discriminatory or other*
9 *actions as aforesaid, for purposes of this subsection and to*
10 *render an advisory report to the President within ninety*
11 *days after such request. Unless authorized by the President,*
12 *the Commission shall not publish its advisory report except*
13 *to the citizen or entity owning such property. There is*
14 *hereby authorized to be appropriated such amount, to remain*
15 *available until expended, as may be necessary from time to*
16 *time to enable the Commission to carry out expeditiously its*
17 *functions under this subsection.”*

18 (3) Subsection (f), which provides restrictions on
19 assistance to Communist countries, is amended by insert-
20 ing before the period at the end of the second sentence
21 thereof a comma and the following: “but in no event shall
22 such restriction be waived in the case of the Federal
23 Peoples Republic of Yugoslavia”.

24 (4) The second sentence of subsection (f), as
25 amended by paragraph (3), is amended by inserting a

1 period after the word "Act" and striking out the re-
2 mainder of such sentence.

3 (5) Add the following new subsections at the end
4 thereof:

5 “(i) No assistance shall be furnished on a grant basis
6 under this Act to any economically developed nation capable
7 of sustaining its own defense burden and economic growth,
8 except (1) to fulfill firm commitments made prior to July 1,
9 1963, or (2) additional orientation and training expenses
10 under part II hereof during fiscal year 1964 in an amount
11 not to exceed \$1,000,000. As used in this subsection, the
12 term ‘economically developed nation’ shall include, but need
13 not be confined to, any nation listed as an exception to the
14 definition of ‘economically less developed nation’ contained in
15 United Nations General Assembly Resolution 1875 (S. IV)
16 and, in addition, the German Federal Republic and Switzer-
17 land.

18 “(j) No assistance under this Act shall be furnished
19 for projects establishing or otherwise assisting government-
20 owned manufacturing, utility, merchandising, or processing
21 enterprises in any country or area, except where it clearly
22 appears that goods or services of the same general class are
23 not or cannot be adequately provided by private businesses
24 within such country or area.

25 “(k) No assistance shall be furnished under this Act to

1 *the Government of the Federal Peoples Republic of Yugo-*
2 *slavia unless and until the President determines that such*
3 *Government has made an acceptable arrangement for the*
4 *payment of claims arising out of the nationalization or other*
5 *taking by such Government of property of persons who are*
6 *citizens of the United States on the date of enactment of this*
7 *Act, in any case in which (1) such persons were not citizens*
8 *of the United States on the date of such nationalization or*
9 *other taking, or (2) such nationalization or other taking*
10 *occurred subsequent to July 19, 1948.*

11 “(l) *No assistance under this Act shall be furnished to*
12 *Indonesia unless the President determines that the furnishing*
13 *of such assistance is essential to the national interest of the*
14 *United States. The President shall keep the Foreign Rela-*
15 *tions Committee and the Appropriations Committee of the*
16 *Senate and the Speaker of the House of Representatives fully*
17 *and currently informed of any assistance furnished to Indo-*
18 *nesia under this Act.*

19 “(m) *No assistance shall be furnished under this Act*
20 *to any country which (1) has extended, or hereafter ex-*
21 *tends, its jurisdiction for fishing purposes over any area of*
22 *the high seas beyond that recognized by the United States,*
23 *and (2) hereafter imposes any penalty or sanction against*
24 *any United States fishing vessel on account of its fishing*
25 *activities in such area. The provisions of this subsection*

1 *shall not be applicable in any case in which the extension*
 2 *of jurisdiction is made pursuant to international agreement*
 3 *to which the United States is a party.*

4 “(n) *No assistance shall be provided under this or any*
 5 *other Act, and no sales shall be made under the Agricultural*
 6 *Trade Development and Assistance Act of 1954, to any*
 7 *country which the President determines is engaging in or pre-*
 8 *paring for aggressive military efforts directed against—*

9 “(1) *the United States,*

10 “(2) *any country receiving assistance under this or*
 11 *any other Act, or*

12 “(3) *any country to which sales are made under*
 13 *the Agricultural Trade Development and Assistance Act*
 14 *of 1954,*

15 *until the President determines that such military efforts or*
 16 *preparations have ceased and he reports to the Congress that*
 17 *he has received assurances satisfactory to him that such mili-*
 18 *tary efforts or preparations will not be renewed. This re-*
 19 *striction may not be waived pursuant to any authority con-*
 20 *tained in this Act.”*

21 CHAPTER 2—ADMINISTRATIVE PROVISIONS

22 SEC. 302. *Chapter 2 of part III of the Foreign Assist-*
 23 *ance Act of 1961, as amended, which relates to administra-*
 24 *tive provisions, is amended as follows:*

25 (a) *Amend section 621, which relates to exercise of*

1 functions, by striking out the last sentence thereof and sub-
2 stituting the following: "In providing technical assistance
3 under this Act, the head of any such agency or such officer
4 shall utilize, to the fullest extent practicable, goods and
5 professional and other services from private enterprise on a
6 contract basis. In such fields as education, health, housing,
7 or agriculture, the facilities and resources of other Federal
8 agencies shall be utilized when such facilities are particularly
9 or uniquely suitable for technical assistance, are not compet-
10 itive with private enterprise, and can be made available
11 without interfering unduly with domestic programs."

12 (b) Amend section 624, which relates to statutory offi-
13 cers, as follows:

14 (1) In subsection (a)(2) strike out "two shall have
15 the rank of Deputy Under Secretaries" and substitute
16 "one shall have the rank of a Deputy Under Secretary".

17 (2) In subsection (a)(3) strike out "nine" and
18 substitute "ten".

19 (3) In subsection (b) strike out "paragraphs (2)
20 and" and substitute "paragraph".

21 (4) In subsection (d)(1) after the words "Deputy
22 Inspector General, Foreign Assistance," where they first
23 appear insert "who shall be appointed by the President
24 by and with the advice and consent of the Senate," and
25 strike out "\$19,500" and substitute "\$20,000".

1 (c) Amend section 626(b), which relates to experts,
2 consultants, and retired officers, as follows:

3 (1) Strike out the entire first sentence.

4 (2) In the second sentence strike out "Nor shall
5 such service" and substitute "Service of an individual as
6 an expert or consultant under subsection (a) of this sec-
7 tion shall not".

8 (d) In section 631, which relates to missions and staffs
9 abroad, add the following new subsection (c):

10 “(c) The President may appoint any United States
11 citizen who is not an employee of the United States Govern-
12 ment or may assign any United States citizen who is a
13 United States Government employee to serve as Chair-
14 man of the Development Assistance Committee or any
15 successor committee thereto of the Organization for Eco-
16 nomic Cooperation and Development upon election thereto
17 by members of said Committee, and, in his discretion, may
18 terminate such appointment or assignment, notwithstanding
19 any other provision of law. Such person may receive such
20 compensation and allowances as are authorized by the
21 Foreign Service Act of 1946, as amended, not to exceed
22 those authorized for a chief of mission, class 2, within the
23 meaning of said Act, as the President may determine. Such
24 person may also, in the President's discretion, receive any
25 other benefits and perquisites available under this Act to

1 *chiefs of special missions or staffs outside the United States*
2 *established under this section.”*

3 *(e) Amend section 635, which relates to general au-*
4 *thorities, as follows:*

5 *(1) Amend section 635(g) by striking out the word*
6 *“and” at the end of subparagraph (4); by striking out the*
7 *period at the end of subparagraph (5) and inserting in lieu*
8 *thereof a semicolon and the word “and”; and by adding the*
9 *following new subparagraph:*

10 *“(6) in the case of loans under part I (except under sec-*
11 *tion 205), shall establish terms which shall include (A) in-*
12 *terest at a rate not lower than three-fourths of 1 per centum*
13 *per annum during the five-year period following the date on*
14 *which the funds are initially made available under the loan,*
15 *and not lower than 2 per centum per annum thereafter, and*
16 *(B) repayment on an amortized basis, beginning not later than*
17 *five years after the date any funds are initially made available*
18 *under the loan, and ending not later than thirty years follow-*
19 *ing the end of such five-year period.”*

20 *(2) Add the following new subsections:*

21 *“(k) Any cost-type contract or agreement (including*
22 *grants) entered into with a university, college, or other edu-*
23 *cational institution for the purpose of carrying out programs*
24 *authorized by part I may provide for the payment of the*
25 *reimbursable indirect costs of said university, college, or other*

1 educational institution on the basis of predetermined fixed-
 2 percentage rates applied to the total, or an element thereof,
 3 of the reimbursable direct costs incurred.

4 “(l) No loan or grant in excess of \$100,000,000, and
 5 no agreement obligating or committing the United States to
 6 make a loan or grant in excess of \$100,000,000, for the
 7 financing of any particular project shall be made or entered
 8 into under part I unless such loan, grant, or commitment shall
 9 have been specifically submitted to the Congress and specifi-
 10 cally approved by Congress.”

11 (f) Amend section 637(a), which relates to admin-
 12 istrative expenses, by striking out “1963” and “\$53,000,-
 13 000” and substituting “1964” and “\$52,000,000”, respec-
 14 tively.

15 (g) After section 637 add the following new section:

16 “SEC. 638. PEACE CORPS ASSISTANCE.—No provision
 17 of this Act shall be construed to prohibit assistance to any
 18 country pursuant to the Peace Corps Act, as amended, or
 19 the Mutual Educational and Cultural Exchange Act of
 20 1961, as amended.”

21 CHAPTER 3—MISCELLANEOUS PROVISIONS

22 SEC. 303. Section 644(f) of the Foreign Assistance
 23 Act of 1961, as amended, which relates to definition of de-
 24 fense services, is amended by inserting “including orienta-
 25 tion” after “training” the first time it appears.

1 *SEC. 304. Section 645 of the Foreign Assistance Act*
2 *of 1961, as amended, which relates to unexpended balances,*
3 *is amended to read as follows:*

4 *“SEC. 645. UNEXPENDED BALANCES.—Unexpended*
5 *balances of funds made available pursuant to this Act, the*
6 *Mutual Security Act of 1954, as amended, or Public Law*
7 *86-735 are hereby authorized to be continued available for*
8 *the general purposes for which appropriated, and may at*
9 *any time be consolidated, and, in addition, may be consoli-*
10 *dated with appropriations made available for the same gen-*
11 *eral purposes under the authority of this Act.”*

12 *PART IV—AMENDMENTS TO OTHER LAWS*

13 *SEC. 401. The Act to provide for assistance in the devel-*
14 *opment of Latin America and in the reconstruction of Chile,*
15 *and for other purposes (Public Law 86-735, 22 U.S.C.*
16 *1942 et seq.), is amended as follows:*

17 *(a) Insert following the enacting clause “That this Act*
18 *may be cited as ‘The Latin American Development Act’ ”.*

19 *(b) In section 2 strike out “\$500,000,000” and substi-*
20 *tute “\$655,000,000”.*

21 *SEC. 402. Section 231 of the Trade Expansion Act of*
22 *1962 (Public Law 87-794, approved October 11, 1962)*
23 *is amended as follows:*

24 *(a) Insert “(a)” before the words “The President*
25 *shall”.*

1 **(b)** *Add the following new subsection:*

2 **“(b)** *The President may extend the benefits of trade*
3 *agreement concessions made by the United States to prod-*
4 *ucts, whether imported directly or indirectly, of a country*
5 *or area within the purview of subsection (a), when he deter-*
6 *mines that such treatment would be important to the national*
7 *interest and would promote the independence of such country*
8 *or area from domination or control by international com-*
9 *munism, and reports this determination and the reasons*
10 *therefor to the Congress.”*

11 **SEC. 403.** *The Agricultural Trade Development and As-*
12 *sistance Act of 1954, as amended (7 U.S.C. 1691 et seq.),*
13 *is amended as follows:*

14 **(a)** *Section 106 is amended by adding at the end thereof*
15 *a new sentence as follows: “For the purposes of this title and*
16 *title IV, the term ‘surplus agricultural commodity’ shall*
17 *include any domestically produced fishery product (not in-*
18 *cluding fish flour until approved by the Food and Drug*
19 *Administration) if the Secretary of the Interior has deter-*
20 *mined that such product is at the time of exportation in excess*
21 *of domestic requirements, adequate carryover, and anticipated*
22 *exports for dollars.”*

23 **(b)** *The amendment made by subsection (a) of this*
24 *section shall not be effective for purposes of title I of the*

1 *Agricultural Trade Development and Assistance Act of*
2 *1954, as amended, until January 1, 1965.*

3 *SEC. 404. Section 2 of the Act of July 31, 1945, as*
4 *amended (22 U.S.C. 279a), is amended by inserting after*
5 *the words "such sums" a comma and the following: "not to*
6 *exceed \$5,000,000 annually,".*

Passed the House of Representatives August 23, 1963.

Attest:

RALPH R. ROBERTS,

Clerk.

Passed the Senate November 15 (legislative day,
October 22), 1963.

Attest:

FELTON M. JOHNSTON,

Secretary.

88TH CONGRESS
1ST SESSION

H. R. 7885

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 15 (legislative day, October 22), 1963

Ordered to be printed with the amendment of the
Senate

House

- 3 - Nov. 18, 1963

6. FOREIGN AID House conferees were appointed on H. R. 7885, the foreign aid authorization bill (p. 20958). Senate conferees have been appointed.
7. WATER RESOURCES. Passed, 283-30, under suspension of the rules, H. R. 8135, providing for establishment and administration of public recreational facilities at Sanford Reservoir Area, Canadian River Project, Tex. pp. 20942-4
At the request of Rep. Pelly, passed over S. J. Res. 17, to designate the lake to be formed by the waters impounded by the Flaming Gorge Dam, Utah, as "Lake O'Mahoney!" p. 20936
8. AREA DEVELOPMENT. Re. Hechler said a recent DuPont installation will help the W. Va. economy. pp. 20969-70
9. ELECTRIFICATION. Rep. Cannon commended the work of John M. Carmody as former REA Administrator. p. 20958
10. FOOD DISTRIBUTION. Rep. Wharton recommended distribution to the needy of food that is spoiling in the Safeway warehouses during the current strike. p.20931
11. PUBLIC LANDS. The Public Lands Subcommittee of the Interior and Insular Affairs Committee ordered reported favorably to the full Committee H. R. 8070, amended, to establish a Public Land Law Review Commission. p. D907

SENATE

12. FOREIGN TRADE. Sen. Proxmire criticized the Maritime Administration for authorizing the shipment in foreign vessels of corn to Hungary and voiced opposition to any grain shipments to the Soviet bloc. pp. 20976-7
Sen. Mundt submitted an amendment to S. 2310, his bill to prohibit any Government agency from guaranteeing payment of obligations of Communist countries, especially affecting shipments of wheat to Russia. p. 20975
13. FARM INCOME. Sen. McGovern blamed the decline in livestock prices for the farm-income decline this year, urged limitations on the importation of meat, and urged the adoption of a new wheat program applicable to the 1964 crop. pp. 21146-7
14. FARM STORAGE. Sen. McGovern voiced opposition to any future plans to end the resale programs of surplus grains in storage. pp. 21162-4
15. FARM LABOR. Sens. Humphrey and Williams (N.J.) discussed the public accommodations provision of the Mexican farm labor program. pp. 21165-7
16. APPROPRIATIONS. H. R. 8747, the independent offices appropriation bill for 1964, was made the unfinished business (p. 21146). Sens. Proxmire and Fulbright submitted amendments to the bill. p. 20975
Passed with amendments H. R. 7431, the D.C. appropriation bill, 1964.
Senate conferees were appointed. pp. 20980-21126, 21137-8, 21144-6
17. EDUCATION. Additional cosponsors were added to S. 2304, to extend assistance for schools in areas affected by Federal activities for 3 years. p. 20975
18. FOREIGN AID. Sen. Humphrey inserted his USDA Graduate School lecture, "Public Administration in the Developing Countries: The U.S. Approach." pp. 21161-2

19. ELECTRIFICATION. Sen. Randolph criticized the "efforts being made by the Atomic Energy Commission to bring about the development of a civilian nuclear power industry." pp. 21147-50
20. FOOD AND DRUG ADMINISTRATION. Sen. Humphrey complimented the recent reorganization of this agency and inserted the press release concerning it, which includes a new Bureau of Scientific Research and a Bureau of Scientific Standards and Evaluation, designated to handle safety clearance functions in regard to pesticides and food additives, and also includes a consumer education branch. pp. 21163-5
21. LEGISLATIVE PROGRAM. Sen. Mansfield announced that when the Senate completes action on the independent offices appropriation bill it will consider S. 432 and H. R. 6518, the Federal air pollution control program bills, and S. 1309, to amend and extend the Small Business Act. He also announced that on Wed. Nov. 20, the Mexican farm labor bill will be considered and "sometime after Wed." the legislative branch appropriation bill. pp. 21128-9

ITEMS IN APPENDIX

22. FOREIGN AID. Extension of remarks of Rep. Evins inserting an article urging a reappraisal of certain foreign aid programs. A7101
Extension of remarks of Rep. Cohelan favoring foreign aid as a producer of more than half a million jobs and inserting an article on this subject. pp. A7121-2
23. COTTON. Extension of remarks of Rep. Findley stating that few bills before this Congress have received "such unfavorable publicity" as the Cooley cotton bill and inserting an article on this subject. p. A7102
24. BEEF IMPORTS. Extension of remarks of Rep. Berry inserting a speech by the president of the S. Dak. Stockgrowers Association "containing facts, figures, and information on beef imports..." pp. A7103-4
25. FORESTS. Extension of remarks of Rep. Johnson (Calif.) commending and inserting Edward P. Cliff's speech, "The Outlook for Timber Resources." pp. A7104-5
26. ECONOMICS. Extension of remarks of Sen. Byrd inserting an article commenting on an address by Dr. Raymond Saulnier and discussing the "subject of sound expansion based on economic policies." pp. A7105-6
27. INFORMATION; MARKET NEWS. Extension of remarks of Rep. Findley stating that "the right of the USDA's market wire service to compete against an existing private news wire has been defended by Assistant Secretary of Agriculture George L. Mehren" and inserting Mr. Mehren's statement and the Journal of Commerce's reply. pp. A7109-10
28. ELECTRIFICATION. Extension of remarks of Rep. Evins inserting his newsletter commending TVA programs. p. A7111
29. PUBLIC WORKS. Extension of remarks of Rep. Norblad inserting an article favoring abolishment of the accelerated public works program. p. A7122

tional construction, except possibly in cases involving modern operational facilities.

Mr. GROSS. That is without the building of any new camps?

One further question, if I have the time. Can anyone on the committee tell me what has happened to the Air Force hospital that was built in France which up to 2 or 3 years ago had never been used? What is the status of that costly enterprise?

Mr. SIKES. It is now being used for storage facilities.

Mr. GROSS. A costly hospital is being used for a storage depot?

Mr. SIKES. Yes; a field hospital and other hospital supplies are stored there.

Mr. GROSS. It is a storage depot of some kind?

Mr. SIKES. That is correct. It is being used not as a hospital but as a hospital storage facility. This has not been a very bright chapter in Air Force annals—but it did happen. It was built; then the troops were moved away. In this bill we seek to avoid a repetition of this sort of thing.

Mr. GROSS. Mr. Chairman, this bill, calling for the expenditure of more than \$1.5 billion, purely for military construction, is unacceptable to me. There is no reduction over spending for this purpose as compared with last year. The condition of the U.S. Treasury will not stand this strain. In view of the huge burden of spending for the missile program, the size of the conventional forces must be progressively reduced. It is impossible to maintain both at present levels.

And I am not at all impressed by the huge outlays of money that this bill provides for certain States such as California, Texas, Florida, Georgia, South Carolina, Virginia, and others. This to the complete exclusion of some States and the virtual exclusion of others. This is in the nature of a public works bill for some States, and for these and other reasons I cannot support it.

The Clerk concluded the reading of the bill.

[Mr. CANNON addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. SHEPPARD].

Mr. SHEPPARD. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House without amendment and that the bill do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. Rivers of South Carolina, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 9139) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1964, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. SHEPPARD. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. SHEPPARD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were — yeas 332, nays 5, not voting 96, as follows:

[Roll No. 205]

YEAS—332

Abernethy	Edwards	Laird
Adair	Elliott	Landrum
Addabbo	Ellsworth	Langen
Albert	Everett	Lankford
Anderson	Evins	Latta
Andrews, Ala.	Fallon	Lennon
Andrews, N. Dak.	Farbstein	Libonati
Arends	Feighan	Lindsay
Ashley	Findley	Long, Md.
Ashmore	Finnegan	McClary
Aspinall	Fino	McCulloch
Baker	Fisher	McDade
Baldwin	Flood	McFall
Baring	Flynt	McIntire
Bates	Ford	McLoskey
Becker	Forrester	McMillan
Beckworth	Fountain	MacGregor
Beermann	Fraser	Mahon
Belcher	Friedel	Marsh
Bell	Fulton, Pa.	Martin, Calif.
Bennett, Fla.	Fulton, Tenn.	Martin, Nebr.
Berry	Fuqua	Mathias
Betts	Gallagher	Matsunaga
Blatnik	Garmatz	Matthews
Boggs	Gary	May
Boland	Gathings	Michel
Bolton	Gianno	Miller, Calif.
Frances P.	Gilbert	Miller, N.Y.
Bolton	Gill	Mills
Oliver P.	Glenn	Minish
Bonner	Gonzalez	Minshall
Brademas	Goodell	Monagan
Bray	Goodling	Montoya
Brock	Grabowski	Moorhead
Brooks	Grant	Morgan
Broomfield	Gray	Morris
Brown, Calif.	Griffin	Morse
Brown, Ohio	Griffiths	Morton
Broyhill, N.C.	Grover	Mother
Bruce	Gurney	Moss
Burke	Hagan, Ga.	Murphy, Ill.
Burleson	Hagen, Calif.	Murphy, N.Y.
Burton	Haley	Murray
Byrne, Pa.	Hall	Natcher
Canhill	Halpern	Nedzi
Cannon	Hansen	Nix
Carey	Hardy	Norblad
Casey	Harrison	O'Brien, N.Y.
Cederberg	Harsha	O'Hara, Ill.
Chamberlain	Harvey, Mich.	O'Hara, Mich.
Chelf	Hays	Olsen, Mont.
Chenoweth	Healey	Olson, Minn.
Clancy	Hechler	O'Neill
Clausen	Henderson	Ostertag
Don H.	Herlong	Patman
Clawson, Del.	Hoeven	Patten
Cleveland	Holland	Pelly
Cohelan	Horton	Perkins
Collier	Huddleston	Philbin
Colmer	Hull	Pike
Conte	Hutchinson	Pillion
Cooley	Ichord	Pirnie
Corbett	Jarman	Poage
Corman	Jensen	Poff
Cunningham	Joelson	Pool
Curtin	Johansen	Powell
Daddario	Johnson, Calif.	Price
Daniels	Johnson, Wis.	Pucinski
Delaney	Jonas	Purcell
Dent	Jones, Ala.	Quillen
Denton	Jones, Mo.	Rains
Derounian	Karsten	Randall
Devine	Karthe	Reid, Ill.
Diggs	Kastenmeier	Reid, N.Y.
Dingell	Kee	Reifel
Dole	Kilgore	Reuss
Donohue	King, Calif.	Rhodes, Ariz.
Dorn	King, N.Y.	Rich
Dowdy	Kirwan	Riehlman
Downing	Kluczynski	Rivers, Alaska
Dulski	Kornegay	Rivers, S.C.
Dwyer	Kunkel	Roberts, Ala.
Edmondson	Kyl	Roberts, Tex.
		Robison

Rogers, Colo.	Sisk	Vanik
Rogers, Fla.	Skubitz	Van Pelt
Rogers, Tex.	Slack	Vinson
Rooney, Pa.	Smith, Calif.	Waggonner
Roosevelt	Smith, Iowa	Wallhauser
Rosenthal	Smith, Va.	Watson
Rostenkowski	Snyder	Watts
Roudebush	Springer	Weaver
Roush	Stafford	Welner
Roybal	Staggers	Westland
Rumsfeld	Steed	Wharton
Ryan, Mich.	Stephens	White
Ryan, N.Y.	Stinson	Whitener
St. George	Stratton	Whitten
St Germain	Stubblefield	Wickersham
Saylor	Sullivan	Widnall
Schadeberg	Talcott	Williams
Schenck	Teague, Calif.	Wilson
Schneebell	Thompson, N.J.	Charles H.
Schweiker	Thompson, Tex.	Wilson, Ind.
Scott	Thomson, Wis.	Winstead
Secrest	Thornberry	Wright
Selden	Tollefson	Wydler
Senner	Tuck	Wyman
Sheppard	Tupper	Young
Short	Tuten	Younger
Sibal	Udall	Zablocki
Sikes	Ullman	
Siler	Van Deerlin	

NAYS—5

Gross

Rooney, N.Y.

NOT VOTING—96

Abbitt	Frelinghuysen	Meador
Abele	Gibbons	Milliken
Ashbrook	Green, Oreg.	Moore
Auchincloss	Green, Pa.	Morrison
Avery	Gubser	Multer
Ayres	Halleck	Nelsen
Barrett	Hanna	O'Brien, Ill.
Barry	Harding	Osmer
Bass	Harris	Passman
Battin	Harvey, Ind.	Pepper
Bennett, Mich.	Hawkins	Pilcher
Bolling	Hébert	Quie
Bow	Hemphill	Rhodes, Pa.
Bromwell	Hoffman	Rodino
Brotzman	Hollifield	St. Onge
Broyhill, Va.	Hosmer	Schwengel
Buckley	Jennings	Shelley
Burkhalter	Keith	Shipley
Byrnes, Wis.	Kelly	Shriver
Cameron	Keogh	Sickles
Celler	Kilburn	Staebler
Clark	Knox	Taft
Cramer	Leggett	Taylor
Dague	Lesinski	Teague, Tex.
Davis, Ga.	Lipscomb	Thomas
Davis, Tenn.	Lloyd	Thompson, La.
Dawson	Long, La.	Toll
Derwinski	McDowell	Trimble
Duncan	Macdonald	Utt
Fascell	Madden	Whalley
Fogarty	Mailliard	Willis
Foreman	Martin, Mass.	Wilson, Bob

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Abele against.
 Mr. St. Onge for, with Mr. Foreman against.
 Mr. Multer for, with Mr. Shriver against.
 Mr. Macdonald for, with Mr. Nelsen against.
 Mr. Buckley for, with Mr. Lipscomb against.
 Mr. Duncan for, with Mr. Hosmer against.
 Mrs. Kelly for, with Mr. Whalley against.
 Mr. Gibbons for, with Mr. Auchincloss against.
 Mr. Shipley for, with Mr. Dague against.
 Mr. Celler for, with Mr. Brotzman against.
 Mr. Rodino for, with Mr. Ashbrook against.
 Mr. Green of Pennsylvania for, with Mr. Battin against.
 Mr. Pepper for, with Mr. Cramer against.
 Mr. Abbitt for, with Mr. Avery against.
 Mr. Morrison for, with Mr. Bob Wilson against.
 Mr. Long of Louisiana for, with Mr. Taft against.
 Mr. Thompson of Louisiana for, with Mr. Milliken against.
 Mr. Thomas for, with Mr. Halleck against.
 Mr. Hollifield for, with Mr. Lloyd against.
 Mr. Sickles for, with Mr. Kilburn against.

Mr. McDowell for, with Mr. Hoffman against.

Mr. Cameron for, with Mr. Martin of Massachusetts against.

Mr. Fogarty for, with Mr. Ayres against.

Mr. Toll for, with Mr. Knox against.

Mr. Shelley for, with Mr. Harvey of Indiana against.

Mr. Taylor for, with Mr. Osmer against.

Mr. Hébert for, with Mr. Broyhill of Virginia against.

Mr. Hanna for, with Mr. Frelinghuysen against.

Mr. Hemphill for, with Mr. Utt against.

Mr. Staebler for, with Mr. Keith against.

Mr. Willis for, with Mr. Quile against.

Mr. Madden for, with Mr. Bennett of Michigan against.

Mr. Lesinski for, with Mr. Mailliard against.

Mr. Jennings for, with Mr. Moore against.

Mrs. Green of Oregon for, with Mr. Barry of New York against.

Mr. Barrett for, with Mr. Bow against.

Mr. Trimble for, with Mr. Meader against.

Mr. Clark for, with Mr. Bromwell against.

Mr. Harding for, with Mr. Schwengel against.

Mr. Leggett for, with Mr. Gubser against.

Mr. O'Brien of Illinois for, with Mr. Derwinski against.

Mr. Burkhalter for, with Mr. Pilcher against.

Mr. Harris for, with Mr. Byrnes of Wisconsin against.

Mr. Teague of Texas for, with Mr. Davis of Georgia against.

Mr. Davis of Tennessee for, with Mr. Passman against.

Mr. Rhodes of Pennsylvania for, with Mr. Bass against.

Mr. Fascell for, with Mr. Hawkins against.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. SIKES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks and to include extraneous matter and tables on the military construction bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1963

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. PELLY. Reserving the right to object, Mr. Speaker, in the Development Loan Fund and the Alliance for Progress Revolving Fund in the language of the Senate bill there is a requirement for an annual appropriation. I wanted to express my feeling, my very strong feeling, that when this bill goes to conference I want to urge the House conferees to take the Senate language in that regard.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none, and appoints the following conferees: MESSRS. MORGAN, ZABLOCKI, HAYS, ADAIR, and FRELINGHUYSEN.

THE LATE HONORABLE JOHN M. CARMODY

(Mr. CANNON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CANNON. Mr. Speaker, the administration and rural America suffered a great loss last week in the passing of John M. Carmody, the second Administrator and a real pioneer of the Rural Electrification Administration.

He was among the talented and highly skilled men who first came to Washington during the early days of the Franklin Roosevelt administration.

He had served or directed the programs of more than a dozen Federal agencies, boards, and commissions in the two decades between 1932 and 1952.

One of the greatest of his contributions to the welfare of America's people and the progress of its economic system were the 3 years he spent as Administrator of the Rural Electrification Administration in the late 1930's.

REA was just getting started in those days. In fact, John Carmody was its second Administrator, and he took on the job only a year after the Rural Electrification Act was passed.

The groundwork for this Nation's rural electrification program had been laid in the Congress, with the splendid leadership of the late Sam Rayburn, of Texas, and George Norris, of Nebraska. REA policy, guided by the act passed in 1936, had moved forward under the first REA Administrator, Morris Cooke.

What REA needed by 1937 was method and techniques. John Carmody was ideally equipped for the time and place. A former coal company manager and magazine editor, he believed in, and practiced thoroughly, the new industrial discipline known as scientific management.

One of the first moves he made was to make clear to our people living in rural areas that they had to organize, if they really wanted electricity in their homes and communities. In a radio speech, he said:

Much as the farmers have wanted electricity * * * they have not seen the way clear to overcome the obstacles presented by the necessity of an organization for financing, promotion, construction, and operation. One doesn't go into a retail store and buy a package of electricity over the counter.

To get an REA loan, rural people first had to incorporate and organize under the laws of their State. Next, they had to show REA that their project could operate successfully and that they could repay the Government loan—with interest—in the required time.

John Carmody decided the rural people would have to have REA's help in these matters. Fieldworkers were sent out to show farmers how to design and organize their projects. Ever since that

time, REA has worked closely and effectively through its direct contacts with the rural electric cooperatives.

By late 1939, John Carmody was able to announce that the use of standard procedures, shortcut methods had reduced the average time between loan approval and construction contract from 36 weeks in 1936 to only 12 weeks.

REA was on its way. The organization and methods installed by John Carmody were ready for the tremendous growth that began immediately after World War II. His contribution was vital to one of this country's most successful Government programs: rural electrification.

THE RELEASE OF YALE UNIVERSITY PROFESSOR BARGHOORN

(Mr. JOHANSEN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JOHANSEN. Mr. Speaker, the current rejoicing over release by the Soviet Government of Yale University Professor Barghoorn is entirely understandable.

It testifies to the traditional American concern for the safety of any one of its individual citizens traveling abroad. I do not criticize this public reaction; on the contrary, I share it.

Nevertheless, I suggest that this rejoicing ought to be tempered and restrained by a number of important considerations.

If, for example, our Government views Professor Barghoorn's release as an automatic green light for proceeding with negotiation of a new United States-Soviet cultural exchange agreement—which we postponed after the educator's arrest—we will be guilty, in my judgment, of a dangerously superficial response to the whole affair.

Nor will it be enough to insist, in such negotiation, on new or more specific Soviet assurances against a repetition of this kind of incident in connection with cultural exchanges. Such Soviet assurances would not be worth the paper they are written on.

I believe that the Barghoorn affair, instead, points up the need for a complete reappraisal of these so-called cultural exchanges with Soviet Russia—in terms of their value to us, if any, and more particularly in terms of the very real threat to U.S. security inherent in this program.

I further believe that the Congress should interest itself actively and decisively in this reappraisal through its appropriate committees—perhaps including, because of the foreign propaganda and internal security aspects of the matter, the House Committee on Un-American Activities.

Of course, there is a great deal of current, unconfirmed conjecture as to Soviet motivations for both the seizure and release of Professor Barghoorn. One speculation regarding his arrest goes to the possibility that Barghoorn "may in fact have run afoul of the twilight zone in the extremely broad Soviet interpretation of 'espionage.'"

Dec. 5, 1963

HOUSE

15. INDEPENDENT OFFICES APPROPRIATION BILL. Received the conference report on this bill. As reported the bill appropriates \$4,190,000 for civil defense and defense mobilization functions of Federal agencies as proposed by the Senate (House's figure, \$5,190,000); and provides that National Science Foundation appropriations may not be transferred to any other Government agency for research (H. Rept. 1004). pp. 22388-92
16. AIR POLLUTION. Received the conference report on H. R. 6518, to improve, strengthen, and accelerate programs for the prevention and abatement of air pollution (H. Rept. 1003) pp. 22226-31
17. STANDARD CONTAINERS. The Science and Astronautics Committee reported without amendment H. R. 9334, relating to standards of containers for fruits and vegetables, to permit the use of additional standard containers (H. Rept. 999). p. 22392
18. WATER RESEARCH. The Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee S. 2, to establish water resources research centers at land-grant colleges and State universities and promote a more adequate national program of water research. p. D961
19. FOREIGN AID. The "Daily Digest" states that the conferees agreed to file a report on H. R. 7885, the foreign aid authorization bill, and includes a table showing the amount requested by the administration, the amounts authorized by the House and Senate, and the final figures as agreed upon by the conferees. p. D962
20. RIVER BASINS. Conferees were appointed on H. R. 8667, to authorize additional appropriations for the prosecution of comprehensive plans for certain river basins. Senate conferees have already been appointed. p. 22231
21. LEGISLATIVE PROGRAM. Rep. Albert announced that on Mon., Dec. 9, the House will consider the conference reports on H. R. 7885, the foreign aid authorization bill, and H. R. 6518, to prevent air pollution; and that, beginning Wed., H. R. 8720, to amend the Manpower Development and Training Act, will be considered. p. 22388

ITEMS IN APPENDIX

22. COTTON. Speeches in the House by Reps. Casey, Berry, and Short during debate on the Cooley cotton bill. pp. A7413, A7416, A7430-1
23. FUTURES TRADING. Extension of remarks of Rep. McIntire inserting an article concerning trading of cottonseed oil and soybean oil futures and including a charge that FAS is "directing a planned cutback in foreign aid shipments of vegetable oils well below previous export forecasts made by Agriculture." pp. A7420-1
24. LOANS. Extension of remarks of Rep. Montoya urging that authority be given to Farmers Home Administration to make grants to small rural communities for development of rural community services. p. A7428
25. WHEAT. Speech in the House by Rep. Nelsen urging a better voluntary program for wheat growers. pp. A7431-2

26. EXPENDITURES. Extension of remarks of Rep. Pelly stating that "while Congress this year is setting a record for slow action on annual appropriations bills, it also may well establish an outstanding record for budget cutting." p. A 7432

27. PAY; PERSONNEL. Extension of remarks of Rep. Wallhauser inserting a letter from the Chairman of the Civil Service Commission appraising the Federal pay bill and discussing the possible need for passage of the bill. pp. A7433-4

BILLS INTRODUCED

28. WATER. H. R. 9364, by Rep. Leggett, to clarify the relationship of interests of the United States and of the States in the use of waters of certain streams to Interior and Insular Affairs Committee.
29. CONSERVATION. H. Res. 580, by Rep. Fraser, favoring the establishment of a North American Conservation Hall of Fame and Museum; to Interior and Insular Affairs Committee.

BILL APPROVED BY THE PRESIDENT

30. FEDERAL REGISTER. H. R. 2837, to amend the Federal Register Act so as to give the Administrative Committee of the Federal Register discretion as to techniques whereby books of the Code of Federal Regulations are updated (rather than requiring pocket supplements). Approved December 2, 1963 (Public Law 88-190).

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COMMITTEE HEARINGS DEC. 6:

Uniform policies relative to benefits and costs of multiple-purpose water resource projects, H. Interior (Cliff, FS, to testify).
Water pollution control bill, H. Public Works.
Vocational education bill, conferees (exec).

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S. 2054, to eliminate the maintenance of perpetual accounts for unclaimed moneys held in trust by D.C. government (H. Rept. 1001);

S. 1153, amendments to Federal Airport Act, amended (H. Rept. 1002);

Conference report on H.R. 6518, to improve, strengthen, and accelerate progress for the prevention and abatement of air pollution (H. Rept. 1003); and

Conference report on H.R. 8747, making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for fiscal year 1964 (H. Rept. 1004). Page 22392

Flood Control and Navigation: House disagreed to Senate amendments to H.R. 8667, authorizing additional appropriations for the prosecution of comprehensive plans for certain river basins; agreed to a conference requested by the Senate; and appointed as conferees Representatives Fallon, Davis of Tennessee, Jones of Alabama, Cramer, and Baldwin. Page 22231

D.C. Legislation: The Committee on the District of Columbia was granted permission to file reports on sundry bills by midnight Friday. Page 22231

President's Message—NASA: Received and read a message from the President transmitting a report of the projects and progress of the National Aeronautics and Space Administration for the period of July 1–December 31, 1962. The message was referred to the Committee on Science and Astronautics and ordered printed as a House document (H. Doc. No. 179). Page 22231

Legislative Program: The majority leader announced the legislative program for the balance of this week and for the week of December 9–14. Page 22388

Eulogies to President Kennedy: Today having been previously designated for paying tributes to the memory of President John F. Kennedy, the House heard numerous Members speak on the life, character, and service of the late President. Pages 22231–22388

Bill Referred: S. 1111, to establish a Water Resources Council to assist in the development of comprehensive water resources planning, was referred to the Committee on Interior and Insular Affairs. Page 22392

Quorum Call: During the proceedings of the House today one quorum call developed and it appears on page 22231.

Program for Friday: Adjourned at 4:30 p.m. until Friday, December 6, 1963, at 12 o'clock noon.

Committee Meetings

RESEARCH-DEVELOPMENT

Committee on Armed Services: Subcommittee on Research and Development met in executive session to continue review of Navy research and development programs. Testimony was given by Navy Department witnesses.

MILITARY REAL ESTATE

Committee on Armed Services: Subcommittee on Real Estate and Construction met in executive session and approved several pending real estate projects. Heard testimony from departmental officials.

D.C. TRANSIT—TRUSTS

Committee on the District of Columbia: Met in executive session and ordered reported favorably to the House the following measures:

H.R. 8929 (amended), to authorize the prosecution of a transit development program for the National Capital region;

S. 1533, to amend the D.C. Transit Franchise Act regarding audits for determination of net profits; and

S. 2054, to eliminate maintenance by the District of Columbia of perpetual accounts for unclaimed moneys held in trust by the D.C. government.

COLUMBIA PLAZA

Committee on the District of Columbia: Subcommittee No. 4 held a hearing regarding the Columbia Plaza Urban Renewal project, and heard testimony from public witnesses. Hearings continue on Friday, December 6.

NIGERIA

Committee on Foreign Affairs: Subcommittee on Africa met in executive session for a briefing with Alhaji Isa Kaita, Minister of Education, Northern Nigeria; and Alhaji Isa Abubakar, Secretary to the Legislature of Northern Nigeria.

WATER RESOURCES RESEARCH

Committee on Interior and Insular Affairs: Subcommittee on Irrigation and Reclamation, in executive session, ordered reported favorably to the full committee S. 2 (amended), to establish water resources research centers at land-grant colleges and State universities.

Prior to executive action the subcommittee held an open hearing on H.R. 9032, to provide uniform policies with regard to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects. Heard testimony from Interior Department officials.

SECURITIES-EXCHANGE COMMISSION

Committee on Interstate and Foreign Commerce: Subcommittee on Commerce and Finance continued hearings on Securities and Exchange Commission omnibus bills, and heard testimony from public witnesses.

POSTAL AFFAIRS

Committee on Post Office and Civil Service: Met in executive session for a briefing with John A. Gronouski, Postmaster General, regarding postal business.

ABANDONED MINES—WATER POLLUTION

Committee on Public Works: Continued hearings on H.R. 3166, 4571, S. 649, and related bills, to amend the Federal Water Pollution Control Act; and on H.R. 6844, and related bills, to provide for the sealing off of certain abandoned coal mines. Testimony was given by Representative Dingell; and public witnesses. Hearings continue Friday, December 6.

DAVIS-BACON ACT

Committee on Rules: Continued hearings on request for a rule for the consideration of H.R. 6041, to amend the Davis-Bacon Act, to include the basic hourly rate of pay and rates of payments to funds or insurance coverage for fringe benefits within the term "wages." Heard testimony from Representatives Short, Martin of Nebraska, Fisher, and Ashmore. No final action was taken.

INTEREST EQUALIZATION TAX

Committee on Ways and Means: Met in executive session and ordered reported favorably to the House H.R. 8000 (amended), the Interest Equalization Tax Act of 1963.

Joint Committee Meetings

NOMINATION, AND AEC MATTERS

Joint Committee on Atomic Energy: Senate members of the committee, in executive session, approved for reporting the nomination of William J. Howard, of California, to be Chairman of the Military Liaison Committee, Atomic Energy Commission. Prior to this action, in open session, testimony in behalf of Mr. Howard was received from Glenn T. Seaborg, Chairman, AEC; and Dr. Harold Brown, Director of Defense Research and Engineering, DOD. The nominee was present to testify and answer questions on his own behalf.

Committee also held an executive session to hear Mr. Seaborg and his associates in connection with several matters relating to their Agency.

APPROPRIATIONS—INDEPENDENT OFFICES

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 8747, fiscal 1964 appropriations for independent offices.

FOREIGN AID AUTHORIZATIONS

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 7885, authorizing funds to continue the foreign assistance program for fiscal year 1964. The table below sets for the amount re-

quested by the administration, the amounts authorized by the House and Senate, and the final figures as agreed upon by the conferees.

	Administration request	House bill	Senate bill	Final figures
Development loans.....	\$1,060,000,000	\$900,000,000	\$950,000,000	\$925,000,000
Development grants.....	267,000,000	217,000,000	225,000,000	220,000,000
Schools and hospitals, (dollars).....	21,600,000	10,000,000	21,600,000	14,300,000
Schools and hospitals (foreign currency).....	4,690,000	2,000,000	4,690,000	4,700,000
Alliance for Progress.....	650,000,000	450,000,000	600,000,000	525,000,000
International organizations.....	136,050,000	136,050,000	136,050,000	136,050,000
Supporting assistance.....	435,000,000	380,000,000	380,000,000	380,000,000
Contingency fund.....	300,000,000	150,000,000	175,000,000	160,000,000
Military assistance.....	1,405,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Administration:				
AID.....	57,250,000	54,000,000	52,000,000	54,000,000
State.....	13,025,000	13,025,000	13,025,000	13,025,000
Latin American development.....	200,000,000	200,000,000	155,000,000	180,000,000
Total.....	4,529,615,000	3,502,075,000	3,702,365,000	3,599,050,000

¹ Previously authorized.

COMMITTEE MEETINGS FOR FRIDAY, DECEMBER 6

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, executive, to mark up H.R. 9139, fiscal 1964 appropriations for military construction, 10 a.m., 1223 New Senate Office Building.

Committee on Commerce, Merchant Marine and Fisheries Subcommittee, to continue its hearings on S. 2222, relating to maritime labor disputes, 10 a.m., 5110 New Senate Office Building.

Committee on Finance, to continue its hearings on H.R. 8363, proposed Revenue Act of 1963, 10 a.m., 2221 New Senate Office Building.

Committee on Public Works, Subcommittee on Public Buildings and Grounds, executive, on S. 1847, to provide a residence for Congressional and Supreme Court pages, 10 a.m., 4200 New Senate Office Building.

Committee on Rules and Administration, to resume, in executive session, its hearings on financial and business activities of Senate employees and former Senate employees, 10 a.m., 301 Old Senate Office Building.

House

Committee on the District of Columbia, Subcommittee No. 4, to continue hearings on Columbia Plaza urban renewal project, 10 a.m., 445-A Cannon House Office Building.

Committee on Interior and Insular Affairs, Subcommittee on Irrigation and Reclamation, to continue on H.R. 9032, re wild-life-water resource projects, 9:45 a.m., 1324 Longworth House Office Building.

Committee on Public Works, to continue on H.R. 3166, and related bills, to amend Federal Water Pollution Control Act; and H.R. 6844, re sealing off of abandoned coal mine entrances, 10 a.m., 1302 Longworth House Office Building.

Joint Committees

Conferees, executive, on H.R. 4955, vocational education bill, 10 a.m., room EF-100, Capitol.

Conferees, executive, on H.R. 7431, fiscal 1964 appropriations for the District of Columbia, 2 p.m., room S-228, Capitol.

HOUSE

Dec. 6, 1963

16. FOREIGN AID. Received the conference report on H. R. 7885, the foreign aid authorization bill (H. Rept. 1006) (pp. 22602-11). As reported this bill provides for the elimination of a House provision that authorization requests for funds to carry out economic assistance programs be accompanied by a detailed statement setting forth the purposes, objectives and priorities of such programs; permits the President to appoint a committee to review and evaluate economic development programs carried out under the Foreign Assistance Act and to report to him and to the Congress its findings; authorizes the Treasury to sell U.S.-owned foreign currencies acquired under Public Law 480 to U.S. citizens (includes U.S. corporations operating abroad and U.S. voluntary agencies) for travel or other purposes, and provides that if any problems arise in carrying out operations under the act or difficulty be encountered in making sales of surplus agricultural commodities because countries fear that such sales might reduce their income from U.S. tourists, necessary corrective action may then be taken; eliminates a provision that funds provided in this act may not be used to make voluntary contributions to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba; strikes out a House provision to provide a redefinition of the USSR by including the captive constituent countries; allows assistance to Indonesia if the President determines it as being in the national interest; eliminates a provision prohibiting assistance to any productive enterprise abroad unless the President determined that similar productive enterprises within the U.S. were operating at a substantial portion of their capacity and such assistance would not result in depriving such U.S. enterprises of their reasonable share of world markets; includes a Senate provision that in providing technical assistance, the agency head shall utilize goods and other services from private enterprise on a contract basis, (in such fields as agriculture) and that the facilities and resources of other Federal agencies be utilized when they are uniquely suitable for technical assistance, not competitive with private enterprise, and would not interfere unduly with domestic programs; provides that no provision of the Foreign Assistance Act be construed to prohibit the carrying out of programs under Public Law 480, with the exception of programs of famine or disaster relief carried out under title II of Public Law 480; authorize extension of most-favored-nation treatment to Poland and Yugoslavia but to no other Communist-dominated countries; and includes a Senate amendment to Public Law 480 to include in title I and title IV programs any domestically produced fishery product if Interior determines that the product at the time of export is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

17. EXPORTS. Received a letter from Commerce transmitting the quarterly report on export control covering the third quarter 1963.

ITEMS IN APPENDIX

18. WHEAT; FOREIGN TRADE. Extension of remarks of Reps. Hoeven and Alger inserting a Wall Street Journal editorial, "How One Thing Leads to Another," discussing "...the progressive change in the wheat deal and the attitude of U.S. officials to the changing Soviet demands." pp. A7439, A7448

19. FOREIGN TRADE. Extension of remarks of Rep. Dent criticizing trade policies and inserting a statement "that can help the Members of Congress in their deliberations on the serious matter of import competition." pp. A7452-4

Extension of remarks of Rep. Johnson, Wis., inserting his statement to the U.S. Tariff Commission "on the adverse effect which lower import duties on foreign dairy products would have on domestic production." pp. A7454-5

BILLS INTRODUCED

20. FLOOD CONTROL. S. 2370, by Sen. Anderson, authorizing maintenance of flood and arroyo sediment control dams and related works to facilitate Rio Grande canalization project and authorized appropriations for that purpose; to Agriculture and Forestry Committee. Remarks of author, pp. 22472-3

21. MEAT IMPORTS. H. R. 9375, by Rep. Chenoweth, to amend the Tariff Act of 1930 to impose additional duties on cattle, beef, and veal imported each year in excess of annual quotas; to Ways and Means Committee

22. EDUCATION. H. R. 9377, by Rep. Dent, to establish a system of student loans to assist students to attend trade schools; to Education and Labor Committee. Remarks of author, p. 22613

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COMMITTEE HEARINGS:

Dec. 9: Foreign aid appropriations, S. Appropriations (exce).
Vocational education bill, conferees (exec).
Proposed Quality Stabilization Act, S. Commerce.

Dec. 10: Study of transportation on Great Lakes-St. Lawrence Seaway, S. Commerce (Ogren, ERS, to testify).

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CONFERENCE REPORT
ON
FOREIGN ASSISTANCE ACT OF 1963
H.R. 7885

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT OF
1961, AS AMENDED, AND FOR OTHER PURPOSES



DECEMBER 6, 1963.—Ordered to be printed

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FOREIGN ASSISTANCE ACT OF 1963

DECEMBER 6, 1963.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 7885]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Foreign Assistance Act of 1963"*.

PART I

CHAPTER 1—POLICY

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is amended as follows:

- (a) In the chapter heading strike out the words "SHORT TITLE AND".
- (b) Section 101, which relates to short title, is repealed.
- (c) Section 102, which relates to statement of policy, is amended as follows:

(1) Insert between the fourth and fifth paragraphs the following additional paragraph:

"It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign."

(2) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert

in lieu thereof "shall emphasize long-range development assistance".

(3) Immediately after the tenth paragraph insert the following new paragraph:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries."

(4) The first sentence of the last paragraph is amended by striking out "Finally, the" and substituting "The", and by inserting "(including private enterprise within such countries)" immediately after "countries".

(5) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."

(6) Immediately after the last paragraph, add the following new paragraph:

"It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the development loan fund, is amended as follows:

(a) Amend section 201, which relates to general authority, as follows:

(1) In the second sentence of subsection (b), which relates to considerations to be taken into account in making loans from the development loan fund, strike out clauses (1) and (2) and insert in lieu thereof the following: "(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(2) Subsection (d), which relates to interest rates on development loans, is amended by inserting immediately after "in no event" the following: "shall such funds (except funds loaned under section 205 and funds which prior to the date of enactment of the Foreign Assistance Act of 1963 were authorized or committed to be loaned upon terms which do not meet the minimum terms set forth herein) be loaned at a rate of interest of less than 2 per centum per annum commencing not later than ten years following the date on which the funds are initially made available under the loan, during which

ten-year period the rate of interest shall not be lower than three-fourths of 1 per centum per annum, nor".

(3) Add the following new subsection (f):

"(f) No assistance shall be furnished under this title for a project unless the President determines that such project will promote the economic development of the requesting country, taking into account the current human and material resource requirements of that country and the relationship between the ultimate objectives of the project and the overall economic development of the country, and that such project specifically provides for appropriate participation by private enterprise."

(b) Amend section 202(a), which relates to authorizations for the development loan fund, as follows:

(1) Strike out "and \$1,500,000,000 for each of the next four succeeding fiscal years," and insert in lieu thereof "\$1,500,000,000 for the fiscal year 1963, \$925,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years,".

(2) Immediately before the period at the end thereof insert the following: "": Provided further, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise".

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$220,000,000", respectively.

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".

(2) In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".

(3) Add the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$19,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$4,700,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 222 by adding at the end thereof the following new subsection:

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the

dollar investment under such guaranty upon the balance of payments of the United States."

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".

(2) Strike out subsection (c).

TITLE V—DEVELOPMENT RESEARCH

SEC. 105. Section 241 of the Foreign Assistance Act of 1961, as amended, which relates to development research, is amended by inserting "(a)" after the section heading and by adding at the end thereof the following new subsection:

"(b) Funds made available to carry out this section may be used to conduct research into the problems of population growth."

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after "reasonable terms" the following: "(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(2) In subsection (e) strike out "economical" and substitute "economically".

(3) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(4) Add the following new subsection (g):

"(g) In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress."

(b) Amend section 252, which relates to authorization, as follows:

(1) In the first sentence, strike out "fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert in lieu thereof "fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000,".

(2) Immediately after "1963" the second time it appears therein, insert the following: "and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964".

(3) At the end thereof add the following new sentence: "In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June

30, 1965 and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise."

(c) Amend section 253, which relates to fiscal provisions, by inserting immediately after the first sentence thereof the following new sentence: "All receipts in foreign currencies from loans made under this title or for nonmilitary assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of this or any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000) as he shall determine to be necessary to provide for the programs authorized by said subsection (g)."

TITLE VII—EVALUATION OF PROGRAMS

SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is further amended by adding at the end thereof a new title as follows:

"TITLE VII—EVALUATION OF PROGRAMS

"SEC. 261. The President may appoint a committee to review and evaluate the economic development program under this Act, and to report to the President and to the Congress its findings."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 108. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 109. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$380,000,000", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 110. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out "1963" and "\$300,000,000" and substituting "1964" and "\$160,000,000", respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is amended as follows:

- (a) In the chapter heading strike out the words "SHORT TITLE AND".
- (b) Section 501, which relates to short title, is repealed.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,000,000,000, which", respectively.

(b) In section 505(a), which relates to utilization of assistance, change the period at the end thereof to a colon and add the following proviso: "Provided, That, except (1) to the extent necessary to fulfill prior commitments or (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country."

(c) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(d) In section 511, which relates to restrictions on military aid to Latin America, strike out "\$57,500,000" and substitute "\$55,000,000, of which a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense".

(e) Add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries in fiscal year 1964, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000."

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601(b), which relates to encouragement of private enterprise, is amended as follows:

(1) At the end of paragraph (3), strike out "and".

(2) In paragraph (4), strike out "wherever appropriate" and insert in lieu thereof "to the maximum extent practicable", and strike out the period at the end thereof and substitute a semicolon.

(3) Add the following new paragraphs at the end thereof:

"(5) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, em-

ployment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and

“(6) utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering).”

(b) At the end of section 601 add the following new subsection:

“(c) (1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under part I of this Act, who shall appoint the Committee.

“(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

“(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred in attending meetings of the Advisory Committee.

“(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than December 31, 1964, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

“(5) The expenses of the Committee, which shall not exceed \$50,000, shall be paid from funds otherwise available under this Act.”

(c) Section 611(b), which relates to completion of plans and cost estimates, is amended by striking out “circular A-47 of the Bureau of the Budget” and substituting “the Memorandum of the President dated May 15, 1962,”.

(d) Section 612, which relates to use of foreign currencies, is amended as follows:

(1) Insert “(a)” after the section heading.

(2) Add the following new subsection (b):

“(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts.”

(e) Section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended as follows:

(1) Subsection (a) is amended as follows:

(A) Insert "(1)" immediately after "(a)".

(B) At the end thereof add the following new paragraphs:

"(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

(2) Subsection (e) is amended to read as follows:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection."

(3) Add the following new subsections:

"(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

"(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

"(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this

Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(l) No assistance shall be provided under this Act after December 31, 1965, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

"(m) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000."

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Amend section 621, which relates to exercise of functions, by striking out the last sentence thereof and substituting the following: "In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs."

(b) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (a)(2) strike out "two shall have the rank of Deputy Under Secretaries" and substitute "one shall have the rank of a Deputy Under Secretary".

(2) In subsection (a)(3) strike out "nine" and substitute "ten".

(3) In subsection (b) strike out "paragraphs (2) and" and substitute "paragraph".

(4) In subsection (d)(1) after the words "Deputy Inspector General, Foreign Assistance," where they first appear insert "who shall be appointed by the President by and with the advice and consent of the Senate," and strike out "\$19,500" and substitute "\$20,000".

(c) Amend section 626(b), which relates to experts, consultants, and retired officers, as follows:

(1) Strike out the entire first sentence.

(2) In the second sentence strike out "Nor shall such service" and substitute "Service of an individual as an expert or consultant under subsection (a) of this section shall not".

(d) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

(e) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(f) Amend section 636, which relates to provisions on uses of funds, by adding the following new subsection (h):

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

(g) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$54,000,000", respectively.

(h) After section 637 add the following new section:

"SEC. 638. PEACE CORPS ASSISTANCE.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended; or the Export-Import Bank Act of 1945, as amended; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended."

CHAPTER 3—MISCELLANEOUS PROVISIONS.

SEC. 303. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 304. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. *UNEXPENDED BALANCES.*—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) Insert following the enacting clause "That this Act may be cited as the 'Latin American Development Act'".

(b) In section 2 strike out "\$500,000,000" and substitute "\$680,000,000".

SEC. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87-794, approved October 11, 1962) is amended as follows:

(a) Insert "(a)" before the words "The President shall".

(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a) which, at the time of enactment of this subsection, was receiving trade concessions, when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

SEC. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), is amended as follows:

(a) Section 101(f) is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

(b) Section 105 is amended by adding at the end thereof the following new sentence: "The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

(c)(1) Section 106 is amended by adding at the end thereof a new sentence as follows: "For the purposes of this title and title IV, the term 'surplus agricultural commodity' shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

(2) The amendment made by paragraph (1) of this subsection shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965.

(d) Section 202 is amended by striking out "economic development" and inserting in lieu thereof "economic and community development".

SEC. 404. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: "Provided, That in individual cases when personally approved by the Secretary further extension may be made."

(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after "on authorized home leave;" the following: "accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;"

(c) Title IX of the Foreign Service Act of 1946, as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

"USE OF GOVERNMENT OWNED OR LEASED VEHICLES

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

"PART I—EDUCATIONAL FACILITIES

"SEC. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel."

SEC. 405. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170f-170t), is amended by inserting immediately after section 12 the following new section:

"SEC. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equip-

ment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made or the purpose of providing capital. Not to exceed \$750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."

SEC. 406. The first sentence of the first section of the Act entitled "An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956 (70 Stat. 523), is amended to read as follows: "That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area."

And the Senate agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
By P. N. H.
HUBERT H. HUMPHREY,
B. B. HICKENLOOPER,
GEORGE D. AIKEN,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

INTRODUCTION

The House bill (H.R. 7885) contained an authorization of \$3,499,050,000, excluding certain administrative expenses for the Department of State for fiscal year 1964. This included a reduction in amounts previously authorized for fiscal year 1964 as follows: (1) for the Alliance for Progress, a reduction from \$600 million to \$450 million, and (2) for the Development Loan Fund, from \$1.5 billion to \$900 million. The House bill also included a new authorization of an additional \$200 million for the Social Progress Trust Fund (Public Law 86-735).

The Senate amendment to the bill contained an authorization of \$3,699,340,000, excluding such administrative expenses for fiscal 1964, which included a reduction in the amount previously authorized for the Development Loan Fund for fiscal year 1964 from \$1.5 billion to \$950 million and deleted the authorization in existing law for the Fund for the fiscal years 1965 and 1966. It did not reduce, as the House did, the amount previously authorized for the Alliance for Progress, and included a new authorization of an additional \$155 million for the Social Progress Trust Fund (Public Law 86-735).

Neither the House nor the Senate made any change in existing law for Department of State administrative expenses, which is for "such amounts as may be necessary from time to time." The Executive appropriation request includes an amount of \$3,025,000 for this purpose.

The difference between the amount in the House bill and in the Senate amendment is \$200,290,000. The committee of conference adjusted the differences in amounts as shown in the following table and agreed on a total authorization of \$3,599,050,000. This total is a reduction by the Senate of \$100,290,000 and an increase by the House of \$100 million.

Section	Executive appropriation request (1)	House bill (2)	Senate amendment (3)	Conference agreement (4)	Adjustment against House bill (5)	Adjustment against Senate amendment (6)
202(a). Development Loan Fund-----	1 \$1,050,000,000	1 \$300,000,000	1 \$950,000,000	\$925,000,000	+\$25,000,000	-\$25,000,000
212. Development grants-----	257,000,000	217,000,000	225,000,000	220,000,000	+\$3,000,000	-5,000,000
214. American schools and hospitals abroad-----	22,000,000	2 12,000,000	2 26,290,000	7 19,000,000	+7,000,000	-7,290,000
252. Alliance for Progress-----	2 [26,290,000]	3 450,000,000	3 600,000,000	525,000,000	+75,000,000	-75,000,000
	{ 3 600,000,000	(4)	(4)	(4)	(4)	(4)
302. International organizations-----	136,050,000	136,050,000	136,050,000	136,050,000	-----	-----
402. Supporting assistance-----	435,000,000	380,000,000	390,000,000	380,000,000	-----	-----
451. Contingency fund-----	300,000,000	150,000,000	175,000,000	160,000,000	+10,000,000	-15,000,000
504. Military assistance-----	1,405,000,000	1,000,000,000	1,000,000,000	1,000,000,000	-----	-----
637. Administrative expenses:-----						
(a) AID-----	57,250,000	54,000,000	52,000,000	54,000,000	-----	+2,000,000
(b) State-----	\$ 3,025,000	(b)	(b)	(b)	(b)	(b)
Public Law 86-735, sec. 2, Social Progress Trust Fund-----	200,000,000	200,000,000	155,000,000	180,000,000	-20,000,000	+25,000,000
Total-----	4,525,325,000	\$ 3,499,050,000	\$ 3,693,340,000	3,599,050,000	+100,000,000	-100,290,000
	\$ [4,529,615,000]					

¹ The Foreign Assistance Act of 1961, as amended, provides authorization of \$1,500,000,000 for fiscal years 1964, 1965, and 1966 for the Development Loan Fund. The House bill cut the fiscal year 1964 authorization to \$900,000,000 (col. 2); the Senate amendment cut the fiscal year 1964 authorization to \$950,000,000 and deleted the authorizations for fiscal years 1965 and 1966.

² The Executive communicated additional estimated requirements for American schools and hospitals abroad and increased the original request for \$22,000,000 to \$26,290,000. House consideration was based on the \$22,000,000 figure.

³ The Foreign Assistance Act of 1961, as amended, provides an authorization of \$600,000,000 for fiscal years 1964, 1965, and 1966. The House reduced the fiscal year 1964 authorization (col. 2); the Senate made no change.

⁴ The Executive proposed an amendment authorizing the appropriation in any fiscal year 1963 through 1966 of the unappropriated balance of the authorization for any prior

fiscal year during that period. The appropriation request for fiscal year 1964 for this unappropriated balance was \$50,000,000, which neither the House nor the Senate approved.

⁵ The Foreign Assistance Act of 1961, as amended, provides for State Department administrative expenses "such amounts as may be necessary from time to time". The amount requested to be appropriated is only included in col. (1) because neither the House nor the Senate took any action to change the continuing authorization.

⁶ This total (col. 1) includes the larger amount requested for American schools and hospitals abroad, which is also included in the total amount of the Senate amendment (col. 3).

⁷ Of this sum, not to exceed \$2,200,000 is available for direct dollar costs in connection with U.S. founded or sponsored hospitals abroad and \$4,700,000 is available solely for the purchase of U.S.-owned foreign currencies.

INVESTMENT GUARANTY AGREEMENTS (SEC. 101(c)(1) AND SEC. 301(e)(3))

The House bill prohibited assistance under the Foreign Assistance Act after December 31, 1964, to the government of any less developed country which failed to enter into an agreement to institute an investment guaranty program providing protection against inconvertibility and expropriation or confiscation.

The Senate amendment stated the sense of Congress that institution of the full investment guaranty program under the Foreign Assistance Act would be regarded as a significant measure of self-help of an aid recipient country, improving the climate for private investment, both domestic and foreign.

The committee of conference agreed to the provision of the House bill with an amendment, changing the date on which this provision would go into effect from December 31, 1964, to December 31, 1965. The managers on the part of the House also accepted the provision of the Senate as constituting a statement of policy entirely consistent with the requirements of the House bill.

In agreeing to the postponement of the effective date of the House provision from December 31, 1964, to December 31, 1965, the managers on the part of the House accepted the argument that giving 2 years' notice would provide ample time for the completion or the initiation of the negotiation of investment guaranty agreements with governments interested in receiving U.S. aid in the future, as well as permit an orderly closing out of U.S. assistance to governments unwilling to enter into such agreements.

PURPOSES, OBJECTIVES, AND PRIORITIES

The House bill contained a congressional declaration that the authorization requests for funds to carry out economic assistance programs shall be accompanied by a detailed statement setting forth the purposes, the objectives, and the priorities of such programs.

The Senate amendment contained no comparable provision.

The committee of conference agreed to the elimination of the House provision. The committee of conference recognized that the executive branch presentation of proposals for foreign assistance is made on a country basis. The material so presented includes in each instance on a country basis the items listed in the amendment, including consideration of our foreign policy objectives.

CONSIDERATION TO COUNTRIES WHICH DO NOT DIVERT THEIR OWN RESOURCES TO MILITARY OR PROPAGANDA EFFORTS

The House bill amended paragraph 8 of section 102 of the Foreign Assistance Act to state that it is the sense of the Congress that in the administration of funds under the act great attention and consideration should be given to those countries (1) which share the view of the United States on the world crisis and (2) which do not, as a result of U.S. assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against other countries receiving aid under the act whether or not supported by the Soviet Union or Communist China.

The Senate amendment contained no comparable provision.

The committee of conference agreed to the elimination of this provision of the House bill. The House bill (sec. 307) and the Senate amendment (sec. 301) had identical language related to this subject. Since this language was not in conference, the managers on the part of the House recognized that this new language of the bill, plus the provisions of existing law, adequately reflected the views of the House.

SHORT-TERM EMERGENCY ASSISTANCE (SEC. 101(c)(3))

The House bill added after the 10th paragraph in section 102 of the Foreign Assistance Act a statement of the sense of Congress that in the administration of development assistance every precaution should be taken to avoid diversion of assistance to short-term emergency purposes or other purposes not essential to long-range economic development. The House bill also expressed the sense of Congress that short-term emergency purposes should be met to the extent possible through international institutions such as the International Monetary Fund which are equipped to condition assistance "on immediate economic and monetary reform."

The Senate amendment contained no comparable provision.

The managers on the part of the Senate accepted the House language with an amendment deleting the reference to meeting short-term emergencies through international institutions. The committee of conference believed it was not desirable to specify the alternative sources which might be available for these purposes.

AID TO SOUTH VIETNAM (SEC. 101(c)(6))

The Senate amendment expressed the sense of the Congress that assistance authorized by this act should be extended to or withheld from the Government of Vietnam at the discretion of the President to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.

The House bill contained no comparable provision.

The managers on the part of the House, recognizing the fluid situation in Vietnam, accepted the Senate language which provides the President with flexibility in order to achieve our national objectives.

INTEREST RATES (SEC. 102(a)(2))

The House bill amended section 201(d) of the Foreign Assistance Act to provide that in no event should development loans be made at interest rates less than 2 percent per annum. By reason of section 251(b) of the act, this provision also applied to Alliance for Progress loans.

The Senate amendment amended section 635(g) of the act, which relates to general authorities, by adding a new paragraph (6) requiring that the President in making any loan under part 1 of the act (i.e., an economic assistance loan), except a loan to the International Development Association under section 205, establish an interest rate of 2 percent or more, except during an initial grace period on principal repayments which could not exceed 5 years. During the grace period, interest could be as low as three-fourths of 1 percent. The Senate amendment also placed a maximum term on loans of 35 years.

The committee of conference accepted the language of the House bill with two modifications: (1) authorizing a grace period of not to exceed 10 years during which the rate of interest is not permitted to be lower than three-fourths of 1 percent per annum, and (2) exempting loans of development assistance funds made available to the International Development Association from the requirements of this section as to interest rates and also exempting from the requirements of this section loans authorized or committed prior to the effective date of the Foreign Assistance Act of 1963.

PRIVATE ENTERPRISE PARTICIPATION IN ECONOMIC PLANNING
(SEC. 102(a)(3))

The House bill added a new clause (7) to section 201(b) of the act. The new language required the President to take account of the economic development plans of the requesting country. Such plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources and a projection of ultimate objectives of the plans with respect to overall economic development.

The Senate amendment added a new subsection (f) to section 201, prohibiting assistance under the development loan title unless the President determines that the project for which assistance is requested is taken into account in the country's economic development, including analysis of current human and material resources and a projection of the ultimate project objectives with respect to the country's overall economic development, and specifically providing for appropriate participation by private enterprise.

The committee of conference agreed to an amended version of the Senate language. The new subsection (f) added to section 201 by the substitute agreed to in conference prohibits the furnishing of assistance for a project from the Development Loan Fund unless the President determines that such project will promote the economic development of the borrowing country and only after account is taken of the relation of the project to the country's resources and overall economic development, as well as specifically provides for appropriate participation by private enterprise in the project.

ADDITIONAL DEVELOPMENT GRANT CRITERIA

The House bill amended section 211(a) of the Foreign Assistance Act to require the President, in furnishing assistance in the form of development grants and technical cooperation, to take account of whether the activity could be financed through a development loan.

The Senate amendment contained no comparable provision.

The managers on the part of the House agreed to the elimination of this provision of the House bill. They accepted the argument that section 635(a) of the Foreign Assistance Act already gives emphasis and direction to the making of loans rather than grants wherever possible, and that since most of the development grant funds would be used for technical assistance, loan financing would not be feasible in most instances.

POPULATION PROBLEMS (SEC. 105)

The Senate amendment included a provision that "funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control."

The House bill did not contain a comparable provision.

The managers on the part of the House agreed to a modification of the Senate provision so that it provides that "funds made available to carry out this section may be used to conduct research into the problems of population growth."

The managers on the part of the House accepted the language as modified in the belief that in view of the population problems in the less developed countries, research on such problems appears to be warranted.

EXTENDED RISK GUARANTIES

The House bill authorized an increase in the ceiling from \$180 million to \$300 million for the general extended risk guaranty program. (A separate authorization for extended risk guaranties of housing projects in Latin American countries was not affected by this provision.)

The Senate contained no comparable provision.

The managers on the part of the House agreed to the elimination of this increase in the ceiling. The slow progress which has been made in the issuing of guaranties under the existing ceiling of \$180 million indicates that there is no immediate need for an increase in the ceiling, and, should such an increase become necessary, legislative action should be possible during the next session of the Congress.

The managers on the part of the House are convinced that the general extended risk investment guaranty program should be expanded and want to make clear that the action of the committee of conference should not result in any diminution of effort in pushing this program.

FIFTY PERCENT OF DEVELOPMENT LOANS FOR DEVELOPMENT THROUGH PRIVATE ENTERPRISE (SEC. 102(b)(2) AND SEC. 106(b)(3))

The House bill added to sections 202(a) and 252 of the Foreign Assistance Act identical provisions requiring that not less than 50 percent of the funds appropriated for development lending for fiscal years 1965 and 1966 should be available only for loans made for economic development through private enterprise.

The Senate amendment did not contain a comparable provision.

The committee of conference accepted the House provision with an amendment, substituting for the words "for purposes of" the words "to encourage" and eliminating the word "only".

The managers on the part of the House regard this amendment as in no way diminishing the significance of the House provision as a policy directive. They accepted the argument that the revised language would impose fewer administrative problems on the Agency for International Development than would the provision of the House bill.

ENCOURAGEMENT OF THE COOPERATIVE MOVEMENT IN LATIN AMERICA
(SEC. 106(a)(4))

Section 106(a)(3) of the Senate amendment contained language directing the President, when appropriate, to assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward strengthening the Alliance for Progress.

The House bill did not include a comparable provision.

The managers on the part of the House agreed to the Senate provision. The development in Latin America of a cooperative movement comparable in scope to that which has emerged in the United States could make a major contribution to the attainment of the objectives of the Alliance for Progress and should be encouraged.

RESERVATION OF LOAN REPAYMENTS FOR COOPERATIVE
MOVEMENT (SEC. 106(c))

The Senate amendment provided that the President might use foreign currency receipts from loans under the Alliance for Progress title or from nonmilitary assistance loans under the Mutual Security Act or predecessor legislation for the promotion of cooperatives in Latin America. The authority was also provided to reserve up to \$25 million of local currencies for such purposes.

The House bill did not contain a similar provision.

The managers on the part of the House agreed to the Senate provision with an amendment to establish the fact that the \$25 million ceiling was cumulative relating to the aggregate amount which could be reserved for this purpose rather than authorizing an annual reservation of \$25 million. It was the understanding of the committee of conference that none of the foreign currencies made available under this authority, including any amounts reserved for future years, may be expended unless specifically appropriated for this purpose. The committee of conference was informed that there is no excess currency available in any Latin American country at present and none is likely to become excess in the foreseeable future.

The House managers believe that if excess currencies become available in Latin America in some subsequent period in significant amounts, the reservation of such currencies authorized by this provision, as well as any other reservation of foreign currencies for future use, should be reexamined in order to evaluate the relationship of such reserved currencies to current U.S. requirements.

EVALUATION OF PROGRAMS (SEC. 107)

The Senate amendment added a new title VII to chapter 2, part I, of the Foreign Assistance Act requiring the President to appoint such committees as are necessary to review and evaluate the economic aid program in each country receiving economic aid in fiscal year 1963. Such committees, except those for Latin America, are to be composed of three to five members, a majority of whom would be representatives of the public and report to the President and the Congress their findings with respect to—

1. the performance of the recipient country in working out a development program and in carrying out self-help and reform measures;

2. whether specific projects are contributing to the development of the recipient country and to the purposes of the program; and

3. such other matters as the committees believe may be of use to Congress in its consideration of the fiscal year 1965 foreign aid legislation.

In addition, the President was to appoint such committees of such size as he might find necessary to review, in accordance with the above criteria, the economic assistance programs for the countries in the Alliance for Progress.

Advisory committees were first to be appointed to review the Alliance for Progress and the programs in those countries which received one-half of the total assistance extended by the United States in fiscal year 1963. These committees were to report not later than January 1, 1965. Reports of committees for other countries were to be made not later than June 1, 1965.

The provision also prohibited any legislation authorizing or appropriating funds to carry out economic development programs for fiscal year 1966 and subsequent years, until Congress received and considered the above-mentioned reports. The amendment also provided for reimbursement of public members for travel and other expenses incurred in carrying out their functions and for the diversion of program funds to meet such expenses.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment with an amendment. In lieu of specifying the organization, operations, and organization of the committees provided for in the Senate amendment, the new language permits the President to appoint a committee to review and evaluate economic development programs carried out under the Foreign Assistance Act and to report to the President and to the Congress its findings. The language is permissive. It is not a directive to the President that he must appoint a committee. The managers on the part of the House are not convinced that a study by such a committee would serve any useful purpose at present. While the committee of conference recognized that evaluation of the aid program by individuals outside the executive branch might contribute to the improvement of such programs, it was felt that detailed and specific language on the scope of their work would deny them the flexibility necessary to achieve the objectives sought by an independent assessment.

RESTRICTIONS ON MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 202(b)
AND SEC. 202(d))

The Senate amendment reduced the ceiling on grant programs of defense articles for the American Republics from \$57.5 to \$50 million and provided that \$25 million of such amount may be available during each fiscal year for assistance to an international military force under the control of the Organization of American States. The amendment also provided that military assistance could be made available to American Republics only (1) to the extent necessary to fulfill prior commitments or (2) to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

The House bill contained no comparable provision.

The committee of conference agreed to an amended version of the Senate amendment, eliminating the word "military" in reference to the overthrow of a duly constituted government so as to provide that military assistance could be made available to safeguard a duly constituted government against overthrow, whether by military or by other means (as distinguished from a change in government by constitutional process). The committee of conference recognized that a large part of the military assistance program to Latin America is directed toward (1) internal security projects to combat Castro-Communist inspired subversion and (2) civic action projects that promote stability and strengthen national economies. It regarded a continuation of these programs as important to the stability of the hemisphere and, therefore, increased the figure recommended by the Senate to \$55 million, a reduction of \$2,500,000 from that previously authorized. Should the American Republics devise a regional program of defense, the United States may contribute to the implementation of such a program from the funds made available under this section.

RESTRICTIONS ON MILITARY ASSISTANCE TO AFRICAN COUNTRIES
(SEC. 202(e))

The House bill prohibited grant military assistance to African countries except for (1) internal security requirements or (2) civic action programs authorized by section 505(b) of the act.

The Senate amendment placed an annual ceiling of \$25 million on grant programs of defense articles for African countries. It also prohibited assistance for internal security requirements unless the President determined otherwise.

The committee of conference accepted a compromise between the two versions. Grant programs of defense articles for African countries for fiscal year 1964 shall not exceed \$25 million. This ceiling does not apply to any defense articles that may be sold to such countries pursuant to the authority contained in section 507 of the act. Grant military assistance may be furnished to African countries only for internal security or for civic action programs unless the President determines otherwise and promptly reports such determination to the Speaker of the House and to the Senate Committee on Foreign Relations.

ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION
(SEC. 301(a)(2))

The Senate amendment amended section 601(b)(4) of the act by deleting the words "wherever appropriate" and substituting the words "to the maximum extent practicable".

The House bill contained no comparable change.

The managers on the part of the House accepted the Senate language as more expressive of the intent of the section.

ADVISORY COMMITTEE ON PRIVATE ENTERPRISE IN FOREIGN AID
(SEC. 301(b))

The Senate amendment provided for a 9-man Advisory Committee on Private Enterprise in Foreign Aid to make studies and recommendations to the administrator of the foreign aid program for achieving the most effective utilization of the private enterprise provisions of the act. Members would be selected from the business, labor, and professional world, universities, and foundations, as well as from among persons with extensive experience in government. They would receive only necessary expenses. The Committee would submit its final report no later than December 31, 1964, after which it would cease to function. Provision was made for an authorization for an appropriation of such sums as may be necessary to permit the Committee to carry out its responsibilities.

The House bill had no comparable provision.

The managers on the part of the House accepted the Senate amendment with an amendment that limits the expenses of the Committee to a maximum of \$50,000 which sum shall be derived from funds appropriated for other parts of the act. It is not an additional authorization.

APPLICATION OF FEDERAL STANDARDS TO CONSTRUCTION CONTRACTS

The House bill added a new subsection (c) to section 611, relating to completion of plans and cost estimates, requiring the President to establish such procedures as he determines necessary to assure that to the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to the requirements of section 611(a) shall be made in accordance with the same standards applicable to the contracts made by the Federal Government for similar construction within the United States.

The Senate amendment contained no comparable provision.

The managers on the part of the House agreed to the elimination of this provision. They accepted the argument that the present bill emphasizes greater use of U.S. consultants and engineers in providing assistance to other governments and that the attainment of the objectives of U.S. standards with respect to construction contractions can and will be attained without imposing the rigid requirement contained in the House bill.

SALE OF FOREIGN CURRENCIES TO U.S. CITIZENS (SEC. 301(d))

The Senate amendment added a new subsection (b) to section 612 of the Foreign Assistance Act which would authorize the Secretary of the Treasury to sell U.S.-owned foreign currencies to U.S. citizens for travel or other purposes.

The House bill did not contain a comparable provision.

The managers on the part of the House agreed to the Senate language.

The currencies authorized to be sold are those acquired through operations under the Foreign Assistance Act, the Mutual Security Act,

and any act repealed thereby, or the Agricultural Trade Development and Assistance Act (Public Law 480). In order to be available for such sale, the currencies must be in excess of the needs of U.S. Government agencies and departments and not prohibited from such use or committed to other uses by agreements heretofore entered into with another country. The dollars received from the sale of the foreign currencies under this subsection would be deposited in the Treasury as miscellaneous receipts.

The House managers accepted the Senate provision in the belief that every effort should be made to find uses for excess foreign currencies owned by the United States, which cannot be used to alleviate the burden on the U.S. taxpayers, whenever such use might diminish the drain on the U.S. balance of payments.

The committee of conference recognized that the sale to U.S. citizens of excess currencies for tourist and other expenditures under this provision is not likely to be large in view of the fact that there are only a few countries where currencies in excess of U.S. requirements are available and, in addition, there are limitations imposed on the use of such currencies contained in Public Law 480 sales agreements from which most U.S.-owned foreign currencies are currently derived.

It is understood that the term "U.S. citizens" as used in this provision includes U.S. corporations operating abroad and U.S. voluntary agencies (such as CARE), as well as U.S. religious groups.

It is the understanding of the committee of conference that this provision does not require the unilateral abrogation of existing agreements with countries concerning the use of currencies derived from them. In view of the unforeseen difficulties in negotiations, the managers on the part of the House note that Public Law 480 expires next year. Should any problems arise in carrying out operations under that act or should difficulty be encountered in making sales of surplus agricultural commodities because countries fear that such sales might reduce their income from U.S. tourists, necessary corrective action may then be possible.

RESTRICTION ON ASSISTANCE FOR PROJECTS IN CUBA THROUGH INTERNATIONAL ORGANIZATIONS

The House bill contained an amendment to section 620(a) of the Foreign Assistance Act requiring that no funds provided under the act be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba.

The Senate amendment had no comparable provision.

The committee of conference agreed to the elimination of this provision of the House bill. The committee of conference recognized that in many international organizations there is no authority to accept contributions subject to political restrictions on the countries for which they may be used. U.S. policy has been directed toward stimulating other nations to increase their contributions through multilateral channels for programs in the less developed countries. The attachment of political conditions by the United States to such contributions would serve as a precedent for other countries to follow a similar policy in making their contributions, whether assessed or voluntary. Further, the Communist countries contribute more to

such international programs than they receive in the form of assistance. For these reasons, the managers on the part of the House receded.

NULLIFICATION OF CONTRACTS (SECS. 301(e)(2) AND 302(h))

The Senate amendment included a requirement that assistance under the Foreign Assistance Act or of any other act be suspended if a foreign government take steps to repudiate or nullify existing contracts or agreements with U.S. citizens and fails to take appropriate steps to discharge its obligations under international law to such citizens.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision with an amendment to the language of the Senate amendment specifically excepting assistance to any country through the Export-Import Bank in addition to the Peace Corps, assistance under the Mutual Educational and Cultural Exchange Act of 1961, and famine or disaster relief under Public Law 480 from the provisions of the Foreign Assistance Act.

The managers on the part of the House considered that this was a matter of principle to be followed.

One of the factors which the administrators of foreign assistance are required to consider before aiding other countries in their economic development is the self-help measures which the recipients of our aid undertake. No government can expect private investment, either from abroad or on the part of its own citizens, if it fails to show its respect for property rights and contract obligations.

Unless a country recognizes the importance of private investment to its economic development and is prepared to maintain policies favorable to such investment, it should not be regarded as having taken adequate self-help measures. Furthermore, U.S. loans or grants to promote economic development will fail to achieve their purpose under such circumstances.

The continuation of U.S. development assistance to a government which is unwilling to face fundamental issues is unfair both to the U.S. taxpayer and to those leaders of recipient nations who commit their own careers, as well as the future well-being of their countries, to the success of economic development programs which we help to finance.

VALUATION OF EXPROPRIATED PROPERTY (SEC. 301(e)(2))

The Senate amendment authorized the Foreign Claims Settlement Commission, upon request of the President, to determine the value of property taken by a foreign government for the purpose of administering section 620(e). Referral to the Commission, if any, had to be within 70 days of the country's action, and the Commission was required to report within 90 days of referral. The Senate version provided also that in the event of referral to the Commission, the country must take appropriate steps to discharge its obligations to U.S. citizens within 20 days after issuance of the Commission's report.

The House bill did not include a comparable provision.

The managers on the part of the House agreed to the Senate provision.

H.R. 7885 as approved by both the House and Senate amends existing law, requiring termination of assistance to countries ex-

propriating property owned by U.S. citizens by adding an additional provision that compensation for expropriated property must be "equivalent to the full value thereof."

The Senate provision authorizes, but does not require, the President to use the services of the Foreign Claims Settlement Commission to advise him on the value of expropriated property.

Because the question of the valuation of expropriated property is important to the proper administration of section 620(e), expert advice on valuation, in appropriate cases, can measurably assist the parties in settling their difference and also assist the Department of State in the effective use of section 620(e) to protect the legitimate interests of U.S. investors. For these reasons, the managers on the part of the House accepted the Senate amendment, noting that the Foreign Claims Settlement Commission has a skilled staff, experienced in the valuation of foreign property, and apparently is better equipped to advise the President on property valuations than any other agency. Should the President prefer to have some other agency assume this function, he is free to do so.

The managers on the part of the House recognize that the Foreign Claims Settlement Commission is not a permanent agency of the Government and that it exists only to settle certain claims assigned to it by law. They do not want the assignment of this responsibility under the Foreign Assistance Act to serve as justification for keeping the Commission in business after its other functions expire.

Consideration must be given, however, to the fact that the valuation services called for by this provision will impose a cost on the Federal Government regardless of the agency that does the job. Whenever the other work assigned to the Foreign Claims Settlement Commission comes to an end, the managers on the part of the House recommend that the President determine what agency can most effectively and economically assume this responsibility and submit his recommendation to the Congress.

RESTRICTIONS ON ASSISTANCE TO COMMUNIST COUNTRIES

The House bill included an amendment to section 620(f) of the Foreign Assistance Act by redefining the Union of Soviet Socialist Republics in the list of Communist countries to include the captive constituent countries thereof.

The Senate amendment did not include this provision.

It was recognized that the language of existing law was sufficiently inclusive to encompass the amendment proposed in the House bill. For this reason the managers on the part of the House receded.

ASSISTANCE TO INDONESIA (SEC. 301(e)(3))

Both the House bill and the Senate amendment contained an amendment to section 620 of the Foreign Assistance Act that prohibits the furnishing of assistance under the act to Indonesia except pursuant to a Presidential determination and notification to the House and Senate of such assistance.

The House bill made a Presidential determination to furnish assistance contingent upon a finding that it was in the national interest, whereas the Senate amendment made such a determination contingent upon a finding that it was essential to the national interest.

The committee of conference accepted the Senate version as more restrictive in its application. Hence the managers on the part of the House receded.

ASSISTANCE TO PRODUCTIVE ENTERPRISES COMPETING WITH U.S. ENTERPRISES IN WORLD MARKETS

The House bill added a new subsection (m) to section 620 of the Foreign Assistance Act providing that no assistance should be furnished under that act for the construction or operation of any productive enterprise abroad unless the President determined that similar productive enterprises within the United States were operating at a substantial portion of their capacity and such assistance would not result in depriving such U.S. enterprises of their reasonable share of world markets.

The Senate amendment contained no comparable provision.

The managers on the part of the House agreed to the elimination of this provision.

The managers on the part of the House accepted the arguments (1) that section 620(d) of existing law already requires the administrators of the foreign assistance program to make arrangements with countries where U.S. assistance is provided for the construction or operation of productive enterprises to limit the competition of such enterprises with U.S. industry and (2) that the House provision would seriously impede the administration of foreign aid without being of significant benefit to U.S. industry.

REVIEW, INSPECTION AND AUDIT

The House bill prohibited development loans, grants, and Alliance for Progress loans and grants to the government of any country which does not permit such reviews, inspections and audits by the United States as are required to determine whether assistance is being administered to carry out the purposes for which it is furnished.

The Senate amendment contained no comparable provision.

The committee of conference was advised that the standard form of loan agreements and of grant project agreements includes an explicit statement that the United States may make such reviews, inspections, and audits as it deems necessary. For this reason the managers on the part of the House receded.

LIMITATION ON GRANT ASSISTANCE (SEC. 301(e)(3))

The Senate amendment added a subsection to section 620 of the Foreign Assistance Act that prohibited the furnishing of assistance on a grant basis under that act to any economically developed nation capable of sustaining its own defense burdens and economic growth except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II of the act not amounting to more than \$1 million during fiscal year 1964. The term "economically developed nation" included, but was not limited to, any nation listed as an exception to the definition of "economically developed nation" contained in the United Nations General Assembly Resolution 1875 of June 28, 1963, plus Switzerland and the German Federal Republic.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate provision with an amendment deleting the definition of "economically less developed nation." The committee of conference believes such a determination is one of reasonable judgment. It is intended that the countries of Western Europe, among others, will be included. In view of the specific U.S. base rights in Spain and Portugal, the committee of conference does not intend that the amendment will be immediately applicable to those two countries. Nor is it intended to apply to NATO cooperative enterprises involving the furnishing of military and technological information, licenses of Government-owned and controlled inventions, and liaison by members of the Armed Forces.

USE OF PRIVATE ENTERPRISE FOR TECHNICAL ASSISTANCE (SEC. 302(a))

The Senate amendment contained a provision that in providing technical assistance under this act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis, and that in such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies should be utilized when such facilities were particularly or uniquely suitable for technical assistance, were not competitive with private enterprise, and could be made available without interfering unduly with domestic programs.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision in the belief that it clarified the language in existing law, requiring that in providing technical assistance the facilities of Federal agencies equipped to give technical assistance should be used to the fullest extent practicable, by indicating that Federal agencies should be used in rendering technical assistance only when their facilities are particularly or uniquely suitable for a particular purpose, are not competitive with private enterprise and can be made available without interfering unduly with domestic programs.

DEPUTY INSPECTOR GENERAL (SEC. 302(b)(4))

The Senate amendment added to existing law the requirement that the Deputy Inspector General, Foreign Assistance, authorized by section 624 of the act, should be subject to Senate confirmation and increased his salary from \$19,500 to \$20,000 per year.

The House bill contained no comparable provision.

The managers on the part of the House agreed to the Senate provision.

The managers on the part of the House accepted the argument that the duties and responsibilities of the Deputy Inspector General justified the requirement for Senate confirmation and the small increase in salary.

EXCEPTIONS OF CERTAIN ACTS FROM THE PROHIBITION OF ASSISTANCE (SEC. 302(h))

The Senate amendment added a new section 638 to the Foreign Assistance Act stating that no provision of the act should be construed to prohibit the carrying out of programs under the Peace Corps Act

or the Mutual Educational and Cultural Exchange Act, as respectively amended.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment with an amendment that added to the two acts cited above programs under the Export-Import Bank Act of 1945 as amended and foodstuffs supplied under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). In the case of the latter act, the exception is limited to those programs of famine or disaster relief carried out under title II of Public Law 480 since some of those programs might be considered programs of assistance to countries. This exception does not preclude programs to meet famine, disaster relief or other extraordinary relief requirements or feeding programs carried out by registered voluntary agencies. These four acts have been separately authorized by Congress as instruments of foreign policy, as well as to serve other U.S. objectives. Such assistance as they provide is of a kind different from that envisioned by the Foreign Assistance Act. Hence prohibitions on assistance provided for in the latter act should not embrace assistance that is different in character and has different objectives. Nor was it the intent of the committee of conference to preclude programs of the USIA, U.S. oversea defense activities, research or other programs undertaken primarily to serve nonforeign policy objectives of the United States but which may have an ancillary benefit for a foreign country.

TITLE OF LATIN AMERICAN DEVELOPMENT ACT (SEC. 401(A))

The House bill gave to Public Law 86-735 the short statutory title "the Latin American Development and Chilean Reconstruction Act."

The Senate amendment titled that law "The Latin American Development Act."

In view of the fact that the Chilean reconstruction phase of our assistance has been completed, the act is more properly designated the "Latin American Development Act." For this reason the managers on the part of the House accepted the Senate amendment.

PRESIDENTIAL DISCRETION TO PLACE TRADE WITH CERTAIN COMMUNIST COUNTRIES ON NONDISCRIMINATORY BASIS (SEC. 402)

The Senate amendment amended section 231 of the Trade Expansion Act of 1962 to authorize the President to extend to certain Communist countries trade agreement concessions on a nondiscriminatory basis. The exercise of this authority would have been permitted only upon the President's determination and report to Congress that extending such treatment to a country (1) was important to the national interest and (2) would promote the independence of such country or area from domination or control by international communism.

The House bill did not contain a corresponding provision.

The managers on the part of the House agreed to an amended version of the Senate provision which continues the prohibition in existing law against extending most-favored-nation treatment to Communist-dominated countries with the exception of those countries under Communist control which received such favored treatment

prior to the enactment of the Trade Expansion Act of 1962. The effect of the agreed language is to authorize extension of most-favored-nation treatment to Poland and Yugoslavia but to no other Communist-dominated countries.

The committee of conference was convinced that major issues dealt with by this amendment are related to foreign policy rather than to the impact on the U.S. economy or the Federal revenue.

The managers on the part of the House regard the opportunity to continue most-favored-nation treatment to Poland and Yugoslavia as of fundamental importance to the United States in its effort to encourage the trend already manifest among the countries of Eastern Europe to maintain their national identity and to assert, to a limited degree at least, attributes of national sovereignty.

The liberation of the countries of Eastern Europe from Soviet domination has the overwhelming support of the American people and of their elected representatives. We cannot avoid facing the problem of what action it is possible for the United States to take today that will contribute to the attainment of the desired objective.

The new administration regards the authority contained in the bill agreed to by the conference committee as vital to the implementation of its efforts to bring about the liberation of the countries of Eastern Europe.

The managers on the part of the House are convinced that this is a fundamental issue which cannot be avoided and that delay would be contrary to the best interests of the United States.

INCLUSION OF DOMESTICALLY PRODUCED FISHERY PRODUCTS UNDER
PUBLIC LAW 480 (SEC. 403(C))

The Senate amendment contained an amendment to section 106 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) to include in title I and title IV programs any domestically produced fishery product if the Secretary of Interior determines that the product at the time of export is excess of domestic requirements, adequate carryover, and anticipated exports for dollars. The amendment was not effective with respect to title I until January 1, 1965.

The House bill contained no comparable provision.

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet those requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit. The effective date for purposes of title I is January 1, 1965, because the present authority under that title extends through December 31, 1964, and was intended to include only surplus agricultural products at the time it was enacted. For these reasons the managers on the part of the House accepted the Senate amendment.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

House of Representatives

FRIDAY, DECEMBER 6, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Galatians 6: 10: *As we have therefore opportunity, let us do good unto all men.*

O Thou spirit of the living God, grant that a longing for obedience to Thy divine will may be woven into the very texture and fabric of our human nature.

May we guard ourselves against the temptations and dangers which threaten to undermine our loyalty to those moral ideals and principles which Thou hast ordained.

Deliver us from selfishness and self-seeking and may we daily bear testimony by doing good unto all the members of the human family that we are seeking to bring unto mankind the spirit of brotherhood.

Show us how we may enlarge the areas of fellowship and cooperation among the nations of the earth, with none seeking its own advantage and welfare.

Hear us in the name of our blessed Lord, who came to show us the way to the more abundant life. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 927. An act to amend title 12 of the Merchant Marine Act, 1936, in order to remove certain limitations with respect to war risk insurance issued under the provisions of such title;

S.J. Res. 113. Joint resolution to authorize the President to issue annually a proclamation designating the first week in March of each year as "Save Your Vision Week"; and

S.J. Res. 128. Joint resolution providing for the establishment of an annual National Farmers Week.

THE LATE SENATOR HERBERT H. LEHMAN

(Mr. RYAN of New York asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include pertinent editorials.)

Mr. RYAN of New York. Mr. Speaker, I rise with profound sorrow and great grief to inform the House of the death yesterday at the age of 85 of Herbert H. Lehman, a great American.

Today at this hour President Johnson was to present to him the Presidential

Freedom Medal awarded to him by President Kennedy. The citation accompanying that medal reads:

Citizen and statesman, he has used wisdom and compassion as the tools of the Government and has made politics the highest form of public service.

Governor Lehman had one of the most remarkable and distinguished records of public service in the history of our country, including a political career spanning the period from Alfred E. Smith to John F. Kennedy. Time and again the voters of New York elected him to high office—twice as Lieutenant Governor, four times as Governor, and twice as U.S. Senator. Few men have been held in such esteem and affection by the people. I can think of no one more deserving.

Governor Lehman was a compassionate and humane Governor. The 10 years of his administrations are unexcelled in the annals of New York State.

Senator Lehman will be remembered as the voice of liberalism in the Senate during the hysteria of the 1950's. A courageous fighter for civil rights, civil liberties, and a fair and just immigration policy, he was rightly known as the conscience of the Senate.

His retirement from the Senate in 1956 did not mean rest from political combat. Rather his deep concern for the welfare of New York motivated him at the age of 80 to lead another cause, the cause of political decency and reform within the Democratic Party. He fought fiercely against the boss system, inspiring thousands of amateurs to become active in grassroots politics.

Mr. Speaker, I was privileged to work closely with Governor Lehman during the past 5 years in our fight for political reform. I knew him as a man of deep conviction—an idealist and humanitarian who believed in the essential worth and dignity of every individual.

To know him was to love him. I will always cherish the memory of the hours I spent with him, talking with him in his study about issues close to his heart or campaigning with him on the street corners of New York.

Only last weekend he described to me his deep feeling of sorrow at the tragic loss of President Kennedy. As usual, he was looking forward, concerned about his country but confident in the ultimate triumph of reason and tolerance.

Governor Lehman will serve always as a guiding spirit in the everlasting fight against bigotry and tyranny.

Mr. Speaker, throughout his career Governor Lehman relied completely upon his beloved and devoted wife, Edith. She was his constant inspiration. In this hour of her grief, I extend my deepest sympathy to Mrs. Lehman and their children.

Mr. Speaker, I include at this point in the RECORD several editorials about Herbert H. Lehman.

The New York Times editorial of December 6:

HERBERT H. LEHMAN

A second ribband of mourning now hangs on the American flag. For the death of Herbert H. Lehman closes the active career of an indomitable national and international servant. As Governor of New York, U.S. Senator, and Director General of the United Nations Relief and Rehabilitation Administration, his life and activities soared in example and significance far beyond the borders of this, his native city.

He lived a private and public life that moved in a straight and true line. In the richest sense of the words, he was a liberal and humanitarian. Against the enemies of the Republic, he saw service in the U.S. Army in the First World War and resigned from the Governorship in the Second World War to direct foreign relief operations for the State Department. Wherever human distress existed, all over the globe, there could be found Herbert Lehman, saving lives as a representative of the best instincts of the United States and the United Nations.

Reform, sound administration and courage marked his political career. He entered politics at the side of Alfred E. Smith and Franklin Delano Roosevelt, serving one as campaign chairman and the other as Lieutenant Governor. As Governor for 10 years from 1932 until America's entry into the war, he brought the State distinction and honor during difficult years for the people and Nation. All this time he was a stalwart New Deal Democrat, closely affiliated with the programs of President Roosevelt.

The refinements of the Fair Deal nationally saw him in the service of New York as U.S. Senator, often at a quiet but not small voice speaking for legislation favoring all Americans. In Washington, he became the conscience of the Senate. When others quavered before the onslaught of McCarthyism, it was Herbert Lehman who offered the resolution for the removal of the Wisconsin demagog from his committee chairmanships. On matters close to his heart—immigration to continue the American dream and civil rights to uphold the American Constitution—he battled relentlessly against the troops of evil.

Together with Mrs. Eleanor Roosevelt, Herbert Lehman continued to stand for the reform movement in State and national Democratic politics. After he had passed his 80th birthday he could be found in rain and cold carrying on his crusade for political decency in every section of the city. At the end of his life he was still standing in the forefront of many charitable, welfare, and humanitarian causes. This great man of private heart and public courage was not just a symbol, but an activist of noble aims and accomplishments to his last moments. These live on.

The New York Herald Tribune editorial of December 6:

HE SERVED THE PEOPLE WELL

The death of Herbert H. Lehman leaves all of us poorer. For in our time there have been few public servants so universally respected, admired, and beloved.

The life of the former Governor and Senator was a long one. It is hard to remember now that he was first elected to office as long ago as 1928, as Franklin D. Roosevelt's Lieutenant Governor. But he was then already 50, a man of great wealth turning from private pursuits to new and broader arenas.

In this career Mr. Lehman was four times elected Governor of New York, and later twice chosen to the U.S. Senate. During the war he served as the first head of the United Nations Relief and Rehabilitation Administration. And in recent years, when he was already in his eighties, Mr. Lehman led the reform storm in the local Democratic Party.

Thus he covered more than a third of a century in city, State, National, and international performance, all of it done with courage and competence.

The strength of Herbert H. Lehman was in character. Few public figures were so consistently on the right side of the great issues. He was a social idealist, yet also an industrious man of action. He stirred few antagonisms, but in his undramatic way he got things done. This is perhaps why one hardly thinks of Mr. Lehman as a politician, although he was this State's prime vote-getter.

There was about him the assurance of non-partisanship, of quiet but determined conscience, that made for popularity. He knew what was right, and did it. That he did it so unspectacularly is probably the true mark of Lehman quality, although in later years he became increasingly a bold crusader.

But the important thing is that at all times Herbert H. Lehman served the public interest well. By spirit, integrity, and efficiency, he inspired trust and devotion. And he gave of himself in many ways to the very end of his admirable life. This is an example to cherish.

The Washington Post editorial of December 6:

HERBERT H. LEHMAN

There was so much simple goodness, generosity, and grace in Herbert Lehman that one rarely thought of him as suited to the tough realities of American political life. He neither looked nor talked like a politician. Nevertheless the roster of public offices which he won, and filled with nobility and effectiveness, testified to a powerful political appeal rooted in the extraordinary qualities of conviction and courage which he brought into public life.

Entering politics at 50, after a notable career in business and banking, Herbert Lehman teamed with Franklin D. Roosevelt to become Lieutenant Governor of New York, then Governor for four terms when F.D.R. went to the White House, and finally U.S. Senator. In between, he served as director of the wartime Office of Foreign Relief and Rehabilitation and as Director General of the United Nations Relief and Rehabilitation Administration. Help for those whom the war had made helpless could not have been entrusted to more devoted hands.

A product of Wall Street and a multi-millionaire, Herbert Lehman was an unserved champion of underdogs and of progressive political ideas through the whole of his public career. If he never became a power in the Senate or a member of its inner circle, he exercised influence nonetheless because, for the country at large, he symbolized sincerity. The dauntlessness with which this quiet, unpretentious little man challenged Joe McCarthy, the Senate's bully, illuminated the murkiness of a shabby decade in American politics. The country owes much to Herbert Lehman for its recovery from McCarthyism.

Senator Lehman's efforts to infuse charity and reason into American immigration policy may well constitute his most significant contribution. He was an implacable foe of the national origins quota system. That system

has not yet been extirpated from the immigration statutes; but a proposal for abandonment of it was sent to Congress not long ago by John F. Kennedy. Its enactment would be Herbert Lehman's best monument.

Had he lived and held his health, Herbert Lehman would have been among those to be given the Presidential Medal of Freedom at the White House today. No one deserved it more. No one could have defended freedom more fervently.

LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. BOGGS asked and was given permission to address the House for 1 minute.)

Mr. BOGGS. Mr. Speaker, I take this time to announce to the House that on Monday next several bills will be considered, one involving a matter here in the District of Columbia, and another a conference report, which will probably mean several record votes.

I want the Members to know the situation, and I would appreciate it if the offices of the Members who are absent will see that they are notified, so that they will know of the program.

CALL OF THE HOUSE

Mr. KYL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

(Roll No. 222)

Abbutt	Dorn	Holland
Abele	Downing	Hosmer
Addabbo	Dwyer	Jarman
Albert	Edwards	Jennings
Ashbrook	Elliott	Jensen
Ashley	Ellsworth	Joelson
Ayres	Everett	Jones, Ala.
Barnett	Fallon	Kastenmeier
Bass	Farbstein	Kee
Beatty	Fasell	Keith
Becker	Fino	Kelly
Boand	Flynt	Keogh
Bolling	Fogarty	Kirwan
Bolton	Fountain	Knox
Oliver P.	Fraser	Kornegay
Bray	Frelinghuysen	Lankford
Brooks	Friedel	Latta
Broomfield	Fulton, Pa.	Lindsay
Brown, Calif.	Fulton, Tenn.	Long, La.
Broyhill, Va.	Gallagher	McClory
Buckley	Garmatz	McDowell
Burke	Gilbert	Macdonald
Burton	Gill	Madden
Cahill	Glenn	Mailliard
Cameron	Gonzalez	Martin, Calif.
Carey	Goodell	Martin, Mass.
Casey	Grabowski	Martin, Nebr.
Celler	Gray	Matsunaga
Clark	Green, Pa.	Matthews
Clausen,	Griffin	May
Don H.	Griffiths	Michel
Clawson, Del.	Grover	Miller, N.Y.
Conte	Gurney	Milliken
Cooley	Hagan, Ga.	Minish
Corman	Halleck	Monagan
Curtis	Halpern	Montoya
Daddario	Hanna	Morrison
Dague	Hardy	Morse
Daniels	Harsha	Morton
Davis, Ga.	Harvey, Mich.	Moss
Davis, Tenn.	Hawkins	Multer
Dawson	Hays	Murphy, Ill.
Delaney	Healey	Nedzi
Derounian	Hébert	Nelsen
Derwinski	Hemphill	Nix
Diggs	Henderson	O'Brien, Ill.
Dingell	Herlong	O'Brien, N.Y.
Donohue	Hoffman	O'Hara, Mich.

Olson, Minn.
O'Neill
Ostertag
Passman
Pepper
Philbin
Pike
Poage
Powell
Purcell
Quie
Quillen
Randall
Reid, Ill.
Reid, N.Y.
Rhodes, Ariz.
Rivers, Alaska
Roberts, Ala.
Rodino
Rooney, N.Y.
Roosevelt
Rosenthal
Roybal

Rumsfeld
Ryan, Mich.
St Germain
St. Onge
Schwengel
Scott
Senner
Shelley
Sheppard
Sibal
Sickles
Sikes
Smith, Va.
Snyder
Staebler
Staggers
Stephens
Stinson
Stratton
Stubblefield
Tart
Thompson, La.
Thompson, N.J.

Thompson, Tex.
Thornberry
Trimble
Tuck
Tupper
Ullman
Utt
Van Deerlin
Vank
Waggonner
Wallhauser
Watts
Whalley
White
Whitten
Wickersham
Willis
Wilson,
Charles H.
Wright
Wylder

The SPEAKER. On this rollcall 225 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1963

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the House conferees may have until midnight tonight to file a conference report on the bill H.R. 7885, the Foreign Assistance Act of 1963.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 1006)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Foreign Assistance Act of 1963'."

"PART I

"Chapter 1—Policy

"SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is amended as follows:

"(a) In the chapter heading strike out the words 'SHORT TITLE AND'.

"(b) Section 101, which relates to short title, is repealed.

"(c) Section 102, which relates to statement of policy, is amended as follows:

"(1) Insert between the fourth and fifth paragraphs the following additional paragraph:

"It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign."

"(2) In the last sentence of the seventh paragraph, strike out 'should emphasize long-range development assistance' and insert in lieu thereof 'shall emphasize long-range development assistance'.

"(3) Immediately after the tenth paragraph insert the following new paragraph:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries."

"(4) The first sentence of the last paragraph is amended by striking out 'Finally, the' and substituting 'The', and by inserting '(including private enterprise within such countries)' immediately after 'countries'."

"(5) Immediately after the first sentence of the last paragraph insert the following new sentence: 'In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all.'"

"(6) Immediately after the last paragraph, add the following new paragraph:

"It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle."

"Chapter 2—Development assistance

"Title I—Development Loan Fund

"SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the development loan fund, is amended as follows:

"(a) Amend section 201, which relates to general authority, as follows:

"(1) In the second sentence of subsection (b), which relates to considerations to be taken into account in making loans from the development loan fund, strike out clauses (1) and (2) and insert in lieu thereof the following: '(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,'"

"(2) Subsection (d), which relates to interest rates on development loans, is amended by inserting immediately after 'in no event' the following: 'shall such funds (except funds loaned under section 205 and funds which prior to the date of enactment of the Foreign Assistance Act of 1963 were authorized or committed to be loaned upon terms which do not meet the minimum terms set forth herein) be loaned at a rate of interest of less than 2 per centum per annum commencing not later than ten years following the date on which the funds are initially made available under the loan, during which ten-year period the rate of interest shall not be lower than three-fourths of 1 per centum per annum, nor'."

"(3) Add the following new subsection (f):

"(f) No assistance shall be furnished under this title for a project unless the President determines that such project will promote the economic development of the requesting country, taking into account the current human and material resource requirements of that country and the relationship between the ultimate objectives of the project and the overall economic development of the country, and that such project specifically provides for appropriate participation by private enterprise."

"(b) Amend section 202(a), which relates to authorizations for the development loan fund, as follows:

"(1) Strike out 'and \$1,500,000,000 for each of the next four succeeding fiscal years,' and insert in lieu thereof '\$1,500,000,000 for the fiscal year 1963, \$925,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years,'"

"(2) Immediately before the period at the end thereof insert the following: "'Provided further, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965 and June 30, 1966 respectively shall be available for loans made to encourage economic development through private enterprise'."

"Title II—Development Grants and Technical Cooperation

"SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

"(a) In section 212, which relates to authorization, strike out '1963' and '\$300,000,000' and substitute '1964' and '\$220,000,000', respectively."

"(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

"(1) In subsection (a) strike out 'use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for' and substitute the word 'furnish'."

"(2) In subsection (b) strike out 'to use' and 'foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for' and substitute 'to furnish' before the word 'assistance'."

"(3) Add the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$19,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$4,700,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

"Title III—Investment Guaranties

"SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b), which relates to general authority, as follows:

"(1) In the first sentence after 'wholly owned' insert '(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)'."

"(2) In paragraph (1) strike out '\$1,300,000,000' in the proviso and substitute '\$2,500,000,000'."

"(3) In paragraph (2) strike out '1964' in the fourth proviso and substitute '1965'."

"(b) Amend section 222(a), which relates to general provisions, by striking out 'section 221(b)' and substituting 'sections 221(b) and 224'."

"(c) Amend section 222(b), which relates to general provisions, by striking out 'section 221(b)' in both places it appears and substituting 'sections 221(b) and 224'."

"(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational

media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111(c) (2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)'."

"(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202 (b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

"(f) Amend section 222 by adding at the end thereof the following new subsection:

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States."

"(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

"(1) In subsection (b) strike out '\$60,000,000' and substitute '\$150,000,000'."

"(2) Strike out subsection (c)."

"Title V—Development Research

"SEC. 105. Section 241 of the Foreign Assistance Act of 1961, as amended, which relates to development research, is amended by inserting '(a)' after the section heading and by adding at the end thereof the following new subsection:

"(b) Funds made available to carry out this section may be used to conduct research into the problems of population growth."

"Title VI—Alliance for Progress

"SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

"(a) Amend section 251, which relates to general authority, as follows:

"(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after 'reasonable terms' the following: '(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,'"

"(2) In subsection (e) strike out 'economical' and substitute 'economically'."

"(3) In subsection (f) strike out 'Agency for International Development' and substitute 'agency primarily responsible for administering part I'."

"(4) Add the following new subsection (g):

"(g) In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and

economic and social development under the Alliance for Progress."

"(b) Amend section 252, which relates to authorization, as follows:

"(1) In the first sentence, strike out 'fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year' and insert in lieu thereof 'fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000'.

"(2) Immediately after '1963' the second time it appears therein, insert the following: 'and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for us beginning in fiscal year 1964.'"

"(3) At the end thereof add the following new sentence: 'In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965 and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise.'

"(c) Amend section 253, which relates to fiscal provisions, by inserting immediately after the first sentence thereof the following new sentence: 'All receipts in foreign currencies from loans made under this title or for nonmilitary assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of this or any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000) as he shall determine to be necessary to provide for the programs authorized by said subsection (g).'

"The VII—Evaluation of Programs

"SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is further amended by adding at the end thereof a new title as follows:

"Title VII—Evaluation of Programs

"SEC. 261. The President may appoint a committee to review and evaluate the economic development program under this Act, and to report to the President and to the Congress its findings."

"Chapter 3—International organizations and programs

"SEC. 108. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out '1963' and '\$148,900,000' and substituting '1964' and '\$136,050,000', respectively.

"Chapter 4—Supporting assistance

"SEC. 109. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out '1963' and '\$415,000,000' and substituting '1964' and '\$380,000,000', respectively.

"Chapter 5—Contingency fund

"SEC. 110. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out '1963' and '\$300,000,000' and substituting '1964' and '\$160,000,000', respectively.

"PART II

"Chapter 1—Policy

"SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is amended as follows:

"(a) In the chapter heading strike out the words 'SHORT TITLE AND'.

"(b) Section 501, which relates to short title, is repealed.

"Chapter 2—Military assistance

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

"(a) In section 504(a), which relates to authorization, strike out 'the fiscal years 1962 and 1963' and '\$1,700,000,000 for each such fiscal year, which sums' and substitute 'fiscal year 1964' and '\$1,000,000,000, which', respectively.

"(b) In section 505(a), which relates to utilization of assistance, change the period at the end thereof to a colon and add the following proviso: 'Provided, That, except (1) to the extent necessary to fulfill prior commitments or (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.'

"(c) In section 510(a), which relates to special authority, strike out '1963' in the first and second sentences and substitute '1964'.

"(d) In section 511, which relates to restrictions on military aid to Latin America, strike out '\$57,500,000' and substitute '\$55,000,000, of which a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense'.

"(e) Add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries in fiscal year 1964, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000."

"PART III

"Chapter 1—General provisions

"SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) Section 601(b), which relates to encouragement of private enterprise, is amended as follows:

"(1) At the end of paragraph (3), strike out 'and'.

"(2) In paragraph (4), strike out 'wherever appropriate' and insert in lieu thereof 'to the maximum extent practicable', and strike out the period at the end thereof and substitute a semicolon.

"(3) Add the following new paragraphs at the end thereof:

"(5) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and

"(6) utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering)."

"(b) At the end of section 601 add the following new subsection:

"(c) (1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under part I of this Act, who shall appoint the Committee.

"(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

"(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred in attending meetings of the Advisory Committee.

"(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than December 31, 1964, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

"(5) The expenses of the Committee, which shall not exceed \$50,000, shall be paid from funds otherwise available under this Act."

"(c) Section 611(b), which relates to completion of plans and cost estimates, is amended by striking out 'circular A-47 of the Bureau of the Budget' and substituting 'the Memorandum of the President dated May 15, 1962'.

"(d) Section 612, which relates to use of foreign currencies, is amended as follows:

"(1) Insert '(a)' after the section heading.

"(2) Add the following new subsection (b):

"(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts."

"(e) Section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended as follows:

"(1) Subsection (a) is amended as follows:

"(A) Insert '(1)' immediately after '(a)'.

"(B) At end thereof add the following new paragraphs:

"(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken ap-

appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

"(2) Subsection (e) is amended to read as follows:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act

shall be construed to authorize the President to waive the provisions of this subsection.

"Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection."

"(3) Add the following new subsections:

"(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

"(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

"(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(l) No assistance shall be provided under this Act after December 31, 1965, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

"(m) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000."

"Chapter 2—Administrative provisions

"Sec. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) Amend section 621, which relates to exercise of functions, by striking out the last sentence thereof and substituting the following: 'In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.'

"(b) Amend section 624, which relates to statutory officers, as follows:

"(1) In subsection (a)(2) strike out 'two shall have the rank of Deputy Under Secretaries' and substitute 'one shall have the rank of a Deputy Under Secretary'.

"(2) In subsection (a)(3) strike out 'nine' and substitute 'ten'.

"(3) In subsection (b) strike out 'paragraphs (2) and' and substitute 'paragraph'.

"(4) In subsection (d)(1) after the words 'Deputy Inspector General, Foreign Assistance,' where they first appear insert 'who shall be appointed by the President by and with the advice and consent of the Senate,' and strike out '\$19,500' and substitute '\$20,000'.

"(c) Amend section 626(b), which relates to experts, consultants, and retired officers, as follows:

"(1) Strike out the entire first sentence.

"(2) In the second sentence strike out 'Nor shall such service' and substitute 'Service of an individual as an expert or consultant under subsection (a) of this section shall not'.

"(d) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereof of the Organization for Economic Co-operation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

"(e) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

"(f) Amend section 636, which relates to provisions on uses of funds, by adding the following new subsection (h):

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

"(g) Amend section 637(a), which relates to administrative expenses, by striking out '1963' and '\$53,000,000' and substituting '1964' and '\$54,000,000', respectively."

"(h) After section 637 add the following new section:

"SEC. 638. PEACE CORPS ASSISTANCE.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Education and Cultural Exchange Act of 1961, as amended; or the Export-Import Bank Act of 1945, as amended; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended."

Chapter 3—Miscellaneous provisions

"SEC. 303. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting 'including orientation' after 'training' the first time it appears."

"SEC. 304. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpected balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

"SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

"(a) Insert following the enacting clause 'That this Act may be cited as the "Latin American Development Act"':

"(b) In section 2 strike out '\$500,000,000' and substitute '\$680,000,000'."

"SEC. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87-794, approved October 11, 1962) is amended as follows:

"(a) Insert '(a)' before the words 'The President shall'."

"(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a) which, at the time of enactment of this subsection, was receiving trade concessions, when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

"SEC. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1961 et seq.), is amended as follows:

"(a) Section 101(f) is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

"(b) Section 105 is amended by adding at the end thereof the following new sentence: 'The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.'"

"(c) (1) Section 106 is amended by adding at the end thereof a new sentence as follows: 'For the purposes of this title and title IV, the term "surplus agricultural commodity" shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.'"

"(2) The amendment made by paragraph (1) of this subsection shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965."

"(d) Section 202 is amended by striking out 'economic development' and inserting in lieu thereof 'economic and community development'."

"SEC. 404. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: 'Provided, That in individual cases when personally approved by the Secretary further extension may be made.'"

"(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after 'on authorized home leave;' the following: 'accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;'"

"(c) Title IX of the Foreign Service Act of 1946; as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

"USE OF GOVERNMENT OWNED OR LEASED VEHICLES"

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

"(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

"PART I—EDUCATIONAL FACILITIES"

"SEC. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and pay-

ment of teachers and other necessary personnel."

"SEC. 405. The Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956 (5 U.S.C. 170f-170t), is amended by inserting immediately after section 12 the following new section:

"SEC. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed \$750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."

"SEC. 406. The first sentence of the first section of the Act entitled 'An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization', approved July 11, 1956 (70 Stat. 523), is amended to read as follows: 'That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area.'"

And the Senate agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.
J. W. FULBRIGHT,
JOHN SPARKMAN,
(P.N.H.)
HUBERT H. HUMPHREY,
B. B. HICKENLOOPER,
GEORGE D. AIKEN,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the con-

ferences and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying clerical, and necessary conforming changes, the differences are noted below:

FOREIGN ASSISTANCE ACT OF 1963

Introduction

The House bill (H.R. 7885) contained an authorization of \$3,499,050,000, excluding certain administrative expenses for the Department of State for fiscal year 1964. This included a reduction in amounts previously

authorized for fiscal year 1964 as follows: (1) for the Alliance for Progress, a reduction from \$600 million to \$450 million, and (2) for the Development Loan Fund, from \$1.5 billion to \$900 million. The House bill also included a new authorization of an additional \$200 million for the Social Progress Trust Fund (Public Law 86-735).

The Senate amendment to the bill contained an authorization of \$3,699,340,000, excluding such administrative expenses for fiscal 1964, which included a reduction in the amount previously authorized for the Development Loan Fund for fiscal year 1964 from \$1.5 billion to \$950 million and deleted the authorization in existing law for the Fund for the fiscal years 1965 and 1966. It did not reduce, as the House did, the amount previously authorized for the Alliance for

Progress, and included a new authorization of an additional \$155 million for the Social Progress Trust Fund (Public Law 86-735).

Neither the House nor the Senate made any change in existing law for Department of State administrative expenses, which is for "such amounts as may be necessary from time to time." The Executive appropriation request includes an amount of \$3,025,000 for this purpose.

The difference between the amount in the House bill and in the Senate amendment is \$200,290,000. The committee of conference adjusted the differences in amounts as shown in the following table and agreed on a total authorization of \$3,599,050,000. This total is a reduction by the Senate of \$100,290,000 and an increase by the House of \$100,000,000.

Section	Executive appropriation request (1)	House bill (2)	Senate amendment (3)	Conference agreement (4)	Adjustment against House bill (5)	Adjustment against Senate amendment (6)
202(a). Development Loan Fund.....	¹ \$1,060,000,000	¹ \$900,000,000	¹ \$950,000,000	\$925,000,000	+\$25,000,000	-\$25,000,000
212. Development grants.....	257,000,000	217,000,000	225,000,000	³ 220,000,000	+3,000,000	-5,000,000
214. American schools and hospitals abroad.....	22,000,000	² 12,000,000	² 26,290,000	² 19,000,000	+7,000,000	-7,290,000
	² [26,290,000]					
252. Alliance for Progress.....	⁴ 600,000,000	⁴ 45,000,000	⁴ 600,000,000	525,000,000	+75,000,000	-75,000,000
	⁵ 50,000,000	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾
302. International organizations.....	136,050,000	136,050,000	136,050,000	136,050,000		
402. Supporting assistance.....	435,000,000	380,000,000	380,000,000	380,000,000		
451. Contingency fund.....	300,000,000	150,000,000	175,000,000	160,000,000	+10,000,000	-15,000,000
504. Military assistance.....	1,405,000,000	1,000,000,000	1,000,000,000	1,000,000,000		
637. Administrative expenses:						
(a) AID.....	57,250,000	54,000,000	52,000,000	54,000,000		+2,000,000
(b) State.....	⁽⁶⁾ 3,025,000	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾
Public Law 86-735, sec. 2, Social Progress Trust Fund.....	200,000,000	200,000,000	155,000,000	180,000,000	-20,000,000	+25,000,000
Total.....	4,525,325,000	⁶ 3,499,050,000	⁶ 3,699,340,000	3,599,050,000	+100,000,000	-100,290,000
	⁷ [4,529,615,000]					

¹ The Foreign Assistance Act of 1961, as amended, provides authorization of \$1,500,000,000 for fiscal years 1964, 1965, and 1966 for the Development Loan Fund. The House bill cut the fiscal year 1964 authorization to \$900,000,000 (col. 2); the Senate amendment cut the fiscal year 1964 authorization to \$950,000,000 and deleted the authorizations for fiscal years 1965 and 1966.

² The Executive communicated additional estimated requirements for American schools and hospitals abroad and increased the original request for \$22,000,000 to \$26,290,000. House consideration was based on the \$22,000,000 figure.

³ Of this sum, not to exceed \$2,200,000 is available for direct dollar costs in connection with U.S. founded or sponsored hospitals abroad and \$4,700,000 is available solely for the purchase of U.S.-owned foreign currencies.

⁴ The Foreign Assistance Act of 1961, as amended, provides an authorization of \$600,000,000 for fiscal years 1964, 1965, and 1966. The House reduced the fiscal year 1964 authorization (col. 2); the Senate made no change.

⁵ The Executive proposed an amendment authorizing the appropriation in any fiscal year 1963 through 1966 of the unappropriated balance of the authorization for any prior fiscal year during that period. The appropriation request for fiscal year 1964 for this unappropriated balance was \$50,000,000, which neither the House nor the Senate approved.

⁶ The Foreign Assistance Act of 1961, as amended, provides for State Department administrative expenses "such amounts as may be necessary from time to time." The amount requested to be appropriated is only included in col. (1) because neither the House nor the Senate took any action to change the continuing authorization.

⁷ This total (col. 1) includes the larger amount requested for American schools and hospitals abroad, which is also included in the total amount of the Senate amendment (col. 3).

Investment guaranty agreements (Sec. 101 (c) (1) and Sec. 301(e) (3))

The House bill prohibited assistance under the Foreign Assistance Act after December 31, 1964, to the government of any less developed country which failed to enter into an agreement to institute an investment guaranty program providing protection against inconvertibility and expropriation or confiscation.

The Senate amendment stated the sense of Congress that institution of the full investment guaranty program under the Foreign Assistance Act would be regarded as a significant measure of self-help of an aid recipient country, improving the climate for private investment, both domestic and foreign.

The committee of conference agreed to the provision of the House bill with an amendment, changing the date on which this provision would go into effect from December 31, 1964, to December 31, 1965. The managers on the part of the House also accepted the provision of the Senate as constituting a statement of policy entirely consistent with the requirements of the House bill.

In agreeing to the postponement of the effective date of the House provision from December 31, 1964, to December 31, 1965, the managers on the part of the House accepted the argument that giving 2 years' notice would provide ample time for the completion or the initiation of the negotiation of investment guaranty agreements with governments interested in receiving U.S. aid in the future, as well as permit an orderly

closing out of U.S. assistance to governments unwilling to enter into such agreements.

Purposes, objectives, and priorities

The House bill contained a congressional declaration that the authorization requests for funds to carry out economic assistance programs shall be accompanied by a detailed statement setting forth the purposes, the objectives, and the priorities of such programs.

The Senate amendment contained no comparable provision.

The committee of conference agreed to the elimination of the House provision. The committee of conference recognized that the executive branch presentation of proposals for foreign assistance is made on a country basis. The material so presented includes in each instance on a country basis the items listed in the amendment, including consideration of our foreign policy objectives.

Consideration to countries which do not divert their own resources to military or propaganda efforts

The House bill amended paragraph 8 of section 102 of the Foreign Assistance Act to state that it is the sense of the Congress that in the administration of funds under the act great attention and consideration should be given to those countries (1) which share the view of the United States on the world crisis and (2) which do not, as a result of U.S. assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against

other countries receiving aid under the act whether or not supported by the Soviet Union or Communist China.

The Senate amendment contained no comparable provision.

The committee of conference agreed to the elimination of this provision of the House bill. The House bill (sec. 307) and the Senate amendment (sec. 301) had identical language related to this subject. Since this language was not in conference, the managers on the part of the House recognized that this new language of the bill, plus the provisions of existing law, adequately reflected the views of the House.

Short-term emergency assistance (sec. 101(c) (3))

The House bill added after the 10th paragraph in section 102 of the Foreign Assistance Act a statement of the sense of Congress that in the administration of development assistance every precaution should be taken to avoid diversion of assistance to short-term emergency purposes or other purposes not essential to long-range economic development. The House bill also expressed the sense of Congress that short-term emergency purposes should be met to the extent possible through international institutions such as the International Monetary Fund which are equipped to condition assistance "on immediate economic and monetary reform."

The Senate amendment contained no comparable provision.

The managers on the part of the Senate accepted the House language with an amendment deleting the reference to meeting short-term emergencies through international institutions. The committee of conference believed it was not desirable to specify the alternative sources which might be available for these purposes.

Aid to South Vietnam (sec. 101(c)(6))

The Senate amendment expressed the sense of the Congress that assistance authorized by this act should be extended to or withheld from the Government of Vietnam at the discretion of the President to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.

The House bill contained no comparable provision.

The managers on the part of the House, recognizing the fluid situation in Vietnam, accepted the Senate language which provides the President with flexibility in order to achieve our national objectives.

Interest rates (sec. 102(a)(2))

The House bill amended section 201(d) of the Foreign Assistance Act to provide that in no event should development loans be made at interest rates less than 2 percent per annum. By reason of section 251(b) of the act, this provision also applied to Alliance for Progress loans.

The Senate amendment amended section 635(g) of the act, which relates to general authorities, by adding a new paragraph (6) requiring that the President in making any loan under part I of the act (i.e., an economic assistance loan), except a loan to the International Development Association under section 205, establish an interest rate of 2 percent or more, except during an initial grace period on principal repayments which could not exceed 5 years. During the grace period, interest could be as low as three-fourths of 1 percent. The Senate amendment also placed a maximum term on loans of 35 years.

The committee of conference accepted the language of the House bill with two modifications: (1) authorizing a grace period of not to exceed 10 years during which the rate of interest is not permitted to be lower than three-fourths of 1 percent per annum, and (2) exempting loans of developing assistance funds made available to the International Development Association from the requirements of this section as to interest rates and also exempting from the requirements of this section loans authorized or committed prior to the effective date of the Foreign Assistance Act of 1963.

Private enterprise participation in economic planning (sec. 102(a)(3))

The House bill added a new clause (7) to section 201(b) of the act. The new language required the President to take account of the economic development plans of the requesting country. Such plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources and a projection of ultimate objectives of the plans with respect to overall economic development.

The Senate amendment added a new subsection (f) to section 201, prohibiting assistance under the development loan title unless the President determines that the project for which assistance is requested is taken into account in the country's economic development, including analysis of current human and material resources and a projection of the ultimate project objectives with respect to the country's overall economic development, and specifically providing for appropriate participation by private enterprise.

The committee of conference agreed to an amended version of the Senate language. The new subsection (f) added to section 201

by the substitute agreed to in conference prohibits the furnishing of assistance for a project from the Development Loan Fund unless the President determines that such project will promote the economic development of the borrowing country and only after account is taken of the relation of the project to the country's resources and overall economic development, as well as specifically provides for appropriate participation by private enterprise in the project.

Additional development grant criteria

The House bill amended section 211(a) of the Foreign Assistance Act to require the President, in furnishing assistance in the form of development grants and technical cooperation to take account of whether the activity could be financed through a development loan.

The Senate amendment contained no comparable provision.

The managers on the part of the House agreed to the elimination of this provision of the House bill. They accepted the argument that section 635(a) of the Foreign Assistance Act already gives emphasis and direction to the making of loans rather than grants wherever possible, and that since most of the development grant funds would be used for technical assistance, loan financing would not be feasible in most instances.

Population problems (sec. 105)

The Senate amendment included a provision that "funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control."

The House bill did not contain a comparable provision.

The managers on the part of the House agreed to a modification of the Senate provision so that it provides that "funds made available to carry out this section may be used to conduct research into the problems of population growth."

The managers on the part of the House accepted the language as modified in the belief that in view of the population problems in the less developed countries, research on such problems appears to be warranted.

Extended risk guaranties

The House bill authorized an increase in the ceiling from \$180 million to \$300 million for the general extended risk guaranty program. (A separate authorization for extended risk guaranties of housing projects in Latin American countries was not affected by this provision.)

The Senate contained no comparable provision.

The managers on the part of the House agreed to the elimination of this increase in the ceilings. The slow progress which has been made in the issuing of guaranties under the existing ceiling of \$180 million indicates that there is no immediate need for an increase in the ceiling, and, should such an increase become necessary, legislative action should be possible during the next session of the Congress.

The managers on the part of the House are convinced that the general extended risk investment guaranty program should be expanded and want to make clear that the action of the committee of conference should not result in any diminution of effort in pushing this program.

Fifty percent of development loans for development through private enterprise (sec. 102(b)(2) and sec. 106(b)(3))

The House bill added to sections 202(a) and 252 of the Foreign Assistance Act identical provisions requiring that not less than 50 percent of the funds appropriated for development lending for fiscal years 1965 and 1966 should be available only for loans made for economic development through private enterprise.

The Senate amendment did not contain a comparable provision.

The committee of conference accepted the House provision with an amendment, substituting for the words "for purposes of" the words "to encourage" and eliminating the word "only."

The managers on the part of the House regard this amendment as in no way diminishing the significance of the House provision as a policy directive. They accepted the argument that the revised language would impose fewer administrative problems on the Agency for International Development than would the provision of the House bill.

Encouragement of the cooperative movement in Latin America (sec. 106(a)(4))

Section 106(a)(3) of the Senate amendment contained language directing the President, when appropriate, to assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward strengthening the Alliance for Progress.

The House bill did not include a comparable provision.

The managers on the part of the House agreed to the Senate provision. The development in Latin America of a cooperative movement comparable in scope to that which has emerged in the United States could make a major contribution to the attainment of the objectives of the Alliance for Progress and should be encouraged.

Reservation of loan repayments for cooperative movement (sec. 106(c))

The Senate amendment provided that the President might use foreign currency receipts from loans under the Alliance for Progress title or from nonmilitary assistance loans under the Mutual Security Act or predecessor legislation for the promotion of cooperatives in Latin America. The authority was also provided to reserve up to \$25 million of local currencies for such purposes.

The House bill did not contain a similar provision.

The managers on the part of the House agreed to the Senate provision with an amendment to establish the fact that the \$25 million ceiling was cumulative relating to the aggregate amount which could be reserved for this purpose rather than authorizing an annual reservation of \$25 million. It was the understanding of the committee of conference that none of the foreign currencies made available under this authority, including any amounts reserved for future years, may be expended unless specifically appropriated for this purpose. The committee of conference was informed that there is no excess currency available in any Latin American country at present and none is likely to become excess in the foreseeable future.

The House managers believe that if excess currencies become available in Latin America in some subsequent period in significant amounts, the reservation of such currencies authorized by this provision, as well as any other reservation of foreign currencies for future use, should be reexamined in order to evaluate the relationship of such reserved currencies to current U.S. requirements.

Evaluation of programs (sec. 107)

The Senate amendment added a new title VII to chapter 2, part I, of the Foreign Assistance Act requiring the President to appoint such committees as are necessary to review and evaluate the economic aid program in each country, receiving economic aid in fiscal year 1963. Such committees, except those for Latin America, are to be composed of three to five members, a majority of whom would be representatives of the public and report to the President and the Congress their findings with respect to:

1. The performance of the recipient country in working out a development program and in carrying out self-help and reform measures;

2. Whether specific projects are contributing to the development of the recipient country and to the purposes of the program; and

3. Such other matters as the committees believe may be of use to Congress in its consideration of the fiscal year 1965 foreign aid legislation.

In addition, the President was to appoint such committees of such size as he might find necessary to review, in accordance with the above criteria, the economic assistance programs for the countries in the Alliance for Progress.

Advisory committees were first to be appointed to review the Alliance for Progress and the programs in those countries which received one-half of the total assistance extended by the United States in fiscal year 1963. These committees were to report not later than January 1, 1965. Reports of committees for other countries were to be made not later than June 1, 1965.

The provision also prohibited any legislation authorizing or appropriating funds to carry out economic development programs for fiscal year 1966 and subsequent years, until Congress received and considered the above-mentioned reports. The amendment also provided for reimbursement of public members for travel and other expenses incurred in carrying out their functions and for the diversion of program funds to meet such expenses.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment with an amendment. In lieu of specifying the organization, operations and organization of the committees provided for in the Senate amendment, the new language permits the President to appoint a committee to review and evaluate economic development programs carried out under the Foreign Assistance Act and to report to the President and to the Congress its findings. The language is permissive. It is not a directive to the President that he must appoint a committee. The managers on the part of the House are not convinced that a study by such a committee would serve any useful purpose at present. While the committee of conference recognized that evaluation of the aid program by individuals outside the executive branch might contribute to the improvement of such programs, it was felt that detailed and specific language on the scope of their work would deny them the flexibility necessary to achieve the objectives sought by an independent assessment.

Restrictions on military assistance to Latin America (sec. 202(b) and sec. 202(d))

The Senate amendment reduced the ceiling on grant programs of defense articles for the American Republics from \$57.5 to \$50 million and provided that \$25 million of such amount may be available during each fiscal year for assistance to an international military force under the control of the Organization of American States. The amendment also provided that military assistance could be made available to American Republics only (1) to the extent necessary to fulfill prior commitments or (2) to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

The House bill contained no comparable provision.

The committee of conference agreed to an amended version of the Senate amendment, eliminating the word "military" in reference

to the overthrow of a duly constituted government so as to provide that military assistance could be made available to safeguard a duly constituted government against overthrow, whether by military or by other means (as distinguished from a change in government by constitutional process). The committee of conference recognized that a large part of the military assistance program to Latin America is directed toward (1) internal security projects to combat Castro-Communist inspired subversion and (2) civic action projects that promote stability and strengthen national economies. It regarded a continuation of these programs as important to the stability of the hemisphere and, therefore, increased the figure recommended by the Senate to \$55 million, a reduction of \$2,500,000 from that previously authorized. Should the American Republics devise a regional program of defense, the United States may contribute to the implementation of such a program from the funds made available under this section.

Restrictions on military assistance to African countries (sec. 202(e))

The House bill prohibited grant military assistance to African countries except for (1) internal security requirements or (2) civic action programs authorized by section 505(b) of the act.

The Senate amendment placed an annual ceiling of \$25 million on grant programs of defense articles for African countries. It also prohibited assistance for internal security requirements unless the President determined otherwise.

The committee of conference accepted a compromise between the two versions. Grant programs of defense articles for African countries for fiscal year 1964 shall not exceed \$25 million. This ceiling does not apply to any defense articles that may be sold to such countries pursuant to the authority contained in section 507 of the act. Grant military assistance may be furnished to African countries only for internal security or for civic action programs unless the President determines otherwise and promptly reports such determination to the Speaker of the House and to the Senate Committee on Foreign Relations.

Encouragement of free enterprise and private participation (sec. 301(a)(2))

The Senate amendment amended section 601(b)(4) of the act by deleting the words "wherever appropriate" and substituting the words "to the maximum extent practicable".

The House bill contained no comparable change.

The managers on the part of the House accepted the Senate language as more expressive of the intent of the section.

Advisory committee on private enterprise in foreign aid (sec. 301(b))

The Senate amendment provided for a 9-man Advisory Committee on Private Enterprise in Foreign Aid to make studies and recommendations to the Administrator of the foreign aid program for achieving the most effective utilization of the private enterprise provisions of the act. Members would be selected from the business, labor, and professional world, universities, and foundations, as well as from among persons with extensive experience in government. They would receive only necessary expenses. The Committee would submit its final report no later than December 31, 1964, after which it would cease to function. Provision was made for an authorization for an appropriation of such sums as may be necessary to permit the Committee to carry out its responsibilities.

The House bill had no comparable provision.

The managers on the part of the House

accepted the Senate amendment with an amendment that limits the expenses of the Committee to a maximum of \$50,000 which sum shall be derived from funds appropriated for other parts of the act. It is not an additional authorization.

Application of Federal standards to construction contracts

The House bill added a new subsection (c) to section 611, relating to completion of plans and cost estimates, requiring the President to establish such procedures as he determines necessary to assure that to the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to the requirements of section 611(a) shall be made in accordance with the same standards applicable to the contracts made by the Federal Government for similar construction within the United States.

The Senate amendment contained no comparable provision.

The managers on the part of the House agreed to the elimination of this provision. They accepted the argument that the present bill emphasizes greater use of U.S. consultants and engineers in providing assistance to other governments and that the attainment of the objectives of U.S. standards with respect to construction contractions can and will be attained without imposing the rigid requirement contained in the House bill.

Sale of foreign currencies to U.S. citizens (sec. 301(d))

The Senate amendment added a new subsection (b) to section 612 of the Foreign Assistance Act which would authorize the Secretary of the Treasury to sell U.S.-owned foreign currencies to U.S. citizens for travel or other purposes.

The House bill did not contain a comparable provision.

The managers on the part of the House agreed to the Senate language.

The currencies authorized to be sold are those acquired through operations under the Foreign Assistance Act, the Mutual Security Act, and any act repealed thereby, or the Agricultural Trade Development and Assistance Act (Public Law 480). In order to be available for such sale, the currencies must be in excess of the needs of U.S. Government agencies and departments and not prohibited from such use or committed to other uses by agreements heretofore entered into with another country. The dollars received from the sale of the foreign currencies under this subsection would be deposited in the Treasury as miscellaneous receipts.

The House managers accepted the Senate provision in the belief that every effort should be made to find uses for excess foreign currencies owned by the United States, which cannot be used to alleviate the burden on the U.S. taxpayers, whenever such use might diminish the drain on the U.S. balance of payments.

The committee of the conference recognized that the sale to U.S. citizens of excess currencies for tourist and other expenditures under this provision is not likely to be large in view of the fact that there are only a few countries where currencies in excess of U.S. requirements are available and, in addition, there are limitations imposed on the use of such currencies, contained in Public Law 480 sales agreements from which most U.S.-owned foreign currencies are currently derived.

It is understood that the term "U.S. citizens" as used in this provision includes U.S. corporations operating abroad and U.S. voluntary agencies (such as CARE), as well as U.S. religious groups.

It is the understanding of the committee of conference that this provision does not require the unilateral abrogation of existing

agreements with countries concerning the use of currencies derived from them. In view of the unforeseen difficulties in negotiations, the managers on the part of the House note that Public Law 480 expires next year. Should any problems arise in carrying out operations under that act or should difficulty be encountered in making sales of surplus agricultural commodities because countries fear that such sales might reduce their income from U.S. tourists, necessary corrective action may then be possible.

Restriction on assistance for projects in Cuba through international organizations

The House bill contained an amendment to section 620(a) of the Foreign Assistance Act requiring that no funds provided under the act be used to make any voluntary contributions to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba.

The Senate amendment had no comparable provision.

The committee of conference agreed to the elimination of this provision of the House bill. The committee of conference recognized that in many international organizations there is no authority to accept contributions subject to political restrictions on the countries for which they may be used. U.S. policy has been directed toward stimulating other nations to increase their contributions through multilateral channels for programs in the less developed countries. The attachment of political conditions by the United States to such contributions would serve as a precedent for other countries to follow a similar policy in making their contributions, whether assessed or voluntary. Further, the Communist countries contribute more to such international programs than they receive in the form of assistance. For these reasons, the managers on the part of the House receded.

Nullification of contracts (secs. 301(e) (2) and 302(h))

The Senate amendment included a requirement that assistance under the Foreign Assistance Act or of any other act be suspended if a foreign government take steps to repudiate or nullify existing contracts or agreements with U.S. citizens and fails to take appropriate steps to discharge its obligations under international law to such citizens.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision with an amendment to the language of the Senate amendment specifically excepting assistance to any country through the Export-Import Bank in addition to the Peace Corps, and assistance under the Mutual Educational and Cultural Exchange Act of 1961, and famine or disaster relief under Public Law 480 from the provisions of the Foreign Assistance Act.

The managers on the part of the House considered that this was a matter of principle to be followed.

One of the factors which the administrators of foreign assistance are required to consider before aiding other countries in their economic development is the self-help measures which the recipients of our aid undertake. No government can expect private investment, either from abroad or on the part of its own citizens, if it fails to show its respect for property rights and contract obligations.

Unless a country recognizes the importance of private investment to its economic development and is prepared to maintain policies favorable to such investment, it should not be regarded as having taken adequate self-help measures. Furthermore, U.S. loans or grants to promote economic development will fail to achieve their purpose under such circumstances.

The continuation of U.S. development assistance to a government which is unwilling to face fundamental issues is unfair both to the U.S. taxpayer and to those leaders of recipient nations who commit their own careers, as well as the future well-being of their countries, to the success of economic development programs which we help to finance.

Valuation of expropriated property (sec. 301(e) (2))

The Senate amendment authorized the Foreign Claims Settlement Commission, upon request of the President, to determine the value of property taken by a foreign government for the purpose of administering section 620(e). Referral to the Commission, if any, had to be within 70 days of the country's action, and the Commission was required to report within 90 days of referral. The Senate version provided also that in the event of referral to the Commission, the country must take appropriate steps to discharge its obligations to U.S. citizens within 20 days after issuance of the Commission's report.

The House bill did not include a comparable provision.

The managers on the part of the House agreed to the Senate provision.

H.R. 7885 as approved by both the House and Senate amends existing law, requiring termination of assistance to countries expropriating property owned by U.S. citizens by adding an additional provision that compensation for expropriated property must be "equivalent to the full value thereof."

The Senate provision authorizes, but does not require, the President to use the services of the Foreign Claims Settlement Commission to advise him on the value of expropriated property.

Because the question of the valuation of expropriated property is important to the proper administration of section 620(e), expert advice on valuation, in appropriate cases, can measurably assist the parties in settling their difference and also assist the Department of State in the effective use of section 620(e) to protect the legitimate interests of U.S. investors. For these reasons, the managers on the part of the House accepted the Senate amendment, noting that the Foreign Claims Settlement Commission has a skilled staff, experienced in the valuation of foreign property, and apparently is better equipped to advise the President on property valuations than any other agency. Should the President prefer to have some other agency assume this function, he is free to do so.

The managers on the part of the House recognize that the Foreign Claims Settlement Commission is not a permanent agency of the Government and that it exists only to settle certain claims assigned to it by law. They do not want the assignment of this responsibility under the Foreign Assistance Act to serve as justification for keeping the Commission in business after its other functions expire.

Consideration must be given, however, to the fact that the valuation services called for by this provision will impose a cost on the Federal Government regardless of the agency that does the job. Whenever the other work assigned to the Foreign Claims Settlement Commission comes to an end, the managers on the part of the House recommend that the President determine what agency can most effectively and economically assume this responsibility and submit his recommendation to the Congress.

Restrictions on assistance to Communist countries

The House bill included an amendment to section 620(f) of the Foreign Assistance Act by redefining the Union of Soviet Socialist Republics in the list of Communist countries

to include the captive constituent countries thereof.

The Senate amendment did not include this provision.

It was recognized that the language of existing law was sufficiently inclusive to encompass the amendment proposed in the House bill. For this reason the managers on the part of the House receded.

Assistance to Indonesia (sec. 301(e) (3))

Both the House bill and the Senate amendment contained an amendment to section 620 of the Foreign Assistance Act that prohibits the furnishing of assistance under the act to Indonesia except pursuant to a Presidential determination and notification to the House and Senate of such assistance.

The House bill made a Presidential determination to furnish assistance contingent upon a finding that it was in the national interest, whereas the Senate amendment made such a determination contingent upon a finding that it was essential to the national interest.

The committee of conference accepted the Senate version as more restrictive in its application. Hence the managers on the part of the House receded.

Assistance to productive enterprises competing with U.S. enterprises in world markets

The House bill added a new subsection (m) to section 620 of the Foreign Assistance Act providing that no assistance should be furnished under that act for the construction or operation of any productive enterprise abroad unless the President determined that similar productive enterprises within the United States were operating at a substantial portion of their capacity and such assistance would not result in depriving such U.S. enterprises of their reasonable share of world markets.

The Senate amendment contained no comparable provision.

The managers on the part of the House agreed to the elimination of this provision.

The managers on the part of the House accepted the arguments (1) that section 620 (d) of existing law already requires the administrators of the foreign assistance program to make arrangements with countries where U.S. assistance is provided for the construction or operation of productive enterprises to limit the competition of such enterprises with U.S. industry and (2) that the House provision would seriously impede the administration of foreign aid without being of significant benefit to U.S. industry.

Review, inspection and audit

The House bill prohibited development loans, grants, and Alliance for Progress loans and grants to the government of any country which does not permit such reviews, inspections and audits by the United States as are required to determine whether assistance is being administered to carry out the purposes for which it is furnished.

The Senate amendment contained no comparable provision.

The committee of conference was advised that the standard form of loan agreements and of grant project agreements includes an explicit statement that the United States may make such reviews, inspections, and audits as it deems necessary. For this reason the managers on the part of the House receded.

Limitation on grant assistance (sec. 301(e) (3))

The Senate amendment added a subsection to section 620 of the Foreign Assistance Act that prohibited the furnishing of assistance on a grant basis under that act to any economically developed nation capable of sustaining its own defense burdens and economic growth except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II of the act not amounting to more than \$1 million during fiscal year 1964.

The term "economically developed nation" included, but was not limited to, any nation listed as an exception to the definition of "economically developed nation" contained in the United Nations General Assembly Resolution 1875 of June 28, 1963, plus Switzerland and the German Federal Republic.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate provision with an amendment deleting the definition of "economically less developed nation." The committee of conference believes such a determination is one of reasonable judgment. It is intended that the countries of Western Europe, among others, will be included. In view of the specific U.S. base rights in Spain and Portugal, the committee of conference does not intend that the amendment will be immediately applicable to those two countries. Nor is it intended to apply to NATO cooperative enterprises involving the furnishing of military and technological information, licenses of Government owned and controlled inventions, and liaison by members of the Armed Forces.

Use of private enterprise for technical assistance (sec. 302(a))

The Senate amendment contained a provision that in providing technical assistance under this act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis, and that in such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies should be utilized when such facilities were particularly or uniquely suitable for technical assistance, were not competitive with private enterprise, and could be made available without interfering unduly with domestic programs.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision in the belief that it clarified the language in existing law, requiring that in providing technical assistance the facilities of Federal agencies equipped to give technical assistance should be used to the fullest extent practicable, by indicating that Federal agencies should be used in rendering technical assistance only when their facilities are particularly or uniquely suitable for a particular purpose, are not competition with private enterprise and can be made available without interfering unduly with domestic programs.

Deputy inspector general (sec. 302(b)(4))

The Senate amendment added to existing law the requirement that the Deputy Inspector General, Foreign Assistance, authorized by section 624 of the act, should be subject to Senate confirmation and increased his salary from \$19,600 to \$20,000 per year.

The House bill contained no comparable provision.

The managers on the part of the House agreed to the Senate provision.

The managers on the part of the House accepted the argument that the duties and responsibilities of the Deputy Inspector General justified the requirement for Senate confirmation and the small increase in salary.

Exception of certain acts from the prohibition of assistance (sec. 302(h))

The Senate amendment added a new section 338 to the Foreign Assistance Act stating that no provision of the act should be construed to prohibit the carrying out of programs under the Peace Corps Act or the Mutual Educational and Cultural Exchange Act, as respectively amended.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment with an amendment that added to the two acts cited above, programs under the Export-Import Bank Act of 1945 as amended and food-stuffs supplied under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). In the case of the latter act, the exception is limited to those programs of famine or disaster relief carried out under title II of Public Law 480 since some of those programs might be considered programs of assistance to countries. This exception does not preclude programs to meet famine, disaster relief or other extraordinary relief requirements or feeding programs carried out by registered voluntary agencies.

These four acts have been separately authorized by Congress as instruments of foreign policy, as well as to serve other U.S. objectives. Such assistance as they provide is of a kind different from that envisioned by the Foreign Assistance Act. Hence prohibitions on assistance provided for in the latter act should not embrace assistance that is different in character and has different objectives. Nor was it the intent of the committee of conference to preclude programs of the USIA, U.S. overseas defense activities, research or other programs undertaken primarily to serve nonforeign policy objectives of the United States but which may have an ancillary benefit for a foreign country.

Title of Latin American Development Act (sec. 401(a))

The House bill gave to Public Law 86-735 the short statutory title "the Latin American Development and Chilean Reconstruction Act."

The Senate amendment titled that law "The Latin American Development Act."

In view of the fact that the Chilean reconstruction phase of our assistance has been completed, the act is more properly designated the "Latin American Development Act." For this reason the managers on the part of the House accepted the Senate amendment.

Presidential discretion to place trade with certain Communist countries on nondiscriminatory basis (sec. 402)

The Senate amendment amended section 231 of the Trade Expansion Act of 1962 to authorize the President to extend to certain Communist countries trade agreement concessions on a nondiscriminatory basis. The exercise of this authority would have been permitted only upon the President's determination and report to Congress that extending such treatment to a country (1) was important to the national interest and (2) would promote the independence of such country or area from domination or control by international communism.

The House bill did not contain a corresponding provision.

The managers on the part of the House agreed to an amended version of the Senate provision which continues the prohibition in existing law against extending most-favored-nation treatment to Communist-dominated countries with the exception of those countries under Communist control which received such favored treatment prior to the enactment of the Trade Expansion Act of 1962. The effect of the agreed language is to authorize extension of most-favored-nation treatment to Poland and Yugoslavia but to no other Communist-dominated countries.

The committee of conference was convinced that major issues dealt with by this amendment are related to foreign policy rather than to the impact on the U.S. economy or the Federal revenue.

The managers on the part of the House regard the opportunity to continue most-favored-nation treatment to Poland and Yugoslavia as of fundamental importance to the United States in its effort to encourage the trend already manifest among the countries of Eastern Europe to maintain their national identity and assert, to a limited degree at least, attributes of national sovereignty.

The liberation of the countries of Eastern Europe from Soviet domination has the overwhelming support of the American people and of their elected representatives. We cannot avoid facing the problem of what action it is possible for the United States to take today that will contribute to the attainment of the desired objective.

The new administration regards the authority contained in the bill agreed to by the conference committee as vital to the implementation of its efforts to bring about the liberation of the countries of Eastern Europe.

The managers on the part of the House are convinced that this is a fundamental issue which cannot be avoided and that delay would be contrary to the best interests of the United States.

Inclusion of domestically produced fishery products under Public Law 480 (sec. 403(c))

The Senate amendment contained an amendment to section 106 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) to include in title I and title IV programs any domestically produced fishery product if the Secretary of Interior determines that the product at the time of export is excess of domestic requirements, adequate carryover, and anticipated exports for dollars. The amendment was not effective with respect to title I until January 1, 1965.

The House bill contained no comparable provision.

There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet those requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit. The effective date for purposes of title I is January 1, 1965, because the present authority under that title extends through December 31, 1964, and was intended to include only surplus agricultural products at the time it was enacted. For these reasons the managers on the part of the House accepted the Senate amendment.

THOMAS E. MORAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,

PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

**INTEREST EQUALIZATION TAX
ACT OF 1963**

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means have until midnight Monday, December 16, 1963, to file a report on the bill H.R. 8000, the "Interest Equalization Tax Act of 1963," as amended, along with any separate and/or minority views.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

JOHN FITZGERALD KENNEDY, LATE PRESIDENT OF UNITED STATES

(Mr. HANNA asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HANNA. Mr. Speaker, he lies now unmoved by tears, yet still we weep. Tears of sadness to give relief for deep felt grief too strong to be contained. Tears of bitterness surging with the sense of loss. Loss of that spirit, that leadership, that promise of a young and gifted President. Tears of sympathy streaming the cheek at thought and sight of friend without this friend, family without this son or brother, wife without this husband, child without this father. So we weep for this man who lies beyond the reach of grief.

He lies now and knows no more of pomp and pageantry, yet still we parade. Moving compulsively in long lines, we mark the loneliness of our loss. Marching in the ways devised by man to render homage. Marching in massive tribute to testify, we adjudge this life to have been both good and great. He sees no flag and yet they are unfurled. Do honor to his loyalty to this our land. For he paid the highest price that from a patriot devotion to duty can extract. His fellow citizens, therefore, call for pageant recognition. He misses the cadence of the count and still we move in mournful, measured steps. We come finally to that last resting place where other gallant men occupy the hallowed ground, Arlington National Cemetery. So we parade for him who lies but does not see the banner blow or hear the bulges' final blast.

He lies now and hears no praise, yet still we raise our voice to laud him. Praise to assure his friends and family that the good he did will not be interred with his remains but will live on to do him, them and his country great and lasting credit. Praise to assure the widow and the orphan that we support and share a pride that will last longer than the sorrow of his tragic passing. Praise to assure ourselves and all the world this life now gone was lived rich in service; fruitful both of promise and performance. So we praise this man who lies beyond the sound or pleasure of our voice.

He lies now untouched by prayer, yet still we pray. Prayers of strength for those touched personally by this passing. Seeking support for that majestic lady who now must stand alone and those little children who yet must learn the measure of their loss. Prayers of anguish wrung from the universal guilt that none escapes. Painfully knowing in this tortured hour that we are members of the family of man and that we are, indeed, our brothers keeper. Prayers of mercy, supplications for the forgiveness, the understanding, and the peace we did not offer when they were ours to give and which now only a gracious Father can extend. So we pray for this man whose judgment is of his own making and whose mercy lies above our small powers.

It is then for us the living, rather than for him who lies in death, that tears are

shed, pageants pass, praises are pronounced and prayers are patterned. We hope that our tears assuage some human grief, our pageantry deepens with dignity the impact of this life upon the living, our praises warm those left cold by this cruel loss, our prayers win us some mercy from Him who is most merciful. No weeping we do, no pomp we show, no praise we sing, no prayer we lift can affect the judgment to which our President, John Fitzgerald Kennedy, now has passed. It is for us the living to learn from our tears, to be motivated by our marching to do more, to realize the hope that sings through our praises and to find in our prayers that the strength of our tomorrows lies within us. With God's help that strength can be summoned and with His help it will be summoned. Then perhaps we can truly reach this man in that place where now he lies.

DAVID B. STRUBINGER

(Mr. GARY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GARY. Mr. Speaker, Mr. David B. Strubinger, the Assistant Commissioner of Customs, will retire on December 30, 1963. Mr. Strubinger was born in York, Pa., on July 3, 1901. He was educated at George Washington University, Benjamin Franklin University, and National University. He holds the degrees of bachelor of science and bachelor of law. He is married to the former Sarah M. Boyle, of Shennadoah, Pa. Mr. and Mrs. Strubinger have been residents of the Washington metropolitan area for many years.

Since July 28, 1949, Mr. Strubinger has served as Assistant Commissioner of Customs, the highest level career position in the customs service, and he has frequently served as the Acting Commissioner of Customs. The duties of the Assistant Commissioner include line and staff responsibility to the Commissioner for all aspects of the management, control, and technical guidance of the U.S. customs service.

Mr. Strubinger embarked on his Government career in June 1920, serving as a clerk in the Department of Commerce. From July 1922 to January 1923, he was employed as a clerk in the Bureau of Pensions, Department of the Interior. He transferred to the Bureau of Internal Revenue on February 1, 1923, serving in a clerical capacity until 1931 when he received a promotion to assistant accountant and auditor. In 1936 he was promoted to administrative investigator and in 1938 to chief investigator, in which capacity he served until August 1, 1939, the date of his transfer to the Bureau of Customs. He began his service with customs as liaison officer. From 1945 until 1949 he served as budget officer and administrative officer in the Bureau of Customs. On July 28, 1949, he was promoted to the position of Assistant Commissioner of Customs.

Mr. Strubinger represented the U.S. Government in the United Nations Con-

ference on Far East Economics in Bangkok, Thailand, in 1958, 1960, and 1962. He also has served on a number of occasions as a member of the U.S. delegations to international conferences on customs procedures, travel and tourism held in Europe, South America, and Mexico.

Out of 80 nominees, Mr. Strubinger was one of 22 executives selected by the Brookings Institution in Washington, D.C., to attend the Brookings Institution's Second Conference for Executives in Federal Service in 1958. Mr. Strubinger received a commendation from Secretary of the Treasury Anderson for his splendid contribution to the conference and especially for his able representation of the Treasury Department.

He has also received many commendations for his service to the Government from congressional sources, the Assistant Secretary of the Treasury, the Department of State and other key Government officials. In 1961 his exceptional ability and service to the customs service were recognized by an outstanding performance rating and a superior work performance award. This week he will receive the Exceptional Service Award, the highest award that can be made under the Treasury Department's incentive awards program, in recognition of his long and distinguished service in the public interest and for the Treasury Department.

Mr. Strubinger is one of the most capable, effective, and dedicated public servants it has ever been my pleasure to know. He has a comprehensive and practical working knowledge of government and is indeed a credit to his profession. He has appeared before the Appropriations Subcommittee, of which I am chairman, in connection with appropriations for the Bureau of Customs for many years. He is a very cooperative and effective witness. He knows the programs and understands the practical aspects of discharging the Government's business. In his capacity as Assistant Commissioner of Customs, he has assisted in mapping policy and in the implementation of many important programs of the Federal Bureau of Customs. He has been most cooperative with members of the subcommittee in explaining Bureau programs, showing the committee firsthand the workings of the Bureau of Customs and accompanying the subcommittee on visits to installations in the field. The Government will lose a valuable man on his retirement and I extend to him my heartiest wishes for a well-earned retirement at the conclusion of 43 years of public service—he deserves the best.

COMMITTEE ON PUBLIC WORKS

Mr. OLSEN of Montana. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have permission to sit this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Dec. 10, 1963
For actions of Dec. 7 & 9, 1963
88th-1st; Nos. 200
and 201

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HIGHLIGHTS: Senate passed public works appropriation bill. Senate considered conference report on foreign aid authorization bill. Sen. Talmadge urged enactment of Talmadge-Humphrey cotton bill. Sen. Hruska spoke in support of restrictions on beef imports. Sen. McGovern urged enactment of voluntary wheat certificate legislation. Sen. Anderson and others commended recent enactment of water resources legislation. Sen. Proxmire urged concessions from Russia for any sale of grains. House agreed to conference report on foreign aid authorization bill.

HOUSE - Dec. 7

1. **LANDS; LAW.** The Interior and Insular Affairs Committee reported with amendment H. R. 8070, to establish a Public Land Law Review Commission to study existing laws and procedures relating to the administration of the public lands of the U.S. (H. Rept. 1008). p. 22783

2. **ADJOURNED** until Mon., Dec. 9. p. 22783

SENATE - Dec. 9

3. **PUBLIC WORKS APPROPRIATION BILL, 1964.** Passed with amendments this bill, H. R. 9140 (pp. 22674-702). Conferees were appointed (p. 22702). Agreed to the committee amendments en bloc (p. 22682). Rejected an amendment by Sen. Hruska

to strike out the \$45 million for the accelerated public works program (pp. 22689-90). Rejected, 74 to 0, an amendment by Sen. Proxmire to provide that no funds for the Glen Elder project shall be used for irrigation purposes. Sen. Proxmire expressed concern that the additional irrigated lands would add to the feed grains surplus (pp. 22693-4).

As passed, the bill includes \$45 million for the public works acceleration program. The committee report states that it is contemplated that \$28,200,000 of this amount will be allocated to this Department. The committee report includes the following statements regarding comprehensive river basin studies:

"Although the committee supports the concept of comprehensive planning in the development of water and land resources for the long-range public good, it is appalled at the increase in the estimated costs of these studies and desires that the Bureau of the Budget, in cooperation with the various departments involved, reevaluate the cost and the degree of refinement contemplated for these comprehensive basin studies."

"In the opinion of the committee, the cost of providing studies, of the scope presently proposed, for the rest of the country, is so staggering that it will require adoption of one of the following basic sources of action: (a) determination on the part of the Bureau of the Budget to recommend major increases in the amounts requested for all phases of water resource development, accompanied by an accelerated expansion of personnel in each bureau; (b) a major revision of the timetable previously approved for the accomplishment of the comprehensive studies, together with the establishment of some sort of priority system whereby certain river basins will be told they must wait 5, 10, 15 or 20 years for their survey; or (c) a change in the concept as to the details required for these comprehensive studies."

4. FOREIGN AID. Began consideration of the conference report on H. R. 7885, the foreign aid authorization bill. Sen. Morse termed the report "a shocking one which should be returned to conference." p. 22708
5. COTTON. Sen. Talmadge spoke in support of the Talmadge-Humphrey cotton bill, expressed his "earnest hope that this bill can be substituted for the one passed by the other body," and inserted several items in support of his position. pp. 22672-3
6. BEEF IMPORTS. Sen. Hruska noted that beef and cattle are among the items listed for possible duty reductions during forthcoming tariff negotiations, stated that "it is ridiculous even to consider additional reductions in the tariff rates on cattle and beef," and inserted several items in support of his position. pp. 22666-70
7. WATER RESOURCES. Several Senators commended recent enactments of water resources legislation, and Sen. Anderson expressed gratification that the Senate has completed enactment of bills to "implement all of the major recommendations of the Select Committee on National Water Resources." pp. 22661-3
8. FOREIGN TRADE; GRAINS. Sen. Proxmire noted failures in Soviet agriculture, stated that "no wheat or other grain transactions should be made with the Soviet Union unless substantial concessions are obtained in return from the Soviet Union," and inserted an article, "A Red Crisis in Topsoil." pp. 22655-6
9. WHEAT. Sen. McGovern urged enactment of voluntary wheat certificate legislation "in advance of spring planting," and expressed pleasure that "four additional State Wheat Growers Associations last weekend endorsed the voluntary certificate approach." pp. 22665-6

10. PUERTO RICO. Passed as reported H. R. 5945, to provide for the establishment of a United States-Puerto Rico Commission on the Status of Puerto Rico. pp. 22663-4
11. MILITARY CONSTRUCTION APPROPRIATION BILL, 1964. Passed as reported this bill, H. R. 9139. Conferees were appointed. pp. 22702-8
12. FORESTRY; PUBLIC LANDS. Sen. Anderson inserted an address by Secretary of the Interior Udall before the Fifth American Forestry Association Congress announcing "a series of resource conservation areas - 85 in number - to give practical demonstrations of what can be done with public range and forest lands." pp. 22648-50
13. MINERALS. Received from Interior a proposed bill "to amend the act of August 21, 1958, relating to the exploration program for discovery of new minerals"; to Interior and Insular Affairs Committee. pp. 22631-2
14. LEGISLATIVE PROGRAM. Sen. Mansfield stated that the State-Justice-Judiciary appropriation bill will be considered Thurs. p. 22635

HOUSE - Dec. 9

15. FOREIGN AID. By a vote of 195 to 164, agreed to the conference report on H. R. 7885, the foreign aid authorization bill. For items of interest see Digest 199. pp. 22713-20
16. RECLAMATION. Rep. Ullman stated that former President Kennedy and President Johnson are friends of reclamation and urged that we "avoid the temptation to cut back on our present program of investment in reclamation development." pp. 22750-1
17. BUDGETING. Rep. Curtis inserted a speech stating that budgeting "is not so much concerned with cutting out waste, extravagance, and inefficiency, as much as it is with establishing priorities between needed and efficient programs" and urging Congress to establish priorities between programs by using judgment and political fortitude. pp. 22753-5
Rep. Bow discussed, and several Representatives complimented, the work of the task force of Republican members of the Appropriations Committee to study the President's budget, and Rep. Curtis inserted an address by the Chairman of the Council of Economic Advisers under President Eisenhower, "A Federal Expenditure Policy for 1964-5". pp. 22769-74
18. TAXATION. Rep. Curtis inserted an address which states that the "Federal debt is a part of our system of Federal Taxation", that if we "get our Federal expenditures down to a level that is less than the tax revenues we can derive from a sound Federal tax system" we could end the problem of Federal debt, and that if the tax cut is approved but "does not succeed, if the private sector does not respond by spending, then we will have to go to the governmental section and increase Federal spending." pp. 22755-7
19. LANDS. Received a letter from Interior stating that an adequate soil survey and land classification of the lands in the silt project, Colo., has been completed. p. 22781

First, we restored money which had been cut from the House in unobligated balances. Here the cuts were too deep and to compensate for these the departments would have had to cut approved items. This amounted to \$14.7 million.

Next, the services made what we believe to be a valid case for restoration of items such as barracks, messhalls, utility provisions, and the like. I shall not enumerate these items other than to say they were well justified. In some instances, the committee position may not seem consistent where we have denied a wind tunnel to the Navy at White Oak, Md., whereas we grant \$2.4 million for a gas dynamic wind tunnel at the Arnold Engineering Center in Tennessee. The need for Navy device was not as critical as the Air Force facility which will have a bearing on our development of advanced military flight vehicles. The Navy tunnel seemed to the committee to duplicate, to some extent, NASA facilities already in operation.

Let me now direct the attention of the Senate to the problem our committee faced in the matter of military hospitals. We were impressed that money should be allowed for construction of three hospitals and in addition \$2 million was added for a hospital at Cheyenne, Wyo. It is my feeling that there are firm needs for all of these hospital additions.

The final class of additions I should touch on is for the Army National Guard where we exceeded the House and the budget estimates by adding \$2.2 million to raise the total to \$5.7 million.

It should be pointed out here that the Senate committee has made some cuts in this bill. These cuts involve for the most part of reduction of some repetitive items such as motor repair shops, air, and naval facilities.

Now, let me recap what Senator STENNIS has said about military housing. Secretary McNamara and General LeMay appeared before our committee and made a strong appeal for additional units of military housing—of the 10,141 requested units, the House allowed 7,755 units. Last year the committee appropriated funds to build 7,500 housing units, and only in the very recent past has this money been committed for the purpose for which it was voted. For this reason it was felt that it would be adequate to fund the construction of the same number of units this year. Our committee felt that it should not state where these should be built, nor did we attempt to say what types of houses should be constructed. The services and the Defense Department have made a strong appeal for transportable or relocatable homes to be used in remote areas or for use overseas. It has been said these can be constructed here and shipped to overseas bases without having a harmful affect on our balance of payments with other nations. In summary, what we have done is to fund the construction of 7,500 housing units without designating which of the 10,141 units requested should be built. This has the effect of putting both the amount and the number of eligible homes in conference with the House.

In closing let me say I feel this bill compares very favorably with the bill we

passed last year which I hope will be a high water mark. As has been pointed out, this bill carries the funds for maintenance and operation of these facilities. Last year this item was carried in the defense bill, and we earnestly hope it will be carried in the defense bill in fiscal year 1965. It has had the effect of inflating this bill. The bill we favorably commend to the Senate is still 348.9 million under the budget estimates. The total amount is \$1.6 billion.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment.

Mr. STENNIS. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, and that the bill as thus amended be regarded, for purposes of amendment, as original text, provided that no point of order be considered to have been waived by reason of the agreement to this proposed order.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, line 4, after the word "expended", to strike out "\$200,293,000" and insert "\$207,070,000".

On page 2, line 14, after the word "expended", to strike out "\$194,000,000" and insert "\$202,223,000".

On page 2, line 24, after the word "expended", to strike out "\$451,000,000" and insert "\$487,090,000".

On page 3, line 9, after the word "expended", to strike out "\$24,000,000" and insert "\$27,000,000".

On page 4, line 21, after the word "expended", to strike out "\$3,500,000" and insert "\$5,700,000".

On page 5, line 6, after the word "expended", to strike out "\$14,500,000" and insert "\$20,500,000".

On page 5, line 23, after the word "law", to strike out "\$645,171,000" and insert "\$637,406,000"; on page 6, line 4, after the word "Construction", to strike out "\$41,304,000" and insert "\$34,681,000"; in line 8, after the word "Construction", to strike out "\$80,036,000" and insert "\$68,248,000", and in line 12, after the word "Construction", to strike out "\$50,321,000" and insert "\$61,027,000".

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (H.R. 9139) was passed.

Mr. STENNIS. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. SALTONSTALL. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. STENNIS, Mr. RUSSELL, Mr. BIBLE, Mr. BYRD of Virginia, Mr. KUCHEL, and Mr. SALTONSTALL the conferees on the part of the Senate.

FOREIGN ASSISTANCE ACT OF 1963—CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of December 6, 1963, pp. 22602-22606, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MANSFIELD. Mr. President, the report has been taken up at this time merely for the purpose of having it laid before the Senate, so that the conference report will be the business tomorrow.

Unless some Senator desires to proceed to debate the conference report tonight, it will not be debated now.

Mr. MORSE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. Yes, indeed.

Mr. MORSE. In connection with the conference report on the foreign aid authorization bill, I wish to file a caveat with respect to the composition of the Senate conferees, for not one of the Senate conferees was selected from the group of those of us who opposed the bill and not one of the Senate conferees was selected from the group of those of us who advocated various policy changes in the bill.

It is interesting to note that the conference report which has come to the Senate guts the policy changes proposed by those of us who opposed the bill.

So it will be necessary for the American people to be informed of our point of view in opposition; and tomorrow we shall proceed to debate the conference report for such length of time as we believe necessary in order to present our case. We shall point out that the conference report is a shocking one which should be returned to conference. The Senate will have an opportunity to send the report back to conference.

ADJOURNMENT

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 10 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, December 10, 1963, at 12 o'clock meridian.

witness to this from my own experience of serving with him on this committee.

But even more admirable than his power of analysis is JOHN SHELLEY's utter devotion to objective aims beyond labor union and party. As A.F. of L. leader, he fought long and hard to achieve labor unity and to overcome jurisdictional disputes which weakened labor's effort. As State senator, he helped establish a model of labor-management cooperation in apprenticeship-training programs. His utter devotion to the public interest as a U.S. Congressman is attested by the unusual measure of bipartisan support for his election last November.

I know that I speak for members of both parties when I wish JOHN SHELLEY a brilliant and memorable career as mayor of the city of his birth.

Mr. VANIK. Mr. Speaker, as a Member of this House, I want to express my deep appreciation for the opportunity to have served with the distinguish gentleman from California, the Honorable JOHN F. SHELLEY, during the past 9 years.

As a representative of an urban community, we have had many common interests in legislation and in legislative programs, such as urban renewal, the mass transit bill, and civil rights legislation.

San Francisco is to be congratulated on its choice of mayor, and the loss of JACK SHELLEY to this body will be to the gain of the city of San Francisco. With his abundant experience, he should be able to provide the city of San Francisco with an aggressive program which will insure its leadership among the truly great American cities.

GENERAL LEAVE TO EXTEND

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that all Members be permitted to extend their remarks in connection with the remarks just made by the gentleman from California [Mr. SHELLEY].

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

CALL OF THE HOUSE

Mr. ADAIR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 223]

Albert	Edwards	Kornegay
Ayres	Ellsworth	Long, La.
Becker	Farbstein	McDowell
Bolton,	Fulton, Tenn.	Macdonald
Oliver P.	Gill	Mahon
Brooks	Grant	Mailliard
Brown, Calif.	Gurney	Martin, Mass.
Buckley	Hanna	Michel
Byrd	Harding	Milliken
Clawson, Del.	Harvey, Mich.	Minshall
Corman	Hébert	Monagan
Davis, Ga.	Hemphill	Montoya
Davis, Tenn.	Jarman	O'Brien, Ill.
Derounian	Kee	O'Hara, Mich.
Dingell	Kelly	Pirnie

Quie	Shriver	Utt
Rhodes, Ariz.	Sibal	White
Rivers, S.C.	Stikes	Whitten
Roberts, Ala.	Stephens	Wickersham
Rooney, Pa.	Stinson	Widnall
Roybal	Stubblefield	Willis
St. George	Thompson, N.J.	Wilson, Bob
Selden	Thompson, Tex.	Wilson,
Senner	Trimble	Charles H.
Sheppard	Tuck	Wright

The SPEAKER. On this rollcall 361 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1963

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS. Mr. Speaker, reserving the right to object, I assume the gentleman from Pennsylvania plans to take ample time to explain what transpired in the conference. Rather than spending the time on reading the statement, that time could be devoted to a discussion of what happened at the conference.

Mr. MORGAN. I agree with the gentleman. I expect to use the full hour, if necessary.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of December 6, 1963.)

Mr. MORGAN (interrupting the reading of the statement). Mr. Speaker, the conference report and statement were printed in the RECORD last Friday. I ask unanimous consent that further reading thereof be dispensed with at this time.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Speaker, I yield myself 10 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, the managers on the part of the House report today the results of a long and difficult conference, and I am sure that no one is satisfied with our work.

A reading of the press would seem to indicate that there are only a few major and relatively simple issues involved. Let me point out that there were 80 points of difference between the House and Senate bills to be resolved and that most of these had an important bearing on our foreign policy or overseas operations in some part of the world.

While I say that I am sure no one is satisfied, I am convinced that the House conferees have brought back a report which represents the best we could do under the circumstances and which pre-

serves as much of the House bill as possible.

In one respect, the conference on the foreign aid bill this year has been different than any other conference in which I have ever participated. Most of the pressure brought to bear on me by my House colleagues has not been pressure to defend provisions of the House bill to the last ditch but has, instead, taken the form of arguments to accept various provisions of the Senate bill.

Now, I am sure that the House realizes that we had to go to conference to defend the House bill and that our primary concern throughout our negotiations with the representatives of the other body was to maintain the position of the House. There was no way that we could do anything else. I would like to point out that the statistics show that the Senate receded on a substantially larger number of items of difference than the House.

With respect to money, we succeeded in splitting the difference between the House and the Senate bill. The bill as it passed the House authorized \$3,499,050,000, and the Senate bill authorized \$3,699,340,000—a figure \$200,000,000 higher than that in the House bill. We bring back a bill which authorizes \$3,599,050,000; the House went up \$100,000,000, and the Senate went down \$100,290,000.

The details with respect to money are shown in a table on page 22607 of the CONGRESSIONAL RECORD of December 6 and on page 17 of the conference report.

Some of the newspaper reports that I have seen make it appear that the conference devoted itself primarily to eliminating restrictions on the administration of the foreign assistance program. Anyone who examines the facts will see that this has not been the case.

Let me cite major provisions of the House bill which are still in the bill as reported by the conference.

The House language restricting aid to countries permitting their ships to carry cargoes to or from Cuba has been retained without change. The Senate bill had a somewhat similar provision which was not quite as restrictive and which was preferred by the Department of State, but the House conferees fought for the House language and prevailed.

The bill as it passed the House included a provision putting not only the Castro government, but any future government of Cuba, on notice that the United States would not give assistance to Cuba or grant a quota authorizing the importation of Cuban sugar until appropriate steps had been taken to compensate American citizens for property taken by the Castro regime. There was no such provision in the Senate bill, and the language of the House bill has been preserved without change.

The conference also approved without change the provision of the House bill which prevents the construction of the Indian steel plant without congressional approval.

The House conferees were able to retain in the bill also the House language requiring that no assistance may be given to the government of any less developed country unless that country

is willing to agree to institute an investment guaranty program, although the conference postponed the effective date of this requirement from December 31, 1964, as provided in the House bill to December 31, 1965. It was our belief that those foreign governments who were sincerely interested in economic development should be willing to enter into investment guaranty agreements and that a 2-year period would provide ample time for them to make up their minds and take necessary preliminary action. We felt also that countries which were unwilling to enter into investment guaranty agreements should be put on notice of our intention to cut off aid and that a 2-year period would be ample for the closing out of our programs in such countries.

I would like to mention also one major provision of the Senate bill which we did not accept. The Senate bill included language requiring the President to appoint a series of committees to evaluate the economic program in each country which received economic aid during fiscal year 1963. These committees were given rather detailed guidance as to how they should carry on their work.

The House conferees were convinced that the last thing the foreign aid program needs is additional studies by distinguished citizens. It was our feeling that what the foreign aid program needs is to have the Secretary of State himself and those primarily responsible for our foreign policy take a new look at foreign aid as a tool for the attainment of our foreign policy objectives and decide whether we are really getting our money's worth and whether it is really producing the intended results. We see no point in sending a lot of people traveling around the world to produce a series of reports which will be scanned by the Executive to find comments favorable to foreign aid and which will be ignored in other respects.

We accepted language which merely says that the President can appoint one committee to study foreign aid if he wants to.

I want to take time to deal with one more matter before making myself available for questions. This is the acceptance by the House of a restricted version of the provision in the Senate bill authorizing the President to continue most-favored-nation treatment to Communist-dominated countries.

The foreign aid message sent to the Congress last spring, requesting an authorization for fiscal 1964, included a request for an amendment to the Trade Expansion Act of 1962 which would, in effect, repeal the provision included in that act as originally passed requiring the termination of most-favored-nation treatment to Communist-dominated countries.

After consultation with the leadership of the House and with the chairman of the Ways and Means Committee, the Foreign Affairs Committee eliminated this provision from the bill, and the House bill contained no language dealing with this matter. The bill which passed the Senate included language authorizing the granting of most-favored-

nation treatment to Communist-dominated countries at the discretion of the President.

Now, I feel that I, as chairman of the Foreign Affairs Committee, and my fellow House conferees owe the House an explanation as to why we have changed our position and have brought back to the House legislation dealing with this matter, even though the provision we have accepted is much more restrictive than that contained in the Senate bill and is not what the Executive asked for.

In the first place, let me point out that a lot has happened since the President sent his foreign aid message to the House on April 2, 1963, and even since the House passed the foreign aid bill on August 23, 1963. Among the things that have happened has been the accession of a new President. We find ourselves in the closing days of the 1st session of the 88th Congress when it is clearly too late to initiate new legislation, and we are told by the new President that the continuation of most-favored nation treatment to Poland and Yugoslavia is the very foundation of our policy toward the Communist-dominated countries of Eastern Europe and that the President regards this particular legislation as of vital importance.

The managers on the part of the House do not go to conference as representatives of the Committee on Foreign Affairs, they go to conference as representatives of the House of Representatives. In the conference they found themselves in this position.

The Senate had passed a bill giving the President the authority he regarded as essential for the conduct of his policy for dealing with the nations of Eastern Europe. They recognized that there was no possibility of obtaining House action on this matter unless they agreed to bring a provision dealing with this subject back from conference. We fully recognized the position taken by the House in 1962, and because of that fact, we insisted on a modification of the broad discretion authorized by the Senate language. The provision we have brought to the House today gives the President discretion to grant most-favored nation treatment to only two Communist-dominated countries—Poland and Yugoslavia.

The issues involved are primarily those of foreign policy and not economics. Whether we increase or decrease our trade with Poland and Yugoslavia, although it undoubtedly would affect a number of individuals, would have very little impact on the economy of the United States as a whole.

I am sure that every Member of the House believes that we ought to assist in the liberation of the Communist-dominated countries of Eastern Europe. I doubt if there is any Member of the House who believes that we should go to war with the Soviet Union today in order to attain that objective, and I doubt that the enslaved peoples of these countries, when they think of the devastation which atomic war would involve, want us to do so.

We are faced with the situation then of doing the unspectacular things which

apply pressures in various ways to bring freedom to these people. It is the judgment of the present administration, just as it was the judgment of President Kennedy and of President Eisenhower, that the best thing we can do is to encourage the people of the Communist-dominated countries to maintain their national identities and to develop their economic independence from the Soviet Union. This is the basis of our policy, and this is why this legislation is needed.

I urge the House not to forget the basic issue involved and its importance to our foreign policy.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. The thing that disturbs me is that in acceding to the Senate amendment, although you made changes in it, was not so much a matter of policy involved as it was a matter of the jurisdiction of the committee.

The chairman of the Committee on Ways and Means made a representation, as I understand it, to the chairman of the Committee on Foreign Affairs, the gentleman now in the well of the House, as you point out, and it was on that basis, I understand, your committee did not ask, even though it was requested to do so in the first authorization, this further authority. I am concerned not so much about the merits of whether we extend the most-favored-nation treatment to the two countries involved, Poland and Yugoslavia, but the issue of whether or not we are going to use the foreign aid bill to usurp jurisdiction of other committees. The Committee on Foreign Affairs has no jurisdiction in this area whatever. I think the gentleman recognizes that. Yet we went along, even after representations were made by the chairman of our committee, the Ways and Means Committee of the House, in accepting the amendment. I would like to have some explanation as to why that was done.

Mr. MORGAN. The statement of the gentleman is basically correct. The provision was in the original foreign aid bill sent up to Congress in April. After the foreign aid bill had been under consideration by the Committee on Foreign Affairs for several weeks, I received a letter from the chairman of the Committee on Ways and Means requesting jurisdiction over this section 402 in the foreign aid bill. The Committee on Foreign Affairs immediately conceded jurisdiction to the great Committee on Ways and Means.

When we went to conference, since the other body operates under a different system of parliamentary rules, the most-favored-nation provision was inserted in the foreign aid bill in the Senate Foreign Relations Committee. When this arrived on the floor, not one single question was raised about this by any Member of the Senate, including the members of the Senate Finance Committee who had jurisdiction over this item. This, of course, was a strong argument used by the Senate conferees, plus the fact that the new administration ur-

gently requested this authority.* The House conferees were convinced that the right thing to do under the circumstances was to accept the provision as modified in conference.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. I think it is fair to point out also, Mr. Chairman, while there is no argument about the jurisdiction under the rules of the House a broad general argument can be raised that this is not only a matter for the Ways and Means Committee but also a matter of foreign policy in the application. As the chairman of the Foreign Affairs Committee pointed out, this matter was brought up in the Senate and there was no objection over there. If I recall correctly, in the conference committee we were told they had a letter from the chairman of the Senate Finance Committee saying he had no objection to putting it in. So we were relying upon that particular phase of the question, and we stood firm as long as we could, and finally got some modification, but we did feel that was the best we could do under the circumstances.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. I do not think the argument that the House Foreign Affairs Committee is entitled to deal with most-favored-nations clause simply because it affects foreign policy is valid because the same thing could be said for the whole Trade Agreements Act; that it affects foreign policy. Yet the Trade Agreements Act was and is properly within the jurisdiction of the Ways and Means Committee. The Foreign Affairs Committee should never, as in this case, attempt to usurp the jurisdiction of the Ways and Means Committee. I do not see how you can differentiate between the line of action now being taken in this bill with respect to Yugoslavia and Poland and still divorce that action from the exclusive jurisdiction of the Ways and Means Committee.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. As one of the House conferees, I might point out that this discussion demonstrates the difficulties we had on a number of points with our colleagues in the other body. Of course there are foreign policy implications about this provision. No one can argue that. Nor can any one argue that there is sometimes competing jurisdiction between committees. However, as a matter of fact the Senate conferees pointed out there had been no disagreement on their side, and they made a very good case for the language as it was incorporated in the Senate bill. We finally accepted their provision, but we tightened it up very considerably by extending the most-favored-nations clause to these two countries only. Admittedly there was originally some argument, and then agreement, in the House as to where

the jurisdiction lay. But this did not mean we did not have a problem which had to be solved. I hope the House will accept this as a reasonable compromise. It is only one of several. It is one on which Members may disagree, but I think we had no choice but to come up with language along these lines.

Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. FULTON of Pennsylvania. First, I would like to compliment the gentleman on his excellent statement. Second, I would like to ask this: The gentleman from Pennsylvania has quoted indirectly the new President, President Johnson, in stating that this particular provision is vital to U.S. foreign policy and the favored nation treatment for Poland and Yugoslavia. Could you tell us how the word was received and give us a direct quote on it rather than an indirect statement?

Mr. MORGAN. The chairman of the Committee on Foreign Affairs was not called directly by the President. I did, however, receive an urgent communication that he regarded this legislation as of greatest importance.

Mr. FULTON of Pennsylvania. Do you not think, if we are going to have the administration behind this and have unidentified members of the executive department quoted, that we should have a direct quote from the President because I feel this is something of vital interest, too.

Mr. HAYS. Mr. Speaker, will the gentlemen yield?

Mr. MORGAN. I yield to the gentleman.

Mr. HAYS. I will say to the gentleman from Pennsylvania that we do have a direct quote from the President on this very subject in his speech to the Congress in which he asked for early enactment of this authorization without crippling amendments which would destroy his flexibility. I would point out to the House that there is nothing in this language which says he has to give the most favored nation treatment to either one of these nations, but he does have the flexibility to do so, if it is in the national interest of the United States to do it. So I think you cannot have a much more direct quote from the President than you have right there in that statement.

The SPEAKER pro tempore (Mr. KEOGH). The time of the gentleman from Pennsylvania has expired.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, I shall vote against this conference report. That is not by any means to be taken as an indication that I think the conferees have been less than diligent in their efforts. On the contrary, I would say they have worked hard and effectively. The conferees made a real effort, with considerable success, to represent the position of the House. I think the efforts of the conferees, with the exception of

the present speaker, in this case are to be commended.

On balance I would feel that the position of the House was represented more successfully than was the position of the other body. My objection to this report is rather a basic and longstanding one to the aid programs themselves and for that reason as I said I shall vote against the report.

There are some figures that might helpfully be kept in mind, and I shall speak in round numbers only. Members will recall that when the proposal on this year's bill was first brought to the Congress, the request was for \$4.9 billion. After the report of the Clay Committee, the late President Kennedy reduced the request to \$4.5 billion.

The House Committee on Foreign Affairs reported out a bill carrying approximately \$4.1 billion. Then on the floor of the House this body reduced the authorization to \$3.5 billion. Thereafter the other body brought out a bill which provided about \$4.2 billion in authorization. The other body on the floor reduced its figure to \$3.7 billion. In the Committee of Conference the conferees split almost exactly those two figures to bring before you now a bill at \$3.6 billion or very slightly thereunder. It is \$3.6 billion on authorization.

Upon the matter of dollars and cents your conferees had little trouble. I think anyone who studies the table to which reference has been made in the CONGRESSIONAL RECORD or in the conference report will observe that there was a very real give and take.

As I said a few moments ago, the division was almost directly down the middle. Dollarwise, therefore, there is little to be said.

Reference has been made, heretofore, to the matter of the amendment of the Trade Agreements Act of 1962. Unless Members have questions upon that, it is not my intention to go further into it at this time.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. On that point—and I think the record has been made, but I do want to express my concern that this conference report should contain an amendment to the Trade Expansion Act. The most-favored-nations treatment is peculiarly a part and a basic part of our trade negotiations. It contains a great deal beyond just the relationship that might exist between countries such as Poland and Yugoslavia. It relates to our entire trade relationships. I trust that the Senate went in depth into the subject matter as it would bear on the possible trade negotiations act.

I think this is a very bad procedure, but if the majority party which, after all, controls this wants to vote that kind of procedure, there is very little that the minority can do other than to register an objection. However, I would remind everyone that the only way to preserve government by law is by following correct procedures or, if you think the procedures are wrong, then change the procedures. Do not, just in order to get

through some substantive matter—and the administration felt substantively that they wanted to change our attitude toward Yugoslavia and Poland in this respect—do not violate good procedures for this momentary benefit. We are seeing entirely too much of this in these days, and I am afraid we are undermining our entire system of government in this kind of irregular process.

I want to thank the gentleman for yielding.

Mr. ADAIR. I thank the gentleman for his contribution.

Another point on which there was considerable controversy, and I believe a great amount of concern in this Chamber, is the question of the interest to be charged upon loans. Members will recall that by amendment on the floor of this House we established a 2-percent rate on interest. The other body established also a 2-percent rate on interest with certain additional modifications. First, it provided a 5-year grace period. Secondly, it provided that there should be a limitation of 35 years with respect to any loan. Out of these two provisions the conferees bring in today a proposal which gives a 10-year grace period with interest during that period at the rate of three-quarters of 1 percent and then thereafter a rate of 2 percent, excepting matters already now negotiated, with no time limit at all upon loans. Therefore, Members will immediately see that upon this rather important point there was a very great relaxation over the position which had been taken previously by this House.

Next there was a group of amendments relating generally to the area of private enterprise and its encouragement. Some of those had been added on the floor, some of them had been added in the committee. As to those, generally, there was not much controversy. Some rather small modifications were made but by and large I think it can be said that the conference report treats rather well the private enterprise sector of our economy and notes by its action in presenting this report that we do have a concern not only for the private sector of our economy but also for the fact that if such programs as the Alliance for Progress are to be successful great reliance must be placed upon the participation of the private sector. Government alone cannot carry the burden which will be required there.

Mr. MEADER. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Michigan.

Mr. MEADER. Mr. Speaker, I want to commend the conferees for accepting the Senate provision for an Advisory Committee on Private Enterprise in foreign economic development.

I remind the gentleman that during the consideration of the bill on the floor of the House I offered an amendment to establish a commission with that same general purpose.

I hope this Advisory Committee will be able to make some recommendations which will move us in the direction of having economic development abroad carried on by private capital investment

rather than Government grants and loans.

Mr. ADAIR. There were certain amendments which have had, again, a wide interest, which were put in by the other body. I know that some Members in this House have a concern over those. There were two which were sponsored by the Senator from Colorado [Mr. DOMINICK]. These amendments relate to the use of funds derived from repayment of Alliance for Progress loans and of development loans—these amendments did go out. They are not now in the bill.

Mr. PELLY. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Speaker, I thank the gentleman for yielding on this point because, as he knows, I have been urging the House conferees to accept the Senate amendments which would have eliminated these back-door spending revolving funds and place them on an annual appropriation basis.

Mr. ADAIR. I am aware of the efforts of the gentleman.

Mr. PELLY. There were two amendments by the Senator from Colorado in this regard. I was very hopeful from conversations I had had that the House conferees would see their way clear to accepting them. I want to say that by the deletion of these amendments I think that the independence and integrity of the legislative branch of the Government has suffered greatly, and I regret it deeply.

Mr. ADAIR. Mr. Speaker, then there was an amendment relating to the freedom of the seas or, as some say, the "fisheries amendment." This concerned some of our west coast colleagues particularly and related to our relations with certain of our Latin American neighbors. Under it aid would have been denied to countries that extended their jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States. After a great deal of consideration that amendment which was placed in the bill by the other body was removed in its entirety. So there is no provision of that sort in the bill.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. I associate myself with the constructive comments of the gentleman from Indiana [Mr. ADAIR] in describing the weakening of the 2-percent interest rate amendment, which the House vigorously adopted. I feel retreat on this principle one of the basic weaknesses of the bill as approved by the conferees. However, since emphasis has been placed on this section by previous speakers, I direct my most extensive remarks to the restoration of the favored-nation tariff treatment to Poland and Yugoslavia.

First, to clarify the issue, one must remember that in 1962 under the Tariff

Act this favored-nation treatment was removed but never implemented by the Executive Branch of the Government. Actually, in complete defiance of the 1962 Tariff Act, steps were never taken to remove this favored-nation treatment and, as a result, preferential tariff treatment has continued to be extended to Poland and Yugoslavia.

Mr. Speaker, we must remember that the favored-nation clause extends preferential tariff treatment, and this is the issue.

The language which appears on page 32 of the conference report discussing this section is, I believe, an insult to the intelligence of the Members of the House and the American public. It refers to liberation:

The liberation of the countries of Eastern Europe from Soviet domination has the overwhelming support of the American people and their elected representatives.

However, the report cannot say that it has the support of the State Department and the support of anyone in the executive branch of the Government. The foreign policy in the last 3 years has been to repudiate the desire for freedom evidenced by the captive nations under communism, and the insistence of the administration to give preferential tariff treatment to Yugoslavia and Poland is dramatic proof.

Mr. Speaker, the granting of preferential tariff treatment to Communist countries merely maintains the status quo of Communist control over Eastern Europe. It does not aid the liberation of these countries.

When we extend this favored tariff treatment to these countries, we are perpetuating communism, not fighting or defeating communism.

Why Poland and Yugoslavia? If one has read the newspapers during the last month, they will find in Poland that the recent trend has not been toward liberation or moving toward a pro-Western position. It has been a trend of increased persecution of religion, increased persecution of the economy of the country and increased persecution of the people.

Mr. Speaker, at the very time when the Polish Communist government is persecuting the people of that country, we are going to give it the benefit of the favored-nation tariff treatment, while at the same time the Communist government of Yugoslavia is directly participating in subversive activities in Latin America, Asia, and Africa in the Communist international conspiracy, we are extending preferential tariff treatment to them.

Incidentally, Marshal Tito is not a mild, nonaligned Communist. He has been part of the Communist conspiracy since 1917. He fought in the Spanish Civil War on the side of the Communists.

Also, during the war years of 1942 to 1945 he spent more time eliminating political opposition than he did fighting the Nazis who controlled his country.

Mr. Speaker, Marshal Tito is about as free from the Communist conspiracy as is Gus Hall.

There is no logic to justify providing preferential tariff treatment to any Communist country.

I would suggest to the House that the very acquiescence of the conference committee to this clause is enough evidence to reject this entire conference report. I urge that we reject the conference report on the basis of respecting the Committee on Ways and Means, or on what I consider a more effective argument, that we have no business whatsoever in extending preferential tariff treatment to any Communist country.

Mr. Speaker, I urge rejection of the conference report on this basic issue, as well as on the valid objection to the retreat the House conferees made on the 2 percent interest rate amendment.

The authorization bill must be stronger in expressing public views concerning the inadequate and dangerous administration of the foreign aid program.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, in the 2 minutes allotted to me, let me say that I am opposed to this conference report on the foreign handout bill, first because it is \$100 million more than was authorized by the House of Representatives. I am also opposed to it because of its emasculation of the 2-percent interest rate on foreign loans, as the gentleman from Illinois [Mr. DERWINSKI] has just pointed out. That provision, wisely written into the authorization bill by the House, has been mangled to the point that it is of no effect. I am opposed to the conference report because it wipes out the prohibition to give the most-favored-nations trade treatment to Yugoslavia and Poland. I am opposed to it because it does not deal realistically with the expropriation of American investments, particularly in South America. The Congress of the United States will one of these days have to come to grips with this situation. It does not mean very much in the matter of halting expropriations to say to a foreign government that "you must indemnify American investors," then use money appropriated for foreign aid so that they can go through the motions of paying for the properties they have stolen. That is what is happening today, and it is a shameless use of our taxpayers' money.

I know of no reason for the creation of an advisory committee on foreign aid and private investment. We have had the Grace report and all kinds of other reports dealing with the matter of private investments in foreign countries. I see no reason for spending more money for another advisory committee or commission.

Mr. Speaker, I am opposed to this conference report.

Mr. MORGAN. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Speaker, I rise in support of the pending conference report, and I join our distinguished chairman of the Committee on Foreign Affairs in assuring Members that the House conferees worked to the fullest extent possible to maintain the House version.

I want to commend our chairman, Dr. MORGAN, as he has shown in this conference unusual forcefulness and determination. His efforts are reflected in the fact that of the 80 points of difference between the House and Senate versions the House conferees come back with nearly 75 percent of the differences resolved in favor of the House.

This record speaks very well of the efforts of the House conferees led by our able chairman.

Further, I do want to comment on the most-favored-nations treatment provision. The distinguished gentleman from Illinois [Mr. DERWINSKI], I, and all of us want to see countries under Soviet domination liberated. There may be several ways of accomplishing this development. No one advocates war. In my opinion a desirable way is to prevent their dependence on the Kremlin. One way of liberating them, is to bring the satellite countries on a trade basis closer to the free world. The discretionary authority provided in the conference report is vital to the implementation of the efforts to bring about the liberation of the countries of Eastern Europe. That is the reason the House conferees acceded to the Senate version as amended by the House conferees to limit trade concessions to Poland and Yugoslavia.

Lastly, Mr. Speaker, it has been urged that the House vote against this conference report because there is an increase of \$100 million. I should like to point out that the money difference amounted to \$200,290,000. The Senator receded in an amount of \$100,290,000. Thus the House conferees have done better than splitting the difference 50-50. Therefore, the House conferees, as the distinguished gentleman from Pennsylvania has pointed out, the House conferees have done very well.

For these reasons, Mr. Speaker, I urge that the conference report be adopted.

Mr. CAREY. Mr. Speaker, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from New York.

Mr. CAREY. Mr. Speaker, I take this time to request of the conferees clarification and definition of the language of the report dealing with title 5 of the bill, and the commitment of funds thereunder for research and development on the question of population growth. It is my understanding the language replaced dealt with the matter of population control. The new language deals with research. I am anxious to get a clarification of that statement.

Mr. ZABLOCKI. The Senate version included a provision that—

Funds made available to carry out this section may be used to conduct research in the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control.

The House conferees were adamant in their opposition. After much debate the managers on the part of the House agreed to a modification of the Senate provision so that it provides that—

Funds made available to carry out this section may be used to conduct research into problems of population growth.

We are all concerned with the problems of population growth. The conferees, however, did not want this House or the Congress to go on record favoring disseminating information and the means of controlling population.

Mr. CAREY. Then we are not going into propaganda for dissemination of information or devices in this field? It is restricted to research into problems of population growth?

Mr. ZABLOCKI. That is right. The gentleman's understanding is absolutely accurate.

Mr. MORGAN. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

Mr. FRELINGHUYSEN. Mr. Speaker, the discussion we have had up to now indicates at least one area of fairly general agreement. I refer to the amounts under discussion in this bill. I think the agreement on the dollar figures between the House and the Senate is a reasonable one. It represents a very substantial reduction from what the executive branch suggested, and deems of great significance to this country. I hope it will not again be cut substantially when the appropriation committee starts to operate on this program.

As has been said, the House receded on 21 items out of a total of 80, the Senate on 36, and 23 of the differences between the two bodies were modified in the course of the discussion.

The gentleman from Iowa has suggested that we have not been specific enough with respect to expropriation. May I point out that the language on the bottom of page 9 and at the top of page 10, of the conference report indicates very clearly our efforts to tighten up the existing language. It makes clear provision against what is known as creeping expropriation. This language should certainly provide additional weapons to fight against actions of the sort described by the countries which are receiving our assistance.

For reasons already mentioned by the chairman of the committee, the Peace Corps was specifically excluded from this flat prohibition. The language with respect to this appears on page 12 of the conference report; also excluded are the cultural exchange program, the Export-Import Bank, and famine and disaster relief provided under Public Law 480. All these exceptions seem to me to be reasonable. Even with these exceptions there is no question but that the program is very significantly tightened.

Mention has been made of the modification in the interest rates which recipient countries must meet. I should like to point out that the compromise which was reached provides for a 10-year grace period after which there is the imposition of a 2-percent floor. The executive branch pointed out to the

conferees the very real importance of conducting this kind of operation with the abilities of the recipient countries in mind. They pointed out that development loans are repayable in dollars. Because most less developed countries are short of foreign exchange, their capacity to service their debt obligations to the United States will depend on their achieving an improvement in their foreign exchange earning capabilities.

Therefore, a most important feature in any loan repayment obligation of a recipient country is the grace period on principal repayments. It is because we do not wish to unduly burden these countries with unrealistic interest rates that we have felt it wise to continue a grace period for 10 years.

This is the principle we have been trying to get other lending countries to accept. It seemed to us wise to authorize this amount of grace period, rather than to have a rigid prohibition, and a requirement of the immediate installation of a 2-percent-interest floor.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FRELINGHUYSEN. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. Does the gentleman know of any other foreign nation that is making loans at less than 2 percent? Is it not true that other nations, if they make foreign loans, charge the Treasury rates of their particular governments plus a premium, if there is any significant risk involved?

Mr. FRELINGHUYSEN. Of course, the countries that are involved in various consortium agreements are obliged to go along with the terms agreed upon. That is one reason we have the provision saying that existing agreements cannot be tampered with.

To answer the gentleman, there are other countries that are lending money on terms comparable to ours. It is not that we are seeking to provide unrealistic terms for repayment. However, if we provide assistance to these countries, I think we must recognize we must give them some time to put their own house in order. Only by giving them a grace period can they generate enough from the loans to provide them with the wherewithal to meet these payments. Otherwise, we might just as well say we are not going to provide assistance of any kind. I recognize, of course, there are some who feel that we should not.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman.

Mr. DERWINSKI. Was the point ever considered in conference that, perhaps, a slightly more practical return might permit us to stimulate the additional investments or even additional aid to those countries, if for no other reason than that we would be revolving our fund with greater money?

Mr. FRELINGHUYSEN. I might say to the gentleman, we were not in a position to look into anything beyond the scope of what was in disagreement between the House and Senate, so there was no possibility of considering any new arrangement. Perhaps the gentleman

feels higher interest rates are more practical, but if they kept underdeveloped countries from making arrangements with us, or increased the likelihood of their defaulting on obligations assumed, no one would be helped.

Mr. MORGAN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. Mr. Speaker, I favor this conference report. I sat on the committee, and I want to say that the chairman of the committee, the gentleman from Pennsylvania, Dr. MORGAN, was adamant in maintaining the position of the House. I think the fact that when you go into conference with as many items in disagreement as were in disagreement between this body and the other body, and with the House maintaining its position on almost a 2 to 1 ratio, it speaks well for the conferees and especially for the chairman whose leadership we follow.

There were some objections made to the money items. But, it has been my observation here that when money items are in disagreement between the two bodies, the usual procedure is to split the difference 50-50. We did a little better than that and the other body came a little farther our way than we went theirs. Again I think that speaks well for the chairman because he did endeavor at all times to maintain the position of the House.

The other area in which there has been some controversy is the most favored nation matter. I did point out that we agree this, under the rules of the House, belongs to the Committee on Ways and Means. But it was put in by the other body under their rules and it had to be disposed of.

I think it is fair to point out too, Mr. Speaker, although it has been said here that Yugoslavia is part of the monolithic Communist conspiracy that this is a debatable question. Just because it was said on the floor does not necessarily make it so. I think it is also fair to point out that the Communists in Russia have never felt quite sure of this themselves. I think that the advantage to our side has been that they have never known quite where Tito has stood. I have never thought that he was particularly our friend, but it has been worth something through the years to us to keep the Communists in Moscow in doubt as to where Tito and his numerous military divisions stood.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New York.

Mr. BARRY. I want to say that I am not a member of the conference committee, but I followed almost daily the accomplishments of the committee and I wish to commend the House conferees for the excellent job that they did. I feel that the will of the House has prevailed in the conference report and we should be proud indeed to vote for final passage of this bill.

Mr. HAYS. I thank the gentleman. Mr. Speaker. I hope the conference report will be adopted.

Mr. BROYHILL of North Carolina. Mr. Speaker, although I did not support this legislation in its final passage by the House earlier this year, I feel strongly that it was much more desirable than the compromise legislation presented to us today as a result of the conference with the Senate.

In its present form, H.R. 7885 abandons many of the long-overdue reforms called for in the bill as it originally passed the House. In fact, much of the original insistence by the House that the foreign aid program be tightened up has been watered down. There is little or no hope in this bill that meaningful congressional control will be reasserted.

Basically, the broad powers of the administrators of the foreign aid program, which were under such deserved attack on this floor, are now quietly sustained. The old arguments that "flexibility of policy" is required, have been used to cover a complexity of maladministration in the past. In acceding to the Senate's larger grant of authority and discretion to the White House and the administrators of this program, we are perpetuating the same powers which have existed so long. I still believe the Congress should demand reasonable standards of administration and that the discretionary powers should be sharply limited. These restrictions should certainly include a statement of congressional policy with respect to trade and aid with and to Communist countries. The compromise which perpetuates most-favored-nation treatment to Communist Poland and Yugoslavia is, in my opinion, unsupportable.

This bill adds \$100 million to the funds originally authorized by the House. Important as this issue is, of even greater importance is the fact that in so many of its details, the bill concedes too much and recedes too far from the principles that guided the House a few months ago. If we agree to this report, we will be evading again the responsibilities that are clearly ours to force the reforms in foreign aid that we know must be made and which we know the American people are demanding.

Mr. BROYHILL of Virginia. Mr. Speaker, careful study of the Foreign Assistance Act of 1963 reveals the compelling need for extensive reevaluation and revision of the use of these concepts by the United States as an instrument of foreign policy. Historically, I have generally supported our mutual security programs, although I have consistently voted to strip from these measures many of the wasteful and fiscally unsound features which have plagued these plans, particularly in recent years. It is readily apparent that many of my colleagues share this concern in that both Houses of this Congress have seen fit to sharply curtail certain aspects of the program originally sent up by the administration.

It is my opinion, however, that these revisions are somewhat random in nature and strike only at the most flagrant and obvious abuses that have perverted the intent of Congress in this respect. These revisions have been aimed at the

symptomatic manifestations of the problem and not at the core or cause of the trouble.

Since the inception of the foreign assistance program, following the Second World War, the United States has undertaken to assist some 110 countries and territories. Eighteen years later we are presently assisting some 95 countries and territories. It therefore seems obvious, this aid must of necessity be thinly spread and increasingly dilute. How long can we continue to subsidize a majority of the nations on the face of the globe, regardless of our strength and wealth?

I believe that we must survey each recipient of our aid, nation by nation, program by program. Guidelines must be laid out and qualifying requirements should be rigidly established. Goals and objectives should be spelled out carefully and progress reports to the Congress should determine whether or not a nation should continue as a recipient of our aid.

I feel that we would be far wiser to concentrate our efforts toward realistic and practical goals involving fewer countries, than continuing to compound the evils of the scatter-gun techniques we continue to employ.

The military assistance aspect of this program should be thoroughly reappraised. The objectives of this undertaking should be redefined and the capabilities of such alignments weighed against the costs. The United States provides, in my opinion, a completely disproportionate share of the security requirements of our prosperous allies. The time has come to reassess these alignments.

In other instances these funds have been needed to build up military establishments in countries whose leaders have used such forces to perpetuate their own undemocratic regimes. Some of these governments have been frankly communistic and frequently antagonistic to the Government of the United States. I seriously question the wisdom of continuing such programs until completely reevaluated.

The foreign assistance program is fraught with excessively poor administrative practices. The House Committee on Foreign Affairs reports that in some instances funds obligated for projects were subsequently diverted to other uses when the projects did not materialize. This practice circumvents congressional control and should be terminated at once.

The committee declares that it is impossible to determine the true extent of foreign aid personnel costs because they are obscured by the diversity of sources from which they are paid and the practices of AID charging some employees to program costs. There are references by the committee to the expanding practice of "contract foreign aid" indicating that in excess of \$435 million is administered under contract to AID. These private concerns in essence provide aid to various nations for a fee and in many instances this fee has been exorbitant. The cost for administration of some such con-

tracts has exceeded \$50,000 per man per year. I feel these practices demand a complete investigation and revision.

It should be emphasized the executive branch has participated in a number of additional administrative practices which are extremely reprehensible. Among these are the commitment of the United States to future programs without the consent or approval of the Congress, misuse of our aid dollars to create government-owned installations to compete with free enterprise in various nations.

These practices must be halted.

In conclusion, I subscribe to the views of those members of the House Committee on Foreign Aid when they signed the minority views on the Foreign Assistance Act of 1963:

We believe it is high time for the Congress to pause and take a hard, realistic look at this entire program. We must put away the carrot and lay the facts of life before our allies. We must enunciate specific objectives which are within our means to achieve through foreign aid. And we must concentrate and sharpen our effort to secure those objectives.

Most of all, we must not fool ourselves that the bill accompanying this report will accomplish any of these long overdue reforms.

In the public interest, this is the course which we should follow. Until we do, the public interest demands that this legislation be defeated.

To sum up—

The aid program must be completely revised.

The aid program must be brought, in all its financial aspects, under the unfettered control of the Congress.

The aid program must be limited to the actual amount which the recipient countries can absorb effectively, and deobligated funds must immediately revert to the Treasury.

The aid program must be withheld from countries which use it for the purpose of territorial expansion.

The aid program must have stricter administrative supervision, and all "featherbedding" practices must be terminated.

The aid program must require specific congressional authorization for each project exceeding \$50 million.

The aid program must be limited exclusive to non-Communist countries.

The aid program must contain stronger safeguards to prohibit the use of our aid to finance government-owned productive facilities which compete with private enterprise in the recipient countries.

Mr. MORGAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 195, nays 164, answered "present" 1, not voting 74, as follows:

[Roll No. 224]

YEAS—195

Addabbo	Gonzalez	O'Hara, Ill.
Albert	Grabowski	Olsen, Mont.
Arends	Gray	Olson, Minn.
Ashley	Green, Oreg.	O'Neill
Aspinall	Griffin	Osmer
Auchincloss	Griffiths	Ostertag
Baldwin	Gubser	Patman
Barrett	Hagen, Calif.	Patten
Barry	Halleck	Pepper
Bass	Halpern	Perkins
Bates	Hansen	Philbin
Beckworth	Harding	Pike
Blatnik	Hardy	Pilcher
Boggs	Hawkins	Pirnie
Boland	Hays	Powell
Bolton	Healey	Price
Frances P.	Hechler	Pucinski
Brademas	Holifield	Purcell
Broomfield	Holland	Rains
Burke	Hosmer	Randall
Burkhalter	Joelson	Reid, N.Y.
Byrne, Pa.	Johnson, Calif.	Reuss
Byrnes, Wis.	Johnson, Wis.	Rhodes, Pa.
Cahill	Jones, Ala.	Riehlman
Cameron	Karsten	Rivers, Alaska
Carey	Karth	Robison
Celler	Kastenmeier	Rodino
Chelf	Keith	Rogers, Colo.
Clark	Keogh	Rooney, N.Y.
Cleveland	King, Calif.	Roosevelt
Cohelan	Kirwan	Rosenthal
Conte	Kluczynski	Rostenkowski
Daddario	Kunkel	Ryan, Mich.
Daniels	Lankford	Ryan, N.Y.
Dawson	Leggett	St. Onge
Delaney	Lesinski	Schweiker
Dent	Libonati	Schwenkel
Denton	Lindsay	Selden
Diggs	Lloyd	Shipley
Donohue	Long, Md.	Sickles
Dulski	McDade	Sisk
Duncan	McFall	Slack
Dwyer	McIntire	Smith, Iowa
Edmondson	MacGregor	Springer
Elliott	Madden	Staebler
Everett	Mahon	Stafford
Evins	Mathias	Staggers
Fallon	Matsunaga	Steed
Fascell	Matthews	Stratton
Feighan	Meador	Sullivan
Finnegan	Miller, Calif.	Thornberry
Fino	Miller, N.Y.	Toll
Flood	Minish	Tupper
Fogarty	Montoya	Udall
Ford	Moorhead	Ullman
Fraser	Morgan	Van Deulin
Frelinghuysen	Morse	Vanik
Friedel	Morton	Walhauser
Fulton, Pa.	Moss	Watts
Fulton, Tenn.	Multer	Weltner
Gallagher	Murphy, Ill.	Whalley
Garmatz	Murphy, N.Y.	Wyder
Gary	Natcher	Young
Giaino	Nedzi	Zablocki
Gibbons	Nix	
Gilbert	O'Brien, N.Y.	

NAYS—164

Abbitt	Casey	Hagan, Ga.
Abele	Cederberg	Haley
Abernethy	Chamberlain	Hall
Adair	Chenoweth	Harris
Alger	Clancy	Harrison
Anderson	Clausen	Harsha
Andrews, Ala.	Don H.	Harvey, Ind.
Andrews,	Collier	Henderson
N. Dak.	Colmer	Herlong
Ashbrook	Corbett	Hoeven
Ashmore	Cramer	Hoffman
Avery	Cunningham	Horan
Baker	Curtin	Horton
Baring	Curtis	Huddleston
Battin	Dague	Hull
Becker	Derwinski	Hutchinson
Beermann	Devine	Ichord
Belcher	Dole	Jennings
Bennett, Fla.	Dorn	Jensen
Bennett, Mich.	Dowdy	Johansen
Berry	Downing	Johnson, Pa.
Betts	Findley	Jonas
Bonner	Fisher	Jones, Mo.
Bow	Flynt	Kilburn
Bray	Foreman	Kilgore
Brook	Forrester	King, N.Y.
Bromwell	Fountain	Knox
Brotzman	Fuqua	Kyl
Brown, Ohio	Gathings	Laird
Broyhill, N.C.	Glenn	Landrum
Broyhill, Va.	Goodell	Langen
Bruce	Goodling	Latta
Burleson	Gross	Lennon
Cannon	Grover	Lipscomb

McClory	Quillen	Taft
McCulloch	Reid, Ill.	Talcott
McLoskey	Reifel	Taylor
McMillan	Rich	Teague, Calif.
Marsh	Roberts, Tex.	Teague, Tex.
Martin, Calif.	Rogers, Fla.	Thomson, Wis.
Martin, Nebr.	Rogers, Tex.	Tollefson
May	Roudebush	Tuten
Mills	Roush	Van Pelt
Moore	Rumsfeld	Waggonner
Morris	Saylor	Watson
Mosher	Schadeberg	Weaver
Murray	Schenck	Westland
Nelsen	Schneebeli	Wharton
Norblad	Scott	Whitener
O'Konski	Secrest	Williams
Passman	Short	Wilson, Ind.
Pelly	Siler	Winstead
Pillion	Skubitz	Wyma
Poage	Smith, Calif.	Younger
Poff	Smith, Va.	
Pool	Snyder	

ANSWERED "PRESENT"—1

Bell

NOT VOTING—74

Ayres	Jarman	Sheppard
Bolling	Kee	Shriver
Bolton	Kelly	Sibal
Oliver P.	Kornegay	Sikes
Brooks	Long, La.	Stephens
Brown, Calif.	McDowell	Stinson
Buckley	Macdonald	Stubblefield
Burton	Mailliard	Thomas
Clawson, Del.	Martin, Mass.	Thompson, La.
Cooley	Michel	Thompson, N.J.
Corman	Milliken	Thompson, Tex.
Davis, Ga.	Minshall	Trimble
Davis, Tenn.	Monagan	Tuck
Derounian	Morrison	Utt
Dingell	O'Brien, Ill.	Vinson
Edwards	O'Hara, Mich.	White
Ellsworth	Quile	Whitten
Farbstein	Rhodes, Ariz.	Wickersham
Gill	Rivers, S.C.	Widnall
Grant	Roberts, Ala.	Willis
Green, Pa.	Rooney, Pa.	Wilson, Bob
Gurney	Roybal	Wilson,
Hanna	St. George	Charles H.
Harvey, Mich.	St Germain	Wright
Hébert	Senner	
Hemphill	Shelley	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Corman for, with Mr. Bell against.
 Mr. Farbstein for, with Mr. Willis against.
 Mr. Hébert for, with Mr. Rivers of South Carolina against.
 Mr. Green of Pennsylvania for, with Mr. Utt against.
 Mr. Morrison for, with Mr. Hemphill against.
 Mr. Quile for, with Mr. Davis of Georgia against.
 Mr. Edwards for, with Mr. Oliver P. Bolton against.
 Mr. Buckley for, with Mr. Shriver against.
 Mrs. Kelly for, with Mr. Minshall against.
 Mr. St Germain for, with Mr. Whitten against.
 Mr. Siball for, with Mr. Ellsworth against.
 Mr. Cooley for, with Mr. Clawson of Delaware against.
 Mr. Dingell for, with Mr. Wilson against.
 Mr. O'Hara of Michigan for, with Mr. Burton against.
 Mr. White for, with Mr. Derounian against.
 Mr. Macdonald for, with Mr. Gurney against.
 Mr. Sheppard for, with Mr. Sikes against.
 Mr. Charles H. Wilson for, with Mr. Stephens against.
 Mr. Thompson of New Jersey for, with Mr. Thompson of Louisiana against.
 Mr. Stubblefield for, with Mr. Tuck against.
 Mr. Mailliard for, with Mr. Grant against.
 Mr. Rooney of Pennsylvania for, with Mr. Kornegay against.
 Mr. McDowell for, with Mr. Jarman against.
 Mr. Brooks for, with Mr. Stinson against.
 Mr. Hanna for, with Mr. Long of Louisiana against.

Mr. Roybal for, with Mr. Thomas against.
 Mr. Martin of Massachusetts for, with Mrs. St. George against.

Until further notice:

Mr. Trimble with Mr. Ayres.
 Mr. Wickersham with Mr. Widnall.
 Mr. Brown of California with Mrs. Kee.
 Mr. Monagan with Mr. O'Brien of Illinois.
 Mr. Gill with Mr. Thompson of Texas.
 Mr. Roberts of Alabama with Mr. Senner.
 Mr. Wright with Mr. Davis of Tennessee.

Mr. BELL. Mr. Speaker, on this vote I am recorded as voting "nay." I have a live pair with the gentleman from California [Mr. CORMAN]. Therefore, I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the conference report just adopted.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DISTRICT OF COLUMBIA DAY

The SPEAKER. This is District of Columbia day. The Chair recognizes the gentleman from South Carolina [Mr. McMILLAN], chairman of the Committee on the District of Columbia.

Mr. McMILLAN. Mr. Speaker, I yield to the gentleman from Alabama [Mr. HUDDLESTON] for the purpose of calling up two bills.

MAINTENANCE OF PERPETUAL ACCOUNTS

Mr. HUDDLESTON. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 2054) to eliminate the maintenance by the District of Columbia of perpetual accounts for unclaimed moneys held in trust by the government of the District of Columbia, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in any case in which any money has been held in trust for, or for the account of, any person by the government of the District of Columbia pursuant to statute or otherwise, and no communication, in writing or otherwise as indicated by a written memorandum, has been received by the government of the District of Columbia concerning such money from the person entitled thereto, for a period of not less than ten years, the Commissioners shall send notice by registered or certified mail to the last known address of the person for whom such money is being held. Such mailed notice shall contain a statement that money is being held for such person and if no

written claim for the return thereof is submitted to the Commissioners within sixty days of the date such notice is mailed, any future claim therefor will, subject to the provisions of section 2 of this Act, be forever barred.

SEC. 2. (a) Not less than sixty days after the mailing of any notice pursuant to the first section of this Act the Commissioners shall publish notice once each week for two successive weeks in a newspaper of general circulation in the District of Columbia. Such published notice shall be entitled "Notice of Names of Persons Appearing to be Owners of Unclaimed Money Held by the District of Columbia" and shall contain:

(1) The names and the last known addresses, if any, of the persons for whom moneys are being held (listed in alphabetical order of their surnames).

(2) A statement setting forth the substance of subsection (b) of this section.

(b) If no written claim for the return of any such money is submitted to the Commissioners by the date specified in the published notices, which date shall be not less than ninety days from the date of publication of the second notice, such money shall be deposited in the Treasury of the United States to the credit of the District of Columbia and all claims for such money shall be forever barred.

SEC. 3. In any case where any money held in trust by the government of the District of Columbia for the period of time and under the same circumstances as specified in the first section of this Act is in an amount less than the cost, as estimated by the Commissioners, of giving notice as required by the first two sections of this Act, such money may be deposited in the Treasury of the United States to the credit of the District of Columbia without the necessity of complying with the notice requirements of sections 1 and 2 hereof, and after such deposit all claims for such money shall be forever barred.

SEC. 4. Upon the return of any money deposited with the government of the District of Columbia to the person making such deposit after notice has been given such person pursuant to this Act, the Commissioners are authorized to deduct from such returned money the costs of mailing and publishing notices required by this Act, and shall deposit the amount so deducted in the Treasury of the United States to the credit of the District of Columbia.

SEC. 5. As used in this Act, the word "Commissioners" means the Board of Commissioners of the District of Columbia or their designated agent.

Mr. GROSS. Mr. Speaker, I move to strike out the requisite number of words.

May we have just a brief explanation of this bill?

Mr. HUDDLESTON. Mr. Speaker, under existing law, the District of Columbia is required to hold in perpetuity funds paid into certain accounts under the custody of the District of Columbia. These include the juvenile court, the Highway Department, and other departments. This legislation will merely require that the District of Columbia hold these balances for a period of 10 years before they are covered into the general treasury.

Mr. GROSS. Since the funds for automobile insurance go into a specific fund—and I realize it is a comparatively small amount—but since this is an earmarked fund, would it not have been better to have provided that the unclaimed funds which have been paid in for the purpose of providing auto insurance should go to this earmarked fund? Does the gentleman agree that

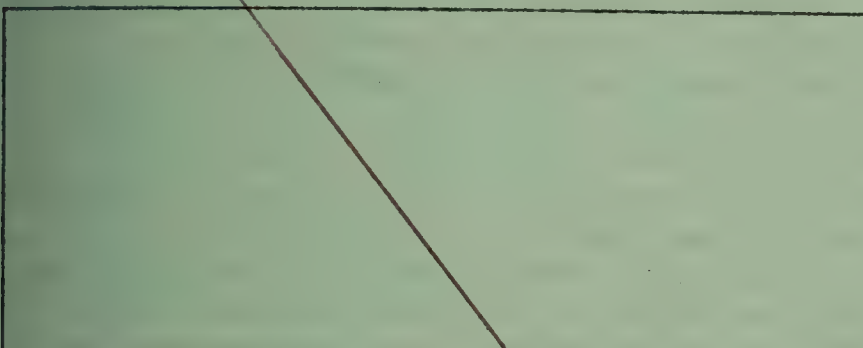
Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Dec. 11, 1963
For actions of Dec. 10, 1963
88th-1st; No. 202



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HIGHLIGHTS: Both Houses agreed to and cleared for President independent offices appropriation bill. Sens. Curtis, Hruska, and Yarborough expressed concern over effects of meat imports. Sen. Morse commended Secretary Freeman's policies to assist lumber industry. House received conference report on vocational education bill. Rep. Nelsen urged attention be given to meat import problem. Rep. Blatnik complimented accelerated public works and ARA programs. House Rules Committee cleared manpower development and training bill.

SENATE

1. INDEPENDENT OFFICES APPROPRIATION BILL, 1964. Both Houses agreed to the conference report on this bill, H. R. 8747, and acted on amendments in disagreement. This bill will now be sent to the President. (pp. 22788-95, 22920-9). Agreed to an amendment providing that no part of the appropriation for the National Science Foundation may be transferred to any other agency for research without the approval of the Budget Bureau. (p. 22792). See Digest 198 for other items of interest.
2. AIR POLLUTION. Both Houses agreed to the conference report on H. R. 6518, to improve, strengthen, and accelerate programs for the prevention and abatement of air pollution. This bill will now be sent to the President. pp. 22805-11, 22929-31
3. FORESTRY. Sen. Morse commended Secretary Freeman for his policies to assist

the lumber industry and inserted several items, including the Secretary's recent address to the National Lumber Manufacturers Association. pp. 22870-6

Sen. Morse commended the announcement that Secretary Hodges would have the Bureau of Standards review present lumber standards and inserted an article on "action taken in Florida by its State legislature to make it illegal to install lumber exceeding a 19-percent moisture content in any structure or building used for human habitation." pp. 22876-7

4. MEAT IMPORTS. Sen. Curtis called on this department to "use all the power vested in it to lessen the importation of livestock and meat," and urged enactment of his bill to increase the import duty on livestock and meat products by 25 percent. pp. 22854-5

Sen. Hruska expressed his concern over meat imports and inserted a brief filed by the National Livestock Feeders Association with the Tariff Commission opposing tariff decreases on livestock and meat products. pp. 22880-1

Sen. Yarborough expressed his concern over "the impact on the domestic beef cattle industry of the current beef import situation," and inserted a resolution of the Texas and Southwestern Cattle Raisers' Association opposing tariff concessions on livestock, meat, and meat products at the forthcoming Geneva trade talks. p. 22892

5. PEACE CORPS. The Foreign Relations Committee reported without amendment H. R. 9009, to increase the appropriation authorization for the Peace Corps from \$63,750,000 for fiscal year 1963 to \$102,000,000 for fiscal year 1964 (S. Rept. 759). p. 22853

6. MINERALS. The Interior and Insular Affairs Committee reported with amendment S. 1534, to stabilize the domestic lead and zinc industry (S. Rept. 758). This bill was then referred to the Finance Committee. p. 22853

7. LANDS; RECREATION. The Public Lands Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee S. 792, to provide for the establishment of the Sleeping Bear Dunes National Lakeshore, Mich. pp. D974-5

8. ROADS. The Rules and Administration Committee reported with amendment S. Res. 217, to authorize a study of a national system of scenic highways (S. Rept. 760). p. 22853

9. FOREIGN AID. Agreed to a unanimous consent request by Sen. Mansfield that the Senate vote Thurs. on agreeing to the conference report on H. R. 7885, the foreign aid authorization bill. p. 22934

Sen. Fulbright inserted a statement by the Secretary of State for External Affairs of Canada concerning the programs of the Canadian Government in the field of foreign aid. p. 22897

10. FOREIGN TRADE. Sen. Fulbright inserted an address by West German Chancellor Erhard on the Atlantic partnership, including comments on aid to less developed countries and development of the European Common Market. pp. 22897-9
11. CIVIL DEFENSE. Sen. Thurmond inserted a resolution of the Association of the U.S. Army favoring "reasonably effective civil defense throughout the country." p. 22893
12. CIVIL RIGHTS. Sen. Ervin inserted his article, "The U.S. Congress and Civil Rights Legislation." pp. 22858-61

This bill would apply if the disability is rated 100 percent in accordance with the regular provisions of the 1945 rating schedule, providing it is based on an impairment reasonably certain to continue throughout the veteran's lifetime. Temporary ratings of 100 percent assigned during periods of hospitalization or convalescence under paragraph 28, 29, or 30 of the 1945 rating schedule could not serve as a basis for the grant of benefits under this law. A rating protected under the 1925 rating schedule or a rating protected after 20 years by 38 U.S.C. 110 would meet the requirements of H.R. 221. Because of recent advances in therapeutic methods, a rating of 100 percent for tuberculosis or a neuropsychiatric disorder would not confer entitlement under this bill unless the disability reached a static level as determined by a rating board. Ratings in which the 100-percent evaluation is based on unemployment, and extraschedular ratings of 100 percent assigned under authority delegated by the Administrator, are within the scope of this bill, if the disability is static.

EXPLANATION OF AMENDMENTS

Section 1712 of chapter 35 of title 38, United States Code, sets out time limits of age limits within which the educational benefits of the chapter must be used by the eligible person. One series of amendments approved by the committee adds a new subsection to section 1712 which will insure that the time available to the eligible person shall not be reduced as a result of the time required by the Veterans' Administration to process an application filed on behalf of the eligible person, with the proviso that no educational assistance can be afforded to the eligible person beyond his 31st birthday as a result of this new subsection.

Since varying lengths of time are required by the Veterans' Administration to process an application under chapter 35 of title 38, United States Code, especially when there is some question as to the eligibility of the person on whose behalf an application has been filed, the committee did not feel that the time required for this processing should be counted as having deceased the time that would otherwise be available to the eligible person to use the benefits of the chapter if his application had been approved on the same day it had been filed.

Section 5 of H.R. 221, as passed by the House of Representatives, contained a provision allowing 5 years to anyone between the ages of 18 and 23 on the date of the enactment of H.R. 221 to use the benefits of chapter 35 of title 38, United States Code, if he was made eligible for the benefits of the chapter solely by the passage of H.R. 221. The committee amended this section by deleting the requirement that the eligible person be under the age of 23 on the date of enactment, with the proviso that no educational assistance can be afforded to the eligible person beyond his 31st birthday as a result of this section. Section 5 was also amended by adding a provision similar to the new subsection added to section 1712 mentioned above.

The rationale of a saving clause such as section 5 of H.R. 221, is that an eligible person should not have his rights reduced simply because the bill had not been enacted at an earlier date. In this instance the committee decided that this reasoning had equal validity in the case of an eligible person who was 23 or over on the date of enactment as it did in the case of an eligible person under the age of 23 on the date of enactment. Section 5, as amended, applies only to those persons made eligible solely by the enactment of this act.

The committee also adopted amendments adding subsection (b) to section 5 of H.R. 221 in order to eliminate the possibility that the application of section 5, as amended, would discriminate against the children of a parent whose death was service connected.

Since the child of a parent who had died as a result of a service-connected disability would be an "eligible person" within the meaning of the War Orphans Educational Assistance Act due to his parent's service-connected death, he would not be an "eligible person" solely as a result of the amendments made by H.R. 221 even though his parent had been afflicted with a permanent and total service-connected disability at the time of his death. However, the child in the same fact situation would be solely eligible within the meaning of section 5 of H.R. 221 if his parent's death had not been service connected. Therefore, in order to avoid any unjust discrimination in the application of section 5 against the children of a parent who died as result of his service-connected disabilities, the committee added subsection (b) to section 5 of H.R. 221.

This subsection provides that in those cases where a child's eligibility due to his parent's service-connected death occurred after the lapse of the time periods and age limitations applicable to him under section 1712, he shall be considered to be an eligible person solely as a result of the amendments made by H.R. 221 if his parent was afflicted with a permanent and total service-connected disability at the time of his death.

Both the new subsection to be added to section 1712 of chapter 35, title 38, United States Code, and section 5 of H.R. 221 as amended, contain provisos that no educational assistance shall be provided to an eligible person beyond his 31st birthday. This proviso was felt to be advisable for two reasons: (1) Similar provisos are present in two other provisions of chapter 35, which permit educational assistance to be furnished beyond the 23d birthday of the eligible person. (2) It cannot reasonably be expected that a parent, assuming he were financially capable, would be furnishing educational assistance to his children beyond their 31st birthdays.

RELIEF OF VETERANS' ADMINISTRATION FROM PAYMENT OF CERTAIN INTEREST

The bill (S. 2064) to relieve the Veterans' Administration from paying interest on the amount of capital funds transferred in fiscal year 1962 from the direct loan revolving fund to the loan guarantee revolving fund was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1823(b) of title 38, United States Code, is amended by adding at the end thereof the following sentence: "The Administrator shall not be required to pay interest on transfers made pursuant to the Act of February 13, 1962 (76 Stat. 8), from the capital of the 'direct loans to veterans and reserves revolving fund' to the 'loan guaranty revolving fund' and adjustments shall be made for payments of interest on such transfers before the date of enactment of this sentence."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 754), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXPLANATION OF THE BILL

The purpose of this bill is to relieve the Veterans' Administration from paying interest on the amount of capital funds trans-

ferred in fiscal year 1962 from the direct loan revolving fund to the loan guarantee revolving fund.

Section 1823(b) of title 38, United States Code, requires the Administrator of Veterans' Affairs of the Veterans' Administration to pay interest on funds advanced by the Treasury to the Veterans' Administration for the purpose of making direct loans to veterans to buy or build homes or farmhouses. The interest paid by veterans on these direct loans is used to make the interest payments to the Treasury on the borrowed funds and to cover the losses incurred by the direct loan program.

Public Law 87-404 authorized the transfer of funds from the direct loan revolving fund to the loan guarantee revolving fund during the fiscal year 1962, in order to finance the increased cost of claims and property acquisitions resulting from defaulted guaranteed or insured loans. Pursuant to this provision, \$105.7 million was transferred from the direct loan revolving fund to the loan guarantee revolving fund. Under present law, the Administrator is required to pay approximately \$4 million annually in interest payments to the Treasury on these transferred funds even though they have not been used in making direct loans and do not provide any income with which to meet the interest payments owed to the Treasury. Therefore, the interest income earned by the direct loan revolving fund has been used to cover the interest due on the transferred \$105.7 million which does not itself produce any income to the Veterans' Administration.

The effect of this bill would be to remove the obligation of the Administrator of the Veterans' Administration to pay interest to the Treasury on the funds which were transferred to the loan guarantee revolving fund from the direct loan revolving fund. This revocation would be retroactive as to previous interest payments which have already been paid to the Treasury.

DELEGATION OF CERTAIN AUTHORITY TO CHIEF MEDICAL DIRECTOR IN VETERANS' ADMINISTRATION

The bill (H.R. 5691) to amend title 38 of the United States Code to allow the Administrator of Veterans' Affairs to delegate to the Chief Medical Director in the Department of Medicine and Surgery, authority to act on the recommendations of disciplinary boards was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 755), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXPLANATION OF THE BILL

This bill amends title 38 of the United States Code in order to allow the Administrator of Veterans' Affairs to delegate to the Chief Medical Director in the Department of Medicine and Surgery authority to act upon the recommendations of the disciplinary boards provided by section 4110 of title 38, United States Code, in the cases involving physicians, dentists, and nurses.

Present law provides that the Chief Medical Director shall appoint disciplinary boards to determine, after notice and fair hearing, the correctness of charges of inaptitude, inefficiency, or misconduct of physicians, dentists, and nurses. The chairman and secretary, however, are appointed directly by the Administrator. Recommendations are made by these boards to the Administrator for ap-

approval and action. The present bill would permit the Chief Medical Director to appoint the entire membership of the board, and to receive and act upon the recommendations of such board, with the employee facing disciplinary action afforded the right of appeal to the Administrator. This legislation is intended, among other things, to correct, as an example, a situation wherein a staff nurse who has been found guilty of misconduct and is slated for demotion, suspension, or discharge, must have such action personally approved by the Administrator, whereas authority to take similar disciplinary action in the case of higher ranking employees in the competitive service can be taken at lower administrative levels.

It is the intent of the committee that the Administrator of Veterans' Affairs should have the authority to make the delegation of authority as contemplated by the bill, however, he should not feel compelled to do so. While the committee realizes that the right of appeal by an employee from a decision by the board, under the bill, to the Administrator is provided, concern was expressed that some future Chief Medical Director might assume dictatorial powers under this delegation. The committee feels that the Administrator should keep a constant watch over the situation in order to prevent any such abuse. If the authority delegated is at any time abused the Administrator should, and he has the authority to, forthwith withdraw such delegation of authority.

The proposal was formally submitted by the Veterans' Administration, is favored by that agency, and would result in no additional cost to the Government. The Bureau of the Budget reported favorably on the bill. The favorable reports of the Veterans' Administration and the Bureau of the Budget follow:

Mr. MANSFIELD. Mr. President, I move to reconsider the votes by which the bills just called from the calendar were passed.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZATION FOR PRESIDENT PRO TEMPORE OR ACTING PRESIDENT PRO TEMPORE TO SIGN ENROLLED BILLS DURING ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President pro tempore or the Acting President pro tempore be authorized to sign, after the adjournment today, three enrolled bills that have duly passed the two Houses.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). Without objection, it is so ordered.

TRIBUTE TO THE MAJORITY LEADER

Mrs. SMITH. Mr. President, as we approach the end of the 1st session of the 88th Congress, I wish to express myself about the majority leader, the senior Senator from Montana. I shall speak very briefly because I do not think that mere words can do him justice or adequately convey the great respect and deep admiration that I have for him in the manner in which he has handled the very difficult job that is his.

He is a man of great wisdom—a man of deep feeling—a man of consummate

consideration of the feelings of others. But he is yet a man of determination who does not yield to political expediency—who never takes his eyes off the course or is shaken from the ideals and objectives to which he is dedicated.

I think that such greatness on his part is recognized by many. But there is another greatness of which very few are aware—that is very few outside of those who have been the beneficiaries of his kindnesses. There are very few who know of this attribute of the true greatness of MIKE MANSFIELD—very few simply because he does not want people to know of these kindnesses. For that is his nature.

For example, he was the collaborator with me when I placed the single red rose on the desk that was occupied by the late John F. Kennedy when he was a Member of the Senate. In collaborating with me, he asked that I not reveal that he had done so because he felt that it would have more meaning if his part was not known.

I disclose this now because it is an example so typical of him and is only one of innumerable acts of kindness which have made him so endeared on both sides of the aisle.

Mr. MANSFIELD. Mr. President, although this is very unexpected, I express my deepest thanks to the distinguished Senator from Maine for her kind words, and to assure her that I appreciate them more than I can say.

Mr. DIRKSEN. Mr. President, I fully concur in all the expressions about the kindnesses so often shown by the distinguished Senator from Montana. He deserves every one of these encomiums.

Mrs. SMITH. I thank the minority leader very much. He has been most cooperative with the majority leader and very helpful to us all.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1963—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. I believe this has been cleared on all sides, although I am not absolutely certain. I ask unanimous consent that not later than 3 o'clock p.m. on Thursday next there be a vote on the pending conference report, H.R. 7885, the Foreign Assistance Act of 1963.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, the permission which has just been granted

by the Senate will be subject to rectification after I have had an opportunity to speak personally with some Senators who are vitally interested in the proposed legislation, and who have indicated that they are not averse to a reasonable time limitation, but whose final approval will be necessary before the consent agreement will go into effect.

Mr. DIRKSEN. Mr. President, if the majority leader will yield, we are reaching the end of the long furrow. I know, of course, that Members would like to have the business of the Senate scheduled to suit their convenience, but that can be allowed only up to a point. I assure the majority leader that I shall cooperate with him in every possible way.

Mr. MANSFIELD. Mr. President, I appreciate the remarks of the distinguished minority leader. The Senators who I have in mind have been most cooperative and helpful. I feel certain that a reasonable agreement can be reached. It is one of those things that need final confirmation before we can be definite as to what our action will be.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, for the information of the Senate, no business will be transacted tomorrow.

Tomorrow will be a day on which eulogies will be delivered by Members of the Senate in honor of our former colleague and late departed President, John F. Kennedy.

I ask unanimous consent that there be no morning hour tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. MANSFIELD. If there is no further business to come before the Senate, I move that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 44 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, December 11, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate December 10, 1963:

The following-named persons for appointment as Foreign Service officers of class 1, consuls general, and secretaries in the diplomatic service of the United States of America:

Robert J. Francis, of Tennessee.

Jack B. Kubish, of Michigan.

The following-named persons, now Foreign Service officers of class 2, and secretaries in the diplomatic service, to be also consuls general of the United States of America:

George H. Steuart, Jr., of Virginia.

Paul R. Sweet, of Texas.

The following-named persons for appointment as Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service of the United States of America:

Philip A. Heller, of the District of Columbia.

Daniel J. James, of Illinois.

The following-named persons for appointment as Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service of the United States of America:

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OFFICE OF
BUDGET AND FINANCE

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HIGHLIGHTS: House received conference report on public works appropriation bill. House subcommittee voted to report National Service Corps bill. Rep. Hoeven stated Johnson administration wants new wheat legislation. Rep. Cramer criticized public works acceleration program. Rep. Alger criticized Cooley cotton bill.

HOUSE

1. PUBLIC WORKS APPROPRIATION BILL, 1964. Received the conference report on this bill, H. R. 9140 (H. Rept. 1027) (pp. 23034-44). As reported from conference, the bill includes \$30,000,000 (instead of \$45,000,000 as proposed by the Senate) for the public works acceleration program, of which \$2,000,000 is for the administration of the going program. The report states that the conferees agreed that the use of funds appropriated for this program, except for the \$2,000,000 for administration, shall be limited to community facilities type projects. This bill also includes general provisions applicable to the Government generally (see Digest 202 for a summary of these provisions).
2. NATIONAL SERVICE CORPS. The Special Subcommittee on Labor of the Education and Labor Committee voted to report to the full committee H. R. 5625, to provide for the establishment of a National Service Corps to strengthen community service programs in the U.S. p. D982
3. AGRICULTURAL APPROPRIATION BILL, 1964. The "Daily Digest" states that conferees met on this bill, H. R. 6754, but did not reach final agreement, and recessed subject to call. p. D983

4. WHEAT. Rep. Hoeven stated that the Johnson administration "wants new wheat legislation enacted into law before the 1964 election," and inserted a Wall Street Journal article stating that the administration "plans to submit a wheat control bill to Congress early next week based on voluntary, instead of forced, participation by farmers." p. 23051
5. FOREIGN AID APPROPRIATION BILL, 1964. Rep. Conte objected to a request by Rep. Passman that the Appropriations Committee have until midnight Sat., Dec. 14, to file a report on this bill. pp. 23033-4
6. PUBLIC WORKS. Rep. Cramer criticized the public works acceleration program, stated that "continuation of this program is not in the best public interest," and inserted a listing of accelerated public works projects. pp. 23051-5
7. WATERSHEDS. The Subcommittee on Conservation and Credit of the Agriculture Committee approved the following watershed projects: Little Shenango River, Pa. (amended); Marsh Creek, Pa. (amended); Briar Creek, Pa. (amended); Broad Brook, Mass.; Bradley Brook, Mass.; and Clam River, Mass. p. D982
8. WILDLIFE. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment S. 793, to promote the conservation of the Nation's wildlife resources on the Pacific flyway in Ore. and Calif. and to aid in the administration of the Klamath reclamation project. p. D982
9. THE WAYS AND MEANS COMMITTEE voted to report (but did not actually report) with amendment H. R. 8975, to provide for the tariff classification of certain particleboard; without amendment H. R. 8461, to amend the Tariff Act of 1930 to permit the manufacture in bonded manufacturing warehouses of cigars made of tobacco imported from more than one foreign country; with amendment H. R. 7267, to authorize partial refunds of gasoline taxes directly to aerial applicators with respect to gasoline used by them in providing services to farmers in farming operations. p. D983
10. FOREIGN TRADE. The "Daily Digest" states that the conferees agreed to file a report on H. R. 2513, to amend provisions of the Tariff Act of 1930 which requires containers of imported articles to be marked to indicate country of origin so as to provide that when articles are repackaged in the U.S. and offered for sale the new packages must be marked to show the country of origin of the contents. As agreed to by the conferees, "the House would accept the Senate amendment thereto, having an effective date of Mar. 31, 1964, instead of June 1963." p. D983

SENATE

11. APPROPRIATIONS. Began consideration of H. R. 7063, the State-Justice-Commerce-Judiciary and related agencies appropriation bill, 1964. p. 23031
12. FOREIGN AID At the request of Sen. Mansfield, rescinded a unanimous-consent agreement providing for a vote Thurs. on the conference report on H. R. 7885, the foreign aid authorization bill. pp. 23031-2

ITEMS IN APPENDIX

13. AIR POLLUTION. A speech by Rep. Burkhalter complimenting Los Angeles on their efforts to solve the smog problem and mentioning the crop damage caused by air pollution in that county. pp. A7549-50

The warm and sincere greetings expressed by the millions of people in all parts of America were, of course, due in some part to the respect of the high office he held. But, more than that, they were demonstrations of enthusiasm, admiration, and love as well as expressions of best wishes to him in his efforts. They were an outpouring from the hearts of the citizenry of their awareness of his bravery in war; his courage in peace; his constant and dedicated efforts to discharge his official duties to the best of his abilities; and his obvious concern that the interests of America be advanced.

Such a memory of our fallen leader will be precious to all of us in the years ahead. Surely in his life and works he carried on nobly and to even more superior heights the splendid traditions of the Presidency and its greatness.

So it is that the Nation mourns so deeply and grieves so sorely. Its every sympathy has been extended to the family which so bravely bore loss and so bravely carries on.

Mr. HOLLAND. Mr. President, the depth of shock and sorrow which the assassination of John Fitzgerald Kennedy has brought to the Nation, and to us who served with him in this body, cannot be measured in words.

To the sadness which we feel that a life so full of brilliance, courage, strength, and promise has been ended at the height of its youth and vigor must be added the deep and lasting regret of our Nation over the tragic manner in which its end came.

I extend for myself, and for the people of Florida, my deepest sympathy to the sorrowing family of our late President.

Mr. LONG of Louisiana. To one who at the age of 16 suffered through an assassination 28 years ago, the weight of the calamity that took place November 22 fell not totally unfamiliarly, but just as heavily.

The news of the events that happened in Dallas that fateful Friday last month swept back all the crushing memories of another day—in 1935—when Baton Rouge was the scene of murder of a top Government official. The Kennedy family would mourn the death of John F. Kennedy in 1963. How well I know that special grief. I experienced it in 1935 as a member of the Long family which mourned the passing of my father, Huey P. Long.

While it was a State—Louisiana—that suffered the loss most of all in 1935, it was a nation, perhaps a world, that bore the brunt of the loss in 1963. John F. Kennedy, who began his tenure in Congress at about the same time I started mine, had risen to become the leader of the free world, the respected pilot of the most powerful Nation in that world. In less than 3 short years as President, John F. Kennedy had become the symbol of this Nation's greatness, its firm grasp of the present, and its continued leadership in the future. John F. Kennedy's youth, his determination, his intellect and, yes, his "vigor" had become a beacon of direction to an often haphazard world.

And suddenly, John F. Kennedy was taken from us.

Most of us in our disbelief and shock could only ask why—why was he so suddenly, so prematurely, so tragically taken. My only explanation is that which I set down in a letter to Mrs. Kennedy, which I now read:

NOVEMBER 23, 1963.

Mrs. JOHN F. KENNEDY,
The White House,
Washington, D.C.

DEAR Mrs. KENNEDY: Twenty-eight years ago I said my last goodbye to my father who was dying from an assassin's bullet. The intervening years have accorded me the opportunity to meditate about the sort of tragedy which took your husband on Friday.

There is no way to explain such a thing unless one has faith in God and believes in the teachings of Jesus. If it is true that there is everlasting life beyond this place of toil and tears, then we can take solace in the fact that God called a good man to a higher reward. It is hard to believe that God knows about all of these things and that He planned it to be that way; yet in time we may come to see that all of this is part of a master plan. In that case we should find comfort in the fact that He chose you and John Kennedy to play a significant role.

Mrs. Long joins me in extending our complete sympathy to you and your family.

With warmest regards, I am,

Sincerely yours,

RUSSELL B. LONG.

Mr. President, I join my colleagues in paying honor to a great leader, a good man, an outstanding American. John F. Kennedy symbolized the best there is in man, the best the human race has to offer. The legacy he leaves behind is to do what is right, to reject what is wrong, because, "here on earth God's work must truly be our own."

Mr. KENNEDY. Mr. President, it is indeed difficult for me adequately to express my great appreciation, and that of my family, for the heartfelt words which have been uttered this afternoon in the U.S. Senate and for the tributes which were paid so adequately and so beautifully by Members of the House of Representatives last week.

It is also difficult to express our great appreciation to the hundreds of thousands of people who have appeared at Arlington Cemetery during the past few days and weeks, and to the millions of people throughout the world who, during the past 3 weeks, have offered their consolation and their sympathy, as well as their prayers.

Many of you who spoke today were my brother's colleagues during the 8 years he was here in the Senate. You were his teachers, as well; and his career bears your imprint.

My brother loved the Senate. He respected its traditions. He read deeply of its history and the great men who made it. It was in this Chamber that he championed the causes which you have heard explained and testified to today, and about which he felt so deeply. I know that many of you stood by his side on this floor in championing these causes, and that many of you, as well, stood by his side during the hard and long campaigns, and counseled and guided him in discharging the burdens of the Presidency.

The Senate, for him, as it is for me, is the symbol of how Americans can resolve their differences through reason, instead of violence. That is why it is so important for all of us to support President Johnson in the burdens he has assumed. And if the sacrifice of life can bind the Nation together, this sacrifice will not have been made in vain.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, before the Senate takes a recess, there are a few announcements which I must make.

ADDITIONS TO TODAY'S RECORD

Mr. MANSFIELD. First, Mr. President, I ask unanimous consent that the RECORD of today's proceedings be held open for any additional statements by Senators on the death of the late and lamented President John F. Kennedy.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATE, JUSTICE, AND COMMERCE DEPARTMENTS APPROPRIATIONS, 1964

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate now proceed to the consideration of Calendar 727, House bill 7063, and that it be made the pending business.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 7063) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1964, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

ORDER FOR RECESS UNTIL 10 A.M., TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session this evening, it take a recess until 10 a.m., tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR ALL SENATE COMMITTEES TO MEET DURING SENATE SESSION UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all Senate committees be authorized to meet, tomorrow, until 12 o'clock noon, during the session of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESCINDING OF UNANIMOUS-CONSENT AGREEMENT RELATIVE TO FOREIGN ASSISTANCE ACT CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unani-

mous-consent agreement relative to the Foreign Assistance Act conference report be, at this time, rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I do this in the hope that on Friday it will be possible to arrive at a somewhat similar agreement relative to the disposal of this measure.

Mr. KUCHEL. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. I yield to the Senator from California, the acting minority leader.

Mr. KUCHEL. For the information of the Senate, I wish to ask whether the distinguished majority leader contemplates having the Senate return to the consideration of the Foreign Assistance

Act conference report at the conclusion of its action on the State, Justice, and Commerce Departments appropriation bill.

Mr. MANSFIELD. That will depend on developments. The Senate will either return to the consideration of that measure or will proceed to the consideration of the conference report on the public works appropriation bill or to the consideration of some other measure which may be available.

Mr. KUCHEL. In any event, is it the hope of the majority leader that by Friday we may be able to conclude our deliberations?

Mr. MANSFIELD. Yes.

Mr. KUCHEL. I thank the Senator from Montana.

RECESS TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, as a further mark of respect to the memory of the late President John F. Kennedy, the Senate—and I believe that this afternoon all 100 Members of the Senate have made their views known—stand in recess until 10 a.m., tomorrow.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate (at 6 o'clock and 7 minutes p.m.) took a recess, under the order previously entered, until tomorrow, Thursday, December 12, 1963, at 10 o'clock a.m.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Dec. 13, 1963
For actions of Dec. 12, 1963
88th-1st; No. 204

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HIGHLIGHTS: Both Houses agreed to conference report on public works appropriation bill. Senate received President's message on prolongation of International Sugar Agreement. Senate passed State-Commerce-Justice appropriation bill. Sen. Talmadge urged enactment of Talmadge-Humphrey cotton bill. Sen. Lausche criticized REA programs and inserted GAO report. Sens. Simpson and Moss expressed concern over effects of meat imports. Sen. Dirksen inserted report urging enactment of new program for grains. House passed manpower development and training bill. House agreed to conference report on vocational education bill. Rep. Matthews favored quotas on cattle imports.

SENATE

1. PUBLIC WORKS APPROPRIATION BILL, 1964. Both Houses agreed to the conference report on this bill, H. R. 9140 (by a vote of 328 to 47 in the House; no record vote in Senate) (pp. 23071-9, 23233-46). This bill will now be sent to the President. As agreed to, the bill includes \$30,000,000 for the public works acceleration program, of which \$2,000,000 is for the administration of the going program, and general provisions applicable to the Government generally (see Digest 202 for a summary of these provisions).
2. STATE, JUSTICE, COMMERCE, JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1964. Passed with amendments this bill, H. R. 7063 (pp. 23197, 23199-201, 23205-18). Senate conferees were appointed (p. 23218). As passed, the bill includes \$13,500,000 for the Area Redevelopment Administration, and includes items for the Small Business Administration, Special Representative for Trade

Negotiations, and the Tariff Commission.

3. SUGAR Received from the President a protocol for the prolongation of the International Sugar Agreement of 1958; to Foreign Relations Committee. p. 23160
4. ELECTRIFICATION. Received from this Department proposed legislation to provide for the establishment of a Rural Electrification Administration loan account; to Agriculture and Forestry Committee. p. 23160
Sen. Lausche criticized the REA program, urged enactment of his bill to increase interest rates on REA loans and "more clearly define the areas and services for which loans to cooperatives could be made," and inserted excerpts from a GAO report which he stated "substantiates my contention that the REA has in numerous cases been negligent, used poor judgment, and did not exercise prudence in loaning the taxpayers' money." pp. 23201-5
5. PEACE CORPS. Passed without amendment H. R. 9009, to increase the appropriation authorization for the Peace Corps from \$63,750,000 for fiscal year 1963 to \$102,000,000 for fiscal year 1964. This bill will now be sent to the President. pp. 23164-7
6. MEAT IMPORTS. Sens Simpson and Moss expressed concern over the effects of meat imports on domestic industry, expressed opposition to further reductions in import duties on meat and meat products, and inserted several items on the matter. pp. 23175-6, 23189-92
7. COTTON. Sen. Talmadge expressed pleasure "that there appears to be growing public sentiment for a meaningful and economical cotton program such as that proposed by myself and the Senator from Minnesota," stated that the bill passed by the House "falls short of solving the total problem", and inserted several items in support of his position. pp. 23183-4
8. GRAINS. Sen. Dirksen inserted the report of the general manager of the Grain Terminal Association critical of the Government's grain production and marketing programs and urging enactment of new legislation in this field. pp. 23257-8
9. FOREIGN AID. Continued debate on the conference report on H. R. 7885, the foreign aid authorization bill, and agreed to vote on the question of adoption of the report Fri., Dec. 13. pp. 23218, 23220-7, 23247-51, 23264-74
Sen. Humphrey inserted several items reviewing the Alliance for Progress Program for Latin America. pp. 23254-7
10. TRANSPORTATION. The Commerce Committee reported with amendment S. 2317, to amend the Shipping Act of 1916 so as to provide for the exemption of certain terminal leases from penalties (S. Rept. 770). p. 23161
11. ROADS. Passed over, at the request of Sen. Mansfield, S. Res. 217, to authorize a study of a national system of scenic highways. p. 23167
12. FORESTRY. Sen. Mansfield commended the cooperative research project at Mont. State Univ. in which the Forest Service uses graduate students in physical education to test new types of equipment for use in the forests. pp. 23171-2
13. FARM LABOR. Sen. Mansfield commended the publication of a new book, "Selected State Programs in Migrant Education," and inserted an article on problems in providing education for migrants. pp. 23172-3

But even more a cause of concern to me and to the other supporters of the informational media guarantee program is the Senate Appropriations Committee statement in its report that "the committee has previously expressed its disapproval of this program and directs that it be phased out."

This is one of the least costly programs conducted abroad by the United States. Actually, all we do is provide a guarantee to American exporters of books, magazines, newspapers and motion pictures that the payments they receive in local currency can be converted into American dollars at the official rate.

Because it is important that American books, magazines and other informational material be available to people in other countries, especially in the newer ones where currencies are not freely convertible, we should as a matter of national policy remove some of the financial risk that the exporters of this material run when they sell their product overseas.

It is in our national interest to sell through private channels textbooks and good magazines and the demand for them is substantial in many of the newly developing countries.

But as long as I have been in the Senate, we have encountered great difficulty in obtaining even enough funds to keep this program going at a modest level.

We have managed to keep it going, however, and I am convinced that the distribution of books, magazines, and newspapers made possible by this guarantee has been beneficial to the United States.

Let us just look briefly at what the Communists are doing in this area. The Russian and the Chinese Communists make available to countries throughout the world a tremendous amount of books, magazines, and other periodicals, either at a very nominal cost or at no cost.

We seek no such ambitious program. All we are trying to do under the informational media guarantee program is encourage exporters to sell American educational products overseas.

This is not the whole answer to meeting the Communist cultural offensive, but it is a worthwhile part of our efforts to bring to the attention of other people an aspect of American life that is one of the strong points of our society.

Mr. President, I do not think we should permit the IMG program to be terminated by a terse statement in a committee report that "it be phased out."

We deserve more explanation than this. Personally, I do not believe that IMG should be ended, but if it is to be phased out we should have a good reason and an adequate justification for taking such a serious step.

Mr. THURMOND. Mr. President, I want the RECORD to show my opposition to one particular appropriation contained in H.R. 7063. I am referring to the appropriation for the Arms Control and Disarmament Agency.

When the House of Representatives considered this appropriation bill, they included an appropriation of \$1,669,000

for the Arms Control and Disarmament Agency. At the time the House considered the appropriation bill, this amount was the total remaining amount authorized to be appropriated. Since that time, Congress passed S. 777 which authorized an additional appropriation of \$20 million for the fiscal years 1964 and 1965 for the Arms Control and Disarmament Agency. H.R. 7063, as it is before the Senate, has raised the appropriation, therefore, to \$7,500,000.

Mr. President, I opposed the establishment of the Arms Control and Disarmament Agency in 1961, and I also opposed S. 777 which authorized additional appropriations to that Agency when it was considered by the Senate on June 13, 1963.

Most of the funds of this Agency are apparently spent on studies of various aspects of disarmament. Out of the \$15 million which the Arms Control and Disarmament Agency requested for fiscal 1964, the Agency proposed to spend \$11 million on research studies.

I have examined a number of the studies already completed for the Arms Control and Disarmament Agency. For instance, the Institute of Defense Analysis in Washington, D.C., produced a study under contract from the Arms Control and Disarmament Agency entitled "A World Effectively Controlled by the United Nations." This study was completed on March 10, 1962. The description of the paper is as follows:

This paper is an attempt to sketch out the possible contours of a world effectively controlled by the United Nations, followed by a discussion of the difficulties attending an interprise of this nature. The question of feasibility seems so overwhelming in today's world, and the common answer on the part of politically sophisticated people so invariably negative, that it may be wondered why the exercise is undertaken at all. It has three justifications. On policy grounds, it would be well to spell out with greater precision that to which this country has committed itself. On heuristic grounds, it may be worthwhile to apply analytical methods to a problem commonly approached on the basis of hunch alone. Finally there is always the possibility that sophisticated people will turn out to have been wrong.

The latest major series of studies to be completed which I have read were written by Mr. Vincent Rock on the subject of "Common Action for the Control of Conflict." I would certainly recommend the reading of all parts of this study to all those interested in finding areas in which to practice economy with governmental funds. It is charitable to characterize these contracts as impracticable and theoretical nonsense. If most of them are considered seriously by policymakers then they have much more dire consequences and it is even a greater reason to withhold appropriations for such purposes.

The appropriation of \$7½ million for the Arms Control and Disarmament Agency is grossly excessive.

Disarmament is an ancient and elusive goal that has been sought by civilized societies since groups of people first equipped themselves for combat. The prophet Isaiah recognized the wisdom of disarmament but relegated the time of fulfillment when "they shall beat their

swords into plowshares and their spears into pruninghooks" to the "last days."

Throughout history efforts to achieve disarmament have been more notable for their loftiness of purpose than for their effectiveness. Such steps toward disarmament as have come about through international agreements have been unilateral in application, usually against a prostrate and defeated nation at the end of a war. Even these forced disarmaments have been temporary in nature, and enforced more by economic conditions within the defeated country than by the dictates of victor nations.

In post-World War II years, disarmament has been promoted as never before as an ultimate solution of the world's political problems and disagreements. Some seem to think that actual disarmament is just beyond our grasp, with agreement among nations prevented merely by differences over concepts and techniques of inspections to assure compliance. This same school of thought anticipates solution of the inspection barrier through the continued development and perfection of such scientific achievements as the observation satellite and seismographic instruments of increased sensitivity.

As pleasing as are the temptations to join in the utopian dreams of a world unarmed lying just over the horizon, both the lessons of history and the cruel practicalities of the current political status of international relations reveal with stimulating clarity the opiate unrealism of such dreams.

Just as the development of defensive weapons never quite catches up with the development of offensive weapons, the development of observation and detection devices will never match the devices of subterfuge used to conceal the development, tests and buildup of new and advanced weapons. The design of observation and detection devices is necessarily dictated by the nature of the object or activity to be detected or observed, just as the defensive weapon's design is dependent on that of the offensive weapon.

The failure to achieve enforceable agreements for disarmament stems, however, not from the inadequacies of scientific devices with which to assure that such agreements are being adhered to, but rather from a failure in basic approach to the problem. The approach to disarmament which has been exclusively adopted in international negotiations, both in the past and in the current crisis, has been premised upon the mistaken assumption that the emphasis on armaments by the various nations of the world is a cause, rather than an effect, of the political differences which exist among those nations.

Prospects for disarmament are no better and no worse than—but indeed are identical to—the prospects for peaceful resolution of the controversies among nations. So long as any nation or group of nations harbor ambitions of aggrandizement at the expense of other nations, hope is futile for the development of the international good will which is a prerequisite for cessation of the arms race.

Unfortunately, national and bloc aggrandizement still exist as the foundation

of the political system which holds sway in countries behind the Iron Curtain. Peaceful expressions of intent by the leaders of these countries are belied by their actions as well as by the words of their counterparts in other nations of their bloc.

Although the scientific instruments devised by freeman may be inadequate to detect the breach of disarmament agreements which might be reached, the minds of freemen can always detect the inconsistencies of peaceful words with the subjugation and enslavement of millions of people and the patently aggressive aims underlying the incitement of others to rebellion and revolution. No disarmament and no resolution of the conflicting aspirations of the several nations, which constitute the cause of the arms race, is probable or possible so long as deception and aggression are the goals of one or more governments; for free men will not willingly jeopardize, even for the preservation of life itself, their even more precious possession—individual liberty.

Preoccupation of our policy with arms control and disarmament is sapping the will and ability of our Nation to maintain its security. Disarmament is an idealistic road to tragedy, whether through pursuit of a formal plan for general and complete disarmament, or through unintentional unilateral disarmament as a result of policies based on an assumption that the ballistic missile is an ultimate weapon.

It is far better, therefore, that the funds of the United States be appropriated for positive programs to insure the security of the United States and the free world from the menace of aggression by Communist nations and other totalitarian nations than on the impractical and theoretical consideration of utopian concepts such as disarmament in a hostile world.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 7063) was passed.

Mr. McCLELLAN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLELLAN. Mr. President, I move that the Senate insist upon its amendments and request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President Officer appointed Mr. McCLELLAN, Mr. ELLENDER, Mr. MAGNUSON, Mr. HOLLAND, Mr. FULBRIGHT, Mrs. SMITH, Mr. SALTONSTALL, and Mr. MUNDT conferees on the part of the Senate.

ference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, I believe that the conference report on the foreign aid bill represents a fair and reasonable compromise of the differences between the House and Senate versions of the bill. Some of these differences were very great. It required five long and arduous meetings of the conference committee to resolve them.

So far as the amounts authorized are concerned, the final figure represents almost an exact 50-50 split. The House had authorized \$3.5 billion and the Senate \$3.7 billion. The conferees have agreed on \$3.6 billion.

In many respects, the differences in substantive provisions were more important, and more difficult to resolve, than the question of the amounts to be authorized.

The bill is extraordinarily long and involved, and I do not want to take the time of the Senate to go over the conference report in detail item by item. I will, of course, be glad to answer any questions Senators may have about specific points.

Mr. President, on behalf of the chairman of the committee, who is at present engaged in a hearing on the cultural center bill, I shall be glad to answer such questions as Senators may have concerning specific points. I ask unanimous consent to have printed in the RECORD at this point a list of the major provisions of the Senate bill retained in the conference report.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

MAJOR PROVISIONS OF SENATE BILL RETAINED IN CONFERENCE REPORT

- Research into population growth.
- Aid to Latin American cooperatives.
- Restrictions on military assistance to Latin America.
- Restrictions on military assistance to Africa.
- Sale of foreign currencies to U.S. citizens for travel or other purposes.
- Expropriation of U.S. property or nullification of contracts with U.S. citizens and valuation of claims by Foreign Claims Settlement Commission.
- No assistance to economically developed nations.
- Use of private enterprise in providing technical assistance.
- Most-favored-nation treatment for Poland and Yugoslavia.
- Inclusion of fish in Public Law 480.

Mr. HUMPHREY. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

activity in an area of substantial unemployment, which would involve the loss of more than 100 civilian jobs, he be required to notify the Administrator of the Area Redevelopment Administration. The ARA shall then be required to furnish within 60 days a report on the impact of such a closing, both immediate and over the long run, and on the estimated cost to the Federal Government to recreate the same number of jobs through other programs.

Mr. President, the purpose of this legislation should be clear. It is the express object and policy of the Federal Government to make particular efforts in areas of high unemployment to recreate jobs and business. This is based on the long-term recognition that depressed areas and areas of high unemployment are contrary to the national interest and result in long-term losses for the Nation.

Yet, Mr. President, incredible as it may seem, the Defense Department is actually prepared to close down two installations in New York State and a number of others elsewhere that are in Federal aid under the Area Redevelopment program or the public works program.

When this question was raised yesterday at a meeting with Defense Department officials, when it was pointed out that the loss of one facility in a seriously distressed area of New York State would mean the elimination of 7,500 jobs, that is one-tenth of the total national cutback proposed, the reply of these high Defense Department officials was, "I know it is a depressed area, but that is not my responsibility."

Well, Mr. President, it may not be the responsibility of the Department of Defense, but it certainly is the responsibility of the President, of the Congress, and of the U.S. taxpayers. The Congress has just been asked to appropriate nearly \$1 billion for accelerated public works projects. It costs on an average \$4,230 to recreate a single job under this program. To recreate all of the jobs that the Defense Department wants to take away from central New York from areas that qualify for this type of assistance, would amount to \$38 million. I cannot believe that any savings that the Defense Department might claim as the result of closing these installations would compare in cost with the expense of recreating these jobs. The taxpayers are not saving money in the long run if the Defense Department budget is cut by a few million dollars, but the area redevelopment program then has to be increased by several hundred million dollars.

Mr. President, this bill would insure that the Congress has adequate information on all aspects of proposed Defense Department cutbacks, so that the Congress and the President can make an intelligent judgment as to the overall impact on the economy and on the budget of what the Defense Department so shortsightedly described as economies.

Yesterday afternoon, the New York congressional delegation had a bombshell dropped in their laps when they were told by a high-ranking official of the Department of Defense that the De-

FOREIGN ASSISTANCE ACT OF 1963—CONFERENCE REPORT

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which is the conference report on the foreign aid bill.

The Senate resumed the consideration of the report of the committee of con-

REQUIREMENT OF NOTICE FOR CLOSING OF DEFENSE INSTALLATIONS

Mr. KEATING. Mr. President, on behalf of my colleague from New York [Mr. JAVITS] and myself, I introduce, for appropriate reference, a bill to require that, before the Secretary of Defense closes an installation or major facility or

partment intended to close two major installations in New York State, one in Rome and one in Schenectady, both of which are areas of substantial unemployment, as well as five other smaller defense activities. This would result in a total loss of 11,000 jobs from a nationwide total of 75,000. Thus, New York is being asked to bear about one-seventh of the load.

Under the bill which my colleague from New York [Mr. JAVITS] and I now introduce, the Area Redevelopment Administration, after it had been advised by the Secretary of Defense of the intention to close an installation in an area of substantial unemployment, would be required, within 60 days, to furnish a report of the impact of such a closing, both immediately and over the long run, and of the estimated cost to the Federal Government to recreate the same number of jobs through other programs.

The proposal of the Department of Defense was placed before us as an economy move. It is incredible that anyone could believe it is an economy move. The Area Redevelopment Administration has estimated that it costs \$4,230 to recreate a job in an area which comes within its jurisdiction.

Taking Schenectady alone, which has the smaller of the 2 larger installations to be closed, the proposal of the Department of Defense would involve a loss of 1,700 jobs. When I speak of the loss of jobs, that expression must be understood. That is why I say this proposal is false economy. The job would still be provided in some other area. What it would mean would be that the 1,700 people in the area of Schenectady or the 7,500 people in the area of Rome would be thrown out of jobs there but some would be told that they could move to Georgia or Texas, or some other State, if they wanted jobs. It is likely that a few persons would move; but most of them have ties in the present locations and would not be willing or able to move. The unemployment situation would be greatly aggravated in the areas involved.

The purpose of the bill which my colleague and I are introducing should be clear.

It is the expressed object and policy of the Federal Government to make particular efforts to recreate jobs in areas of high unemployment. Congress appropriates large sums of money for that purpose. The program is based on the recognition that depressed areas and areas of high employment are contrary to the national interest and result in long-term losses for the Nation.

Incredible as it may seem, the Department of Defense is actually proposing to close two major installations in New York State. It plans to close installations in other States, too; but as to New York, this procedure has become standard operating procedure. In this instance, New York would take the brunt of the cut. The Department of Defense is preparing to close installations in areas which currently qualify for direct Federal aid under the area redevelopment program or the public works program.

In the Schenectady area, as to which I have the figures, in order to save \$1,500,000, it would cost \$7,191,000 to recreate the same number of jobs. If that is economy, I think it will be necessary to rewrite the definition in the dictionary. If there is a desire to create another Appalachia in the Nation, this is one of the best ways I know of to go about doing so.

When this question was raised yesterday at the meeting with the officials of the Department of Defense, it was pointed out that the loss of one facility in a seriously distressed area of New York State—the Rome area—would mean the elimination of 7,500 jobs in that area. Again, I stress that the jobs will be continued, but somewhere else. That is why I say there is no economy in the proposed move. It would mean the elimination of those 7,500 jobs.

But the reply of the Defense Department officials was, in effect, "We know it is a depressed area, but that is not our responsibility." Only a rather hard-boiled official could make that kind of reply. It may be technically accurate to say that it is not the responsibility of the Department of Defense, but it certainly is the responsibility of Congress, of the President, and of the taxpayers. Congress has just been asked to appropriate almost \$1 billion for accelerated public works projects.

As I have said, the average cost of recreating one job under this program, according to the figures of the agency itself, is \$4,230. To recreate the jobs that the Department of Defense wants to take away from central New York would amount, as I calculate it, to around \$38 million, which is many times greater than the amount of any savings it is claimed would result from the closing of these installations.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. JAVITS. I thank the Senator. First, I feel privileged to join with my colleague in introducing the bill and to join with him in the description of what was dropped in the laps of the New York congressional delegation yesterday as a bombshell. With the Senator's permission, I should like to clarify one point.

The Department of Defense has a duty to undertake economy. To pinpoint what we are arguing, it is not that the Department of Defense does not have a duty to close installations which no longer have any usefulness for defense; what we are arguing is that it cannot close them in the light of all the other consequences which will flow from such action. That is exactly what is happening.

Mr. KEATING. Not when they propose to move the installations to other places and conduct the same activities.

Mr. JAVITS. The Senator is correct. We are not saying that it is necessary to keep every installation open. We are saying that the right hand must know what the left hand is doing.

We were told yesterday that this was not the Department's responsibility. It is a direct confrontation. The Department said it did not have to be con-

cerned about anything that happened as a result; that, whatever might be the departmental purposes, if it were felt desirable to move the Material Command from the Griffis Air Force Base in Rome to another place in the United States, the Department would do it; and if other departments or places or appropriations had to bear the burden, or if the community went to pot, that was just too bad; it was the responsibility of somebody else. The Department is not a member of the wedding in that regard; it is autonomous unto itself.

I thoroughly agree with my colleague that there must be congressional determination on this score. The action of a department cannot be the rule. Our Government never intended that it should be. The program is extremely wasteful in terms of absolute dollars, as the Senator has so eloquently pointed out in that what would be saved would not remotely resemble what is claimed would be saved, because it would be necessary to pay far more for other programs, which are that much more expensive, than if the facility, which is obviously needed at the point where it is were to be continued.

I am grateful to the Senator for allowing me to make this intercession, because we are always charged with being like Senators from other States which lose defense installations: That we want to keep them all alive. That is not what we are arguing. We are arguing for the right to have the Department of Defense apprised of what every other department of Government is doing.

Mr. KEATING. I thank my colleague. He is entirely correct.

Of course, those of us who complain about this action will be charged with parochialism. But the parochialism is manifested by a Government department or administrator who considers only one of the factors involved in the cost—not by those who are attempting to consider the overall picture.

Of course, the Senators from New York are interested in their own State—as all Senators are. However, this issue goes far beyond that. This is a case—on the figures of the Defense Department, with which I do not agree; and I have tried to point out why the Department is not correct when it says a saving will result—of making a saving of \$5, on the one hand, and then asking Congress to provide another part of the Government with \$25 in order to care for the situation which has developed as a result of making the \$5 saving. That is exactly what the Department is doing when it seeks to have \$1 billion appropriated for an accelerated public works program. In the total view, there will be no actual saving. So the taxpayers are being deceived if they are led to believe that a saving will result from the cut of \$1 billion in the Defense Department budget, whereas, by reason of making of that cut, several billion dollars will have to be added under the area redevelopment program.

This bill would not, of course, and should not, prevent the elimination of closing of installations; no one wants to have the Federal Government carry on

unnecessary activities. But the bill would insure that Congress would have adequate information on all aspects of proposed Defense Department cutbacks, so that Congress and the President could make an intelligent judgment as to the overall impact on the economy and on the budget of what the Defense Department has so shortsightedly described as economies.

Yesterday, the Defense Department told us that as of today it was going to make this recommendation to the President. Certainly it is a courtesy to be told in advance, although it would have been a greater courtesy to have been told more than 24 hours in advance. It is my hope that the President, after considering this matter from the overall point of view, and realizing that Congress is appropriating large sums of money for the area redevelopment program, will not support the recommendations of the Department of Defense.

Perhaps this bill cannot deal with this particular situation; but certainly the bill will deal with a repetition of it, and the bill might help in even this situation, because, of course, many of these closing would be phased out over a period of time.

This is the minimum that Congress should do in connection with the devastating situation in the face of the recommendations made by the Defense Department.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield?

Mr. KEATING. I yield.

Mr. LAUSCHE. At about 4:30 last Tuesday, word came to my office that the Secretary of Defense and his assistants wished to meet with me, and said they would have to see me on Wednesday morning at 10 a.m. My staff arranged the meeting, which was held; and at that time I was notified that the Erie Depot, at Port Clinton, Ohio, was to be phased out in 3 years, and 1,740 employees were either to be transferred or to be released during the 3-year phaseout period.

I concur in the remarks of the Senator from New York [Mr. KEATING], that it would be improper for us to try to have existing facilities that are not needed maintained; but I also agree with him that a Senator or a Representative is thrown into a rather cold situation when he is told of the decision to eliminate a Federal operation without any other preliminary notice.

Mr. KEATING. It certainly is. The Senator from Ohio and I can take it; but we are thinking of the people in these communities, who are given this news just before Christmas. Even though then we are told, "What this will cost under the area redevelopment program is no responsibility of ours."

Mr. LAUSCHE. I said to the Secretary of the Army, "What do you expect me to say and do? I have no knowledge as to whether you have applied this treatment in equal measure to all parts of the country. How can I learn whether you are treating other States better or worse than you are treating Ohio?"

I was told about the installation being closed in New York. Part of the Ohio installation is to go to Pennsylvania. So

I asked him, "How can I express an opinion that is rooted in fact, when I do not know how you have treated Texas, California, Pennsylvania, Georgia, and other States?"

If I had that information and if I were able to say that Ohio was treated on the same basis as other States, I would have nothing more to say. But yesterday the newspapers reported that the evaluating committee which recommended the closing of the New York installation and the Ohio depot, had recommended phasing out naval installations at Philadelphia, Boston, and San Francisco, but that recommendation has been set aside. If that one has been set aside, why is the one to eliminate the New York and Ohio installations still in effect?

I wish to express my view—without having studied the bill of the Senator from New York—that it seems to me it will enable us to know whether the Central Government is using an identical measuring stick in determining the rights of the 50 States within the Union.

The Washington Post on December 12, 1963, said:

Meanwhile Members of Congress from Pennsylvania, Massachusetts, and California reported that a naval survey board had recommended immediate closing of naval shipyards in Philadelphia, Boston, and San Francisco.

Later, however, informed sources said the decision was not final, and Senator EDWARD M. KENNEDY, Democrat, of Massachusetts, reported last night that the Pentagon had informed him the Boston shipyard would remain open.

"NO COMMENT" AT PENTAGON

To all of the reports a Pentagon spokesman replied with a "no comment."

The Wall Street Journal on December 12, 1963, wrote:

The Navy has told Congressmen that a survey board has recommended immediate closing of shipyards at Boston, Philadelphia, and San Francisco in an economy move, the Associated Press said. Top Defense officials have long suggested that the military services have more facilities than they need, but the Government has been reluctant to close them because of certain protests from Congressmen and others in the areas involved.

Mr. KEATING. I thank the Senator from Ohio for his comments, which are very pertinent.

An effort was made by me to ascertain what was happening in the other States, to determine whether equal treatment was being accorded; but we were told then, "We do not like to talk about the other States."

Mr. LAUSCHE. Two newspapers published articles in which it was stated that a recommendation was made to phase out the naval installations. But the recommendation to phase out those naval installations subsequently was changed. As a Senator from the State of Ohio, if I am to pacify the minds of the people who are employed at the Port Clinton installation, I should be able to say to them, "You have been treated no differently than other people in the country, and therefore you have no complaint."

Mr. KEATING. I entirely agree with the Senator. We shall await further in-

formation with great interest. I hope that there will be sufficient interest in the problem. Clearly and obviously, the proposal was rather hurriedly drawn. I believe it is sound and carefully worded, but I hope there will be enough interest so that there can be early committee action on the proposal to prevent a repetition of such a shortsighted move, or at least a move which considers only one phase of the situation.

In all fairness, the proposal is only a recommendation at this point. It is my hope—and our delegation has already communicated with the President to express its views and to request an opportunity to be heard before any definitive action is taken—that the President will recognize the overall picture in a way which the Defense Department claims it is not required to do and which certainly it has not done by its own admission, in this instance.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2380) to require an economic survey by the Area Redevelopment Administrator prior to the termination of operations at certain installations or facilities of the Department of Defense introduced by Mr. KEATING (for himself and Mr. JAVITS), was received, read twice by its title, and referred to the Committee on Armed Services.

FOREIGN ASSISTANCE ACT OF 1963— CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. GRUENING obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from Alaska yield briefly to me without losing his right to the floor?

Mr. GRUENING. I am glad to yield.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANOTHER REASON WHY THE FOREIGN ASSISTANCE PROGRAM IS IN SERIOUS TROUBLE

Mr. GRUENING. Mr. President, the conference report on the Foreign Assistance Act of 1963 is in many respects disappointing; in others it is gratifying. This conference report follows a pattern for similar conference reports in prior years on foreign aid bills. That pattern, Mr. President, illustrates another reason why the foreign assistance program is in deep trouble—one might even say it is in grave peril for its continued existence.

This year on the floor of the Senate occurred a long overdue attempt by the friends of the foreign aid program to instill into its administration a new sense of direction and control, the lack of which heretofore had opened the program to overly harsh criticism and played directly into the hands of those who would do away with the program completely and who so unrealistically believe that if the United States would but ignore the woes of the world they would somehow vanish into thin air and we could continue, safe behind this dream wall, to go about our petty daily chores.

The attempt to change the AID program was, as it turned out, and as it has always turned out in the past, an attempt to save the AID program from itself.

I deplored the method used in the Senate early last month to rewrite the foreign aid bill on the floor of the Senate, acting as though we were meeting as a Committee of the Whole. I joined with others in an attempt to recommit the bill to the Senate Committee on Foreign Relations so that that committee could implement its caustic criticisms of the foreign aid program by appropriate amendments.

That attempt failed, and those who wanted to give direction to the foreign aid program and who wanted some little say on how U.S. taxpayers' dollars were to be spent had no recourse but to propose amendments to the bill.

This we proceeded to do with all possible dispatch.

The fact that so many amendments were adopted on the Senate floor was definite proof of widespread dissatisfaction with the manner in which the foreign aid program was being administered, irrespective of the amount of money authorized to be appropriated.

This problem of the amount of money to be authorized to be appropriated has been the source of much misunderstanding. Without in any way minimizing its importance, I would venture to say that discussions of the dollar figures have thrown a smokescreen around more important factors. Basically the question is more fundamental than whether we authorize the appropriation of \$4.5 billion or \$3.5 billion or \$2.5 billion although as I shall demonstrate the last figure would be more than ample. We are and should be as much concerned with the authorization of the appropriation of even \$1 for a purpose in which we do not believe and which we feel will not assist in the proper conduct of the foreign policy of the United States as in the authorization of the appropriation of \$1 billion for that same purpose.

And yet year in and year out we get enmeshed in a gigantic numbers game—so far enmeshed, as a matter of fact, that this year we found that while our eyes were diverted to the dollar amounts the program itself had been extended to 107 countries around the globe and that U.S. taxpayers' dollars were being shipped on a grand scale to nations which were using these dollars to build political and economic systems at cross-purposes with our own or to acquire armaments with which to harass their peaceful neighbors,

which were also receiving U.S. AID dollars or to construct costly and unsound projects, or to bail out governments which decline to put an end to their own financial follies, waste, extravagance, inflation and corruption.

I shall, later in my remarks, discuss the amount reported by the conferees to be authorized for the foreign assistance program for the fiscal year 1964 and shall demonstrate with specific examples that the totals authorized by the bill are far too great and that they will do the AID program more harm than good.

At this point, however, I wish to confine my remarks to certain aspects of the program itself and point out how the dropping or weakening by the conferees of some of the provisions in the bill as it went to conference from the Senate, constitute yet another reason why the foreign aid program is in deep trouble with the people of the United States. If my colleagues doubt this, let them sound out grassroots opinion when they go home for the Christmas recess.

First let us consider the amendment sponsored by the distinguished senior Senator from California [Mr. KUCHEL] and cosponsored by his colleague [Mr. ENGLE] by my colleague [Mr. BARTLETT], and by myself.

The Kuchel amendment would have prevented aid to countries in Latin America which have been levying tribute on U.S. fishermen fishing on the high seas.

As was pointed out during the debate on this amendment, it is most disconcerting for U.S. fishermen engaged in their peaceful pursuits 200 miles off the coast of some Latin American nation to be illegally seized and forced to pay tribute to that nation, being hauled off to jail in a vessel given to that very same nation under our military assistance program.

The fishermen of the United States cannot understand why the United States continues, year after year after year, to send millions of U.S. dollars to the very same nations that engage in such piracy.

The actions of these Latin American countries recall the actions of the Barbary pirates off the North African coast a century and a half ago. Unfortunately, the vigorous action of the United States in those days, when we numbered only 18 States and were a far weaker Nation than now, contrasts with the supineness and inaction of our executive departments in the mid-20th century, and as the only alternative, properly inspired Senate action to redress the wrongs visited on American citizens, and to try to serve notice, not only on the offending nations, but on our own State Department that the Senate was sick and tired of watching these examples of piracy and blackmail continue.

We sent no gold for the economic development of the Barbary pirates. Neither did we give them naval vessels and arms so they could continue to prey upon our shipping. Instead we sent the U.S. Marines to the shores of Tripoli to enforce the freedom of the seas and respect for the Stars and Stripes.

This harassment of American fisher-

men by certain Latin American countries has been going on for some time now. Protests to our Department of State brought the usual reply that negotiations were going on and that the way in which to solve the problem was through continued negotiations.

Unfortunately the evidence was clear that while we sought to negotiate the abuses continued and increasingly revealed Uncle Sam's present preference to use the doormat as his symbol rather than our time-honored emblem.

The Senate decided that nations which harassed American fishermen were not worthy of our economic or military aid.

It was not a decision made on the spur of the moment by a handful of Senators. It was not an amendment slipped into the foreign aid bill at the end of a long day with the Chamber almost empty. It was discussed fully on the day previously by the senior Senator from California. It was adopted by the Senate in midafternoon after further discussion on the day following. Moreover it was decided by a recorded vote. Fifty-seven Senators—more than an absolute majority—voted in favor of the amendment. Only 29 voted against it.

And yet, what happened to the amendment in conference.

It was quietly dropped. The "fishing amendment," one might say, was "spurlös versenkt"—sunk without trace along with the rights of our American fishermen.

But how could it be, Mr. President? There was no similar amendment in the House version of the bill—the House had not even considered such an amendment, so there was no sentiment pro or con recorded in the House on such an amendment. The sentiment expressed in the Senate can be noted in the 57 votes in favor of the amendment.

It might be pertinent at this point to ask: Whom do the conferees on the part of the Senate really represent? I ask that question, Mr. President, with all due respect for the ability, the honesty, and the integrity, of each and every Member appointed to represent this body on the conference committee. I ask it, Mr. President, because in the answer to it will be found one of the reasons why the foreign aid program is in real danger. The pattern is all too familiar. It has been going on for years and years, leaving behind deep frustrations.

Each year the Senate adopts an amendment or two setting forth the purpose and direction of the foreign aid program. Even though the amendment was adopted, as the fishing amendment was, by a clear majority of the Senate—that valuable amendment sponsored by the senior Senator from California [Mr. KUCHEL] and cosponsored by his junior colleague [Mr. ENGLE] and supported by the two Senators from Alaska [Mr. BARTLETT and Mr. GRUENING]—nevertheless, the will of that majority was thwarted in conference, and the amendment was dropped.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. GRUENING. I yield with pleasure to my distinguished colleague the Senator from California.

Mr. KUCHEL. I thank the able Senator from Alaska for his comments. I agree with him with respect to the regrettable situation whereby the will of the Senate—in which he and I and two-thirds of those Senators present and voting participated—was blithely sheared away in conference.

I have some comments on that subject that I shall want to make later this afternoon; but the Senator from Alaska is correct. I remember that during the debate the distinguished Senator pointed out how, time and time again over the past decade, our fellow Americans were denied the right to use the seas, under the theory of freedom of the seas, because of a ridiculous contention, by three South American countries that their sovereignty extended 200 miles seaward from their shores.

The Senator from Alaska performed a service for the country during that debate. He performs a service now in pointing out the incredible fact that the will of the Senate was shunted aside in the conference report. I regret it keenly.

I speak as an American citizen who believes in the theory of mutual security, the helping of "free friendly nations," which is the language of that section. But the Senator has pointed out in his statement instance after instance in which aid was given to certain not very friendly nations. In one instance, in which the able Senator participated successfully, the Senate indicated that it does not want military aid funneled into a country which thereafter uses that aid as an offset for its own funds which can then be channeled into potentially aggressive acts.

Mr. GRUENING. I thank the Senator from California. We must emphasize that we prefer the method of negotiation, the peaceful method of give and take; but, as was clearly brought out by the Under Secretary of the Interior, negotiations with certain countries had proceeded at length, with no effect. They continue their abuses. They continue to seize our fishermen on the high seas with—strange irony—naval vessels which we had furnished to them as part of our foreign aid. If anything could be more amazing and ironical than that fact, I do not know what it could be. The Secretary was not a party to that aid, but he said negotiations were getting nowhere. I do not know what he hinted at when he said it, but he said more drastic action should be carried out. If the State Department had carried it out—and it should have taken action long since—it would have said to those countries, "We cannot continue to help you when you are violating international law, when you continue to permit acts of piracy," and that they would receive no aid if they continued to impose arbitrary and ruthless injustices.

So the Senate was impelled to act. Now the conferees have removed that provision in conference. I shall be interested to see what the results will be, because if the State Department does not take action within the next few months, I propose to speak on it at such length that it will become a public scandal, and

public opinion will compel the State Department to act.

Mr. KUCHEL. The Senator is eminently correct in his statement. He knows, without my saying so, that I shall be with him in the pursuit of that objective. In the comments which I shall make, which will be synthesized with the very able statement that the Senator from Alaska is now making, I point out, by way of reiteration, that it is an American tragedy that the American Government does not protect American citizens when they seek to use the freedom of the seas, in order to earn their very livelihood, 200 miles seaward from the coastlines of some nations which have made a mockery of the theory of the freedom of the seas.

The Senator will recall instance after instance in which, many, many miles from the shoreline of a certain country, American citizens were arrested, and their boats were confiscated, on the theory that they were within the sovereign area of the country abutting the sea at that point.

The Senator is correct in the statement he has made.

Mr. GRUENING. I appreciate what the Senator has said. When the amendment was originally introduced, I took occasion to contrast the failure of our Nation to act at this time with our action taken a century and a half ago, when we were a small nation of 18 States. Yet, when the Barbary pirates attacked our shipping, we did not send them foreign aid in the way of ships or arms. We sent our Marines to stop them.

Have fashions completely changed so that now when we are powerful and wealthy, we are impotent to act? I do not concede that because we are strong and powerful we should be repeatedly kicked and abused.

I hope the situation will be resolved in the next few months.

Mr. KUCHEL. I agree with the Senator.

Mr. GRUENING. The cry is raised: Do not tie the hands of the Administrator or the President. They must have flexibility.

I agree that there must be a certain amount of flexibility. But when 57 Senators vote to refuse aid to any nation ruthlessly harassing U.S. fishermen, penalizing them, imprisoning them, robbing them, one would think that, whether the amendment is or is not written into the law, the Administrator of the AID program would take the broad hint and stop aid to such countries.

But, Mr. President—and here is the reason for the mounting resentment—even in the face of such a record aid will continue to go to countries harassing American fishermen. These restrictions which we have been voting into the foreign assistance act in the Senate have been dropped in conference and ignored by the AID administrators.

Another example of how the will of the Senate has been thwarted in conference is furnished by the provision relating to interest rates on development loans.

As reported by the Senate Committee on Foreign Relations, interest rates on

development loans would be raised from as low as three-fourths of 1 percent per annum, with a grace period of 10 years and a repayment period of 40 years to a minimum of three-fourths of 1 percent per annum for the first 5 years, and then a minimum of 2 percent per annum for the remaining years of the term of the loan.

The House version raised it to a flat 2 percent per annum.

During the debate on the bill I offered an amendment raising the rate to that which is paid by the United States for the funds which it borrows. That vote was narrowly defeated by a vote of 41 to 47, indicating a general dissatisfaction on the part of many Senators to the percent interest rate of three-fourths of 1 percent per annum.

With 41 Senators voting to increase the rate to over 4 percent, there seems to be no justification for the action by the conferees in adopting an interest rate more lenient than either the Senate or House versions. But that is exactly what the conferees did. The conference bill proposes a grace period of 10 years—there was no grace period in the House bill and only a 5-year grace period in the bill passed by the Senate—with a minimum interest rate of three-fourths of 1 percent per annum during the 10-year grace period. The Senate-passed bill provided for the three-fourths of 1 percent per annum interest rate for only a 5-year grace period. In addition, gone from the conference bill was the Senate provision of a maximum term on loans of 35 years. In addition, the conference bill exempts loans from the International Development Association or loans authorized or committed prior to the passage of this bill.

Here we see a clear-cut example of the third legislative body—the conference committee in action. It matters not what either the House or the Senate passed. A small minority overrules the majorities of both Senate and House. This is scarcely a demonstration of the democratic process.

The conference is king. The bill is rewritten in conference from scratch with neither the House version or the Senate version of the provision used as guidelines.

With such an example of the disregard of the wishes of both Houses before them, can the AID administrators wonder any longer at the dimming view in both Houses of the program?

Yes, Mr. President, maybe they got away with it this year. But in a few short months they will be before the Congress again and it may be that then we will be able to devise a method of circumventing these attempts to thwart the obvious will of both Houses of the Congress.

The 10-year grace period provided by the conference version of the interest rate provision will permit the program to continue as it has been in the past with absolutely no change in pace. Loans will continue, as they have in the past, to be granted at three-fourths of 1 percent per annum interest with our Nation steadily going deeper into astronomical debt and our taxpayers paying

about 4 percent for the money we reloan at less than one-fourth of that rate. And is there any concern on the part of the AID administrators as to whether those loans will ever be repaid? None of those responsible for this prodigal financing today will be around at that distant date.

In addition a new "gimmick" has been written into the provision. The restrictions—such as they are—do not apply to loans already "committed." Nowhere is the word "committed" defined, explained or limited. I wonder, Mr. President, when we examine the activities in the AID program next year how many loans we will find that were secretly "committed" at some cocktail party or luncheon.

It is my intention to follow through on this point in the months ahead and ask the Administrator of the AID program for a full justification of all development loans granted on "easy terms" for which there has been no obligation on the books of the AID at the time of passage of this bill.

A third provision I would mention at this time which was "junked" by the conference committee is the so-called junta provision barring aid to nations where a military coup has taken over from the duly-elected civilian governments.

Section 254 of the Senate bill provided as follows:

Sec. 254. Restrictions on Assistance. None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest.

This is far and away a very mild provision designed to strengthen the hand of the President in a very vital area. You will note, Mr. President, that complete discretion is vested in the President of the United States to waive this provision whenever he determines—in his sole and unreviewable discretion—that "withholding such assistance would be contrary to the national interest".

Yet even this mild provision was dropped by the conferees.

One very unfortunate change was the dilution almost to the point of nullification in the wise Senate provision to assist nations in meeting their population explosion problems. Unless something of this nature is done—and soon—the whole program in many countries—particularly in India and Latin America—will go down the drain. I could cite ample substantiation of this prospect. The Senate Foreign Relations Committee deserves high credit and praise for writing such a provision into the bill for the first time. This action corresponds to a great surge of favorable public opinion. But the conferees watered it down to a meaningless wordage about doing some research.

I do not wish to give the impression that all the Senate amendments were dropped.

One amendment, which I sponsored, would deny military assistance to Latin America. This was retained. For that I am grateful and hope that it will be implemented and that the ample exemptions permitted to the President in that amendment will be sparingly used.

The other amendment, which I also sponsored, would bar aid to nations which are waging aggression against or preparing to wage aggression against countries also receiving our economic or military assistance. This amendment was also retained. For that I am thankful. I hope that the President will promptly make the necessary findings that Egypt and Indonesia are aggressors and just as promptly stop our aid program in those countries until their aggressive actions have abated.

I cannot help be disturbed that, despite the action of the Senate and the clear-cut exposure of Sukarno's aggressive policies, military aid continues to be given to Indonesia in next year's program.

However, this aggressor amendment points out the corner into which are being painted those of us who would seek to amend the foreign assistance bill in order to improve its administration.

Apparently, the one certain way of amending a foreign assistance bill is to adopt House-passed language thereby "locking in" the amendment and not making the amendment amenable to conference consideration. We are, in short, being asked to abdicate our obligations in the Senate in favor of the other body and to adopt precisely the same language adopted by that body even though that language could be improved.

If permitted to persist, this is very unfortunate.

It will ultimately spell the end of the influence of the U.S. Senate in an important area of United States foreign policy.

It should be clear that in these two bodies, in the field of foreign relations, the Senate plays, or should play, under the Constitution, a far more important role.

This situation will hand to the other body a complete veto over whatever conditions can be written into the foreign assistance bill.

I truly hope that those exercising the leadership role in this matter reconsider their positions and become reconciled to the fact that conferees should truly represent the will of the Senate and not the collective will of those appointed to serve on the conference committee.

Now, Mr. President, a few words about the money authorized to be appropriated for the foreign assistance program for the fiscal year 1964.

It is far too much.

And, because it is too much, it will lead to profligate practices and procedures. This is so obvious as to need no argument.

I recently completed for the Senate Committee on Government Operations a study of our foreign aid program in 10 Middle Eastern and African countries. In my report on that trip I showed the proliferation of technical assistance programs because of the abundance of

funds. It can safely be said that we are in 107 countries with an AID program precisely because we have had too much money. If the AID program had to count its pennies, it would have fewer projects and would be in fewer countries.

But, Mr. President, precisely because it had less money and therefore had to be more selective, the AID program would have been in those countries and those programs where it could be more and most effective.

What is the money situation?

The administration request was for \$4.5 billion.

The House-passed bill authorized the appropriation of \$3.9 billion.

The Senate passed a bill authorizing the appropriation of \$3.6 billion.

The figure of \$3.5 billion was agreed to by the conferees—a sum \$100 million more than the House figure.

Can this amount be cut further? I think it can and should be.

It is ironical, Mr. President, that at almost the precise moment that the Senate conferees were in conference on this measure we here in the Senate were engaged in a serious debate as to whether to appropriate \$45 million for the accelerated public works program. The motion to delete the item was defeated. This double-standard thinking should stop. Items for foreign assistance should be scrutinized as closely as items which are destined to boost our economy here at home. For unless that economy here is strong and vigorous, we cannot long sustain the burdens abroad.

But there is much more to be said on this issue, while we are being importuned to vote these billions of dollars for aid to 107 foreign countries the funds for our domestic employment program—under the accelerated Public Works Act—has run dry. Not only have the \$900 million authorized run out, but hundreds of useful projects in areas of mounting unemployment in every State of the Union are fully processed, approved and ready to go. But there is no money. At this very time, Mr. President, a special ad hoc committee appointed by the able chairman of the Senate Committee on Public Works [Mr. McNAMARA], and chaired by the distinguished senior Senator from West Virginia [Mr. RANDOLPH] is holding hearings on the extent of that great domestic need. Hearings are being held all this week to hear Governors, mayors, State, county, and city officials who present a harrowing story of increasing unemployment with their useful projects ready to go—and no money.

I am a member of that ad hoc committee. It is shocking to think that such a situation could develop. I know, of course, that the ad hoc committee cannot, in the face of this tragic new factual evidence, fail to report favorably the bill of the Senator from Michigan [Mr. McNAMARA] which would authorize \$2,400,000, or to allow the accelerated works program to resume. That sum will be used up by existing projects.

My own bill (S. 1121) provides for the same amount that will be appropriated for foreign aid, which may be a slightly

larger program. But to me, it is not only shocking, but incomprehensible, that the dire needs of the American people go unattended, while aid to 107 foreign countries proceeds merrily on. At best, we cannot get both authorization and appropriations to take care of American needs for months. This double standard—help for 107 foreign nations, none for America's communities and America's unemployed—is revolting. Moreover, these projects are sound, useful, desirable, needed undertakings.

As I listened to the testimony of State officials, I was impressed with the conscientiousness with which these community needed projects were prepared, presented, and processed. They include such research projects as installations for water supply, sewers, health centers, municipal buildings, and street improvements—projects which not only would employ people locally, but also back in the factories where the materials are manufactured. They would aid the transportation industry, including railroads and trucks, which convey the materials to the States where they will be used.

Yet we are just now holding hearings in an ad hoc committee, a subcommittee of the Committee on Public Works, in order to get this essential program moving again. I could only wish that we might shortcut this delay and transfer what will be cut from the foreign assistance program to the domestic assistance program. But let it be crystal clear that I shall not cease my efforts to try to gain attention to the needs of American citizens at least equal to that which has been consistently given for years to the citizens of foreign lands. Our citizens should have not merely equality, but priority. At present, they have neither priority nor equality. They have posteriority. I repeat that I deem it shocking.

In the next 48 hours, there will be the final vote on a multibillion-dollar foreign aid bill. Action on the smaller domestic aid bill is for the indefinite future—the sweet bye and bye. That policy must cease.

During the course of the debate on the foreign assistance authorization bill, I urged repeatedly that the program be reviewed on a country-by-country basis.

Time is now of the essence, but I shall attempt to do precisely that very briefly.

All figures given will be those for fiscal 1963.

First I would eliminate the military aid program for all Latin America—a saving of \$74.8 million. This prohibition is now in the act and should necessarily lead to this savings.

Second, I would eliminate all military aid to the African nations. It must be remembered that, except for the violence in the Congo, the remaining nations in Africa have come into existence peacefully. Nevertheless, there is grave danger that the United States through its military assistance program is initiating an arms buildup which inevitably will mushroom into an arms race and world violence. Indeed, that is now happening. We are assisting Somalia, one of the newer republics, which is being

invaded, harassed, and attacked by troops from neighboring Ethiopia. Food has been supplied as well as American planes, tanks, and machineguns. This is the fruit of our military aid program in Africa. It has already begun; it should be stopped immediately.

What a mockery this makes of our professions on behalf of a world at peace.

The elimination of this item will save \$27.4 million.

Then I would eliminate the \$476.4 million item for military assistance to economically prosperous Europe.

I would eliminate military aid to prosperous Japan—\$172.9 million.

Next let us turn to the Middle East: Our program in Greece is supposedly stopped so that should save us \$128.8 million.

So is our program to Israel at a savings of \$78.9 million.

Our program for Lebanon, they tell me, is also stopped, so we should save \$300,000.

Our programs in Iraq, Syria and Egypt should also be stopped until those countries start thinking more in terms of their own economic development than their political aggrandizement, and stop engaging in aggressive warfare.

Stopping these three programs will save \$318.6 million.

We should stop our aid program to oil-rich Libya—\$12.5 million.

Turning again to Latin America on the economic front, we have recommended that the aid program in the Dominican Republic and Honduras be stopped because of the military junta overthrow of the duly constituted civilian government. This would save an additional \$66.1 million.

In addition, until Brazil takes the needed economic measures which would prevent our funds from being dissipated, we should withhold the \$155.4 million in economic aid.

We can save \$140.9 million in Indonesia and \$29.2 in Cambodia which is resisting strongly our efforts to thrust this money on that nation.

How fantastic now appears the \$300 million we have sunk into Cambodia. Not only is the money wasted, but, worse than that, our military air unit training, now that the Cambodians have elected to get into bed with Red China, helps that country in its war against freedom. We had better revise all our military aid programs with respect to which similar situations exist. It would be interesting to find out how we happened to be deceived, misled, and mispersuaded by those who happened to be in charge of this program during these years, and who could not foresee the waste which would occur, despite the generous amounts of money we poured into the program.

In line with the Clay Committee report, we should cut by at least 50 percent the aid given to the newly emerging nations of Africa, giving the former colonial powers the opportunity to assist their former colonies. This would save \$250 million.

Then there is Taiwan, that little island into which we have poured the incredible sum of \$4,500 million. It seems to me about time that that island were

on its own. Of course, we want to prevent it from falling into the orbit of Red China. For that purpose we have built a tremendous military force there. We are paying the salaries of countless generals in the Taiwanese Army; but the real protection of Taiwan, if war should break out, would devolve upon our 7th Fleet. When we consider the amount of aid we have given Taiwan, it is almost fabulous. We have supplied Taiwan with machinery, powerplants, chemical plants, and fisheries. Everything the imagination could possibly conceive has been done for Taiwan. It is about time we stopped, and let that little island grow on the resources and the billions of dollars we have given it.

Another place where we could save money is in British Guiana. I tried to have an amendment adopted to prevent giving aid to colonies of old-world nations before they were set free. I see no reason why we should continue, as we have done in the past, to give aid to British Guiana, British Honduras, French Guiana, Dutch Guiana, and Surinam while they are still colonies. Is not such aid inconsistent with our stand that we will not aid nations that we have made prosperous, and that it is not proper to help their colonies while they are still colonies?

Thus even on this cursory review of our program the amount of \$2 billion can be cut from the amount authorized to be appropriated.

I am fully aware of the argument that we must authorize more to be appropriated than we believe justified in order to bargain with the other body.

I reject that argument completely.

I cannot in all good conscience vote to appropriate one more dime for this or any other program than I believe can be honestly and wisely spent.

I ask unanimous consent that there be printed at the conclusion of my remarks an editorial from the Washington Star of November 9, 1963, entitled "Beginning of the End," a column by Jenkin Lloyd Jones entitled "Our Brothers' Keeper," and a table showing funds expended on the AID program for fiscal year 1963.

(See exhibit 1.)

Mr. GRUENING. Mr. President, I voted in favor of H.R. 7885 a few weeks ago. I shall not vote in favor of the conference report; and I shall continue my efforts to cut this program down to a reasonable size and to eliminate some of its past and persistent follies which apparently those in charge of the program—and, I regret to say, some of our conferees—do not wish to see remedied.

When they go home to their constituents for their Christmas holidays, I think they will find an increasing view as voiced by the Evening Star editorial, which is that the foreign aid program should be scrapped.

I do not share this view. I want to see foreign aid continued where it is needed, where it is useful, where it is appreciated, where it will strengthen the cause of peace and achieve the objectives alleged for it, but so frequently honored in the breach in the execution of the program.

EXHIBIT I

[From the Washington Evening Star, Dec. 9, 1963]

BEGINNING OF THE END

The foreign aid authorization, though improved in one respect, has emerged from conference in a form which indicates that this vast international subsidy at the expense of the American taxpayer is on its way out. We hope so.

The improvement consists of the restoration of the President's authority to extend most-favored-nation trade treatment to Yugoslavia and Poland. The theory is that the President should not be forbidden by law to exercise this discretion in trying to encourage countries that seem to be endeavoring to break away from Communist domination. This, of course, has nothing to do with foreign aid. But it makes sense, and it is too bad that the conferees would not grant the President similar discretionary authority in the case of other Communist countries. The Kremlin's empire may or may not be in process of disintegrating. But why erect arbitrary bars which can only serve to discourage that process?

As for the rest, the conferees split the House and Senate money versions pretty much down the middle. The final authorized figure was \$3,599,050,000. When the appropriations committees are through, the total will probably be down to \$3 billion, or perhaps even a little less. This will represent a big cut from the \$4.5 billion originally requested by the administration, and it will evoke anguished screams from the professional foreign-aiders.

We do not think, however, that any anguished screams will be heard from the taxpayers of America.

They have been lugging this foreign aid load for some 17 years and have doled out something like \$100 billion in its support. They are fed up with it. This Congress should serve unmistakable notice that in the business of foreign aid we have come to the beginning of the end.

[From the Washington Evening Star, Dec. 9, 1963]

OUR BROTHERS' KEEPER—CONGRESS REFLECTS U.S. DISILLUSIONMENT WITH WHAT HAPPENS TO VAST FOREIGN AID

(By Jenkin Lloyd Jones)

What is the sensible thing to do about foreign aid?

And let's define "sensible."

Foreign aid should feed the calf without

killing the cow. It should help un-mess messed-up political systems and social philosophies.

It should turn mendicant countries with chronic deficit economies into going concerns that can stand on their own feet.

It should expand the area of freedom, making realistic allowances for the fact that ignorant and volatile people have to make a choice between a high degree of centralized authority and utter chaos.

Our first attempt at foreign aid, the Marshall plan, was a thumping success. Western Europe and Japan lived on industry, and the war had wrecked their means for living. American aid plus native energy and know-how created a miracle of reconstruction that filled a vacuum into which communism had confidently expected to flow.

But no sooner had we shored up war-ravaged economies than most of the rest of the world, including that part of it which far from having been injured by the war had profited from it, began shaking tambourines in our faces and crying, "Do you love us less?"

And we couldn't think of any other answer except to unlock Fort Knox.

It wasn't long before someone in Washington invented a marvelous phrase, "the take-off point." You were to give foreign aid to a poor and underdeveloped country until its industries were started, its dams and irrigation projects built, its starved fields revitalized with fertilizer, and then the marvelous takeoff would arrive.

This was the point where the country's economy would become self-regenerating and self-expanding. Foreign aid would then no longer be necessary and what had once been a miserable land, easy prey to communism, would become a vigorous, happy, free nation.

And this could happen, indeed. Provided such a country did have large untapped natural and agricultural resources, that its people were energetic and eager to learn, that public servants were generally honest and progressive, and that its wealthy citizens were willing to reinvest their money in new job-making and wealth-spreading ventures.

The only trouble is that where people had all these qualities they were generally already pretty prosperous. What we soon found ourselves doing was running a gigantic WPA for fouled-up nations remarkable for laziness, graft, and huge private fortunes that hid themselves in foreign banks.

In some nations we have simply shored up inefficient socialist regimes that have smothered enterprise in red tape and scraped the bottom of the confiscation barrel. In other

words, as in India, we have poured money down a widening ratehole as the increase in population chronically outruns the rise in the gross national product.

In Yugoslavia we gave the frankly Communist Mr. Tito a billion or so on the theory that this would encourage an independent course for satellites. Mr. T. and Mr. K. are now closer than 10 college students in a phone booth.

If we expected gratitude we misjudged human nature. Many peoples to whom international philanthropy is unbelievable looked for the bug under the chip. They were helped by hints from the Communists about "hidden Yankee imperialism." The human being rebels at thinking of himself as a recipient of charity. He prefers to imagine that he is giving value in return, willingly or not.

President Sukarno of Indonesia recently said that the world's new nations, including his own, do not have "rising expectations," but "rising demands." He expects these demands to be met by the wealthy nations of the world.

Well, Sukarno runs a graft-ridden travesty of democracy, notable for its inefficient administration and its own brand of neo-imperialism. How do we advance human justice by periodically bailing out Sukarno?

Among some tribes of the Ivory Coast in Africa it is customary for a man to retire at 25. After that he squats around the village with his fighting cocks. How much earlier must a 65-year-old Iowa farmer get up so that he can contribute to the retirement fund of these 25-year-olds?

A huge bureaucracy has grown up in Washington and in the foreign service as a result of foreign aid. A man naturally sells what his job depends on and Americans have been given a heavy dose of the propaganda line that only our outlays can save the world for democracy.

But the recent reaction of Congress only reflects an advance disillusion among Americans in general. Americans, representing 7 percent of the human population, cannot continue to underwrite the deficits of people who cuddle their dry sacred cows.

Only a radical minority would end foreign aid altogether. There is much good that can be done with a carefully supervised and screened program for people who are determined to exercise the energy and self-discipline necessary to make their economies viable. But we're through tossing the gold over the transom. And history will not blame us.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963 (preliminary)

[In millions of dollars]

Region and country	Grand total	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				Total	Development grants program social progress	Development loans	Supporting assistance and other	Total	Social Progress Trust Fund	Food for peace (Public Law 48)					Export-Import Bank long-term loans	Other economic programs	
										Total	Title I		Title II	Title III			Title IV
Total, all countries.....	7,026.7	1,849.9	5,176.8	2,395.8	343.6	1,287.8	764.2	2,781.0	124.8	1,771.3	(1,268.2)	1,074.2	314.6	314.1	68.4	571.7	313.2
Near East and south Asia.....	2,288.0	380.3	1,907.7	983.9	54.0	779.6	150.3	923.8	-----	854.4	(766.6)	682.0	111.5	60.9	-----	64.5	14.9
Afghanistan.....	19.2	1.2	18.0	17.7	15.1	2.6	-----	.3	-----	.1	-----	-----	-----	.1	-----	-----	.2
Ceylon.....	8.4	-----	8.4	.4	.4	-----	-----	8.0	-----	7.8	(4.7)	3.5	-----	4.3	-----	-----	.2
Cyprus.....	4.1	-----	4.1	2.9	.6	2.3	-----	1.2	-----	1.1	(1.1)	.9	-----	.2	-----	-----	.1
Greece.....	128.8	79.6	49.2	31.6	-----	31.6	-----	17.6	-----	14.6	(11.2)	6.5	-----	8.1	-----	3.0	.9
India.....	821.0	30.0	791.0	402.3	6.3	396.0	-----	388.7	-----	347.5	(373.3)	333.9	-----	13.6	-----	40.3	.9
Iran.....	115.9	58.1	57.8	23.4	3.8	17.4	2.2	34.4	-----	34.2	(7.7)	5.8	25.0	3.4	-----	-----	.2
Iraq.....	1.0	.1	.9	.8	.8	-----	-----	.1	-----	.1	-----	-----	-----	.1	-----	-----	-----

Footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963 (preliminary)—
Continued

[In millions of dollars]

Region and country	Grand total	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				Total	Development grants program social progress	Development loans	Supporting assistance and other	Total	Social Progress Trust Fund	Food for peace (Public Law 48)					Export-Import Bank long-term loans	Other economic programs	
										Total	Title I Total sales agreements	Title I Planned for country use	Title II	Title III			Title IV
Near East, etc.—Con.																	
Israel	78.9	0.6	78.3	45.0		45.0		33.3		22.1	² (23.2)	19.8	1.5	0.8		11.2	
Jordan	63.6	4.3	59.3	43.0	7.0		36.0	16.3		16.3			14.4	1.9			
Lebanon	.3	.2	.1	.1	.1												
Nepal	4.6		4.6	3.9	3.9			.7		.2			.2				0.5
Pakistan	372.5	(³)	372.5	185.0	7.9	176.8	.3	187.5		185.4	² (155.4)	146.1	35.5	3.8			2.1
Saudi Arabia		(³)															
Syrian Arab Republic	.4	(⁴)	.4	.2	.2		(⁴)	.2		.2			.2				
Turkey	317.2	135.7	181.5	131.1	4.7	71.4	55.0	50.4		49.8	(55.9)	45.0		4.8			.6
United Arab Republic (Egypt)	198.7		198.7	48.6	2.3	36.3	10.0	150.1		140.1	² (134.1)	120.5		19.6		10.0	
Yemen	4.0	(⁴)	4.0	3.4			3.4	.6		.6			.6				
Yemen	.8		.8	.8	.5		.3										
Regional	148.5	70.5	78.0	43.5	.4		43.1	34.5		34.5			34.4	.1			
Latin America																	
Argentina	156.5	2.7	153.8	99.7	3.3	76.4	20.0	54.1	30.0							² 24.1	
Bolivia	69.9	1.6	68.3	35.7	7.5	18.3	9.9	32.6	10.5	21.4	(16.9)	14.3	.4	3.7	3.0		.7
Brazil	172.3	16.9	155.4	86.9	24.0	37.4	25.5	68.5	5.8	61.6	(43.4)	34.7	11.3	15.6			1.1
British Guiana	1.4		1.4	1.3	1.3			.1		.1				.1			
British Honduras	.6		.6	.1	.1			.5		.3				.3			.2
Chile	99.2	10.2	89.0	41.3	6.3	35.0	(⁴)	47.7	4.9	26.5				5.5	21.0	15.5	.8
Colombia	134.9	8.4	126.5	93.5	6.1	87.2	.2	33.0	8.5	18.3				11.5	6.8	3.4	2.8
Costa Rica	15.5	.7	14.8	13.0	2.4	10.6		1.8		1.6			1.5	.1			.2
Dominican Republic	51.7	2.1	49.6	29.4	3.4	2.1	23.9	20.2	6.5	12.5			1.2	6.3	5.0		1.2
Ecuador	39.2	2.8	36.4	18.2	4.9	6.3	7.0	18.2	9.9	6.1				2.3	3.8	1.3	.9
El Salvador	23.1	.6	22.5	19.6	3.0	16.6		2.9		2.6				2.6			.3
Guatemala	15.4	2.0	13.4	3.4	2.7	.7		10.0	7.8	1.0				1.0			1.2
Haiti	6.2	.4	5.8	4.9			4.9	.9		.9				.9			
Honduras	14.4	1.1	13.3	7.3	3.2	1.6	2.4	6.0	5.6	.3				.3			.1
Jamaica	13.0		13.0	5.8	.8	5.0		7.2		2.0				2.0		5.0	.2
Mexico	50.9	1.2	49.7	.4	.4			49.3	8.0	15.5			1.1	14.4		25.8	
Nicaragua	9.0	1.5	7.5	3.5	2.5	1.0		4.0	.2	1.4				1.4			2.4
Panama	10.0	.8	9.2	8.2	2.2	6.0		1.0		.7				.7			.3
Paraguay	10.2	.9	9.3	3.0	3.0			6.3	2.9	3.4	(3.3)	2.5		.9			
Peru	31.0	6.7	24.3	3.0	3.0			21.3	1.5	6.9			3.1	3.8		10.7	2.2
Surinam	.4		.4	.3	.3			.1		.1				.1			
Trinidad and Tobago	4.1		4.1	3.9	.8		3.1	.2		(⁴)			(⁴)				.2
Uruguay	24.6	2.5	22.1	7.9	1.9	6.0		14.2	8.0	.6				.6		5.0	.6
Venezuela	56.8	10.4	46.4	33.1	3.0	30.0	.1	13.3	11.0	1.2				1.2		.4	.7
Other West Indies	.4		.4					.4		.4			(⁴)	.4			
ROCAP	11.1		11.1	8.2	5.7	2.5		2.9	2.9								
Regional	80.4	1.2	79.2	17.2	17.0		.1	62.1	.7								61.4
Far East																	
Burma	15.2		15.2	6.7	1.0			8.5		8.5	(10.7)	8.1		.4			
Cambodia	29.2	10.4	18.8	18.8	7.8		11.0	(⁴)		(⁴)				(⁴)			
China, Republic of	212.6	132.3	80.3	38.6	2.1	36.5		41.7		41.7	² (27.0)	21.9	3.5	7.9	8.4		
Hong Kong	5.6		5.6					5.6		5.6			2.9	2.7			
Indonesia	140.9	17.6	123.3	36.7	14.8		21.9	86.6		86.4	² (91.2)	82.1	.8	3.5			.2
Japan	172.9	49.1	123.8					123.8		.9				.9		122.9	
Korea	403.7	199.4	204.3	126.2	5.6	30.6	90.0	78.1		78.1	(74.0)	66.6	1.4	10.1			
Laos	36.8	(²)	36.8	36.3			36.3	.5		.5				.5			
Malaya	2.2		2.2					2.2		1.4				1.4			.8
Philippines	117.7	23.9	93.8	2.9	2.9			90.9		9.8				9.8		3.9	77.2
Thailand	94.2	71.6	22.6	16.2	6.4		9.9	6.4		.1				.1		5.0	1.3
Vietnam	208.1	(³)	208.1	143.7	10.5		133.2	64.4		64.4	(27.0)	24.3	34.8	5.3			
Regional	284.0	² 280.8	3.2	2.5	2.2		.2	.7									.7
Africa																	
Algeria	79.6		79.6	1.8	1.1		.7	77.8		77.8			63.8	14.0			
Burundi	1.5		1.5	(⁴)	(⁴)			1.5		1.5			.6	.9			
Cameroon	1.5	(⁴)	1.5	1.0	1.0			.5		(⁴)				(⁴)			.5
Central African Representative	.7		.7	.7	.7			(⁴)		(⁴)				(⁴)			
Chad	1.1		1.1	1.0	1.0			.1		.1				.1			
Congo (Brazzaville)	.7		.7	.5	.5			.2		.2							
Congo (Leopoldville)	79.8	.2	79.6	42.4	3.0		39.4	37.2		37.2	(30.6)	27.5	6.3	3.4		.2	
Dahomey	1.0	(⁴)	1.0	.7	.7			.3		.3				.3			
Ethiopia	24.2	9.0	15.2	10.0	6.0	4.0		5.2		3.0	(.9)	.7		.9	1.4		2.2
Gabon	1.2		1.2	.7	.7			.5		(⁴)				(⁴)			.5
Ghana	3.0	.1	2.9	1.7	1.7			1.2		.6				.6			.6
Guinea	16.0		16.0	12.1	3.7	2.4	6.0	3.9		3.6	² (4.7)	3.6		(⁴)		4.7	.3
Ivory Coast	7.9	.1	7.8	2.5	.8			5.3		(⁴)				(⁴)			
Kenya	5.7		5.7	4.9	2.7	1.7		.8		.8			.6	.2			
Liberia	50.8	2.1	48.7	39.9	8.6	31.3		8.8		3.0				.2	2.8	4.5	1.6
Libya	12.5	1.1	11.4	10.4	1.4		9.0	1.0									1.4
Malagasy Republic	1.0		1.0	.5	.5			.5		.5				.5			
Mali, Republic of	4.6	.7	3.9	3.9	1.2	2.1	.7										
Mauritania	.2		.2	.1	.1		(⁴)	.1		.1			.1	(⁴)			
Morocco	75.0	(³)	75.0	21.6	1.1		20.5	53.4		.1			35.3	(⁴)			.2
Niger	1.4	(⁴)	1.4	1.2	.7		.5	.2		52.6	(7.7)	5.8	11.5				.5
Nigeria	36.6	.2	36.4	24.1	12.0	12.1		12.3		.3				.3		9.5	2.5
Rhodesia and Nyasaland	2.2		2.2	1.8	1.8			.4		(⁴)				(⁴)			.4
Rwanda	(⁴)		(⁴)					(⁴)		(⁴)				(⁴)			

Footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963 (preliminary)—Continued

[In millions of dollars]

Region and country	Grand total	Total military	Economic assistance												Ex- port- Import Bank long- term loans	Other eco- nomic pro- grams
			Total eco- nomic	AID programs				Total	Social Pro- gress Trust Fund	Other economic assistance						
				Total	Devel- opment grants pro- gram social prog- ress	Devel- opment loans	Sup- porting assist- ance and other			Total	Food for peace (Public Law 48)					
											Total	Title I		Title II		
										Total sales agree- ments	Planned for country use					
Africa—Continued																
Senegal.....	5.2	1.5	3.7	2.2	2.2			1.5		0.6			0.6		0.3	
Sierra Leone.....	3.9		3.9	2.5	2.5			1.4		.5			.5		.9	
Somali Republic.....	9.2		9.2	7.8	4.2	3.6		1.4		1.2		1.2	(4)		.2	
Sudan.....	11.0		11.0	6.5	2.7	3.8		4.5		4.5	(6.0)	4.5				
Tanganyika.....	12.5		12.5	8.9	2.0	6.9		3.6		3.3			3.0	.3	.3	
Togo.....	1.3		1.3	.8	.8			.5		.2			.2		.3	
Tunisia.....	71.9	(3)	71.9	32.3	2.2	23.3	6.8	39.6		39.0	(12.6)	11.3	25.7	2.0		
Uganda.....	7.0		7.0	6.9	2.5	4.4		.1		.1				.1		
Upper Volta.....	1.0	(4)	1.0	.5	.5			.5		.5				.5		
Zanzibar.....	(4)		(4)					(4)		(4)				(4)		
Other British territories.....	.1		.1					.1		.1				.1		
Regional.....	22.0	12.3	9.7	9.7	9.4		.3	(4)							(4)	
Europe.....	899.1	476.4	422.7	2.9	2.9			419.8		154.8	(145.6)	84.3	4.0	50.3	16.2	265.0
Austria.....	31.4		31.4					31.4								31.4
Belgium-Luxembourg.....	28.1	28.1														
Denmark.....	24.0	24.0														
France.....	30.6	30.5	.1					.1		.1				.1		
Germany (Federal Re- public).....	.5	.3	.2					.2		.2				.2		
Iceland.....	1.4		1.4					1.4		1.4	(1.9)	1.4				
Italy (including Trieste).....	300.7	72.4	228.3					228.3		14.4			4.0	10.4		213.9
Netherlands.....	16.4	16.3	.1					.1		.1				.1		
Norway.....	38.7	38.7														
Poland.....	10.8		10.8	2.8	10 2.8			8.0		8.0	(51.6)			8.0		
Portugal.....	18.9	11.2	7.7					7.7		7.7				7.7		
Spain.....	61.0	31.8	29.2					29.2		9.5				9.5		19.7
United Kingdom.....	11.2	11.2														
Yugoslavia.....	113.5		113.5	.1	.1			113.4		113.4	(92.1)	82.9		14.3	16.2	
Regional.....	211.9	211.9														
Nonregional.....	459.9	106.1	353.8	169.8	44.6		125.2	184.0		47.4				47.4		11 136.6

¹ Represents Peace Corps.² Includes proration of multiyear agreements.³ Military data classified and included in regional totals.⁴ Less than \$50,000.⁵ Represents \$60,000,000 subscription to Inter-American Development Bank; \$15,200,000 for Peace Corps; and \$2,400,000 for Rama Road.⁶ Excludes refinancings of \$72,000,000.⁷ Represents \$73,000,000 war damage claims in the Philippines and \$7,100,000 for the Peace Corps.⁸ Includes aid to Australia and New Zealand.⁹ Represents \$13,000,000 for the Peace Corps and \$1,000,000 in Libya for special purpose funds.¹⁰ For Krakow Research Hospital.¹¹ Includes \$61,700,000 subscription to the International Development Association and \$72,100,000 for U.N. bonds.

Mr. GRUENING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WALTERS in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 4276) to provide for the creation of horizontal property regimes in the District of Columbia.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9140) making appropriations for certain civil functions administered by

the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the Saint Lawrence Seaway Development Corporation, the Tennessee Valley Authority, and certain river basin commissions for the fiscal year ending June 30, 1964, and for other purposes, and that the House receded from its disagreement to the amendments of the Senate numbered 5 and 19 to the bill and concurred therein.

MILLIONAIRE OIL AND GAS OPERATORS WHO PAID LITTLE OR NO TAXES IN 1960

Mr. DOUGLAS. Mr. President, the Senate Finance Committee is now in the process of considering one of the two most important measures before Congress this year—namely, the tax bill.

Despite public discussion about the bill in general, the specific details, both of the bill and of the existing tax structure, are not thoroughly understood by the American people, or, I venture to say, even by the Members of Congress.

The report made last February by the Secretary of the Treasury to the House

Ways and Means Committee indicated that in the field of depletion allowances, a total of approximately \$3,300 million was written off, and served as an exemption from taxes; that of this amount, a total of \$2,200 million was directly connected with gas and oil; and that companies not directly engaged in the gas and oil business possible received additional amounts. This is one of the largest loopholes or "truck holes" in our entire system of taxation, and it is one of the most powerfully ensconced special privileges in our system of taxation.

OIL AND GAS DEDUCTIONS

We must recognize that the oil industry now is given various tax deductions. First, it very properly is given a deduction for operating expenses. This is entirely correct.

In addition, the cost of dry holes is written off against the income from the successful drillings.

In addition, from 75 percent to 90 percent of the exploration, drilling, and developmental costs, both tangible and intangible, is written off in the first year. This item comes to approximately \$2 billion.

In addition, those who are engaged in the oil and gas business receive a credit of 27½ percent of gross income, up to 50 percent of net income, which is completely free from taxation.

As I have said, the depletion allowance amounts, in all, to at least \$2,200 million for the gas and oil industry, and to approximately \$1,100 million for other industries.

These figures are so huge that apparently they do not make much impression upon the American people. For some 12 years some of us have been hammering home these facts on the floor of the Senate and in the public hearings before the Finance Committee. The special privileges thus received are so huge that they seem to slide off the mental back of the public as water is supposed to slide off a duck's back.

INDIVIDUAL EXAMPLES

The American people seem to be impressed by personal case histories. We introduced some of them in the course of the 1951 debate. We obtained from the Treasury Department a report on 10 individuals whose income was tabulated over a period of 5 years and whose taxes were stated. I remember that in one case a man had, over a 5-year period, a net income of \$13 million, but in that period of 5 years he paid only \$80,000, or two-thirds of 1 percent of his income in taxes. There were other cases, although not quite that striking. Nevertheless, they were very real. However, today these are treated as "old hat" and as not being applicable to the present.

So when this tax bill was under consideration, I asked the Treasury Department to assemble for me some case histories of persons with very large incomes from gas and oil, who paid very small amounts of taxes. This afternoon, I shall introduce, for the Record, six of these cases.

I shall begin with the case of a man whom we shall call exhibit O. According to the Treasury Department, in 1960 this man had a total income, before exploration, developmental, and nonallocated expenses, of \$28,716,469, or a total income of almost \$29 million before the deduction of these items. There was a deduction of \$1,546,000 for oil and gas exploration and developmental expenditures; and there was a deduction of \$729,693, for overhead expenses—or a total deduction for exploration, developmental and nonallocated overhead expenditures or costs of approximately \$2,276,000—leaving a total reported economic income of \$26,440,776. I repeat, Mr. President, that this man had a total reported economic income of \$26,440,776.

PAID NO TAXES ON \$26.4 MILLION INCOME

What do Senators suppose were the taxes he paid? Not a single cent, Mr. President. When the deductions were made for drilling and developmental costs, for capital gains, for the depletion allowance, and for certain other items, and also for the carryover of net losses in past years, absolutely no taxable income was left, and no Federal income tax was paid.

Mr. President, I submit that a study of this illustration, example D, should

convince people, and even should convince the Senate, that these existing "truck holes" in the tax system should be remedied.

Mr. GORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. Lest someone be misled or thrown off the track by the deduction of carry-forward losses of previous years, will the Senator from Illinois give that figure?

Mr. DOUGLAS. Yes; it is \$3,934,000.

Mr. GORE. So even after that amount is subtracted, there would still be left an income of \$22 million a year?

Mr. DOUGLAS. That is correct. It is economic income.

Mr. GORE. As the Senator has said, it is an amount on which no taxes were paid?

Mr. DOUGLAS. That is correct.

Mr. GORE. As I understand it, the Senator is not alleging any violation of law on the part of this taxpayer?

Mr. DOUGLAS. That is correct.

Mr. GORE. He is, instead, showing that under the inequitable provisions of tax law, it was possible for a man with that perfectly enormous annual income to have no tax liability assessed against him?

Mr. DOUGLAS. The Senator from Tennessee is completely correct. I dare say that the computation was completely legal, and completely in conformity with tax law. Of course, every advantage that could be taken of the Government was apparently taken, but the net result was the fact that the man to whom I refer, who had an income of \$26 million, paid no taxes at all, although a wage earner with a salary of \$100 a week, or \$5,200 a year, with a wife and two children, would pay approximately \$400.

Mr. GORE. Even though that wage earner would work as a butler, in the home of the man who had the large income, an oiler on his rig, or whatnot, he would pay his taxes out of every single paycheck he received?

Mr. DOUGLAS. That is correct.

Let us consider the case of another man, whom we call exhibit B, who had a total income, before oil and gas exploration and development expenditures, of \$4,020,000 in the year 1960. There was deducted from that amount oil and gas exploration and development expenditures of \$1,748,000, leaving a total reported economic income of \$2,271,000. Although I speak of oil and gas exploration and development expenditures, some of it, of course, is intangible. For those items that are tangible, it is the fastest writeoff in any industry in the country, with 75 to 90 percent being written off in the first year.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. Many people do not understand the meaning of tangible and intangible costs as related to the tax law. It might be well if this was spelled out.

Mr. DOUGLAS. Some of the intangible drilling and development costs are labor, electricity, pipes, mud, and so forth, used in drilling the hole which in the case of a factory or in most other in-

dustry we consider costs which must be depreciated over a long period of years. In this industry they are written off in 1 year.

The tangible costs relate to the physical structure which remains over a period of time.

After all deductions were made, what do Senators suppose was the amount of taxes which the gentleman or lady to whom I have referred paid? Again, not 1 cent. Not 1 cent.

Let us consider exhibit O. Here is a man with a total income before exploration and development and nonallocated overhead expenses of \$4,542,000 in the year 1960. After all deductions were made, he paid \$166,768 in taxes, or 7.9 percent of his economic income, which was \$2,110,000. A man earning only \$100 a week would pay about 8 percent. A man earning \$10,000 a year, of course, would pay much more.

NO TAXES PAID

Let us consider exhibit "E," which is the case of a man with a total income before exploration development and nonallocated overhead expenses of \$1,522,000, and total reported economic income of \$1,179,000. What do Senators suppose were the taxes that he paid?

Not one single cent, Mr. President. Not 1 cent.

The deductions for drilling and developmental costs, the depletion allowance, the capital gains, the dry holes—all of those items, plus contributions, swept away all taxes completely.

Let me state the final two illustrations. Exhibit "C," is a case involving income, before exploration and development and nonallocated overhead expenses, totaling \$2,201,000. Deducting the total exploration and development costs, the total reported income was \$1,707,000. That man paid net Federal taxes of \$142,808, or 8.4 percent upon his income. A man earning \$7,000 a year would pay a larger proportion than that.

Finally, the income of the individual in exhibit "F" is only \$1,307,962. I do not suppose he was up among the "singers" in the oil and gas group. After all deductions were made, he paid \$61,240 in taxes. His net tax, as a percentage of total reported economic income, was 5.9 percent.

There are other cases, which I am assembling.

SHOCKING SITUATION

Mr. President, I submit that what those six cases show is shocking. It seems to me the situation cannot really be defended. I am not proposing to eliminate the deduction for dry holes or unsuccessful drillings. I am not proposing to alter, as of this time at least, the allowances for drilling and developmental costs, tangible and intangible. I do have a modest proposal that the 27½-percent depletion allowance not be changed for enterprises which have a gross income of less than \$1 million a year; but the allowance would be reduced to 21 percent for enterprises whose gross income was between \$1 million and \$5 million, and diminished to 15 percent for enterprises over \$5 million—or, rather,

Section 4359(e)(2) of title 39, United States Code, is amended by inserting after the word "highway" the words "or development".

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, after line 20, it is proposed to insert:

SEC. 4. Section 4359(e)(2) of title 39, United States Code, is amended by inserting after the word "highway" the words "or development".

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 5179) was read the third time and passed.

INCREASE IN AREA IN WHICH POST OFFICE STATIONS MAY BE ESTABLISHED

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to consideration of Calendar No. 737, H.R. 5778, which has been returned from the House.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 5778) to amend title 39, United States Code, to increase from 10 to 20 miles the area within which the Postmaster General may establish stations, substations, or branches of post offices, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 5778) was ordered to a third reading, read the third time, and passed.

Mr. AIKEN. Mr. President, I thank the majority leader for his assistance in obtaining proper consideration of these bills, so that I might offer an amendment to correct what I am sure was an inadvertent injustice in the present law.

Mr. MANSFIELD. It was a pleasure.

ORDER FOR ADJOURNMENT UNTIL TOMORROW, AT NOON

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session today, it adjourn to meet at 12 o'clock noon, tomorrow.

Without objection, it is so ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1963— CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that beginning at 12 o'clock noon tomorrow, there be 2 hours of debate on the pending conference report on the foreign aid bill, with 1 hour to be under the control of the senior Senator from Oregon [Mr. MORSE], and the other hour to be under the control of the Senator from Arkansas, the chairman of the Foreign Relations Committee [Mr. FULBRIGHT], or any other Senator he may designate; and that the vote on the question of agreeing to the conference report be taken at 2 p.m.

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Mr. President, of course I shall not object, for I shall be glad to have the conference report voted on. But there is an important amendment on which I wish to have a reasonable amount of time.

Mr. MANSFIELD. I shall be glad to accommodate the Senator from New York, of course.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? Without objection, it is so ordered.

The agreement as subsequently reduced to writing is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Friday, December 13, beginning at 12 o'clock noon, during the further consideration of the conference report on H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, debate be limited to 2 hours, to be equally divided and controlled by the Senator from Arkansas [Mr. FULBRIGHT], or someone designated by him, and the Senator from Oregon [Mr. MORSE]: Provided, That the vote on adoption of the report be taken not later than 2 p.m.

Mr. MORSE. Mr. President—

Mr. KUCHEL. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. Certainly.

Mr. KUCHEL. I do not wish to interfere with the presentation by the Senator from Oregon.

Mr. MORSE. I am not worried about that, for it is early in the afternoon, and the night which will follow it will be long.

So I am glad to yield to the Senator from California.

Mr. KUCHEL. I thank the Senator from Oregon.

Mr. President, it is with considerable bitterness that I observe that the conference report demonstrates that the will

of the Senate, as determined by a 2-to-1 vote, has been completely frustrated by the members of the conference committee.

During the Senate debate on the mutual security bill, I offered—on behalf of myself, my colleague from California [Mr. ENGLE], and the two Senators from Alaska [Mr. BARTLETT and Mr. GRUENING]—an amendment to prevent a recipient of assistance under the Alliance for Progress from continuing to flout international law and from continuing a foolish and fatuous attempt to arrogate unto itself complete jurisdiction over the open seas for a distance 200 miles seaward from its coastline.

For the past decade, three countries—Peru, Chile, and Ecuador—have made such a contention.

It is true that the question of jurisdiction over the area of the oceans immediately adjacent to a maritime nation is an involved problem. It is true that, in connection with the area facing the Atlantic Ocean and the Pacific Ocean, the United States of America makes the historic contention for a jurisdiction 3 miles seaward. It is also true that Senators from the Southern States which face the Gulf of Mexico continue to state on this floor that the jurisdiction of their States—by reason of a peculiar international history—extends 3 leagues seaward, rather than 3 miles. It is also true that some nations—as I endeavored to indicate in my comments on this floor, during the debate on this subject—contend, for reasons which to them seem relevant, for a jurisdiction to the extent of 6 miles; and some prefer to make their contention for 12 miles. But there are only four nations which have the temerity to endeavor to abuse the entire history of international law by attempting by their own ipse dixit, to maintain that, "We own the ocean 200 miles distant from our coast"; and for 10 years, free American citizens, as they have attempted to utilize the open seas for fishing purposes, when they arrived in the area 200 miles seaward or less—but clearly outside a 3-mile limit or even a 12-mile limit have been interfered with by officials of the governments concerned. In some cases they have been arrested and put in jail and required to pay fines. In other cases they have been shot at and forced into port where they have been unreasonably detained for days, with, I regret to say, hardly an attitude of vigor for their protection by the Government of the United States.

Paradoxically, it is a fact that almost a decade ago, the United States enacted a law which provided that when the freedom of the seas was so violated by a nation and when American ships were detained and their owners fined, the Government of the United States would reimburse those who had paid the fine from the Treasury.

But I do not believe that such a law is the proper antidote in that situation, and that once the owners have been reimbursed the United States can forget the incident.

Therefore, some of us in the Senate offered an amendment reading as follows:

(1) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

That language is really self-explanatory. But to turn for a moment to the last sentence of the amendment, it simply means that a country which in good faith and with reason attempts to extend its jurisdiction for more than 3 miles, or 3 leagues, which is the limit currently recognized by the United States, should participate in an international understanding concerning such a desire on its part; and if the Government of the United States is a party to such negotiations and agreement, the interdiction against aid will not apply.

I remember the debate. It was rather exhausting, and some novel parliamentary practices were engaged in, that afternoon, in this Chamber. But that did not prevent the Senate from establishing its position by a vote of 2 to 1. Fifty-seven Senators agreed with this agreement. Only 29 were opposed. Later, after the novel parliamentary practices, a vote was taken on the question of laying on the table the motion to reconsider. The motion carried by a vote of 50 to 33 and once again the Senate showed its support for the amendment offered by myself and my colleague from California. Thus, the Members of the U.S. Senate twice unequivocally demonstrated that they did not want any of their fellow Americans mistreated by any other country, when those Americans were simply endeavoring to use the open seas in a fashion long permitted by international law.

However, the conference committee disposed in rather short order of the amendment the Senate had overwhelmingly adopted; and I reiterate my resentment and my bitterness because the conference committee simply and blithely flouted the plainly stated desire of the U.S. Senate when it twice passed judgment on this matter.

Mr. AIKEN. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. AIKEN. As one of the conferees who dealt with this bill, I wish to say that when we came to the amendment offered by the Senator from California, and adopted by the Senate by a very substantial margin, we found the House conferees adamant in this respect. Also, the State Department registered very vigorous opposition to acceptance of the amendment—on the ground that there are underway negotiations in which it is sought to settle the very difficult matter of how far into the ocean the jurisdiction of any country may extend.

I suggested that the House write into its report that by not accepting the

amendment the United States was in no sense withdrawing from its position that the countries to which reference has been made were exceeding their proper rights in claiming territory extending as much as 200 miles out into the ocean. I do not find that the House wrote such language into the report, but I wish to say for the Record that by failing to accept the amendment which was proposed by the Senator from California and accepted by the Senate, the United States is in no way receding from its position that those countries are exceeding their jurisdictional authority in laying territorial claim to a considerable part of the Atlantic and Pacific Oceans.

Mr. KUCHEL. I thank the distinguished Senator from Vermont. I know of his activities in the conference committee in endeavoring to obtain an agreement to the principle involved in our amendment—if the amendment in its entire verbiage could not have been approved—and I thank him for it.

I hope and pray that the Government of the United States will take the precise position which the Senator from Vermont has laid down. If it does not, and if we ever travel south in the Pacific along the western coast of South America, we had better not go inside the 200-mile limit, because we will be violating the sovereignty of the three countries to which I have alluded, unless we comply with the rule of jurisdiction which they have laid down in complete disregard of international practice.

Two hundred miles. What would happen if the people of the United States, through their elected representatives, said, "We are going to take 200 miles out of the ocean"? What would we do with the important isthmus in this hemisphere, or in any other hemisphere, if the abutting nations said, "We are going to claim jurisdiction over an area 15 or 20 miles out"? Such action would close the approaches to the canal and be intolerable to all who wish freedom of transit on the high seas.

Certainly the U.S. Navy does not order its ships to veer 200 miles westward when they are plying the waters of the Pacific Ocean off of the West coast of South America and suddenly they reach the vast territorial waters claimed by Chile, Ecuador, and Peru. Then why should American fishermen?

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. MORSE. I wish to join in the comments of the Senator from California [Mr. KUCHEL] with respect to the position of the Senator from Vermont [Mr. AIKEN]. I share his views. To build the record in this case, I wish to ask the Senator from California whether it is not American taxpayers' money we are discussing.

Mr. KUCHEL. The Senator is eminently correct.

Mr. MORSE. If any Latin American country does not wish that money as aid, it does not have to take it, does it?

Mr. KUCHEL. The Senator is precisely correct.

Mr. MORSE. Do we not, as Members of Congress, have the right under the Constitution to prescribe the conditions under which the executive branch of the Government can spend the taxpayers' money?

Mr. KUCHEL. That is the theory upon which the Founding Fathers wrote the Constitution of the United States.

Mr. MORSE. That is why I say that in my judgment, Secretary Rusk should go back to high school and retake the course in high school civics, since he held a recent press conference and sought to give the false impression to the American people that Congress is interfering with foreign policy when it seeks to lay down the terms and conditions under which taxpayers' money can be spent on a foreign aid bill. I do not know whether the Secretary of State has registered for that refresher course, but he sorely needs it.

Mr. KUCHEL. I must say to the Senator from Oregon that in my judgment—and I am sure the Senator shares my opinion—the Secretary of State is a very able man.

Mr. MORSE. He is uninformed in this field.

Mr. KUCHEL. We disagree with respect to the position he takes on this question.

Mr. MORSE. It is not a question of disagreement. It is a question of complete basic knowledge. The press interview revealed that he lacks basic knowledge in respect to the Constitution as to the rights of Congress.

If the Senator thinks I am going to let him off the hook, he is mistaken. I do not intend to let him off the hook in view of the ignorance he displayed at that press conference.

Mr. KUCHEL. Is the Senator from Oregon referring to the Secretary or to me when he refers to "letting him off the hook"?

Mr. MORSE. The Senator from California is too smart ever to get caught on a hook. I wish to proceed in my examination a bit further—

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KUCHEL. I am glad to yield.

Mr. AIKEN. I assume that when the Senator from Oregon refers to not letting the Secretary of State get off the hook, he means in this case a fishhook.

Mr. MORSE. The Secretary of State has no regard for a fishhook. This is the fishhook amendment that the Senator from California offered. The Secretary of State does not even recognize a fishhook, apparently.

Senators remember that when the chairman of our committee opposed the amendment of the Senator from California, he said something to the effect that it was one of the worst amendments he had ever observed in his years in the Senate.

Mr. KUCHEL. I was resentful then and I am resentful now. The Senate, too, is resentful. The 2 to 1 yeas-and-nays vote demonstrated that.

Mr. MORSE. That is the point I am leading up to. In spite of the position taken by the chairman of the Senate Foreign Relations Committee, who was also chairman of the conference, the

Senate did not follow him. The Senate in effect said to the chairman of the Senate conferees that if countries do not wish to take our money under the terms and conditions which we lay down, they do not have to take it. Unless they are willing to accept our aid under the terms and conditions that they do not impose a 200-mile limit, it is our intention to see to it that they do not get American taxpayers' money.

I ask the Senator from California when—oh, when—will the Congress, in the field of foreign aid, start to impose some terms and conditions that will protect the taxpayers of the United States and stop the shocking giveaway of the taxpayers' money, because officials of foreign governments, who flout us and insult us take the position that they are not going to comply with reasonable conditions?

Mr. KUCHEL. The Senator from Oregon makes an excellent comment. I should like to recall with him that last year when, as the Senator will recall, the Senator from Iowa [Mr. HICKENLOOPER] offered an amendment to provide that in instances in which a recipient nation of American assistance expropriated the property of American citizens, without making any compensation for such property, American aid would be cut off. We had to fight to put that provision into the law. We put it in. It stayed there. Under that particular part of the present law, when Ceylon, for example, expropriated American property by taking it away, aid was terminated, as it should have been.

Mr. MORSE. Mr. President, will the Senator yield further?

Mr. KUCHEL. I am glad to yield.

Mr. MORSE. Is not the Senator aware that the State Department vigorously opposed the Hickenlooper amendment and wished no part of it?

Mr. KUCHEL. Yes.

Mr. MORSE. If those in the State Department could have had their way, it would not be part of the law today.

Mr. KUCHEL. The Senator is correct.

Mr. MORSE. Apparently the State Department labors under a misconception of the constitutional power of Congress, that we are interfering with foreign policy if we impose restrictions on the expenditure of foreign aid that protects the American taxpayer.

Mr. KUCHEL. The Senator is exactly correct. I tried to make the point during debate that what we would attempt to do with our freedom of the seas amendment was related to what we did with respect to the expropriation of property. In effect, what the three nations in South America have attempted to do is to arrogate to themselves something that does not belong to them under international law and then exclude Americans and the nationals of any other country from that area.

Mr. President, I wish to allude to another bit of history surrounding the measure and the highly regrettable treatment which was accorded to this particular provision by the conferees.

I do not know Mr. Edward P. Neilan, the president of the U.S. Chamber of

Commerce, although I have noted over the past several months comments which have been attributed to him in the Capital, in my own State of California, and elsewhere. Addresses which have been made by him and have been printed thereafter appear under such attractive titles as "They're Throwing It Away Just To Be Big Spenders" and "The Pork Barrel Polka."

I judge that Mr. Neilan is a very moral and righteous man who is honorably concerned, and rightly so, about the spending of the taxpayers' dollars and the future of our Republic.

I observe parenthetically that a few moments ago the Senate, without opposition, approved the conference report on the public works appropriation bill and did so because it was making an investment in America.

Now I wish to quote a few sentences uttered by Mr. Neilan before the West Side Association Chamber of Commerce in New York City on November 21 last:

This citation might better have been inscribed to all of the members and staff of the Chamber of Commerce of the United States who have worked alongside me in our campaign to restore a sense of decency to the conduct of our public affairs. With your permission, I should like to accept this honor for all of them. It will encourage us to continue this fight, to disregard the cynical abuse that is heaped on us daily, not alone by the politicians whom we have criticized but by many shortsighted or selfish businessmen who have their hands on the public purse and don't want to let go.

We will not have truly earned this honor unless and until our efforts produce results, until we see signs of a moral awakening in Washington. I think things will improve, not because our politicians' consciences are hurting; but because they're hearing the first rumblings of an aroused public opinion that could drive them out of office if they don't mend their ways.

The mailroom in our national chamber headquarters in Washington is still working overtime handling letters from citizens in all walks of life who are fed up with political corruption and want to do something about it. * * * It's up to us to keep this public indignation alive and to channel it into effective political action.

Let's face it: the whole corrupt system works only through the connivance of everyday citizens and some of our so-called community leaders, too.

It is our job, yours as well as mine, to see that the public is told the truth. Maybe we can light a fire that all the special wind in Washington can't blow out.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. MORSE. I understand this is a comment by the president of the U.S. Chamber of Commerce.

Mr. KUCHEL. The distinguished president of the U.S. Chamber of Commerce. I wish to address myself, with my friend's permission, to my own comment.

Mr. MORSE. Let me ask the Senator a question first.

Mr. KUCHEL. Very well.

Mr. MORSE. I listened to the reading of the remarks. Do I correctly understand that the president of the U.S. Chamber of Commerce suggests that the politicians who do not agree with the chamber should be defeated?

Mr. KUCHEL. I would infer, I say to my able friend, that that is the simple implication of the comments he makes. In addition, he wants to lay it down his way. I shall come to the matter before us and the position he took about it in a moment.

Mr. MORSE. I congratulate the Senator from California. The Senator will stay as long as she wishes to stay in Congress, if his staying is dependent upon any votes the U.S. Chamber of Commerce may influence. I am a Senator in no small measure because they have always opposed me. Many times on the platforms of my State I have thanked them for U.S. Chamber of Commerce opposition. Nothing shows I am more correct than the fact that the U.S. Chamber of Commerce is against me.

I congratulate the Senator from California. I only wish that more Democrats had his kind of support.

Mr. KUCHEL. I thank my able friend.

Mr. President, the distinguished head of the U.S. Chamber of Commerce was talking about what he called the pork barrel process, which he claims exists in the U.S. Congress and which acts to the detriment of the public interest.

I suggest, however, that Mr. Neilan's comments might very well be applied to his own conduct and to that of the U.S. Chamber of Commerce with reference to the conference report on the Foreign Assistance Act of 1963, which is now pending in the Senate.

As Senators know, the U.S. Chamber of Commerce has a rather large staff, which is interested in a multitude of activities. It comes as no surprise to many Senators that the policies of that organization frequently do not reflect the views of the membership of the chamber in our own States and local communities. Nevertheless, in a strange, inscrutable way, policies and statements, like those of the Oracle of Apollo at Delphi, are evolved, and the word is spread by various means, covert and otherwise, to legislators and to members of the executive branch.

For example, on November 20, 1963, a five-page telegram was dispatched from the gray-stone headquarters of the U.S. Chamber of Commerce, which faces the White House across Lafayette Square, to all of the House and Senate conferees on the foreign aid bill. This telegram outlined the provisions which the chamber of commerce, in its wisdom, had deigned to support. It expressed great concern for a revolving Development Loan Fund, and approval of \$200 million for the Social Progress Trust Fund. It went on record in support of the Senate provision for long-range private enterprise development as a part of foreign aid planning. It advocated program evaluation committees with public members. It viewed with enthusiasm an advisory committee on private enterprise—to name but a few of the items which the chamber determined to support. Having made that determination, it alerted Senators and House Members who were conferees on the pending bill.

The chamber's telegram was signed by Theron J. Rice, legislative general man-

ager for the Chamber of Commerce of the United States.

Mr. President, I ask consent that the full text of the telegram be printed at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
November 20, 1963.

Consistent with 1963 chamber House and Senate testimony and in best interest of sound economic development, private enterprise participation, and administrative logic, U.S. Chamber respectfully urges conference committee to adopt foreign assistance authorization not to exceed \$3.6 billion, with following provisions:

Urge adoption of House provisions for continued revolving Development Loan Fund (sec. 202(a));

For \$200 million Social Progress Trust Fund (sec. 401(b));

For required aid agency definition of "purposes," "objectives," and "priorities" of each foreign assistance program (sec. 102(b));

And for limitation upon use of economic development funds for short-term emergency assistance (sec. 102(d)).

Urge adoption of Senate provisions for long-range private enterprise development as part of aid planning (sec. 102(f)).

For program evaluation committees with public members (secs. 261-264); for advisory committee on private enterprise (sec. 601(c)).

The following Senate amendments appear inconsistent with basic foreign assistance program objectives previously endorsed by national chamber:

Section 620(e)(2) suspending aid to any nation "which has taken steps to repudiate or nullify existing contracts or agreements with any U.S. citizen or any corporation" appears to depart from clear definition of "expropriation" and "nationalization" inherent in section 620 of 1962 act, and goes beyond current House provisions designed to give added protection to U.S. investors against discriminatory or confiscatory acts of government. Section 620(m) suspending aid to any nation involved in territorial water fishing dispute with United States appears to hamper Alliance for Progress and self-help reforms in key cooperating countries.

Moreover section 620(e)(2) and 620(m) appear to go beyond economic development and security purposes of the act to involve unrelated questions of sovereign legal disputes.

Section 620(n)(2) suspending aid to any nation determined to be "preparing for aggressive military efforts" against any other aid-recipient nation appears impracticable of administration with respect to key countries in Middle East and southeast Asia.

Theron J. Rice,
Legislative General Manager, Chamber
of Commerce of the United States.

Mr. KUCHEL. Mr. President, the telegram noted that other "Senate amendments appear inconsistent with basic foreign assistance program objectives previously endorsed by national chamber." A number of worthwhile sections which were added by the Senate then came in for severe criticism by the chamber.

The chamber objected, presumably on behalf of its many members throughout the country, to suspending aid to any nation which has taken steps to repudiate or nullify existing contracts or agreements with any U.S. citizen or any corporation.

The chamber noted that this amendment departed from a "clear definition

of expropriation and nationalization inherent in section 620 of the 1962 act, and goes beyond current House provisions designed to give added protection to U.S. investors against discriminatory or confiscatory acts of government."

The chamber objected to still another section. It objected to Senate action authorizing a suspension of aid to any nation that was using American assistance to prepare for aggressive military action against another country that was also an aid recipient.

Then, thoroughly unbelievably, I am sure, to most of the membership of the chamber, it opposed an amendment which I and my colleague and other Senators offered. That amendment would prevent assistance to any country which attempted to arrogate to itself sovereign jurisdiction over the open sea 200 miles seaward from its coastline unless the U.S. Government were a party to the agreement by which the nation extended its jurisdiction.

The Senate agreed to that amendment on a rollcall by a vote of 57 to 29. It later confirmed that decision, by tabling a motion to reconsider, by a vote of 50 to 33. One could hardly describe either of those votes as hairline votes. Yet the conferees, in secret session behind closed doors, threw out the will of the Senate, and came back silent on a problem that has raged for the past 12 years—a problem, incidentally, which at least one department of the executive branch, the Department of the Interior, which has some jurisdiction over American fisheries, stated that the time has come for some action. Said the Department of the Interior in a letter to me on October 24, 1963: "These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful." The Department of the Interior thought it was "increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before."

I asked the representatives of the chamber of commerce if the telegram sent to the House and Senate conferees was approved by the president, Mr. Neilan, and by the executive council of the chamber. I was informed that it had been so approved. Mr. Neilan has been going across the country urging the public "to restore a sense of decency to the conduct of our public affairs." Decency in the conduct of our public affairs? How does the U.S. Government indicate a decent regard for American citizens? By permitting them to be shot at, arrested, jailed, fined, detained, and preventing them from using the open seas 200 miles off the coastline of any nation? Hardly.

I must say, Mr. President, I find it strange to appeal for honor in our public affairs on one hand and then vigorously oppose an amendment based on the historic principle of international law for which our country went to war in 1812 and 1917 known as freedom of the seas. Apparently the freedom advocated by the chamber of commerce at this point includes freedom to deny needed public works projects in America as well

as freedom to deny the right of American citizens to earn their livelihood on the high and open seas. What a strange and twisted concept of freedom. I only wish that some would spend less time theorizing on international relations and more time schooling themselves in the realities which face people in everyday life. I only wish, also, that the Chamber of Commerce of the United States of America had available to its membership that great series of democratic devices which we have in the California State constitution known as the initiative, the referendum, and the recall. I am confident that if this issue was taken to the membership of the chamber, just as I am confident that if the conferees of the House and Senate who deleted this provision took this issue to the American people, the amendment which I had the honor to offer in the U.S. Senate would be overwhelmingly endorsed.

I suggest that the position which the U.S. Chamber of Commerce and its distinguished president took with respect to this amendment was an ugly assault upon the American public interest, and I am rather amazed that it could send such a statement of its own policy to Members of the U.S. Congress.

I am not one of those who seek to shackle the executive branch of our Government. But who speaks here, or elsewhere, in support of our fellow citizens who ply the seas for a living if Senators and Members of the House of Representatives do not speak for them? Thank Heaven, the Senate has spoken now, and the Senate has spoken overwhelmingly.

It is quite beyond my understanding that the conferees could have summarily sheared away what the U.S. Senate clearly wanted, as a result of a debate of several hours.

My able friend from Oregon is a valued member of the Senate Foreign Relations Committee. I submitted my amendment months before the bill came to the floor of the Senate for consideration. I ask my friend if my amendment was ever considered by the committee.

Mr. MORSE. My recollection is that the proposed amendment was discussed and defeated.

Mr. KUCHEL. A decision that was rather elegantly overridden in the Senate itself.

Mr. MORSE. Mr. President, will the Senator yield on that point?

Mr. KUCHEL. I yield.

Mr. MORSE. I believe the Foreign Relations Committee should have been completed overruled, so far as a majority in the Senate was concerned. I am glad we were overruled on that amendment and a few others, but not enough.

Mr. KUCHEL. I thank the Senator.

Mr. President, I stand here trying to represent my State, along with my colleague from California [Mr. ENGLE], whose illness prevents him from being present today.

I am glad to say, on that score, that I received a letter from my colleague [Mr. ENGLE] only yesterday, in which he told me that he was improving, and that he looked forward to coming back before too long.

In a sense, I believe that Senators who joined in the amendment and voted for it represent something else—we represent the kind of dignity we want accorded to American citizens in exercising their rights. I would be recreant to my sense of duty if I did not rise on this occasion to denounce with all the vigor at my command what the conferees did to my amendment.

I thank the distinguished Senator from Oregon for his usual courtesy in permitting me to speak briefly on this matter.

Mr. MORSE. I am always delighted to yield to the Senator from California. It is a greater pleasure today than usual, because he spoke for me, as well as for himself.

COLUMNIST JOSEPH ALSOP AND REPRESENTATIVE KASTENMEIER OF WISCONSIN

Mr. MORSE. Mr. President, I wish to insert in the RECORD an article published in the Wisconsin Capital Times, written by an able newspaperman, Miles McMillin, who pays his disrespects to the most superficial, superegotistical, supercilious pain in the neck in the Press Gallery, Mr. Joseph Alsop.

In the course of this article Mr. McMillin writes:

Alsop is never more painful than when he is accusing others of excessive vanity and "posturing."

Mr. McMillin also writes:

Alsop's problem is that he does not know the difference between being rough and being tough. Their kind think you are rough if you worship toughness, when, in fact, this simply makes you rough. When they run into a real tough guy, like KASTENMEIER, they don't recognize the product. He doesn't talk about how great it is to be tough. He is gentle and soft spoken, but all the king's horses and all the king's men in the White House and Congress can't move him away from the principles to which we all give lip service but hate to observe. He wouldn't like it if you said he was tough.

He concludes his column pointedly by saying:

The worshipers of toughness are usually the worshipers of "realism." The only difference between them is that those who like to think of themselves as the "realists" have a great measure of conceit.

The word "conceit" is so applicable to Mr. Alsop.

I ask unanimous consent that the entire article, which I have edited in order to meet the rules of the Senate, be inserted at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALSOP LECTURES KASTENMEIER ON REALISM (By Miles McMillin)

Among the Washington realists attacking Representative BOB KASTENMEIER for his civil rights stand is Joe Alsop, whose column formerly appeared in this paper. Alsop blew his stack because KASTENMEIER took the position that the civil rights bill ought to conform to the promises made in the campaign; that it ought, at least, extend the right to vote in State and local elections. This, says Alsop, is a typical instance of the "empty, competitive posturing" of the lib-

erals, proving that they are "vain, empty and impractical."

Alsop is never more painful than when he is accusing others of excessive vanity and posturing. During the 1960 presidential primary in this State, he came to interview former Governor Nelson. After about 5 minutes, Nelson was obliged to inquire of him whether he had come to ask about Wisconsin or to tell its Governor what was going on here. He has a massive addiction for lecturing politicians on the practicalities of politics, but he could not himself get elected keeper of the hangover pills in the National Press Club. It is especially farcical to note him zeroing in on KASTENMEIER who has three times been elected in a district which elected its last Democrat 30 years ago—a district which President Kennedy couldn't carry against HUMPHREY or Nixon and which Alsop couldn't carry against Dracula.

Progress has always been achieved over the prostrate forms of such self-proclaimed realists as Alsop. They were around in the slavery days proclaiming that the abolitionists were vain, empty and impractical. They were incensed at the empty, competitive posturing of those who wanted to abolish slavery. They admired the shrewd, tough men who defended slavery, as Alsop today admires the shrewd, tough men who are the enemies of civil rights legislation.

Alsop's problem is that he does not know the difference between being rough and being tough. Their kind think you are tough if you worship toughness, when, in fact, this simply makes you rough. When they run into a real tough guy, like KASTENMEIER, they don't recognize the product. He doesn't talk about how great it is to be tough. He is gentle and soft spoken, but all the king's horses and all the king's men in the White House and Congress can't move him away from the principles to which we all give lip service but hate to observe. He wouldn't like it if you said he was tough.

Not long ago Alsop was hacking at Adlai Stevenson because he lacked the toughness Alsop thinks everyone should have. Stevenson had shown reluctance to risk the end of the world over Cuba. Stevenson's unrealistic attitudes are the despair of the unelected, self-appointed masters of realism. Dick Nixon, another tough realist, said in 1956 that Stevenson's views on a nuclear test ban were "catastrophic nonsense." To date—7 years later—the most notable achievement of the tough realists in the Kennedy administration is the test ban treaty. Maybe even Alsop someday will come to recognize that whatever substance is left in the civil rights bill is the result of the stand taken by the impractical liberals, KASTENMEIER and JOHN LINDSAY of New York.

The most pathetic people, if not the most dangerous, are the worshipers of toughness. They reached their most squalid depths in the cult that surrounded the late Ernest Hemingway. Alsop was one of the idolaters who virtually ruined him by glorifying his boozing, brawling, and bloodlust. It seemed that they, aware of their own inability to booze and brawl on his scale, sought to prove something about their own manhood by worshipping what was worst in him. The worshipers of toughness are usually the worshipers of realism. The only difference between them is that those who like to think of themselves as the realists have a greater measure of conceit.

PRESIDENTIAL SUCCESSION

Mr. BAYH. Mr. President, I send to the desk a joint resolution, introduced on behalf of myself and the Senator from Missouri [Mr. LONG]. I ask unanimous consent that it lie over for 10 days, in the hope that we may have additional co-sponsors.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie on the desk, as requested by the Senator from Indiana.

The joint resolution (S.J. Res. 139) proposing an amendment to the Constitution of the United States relating to succession to the Presidency and Vice Presidency and to cases where the President is unable to discharge the powers and duties of his office, introduced by Mr. BAYH (for himself and Mr. LONG, of Missouri), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. BAYH. Mr. President, the proposed legislation is an attempt to deal at one time with the closely related questions of presidential succession and presidential inability.

Inasmuch as the distinguished columnist, Walter Lippmann, wrote an excellent article, published in this morning's Washington Post, dealing with the need for investigating a charge in the present law in this respect, I ask unanimous consent that the article by Mr. Lippmann be printed in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BAYH. Every reason and logic and sound organization calls upon us to deal simultaneously with the questions of death, resignation, removal, or inability.

Now is clearly the time to act—while the question of Presidential succession is uppermost in our minds, and we have just completed a smooth and calm transition. If we do not act in this time of sober and reasoned reflection, when shall we act? When will we be as close to the issue as we are today? Hopefully, never. But because history is unpredictable, we must provide for the unsought moments of national crises.

The joint resolution proposes an amendment to the Constitution of the United States. If enacted through the congressional and State ratification processes, it would accomplish the following:

Section 1 contains the heart of the joint resolution. It provides that the Vice President become President for the unexpired portion of the term of a President who dies, resigns, or is removed from office. It eliminates the historical confusion as to whether the Vice President becomes President or Acting President.

This was the situation when Vice President Tyler assumed the position of the Presidency a long time ago, following the death of President Harrison. At that time many constitutional scholars felt that the Vice President became the Acting President. Vice President Tyler, after a while, decided he was tired of being Acting President and took over full authority as President. There has been no specific change made in the Constitution itself, but it has been generally accepted that this is the case.

Further, it provides that the new President shall nominate a new Vice President within 30 days, and that the new

Vice President shall take office upon confirmation of a majority of both Houses of Congress. It is this refilling of the office of Vice President which is the key provision in the proposal.

Section 2 provides for refilling of the office of Vice President, not upon the death of the President, but of the Vice President himself.

Sections 3 and 4 provide for the mechanism for the assumption of office as "Acting President" by the Vice President in case of Presidential inability. Section 3 deals with the situation where the President is able and willing to declare his own inability in writing. Section 4 provides for the situation where the President is either unwilling or unable to make such declaration.

Section 5 provides for the mechanism whereby a President can resume his office after recovery from a disability. In case of dispute as to whether the President has recovered, the Vice President can retain his office as "Acting President" only with the written approval of the majority of the Cabinet and concurring vote of two-thirds of the Members present in both Houses of Congress.

Section 6 disposes of the case, which will be rare if the present amendment is adopted, where there is neither a President nor a Vice President due to death, resignation, removal, inability, or failure to qualify. The line of succession is modeled on that which was in effect between 1886 and 1947, designating a list of Cabinet members as successors in the previous order.

Mr. President, there have been a number of instances of succession to the Presidency on the part of the Vice President. Each case has demonstrated the weakness of a system whereby there is no replacement of the Vice President.

The accelerated pace of international affairs, plus the overwhelming problems of modern military security, make it almost imperative that we change our system to provide for not only a President but a Vice President at all times.

The modern concept of the Vice Presidency is that of a man "standing in the wings." Even if reluctantly ready at all times to take the burden. He must know the job of the President. He must keep current on all national and international developments. He must, in fact, be something of an "assistant President", such as Vice President Johnson was in the fields of space and civil rights and in carrying the flag of the United States to foreign countries on goodwill missions and on matters of great diplomatic concern.

Provisions for filling the job are contained in sections 1 and 2 of the proposal. In addition to the other advantages, this system would provide for continuity in the office of President of the same party during any 4-year term.

The proposal also eliminates the historical ambiguity between President and Acting President: Upon the death, resignation or removal of the President, the Vice President becomes President; in case of presidential inability, the Vice President becomes Acting President.

The provisions on inability, contained in sections 3, 4, and 5, are the same as

those worked out in previous proposals by Senators Dirksen, Hennings, and Ke-fauver in the past. Extensive hearings have been held on these proposals in the past and it is believed that most of the problems with respect to inability have been provided for.

The section on succession in the case of vacancies in both the offices of President and Vice President reverts to the state of the law prior to 1947. It provides for succession by members of the Cabinet, beginning with the Secretary of State.

There is one remaining question. Why is this extensive proposal in the form of a constitutional amendment, rather than simple legislation? There are a number of answers.

Many constitutional authorities have questioned the authority of Congress to deal with the subject of inability in a statute. More important, both the questions of succession—which clearly can be dealt with in a statute—and inability are precisely the types of questions which should be incorporated in the Constitution, our basic charter of Government. Not only are they exactly the type of provision which one normally finds in a constitution, but also, once so enacted—and this is important—they are not subject to the political whims of a particular day. These are problems which go to the very heart of our democratic form of government and they should be worked out in a period of relative calm, such as exists today.

The need for clarification and supplementation of our constitutional provisions dealing with the succession problem has seldom been clearer than it is today.

But it is important that any proposal dealing with a basic constitutional issue adhere closely to the design of our constitutional system.

By leaving the nomination of the new Vice President up to the President himself, and the approval of that nomination up to the representatives of the people in Congress, my amendment provides for a means of selection very similar to the one which now prevails in our nomination and election process.

There can be no question that when our two great parties meet in convention, the presidential nomination having been made, the presidential nominee of each party has a great voice in determining who is running mate for Vice President shall be. In addition, it is imperative that the President should have as his Vice President one with whom he can work and who can assist him in carrying the burdens of the Presidency.

Thus, this proposal follows the principles of the Constitution. It would provide, through the representatives of the people, those who represent their constituents in Congress, a method of going to the people to get the choice, as is done every 4 years in the election.

In regard to the succession laws, it is the purpose of my amendment to restore succession to the executive branch and thus preserve the separation of powers so basic to our system.

Equally important, my amendment would insure political continuity by al-

lowing the President to participate in the selection of his own potential successor.

In addition to the implications which the present Presidential succession law has on the executive branch of our Government, we must not overlook the impact which this law has on the legislative branch.

At a time of national crisis, such as that which always follows the death of a President in office, the legislative branch as well as the executive branch is faced with many critical problems. At such a time it is imperative that all branches of our Government be united and functioning at peak efficiency.

The Speaker of the House of Representatives under normal circumstances is carrying an extremely heavy burden. His efficient operation is necessary for the proper functioning of the House of Representatives. It is unwise during a time of national crisis to further overburden a man who is already one of the busiest individuals in the United States of America.

How can we expect a man who already is responsible for directing the energies of 434 of his colleagues in the House to assume the additional burdens of attending national security counsel meetings, of conferring with Cabinet officers and of assuming the other jobs which, as Acting Vice President, he will be required to do?

Representative McCORMACK, the present Speaker of the House of Representatives, is a dedicated and well-qualified individual. The proposal I am making to the Senate today has nothing whatsoever to do with his qualifications to fill the office of Vice President or President. But no human being can accept and carry the responsibilities of both the Speaker of the House and Vice President of the United States. In my estimation, neither at this hour nor in the future, can our country afford to be without a Vice President.

I believe that the Congress should act on this proposal without delay. However, this proposal should be given the most searching consideration before proposing a solution to the States for ratification.

As chairman of the Subcommittee on Constitutional Amendments, I shall see that a study in the Senate shall begin in earnest and as quickly as possible.

EXHIBIT 1

THE PRESIDENTIAL SUCCESSION (By Walter Lippmann)

Speaker McCORMACK, who now stands next in line to the President, is naturally enough diffident about discussing the problem of the Presidential succession. But the country cannot take his view that the matter is too horrible to think about, much more to talk about. The problem is of the highest importance and there should be no more squeamishness about discussing it than there is when a man or woman makes a will.

The law which has put the Speaker so unexpectedly where he now finds himself was proposed only in 1945 during the emotional upset following President Roosevelt's death and passed in 1947. What it did was to insert into the line of succession—President, Vice President, Secretary of State and so forth—two Members of Congress—the Speaker of the House and the President pro tempore of the Senate. The theory of the

esty or the conscientiousness of those Federal Government civil servants who construct and produce the Federal statistics. Quite the contrary, they have done an excellent job in the past.

Mr. Charous also points out in this letter that many publications have been produced by Federal Government agencies indicating the qualifications and characteristics of the statistics which are available.

I still believe that it would be useful for the Statistics Subcommittee to draw this material together and make it generally available so that all users of Federal statistics, including those of us here in the Congress, can be aware of the limitations which should be associated with the statistics.

Mr. President, I ask unanimous consent that the letter from Mr. Charous be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 10, 1963.

EDITOR, FORTUNE,
Rockefeller Center,
New York, N.Y.

DEAR SIR: It is unfortunate that Professor Morgenstern's article ("Qui Numerare Incipit Errare Incipit," *Fortune*, October 1963) did not begin with those paragraphs with which it concludes. His last page states the essential argument in a nutshell: the economic statistics with which we operate are not completely satisfactory. We should make them better. We should cast out data which are deliberately falsified by the reporter.

These are truisms which all can accept. But one does not have to accept Professor Morgenstern's assertion that many of our statistics are based upon information which is false to begin with. There are, no doubt, individual instances of basic information having been deliberately falsified by householders or by businessmen, but this unjustified general indictment of Americans as individuals or as businessmen has no place in any article dealing with Government statistics unless there is at least some modicum of solid evidence to back it up. Unless there is wholesale moral decay in this country, we can have confidence that the information supplied for statistical purposes is not deliberately falsified. This confidence is buttressed by the knowledge that the Government's statisticians carefully review data reported by respondents. Many inaccuracies are noted in this review process, and many reports are amended by respondents before the data are included in the Government's published statistics.

Nor is it necessary to accept Professor Morgenstern's judgment that economic statistics are presented to the public as if these were free from fault. Such is simply not the case. Many current Federal statistical programs, especially those emanating from the Bureau of the Census, explicitly detail the limitations, shortcomings, and standard error of sampling. Very considerable sums of money are spent to evaluate the effectiveness, shortcomings, inaccuracies, and other deficiencies of our vast Censuses of Business, Manufactures, Mining, Population, Housing, and Agriculture.

No one can fault the Office of Business Economics for failing to describe either the methods of the compilation of the National Economic Accounts or their limitations and deficiencies. These are spelled out in detail in *National Income*, 1954 edition, and *U.S. Income and Output*, 1958.

And the Office of Business Economics has been trying for years to educate us away from relying too heavily upon the gross aggregates of GNP and national income. Especially in this last year, it has made substantial strides forward.

It is true that no estimate of error is attached to the figures presented in the national economic accounts. The task is probably impossible because of the wide variety of sources used in compiling these summary figures. It is worth noting, however, that the figures for National Income and Gross National Product are developed independently, largely from different sources of original data. Yet, when they are compared in true bookkeeping fashion as the right and left sides of a ledger, the statistical discrepancy has been remarkably small—well under 2 percent in every year since World War II. While this is not a test of statistical accuracy as demanded by Professor Morgenstern, it is a test of reasonableness.

The vast amount of detailed economic information available from other sources also provides a test of reasonableness for the reported figures for national income and gross national product. It is highly unlikely that national income and GNP can be as wildly inaccurate as Professor Morgenstern suggests. Current information on retail sales, on tax receipts, on unemployment, on industrial production, on bank deposits and loans, on manufacturers' sales, on commodity exports and imports, etc. which reflect what is going on in all aspects of economic life are simply too numerous to allow egregious errors in the national economic accounts.

The Bureau of Labor Statistics maintains continuing efforts to improve the adequacy and accuracy of its price information. The concepts it uses, its methods, and the limitations. The concepts it uses, its methods, and the limitations of the data are very clearly spelled out in a number of places, including a very extensive series of Congressional hearings. Likewise, the Bureau of Labor Statistics has made very considerable efforts to improve our understanding of the nature and extent of unemployment. In doing so, it has tried to educate users away from over-reliance upon the aggregate figure expressed as a percentage of the labor force unemployed.

Annually, the Bureau of Labor Statistics publishes a brief summary of its major statistical series, together with their limitations. For more detailed study, one may consult the detailed descriptions and critiques contained in "Techniques of Preparing Major BLS Statistical Series."

The Department of Agriculture has a nine-volume handbook—"Major Statistical Series of the U.S. Department of Agriculture, How They Are Constructed and Used"—which describes in painful detail how each of these major series is developed, what the shortcomings and limitations are, and what needs to be done to improve them.

Finally, the "Historical and Descriptions Supplement to Economic Indicators," a co-operative effort of the "Joint Economic Committee" of the Congress, the Council of Economic Advisers and the Office of Statistical Standards of the Bureau of the Budget, clearly states the limitations of and needed improvements to those major series included regularly in "Economic Indicators."

No one questions the need to improve our present statistics, but everyone questions the cost of doing so. It has been pointed out that the demands for statistical improvement are almost infinite. There are only limited funds available, or likely to be available, for making statistical improvements. The talents available to bring these improvements about are limited. And the patience of respondents who fill out questionnaires is limited. For these reasons, it is extremely

important that we diligently seek a consensus as to which improvements are most needed. Then, with adequate public support, it should be possible for the statisticians to get on with the job of providing better data in those areas where the need for improvement is most critical.

Sincerely yours,

A. ARTHUR CHAROUS,
Chairman.

THE "FED" WOULD MAKE TAX CUT WORTHLESS

Mr. PROXMIRE. Mr. President, on Tuesday of this week William McChesney Martin, Chairman of the Federal Reserve Board, testified before the Senate Finance Committee on the monetary policy which he thought should be associated with the proposed tax cut. Copies of his statement are not available but one résumé of his statement appears in the *Wall Street Journal* for Wednesday, December 11. I ask unanimous consent that this résumé article be printed in the RECORD at the end of my comments.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Wisconsin? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. PROXMIRE. Mr. President, I believe Mr. Martin provides one of the most effective arguments that can be given against adoption of the proposed tax cut. He indicated clearly before the Finance Committee, as he has on repeated occasions in the past, that any budget deficit resulting from a tax cut should be financed—of course, he has the principal say as to how it will be financed—primarily from borrowing funds from individuals and institutions. He obviously does not believe that the national debt should be increased by additional sales of Government securities, either to commercial banks or to the Federal Reserve banks; in other words, monetizing the debt.

In effect, therefore, Mr. Martin is saying that the money supply should not increase in order to finance the greater level of economic activity which is anticipated as a result of the tax cut.

One brief example shows what that could do. If all the tax cut were financed by borrowing, the situation would be the same as if a typical John Q. Public got a \$400 tax cut and then used the money to buy Government bonds. The effect on the economy would be nil.

When I have called Mr. Martin in the past he has indicated, "Yes; but with extra money in his pocket he is more likely to spend other income." There is no indication that he would do so. I know of no study which suggests that he would do so.

It is extremely important, if we are to have a tax cut, that the monetary and fiscal policies march step by step.

I do not believe there should be a tax cut now. If the money supply is not increased, even though economic activity increases, the effect will certainly be higher interest rates; and what is even more important, no additional credit available to finance an expanding economy.

The effect of higher interest rates and no additional credit, of course, will be to curb any stimulating effects that may stem from the tax cut. Therefore, the Government will be doing with the left monetary hand exactly the opposite of what it is attempting to do with its right fiscal hand. Under these conditions, Mr. President, it seems a much wiser policy simply to increase the monetary supply without a tax cut. The lower interest rates that would follow could stimulate the economy without incurring the deeper budgetary deficit which would otherwise take place as a result of the tax cut.

If a bill is enacted to cut taxes by \$11 billion and we then sell that much in bonds to individuals and institutions, there will be no economic stimulation. There will be a deeper deficit and a deeper burden on the taxpayers of the future, without the benefit the tax cut would otherwise provide.

I thank the distinguished Senator from Oregon for so graciously yielding to me.

EXHIBIT 1

FEDERAL RESERVE HEAD TELLS PANEL TAX CUT COULD STIMULATE HIGHER INTEREST RATES

WASHINGTON.—The Government's top money manager told Congress a tax cut won't necessarily spark a new round of inflation but warned it may lead to higher interest rates.

William McChesney Martin, Chairman of the credit-regulating Federal Reserve Board, testified before the Senate Finance Committee on problems involved in handling the increased Federal budget deficit that would result from the administration's \$11.1 billion tax-cutting bill. Mr. Martin was the committee's last public witness on the House-passed measure; the 17-man committee will begin closed-door consideration of proposed Senate amendments to the bill today.

Mr. Martin repeated his oft-declared admonition that the Government should cover a Federal budget deficit mainly by borrowing funds from individuals and institutions that hold supplies of savings. He warned that inflation would result if the Treasury relies on the commercial banking system to buy its I.O.U.'s, especially if the Federal Reserve tries to expand the supply of funds with which banks can buy the securities.

FINANCING DEFICITS WITHOUT INFLATION

He said the Government so far has been able to finance recent budget deficits "without producing inflation," mainly because a big supply of savings was available for lending to the Treasury. But if the Federal Reserve "inordinately" increases the Nation's money supply just to cover a Treasury deficit, "it's just a matter of time before prices begin to rise again," Mr. Martin warned.

Mr. Martin said the Federal Reserve Board doesn't intend to allow a big increase in the money supply in the wake of a tax cut. Thus if tax reductions stimulate the economy and spur new business demands for credit, he said, "it may lead to higher interest rates." He predicted the board probably will be criticized for not staying off higher interest rates by expanding the supply of credit, quipping: "We're always put in the position of a chaperone who takes away the punch just when the party's getting good."

Mr. Martin gave carefully hedged approval to the idea of cutting taxes now, saying it's a "risk worth taking" if strong pressures are applied to control Government expenditures. Beyond that, Mr. Martin refused to say what he thinks about specific features of the House-passed bill.

COMMENT ON CURRENT "WHODUNIT"

Under committee questioning, the Federal Reserve chief's testimony sometimes strayed

far from the subject of taxes. In answer to a question from Senator WILLIAMS, Republican, of Delaware, Mr. Martin said he thinks there should be some form of Federal control over credit margins in trading on commodity markets. The Federal Reserve Board currently restricts the amount of credit that can be extended to buyers of stock, but no Government agency has similar power over commodity market trading.

Mr. Martin said he's felt for some time that Government margin requirements should be established for commodities trading, remarking that the current "whodunit" involving missing salad oil at a Bayonne, N.J., tank farm is the latest illustration of that need. He said he wasn't prepared to tell Senator WILLIAMS what kind of margin controls are needed or what Federal agency should administer them. But he promised to give the Senator a written report on the matter.

Answering another question, Mr. Martin said he might favor at some future time a reduction in the amount of gold required to stand behind U.S. currency. Present law requires 25 percent gold backing for Federal Reserve currency and other liabilities. "I don't think there's anything sacred" about this percentage, Mr. Martin declared, noting it was reduced in 1946 from a previous level of 40 percent.

Mr. Martin said that once the U.S. eliminates the persistent deficit in its balance of international payments "the time may come again when we went to make an adjustment" in the 25-percent gold requirement, but he repeated his earlier opposition to taking any such step now. The balance of payments represents the difference between what is loaned, spent or given away abroad and what is received.

Finance Committee Chairman HARRY BYRD, Democrat, of Virginia, said his group will begin considering today some of the 30-odd amendments introduced for attachment to the House bill by various Senators. He said he hoped some of the pending amendments could be disposed of one way or another before Congress takes its Christmas recess, but he declined to predict flatly how much progress could be made.

In a separate discussion with reporters, Republican Senate Leader DIRKSEN, of Illinois, said he thinks the committee can make "very little" progress before the Christmas recess. Chairman BYRD has pledged that his panel will resume consideration of the tax bill when Congress returns in early January.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. I should like to ask the acting majority leader whether he proposes any other business for the Senate today, and whether there is likely to be any rolloall.

Mr. HUMPHREY. In reply to the distinguished minority leader, there is an order that when the Senate concludes its deliberations today it adjourn until 12 noon tomorrow. It is my understanding that an agreement has been arrived at as to an hour to vote on the foreign aid conference report.

Mr. DIRKSEN. There will be no votes tonight?

Mr. HUMPHREY. No votes tonight.

Mr. DIRKSEN. Can the Senator inform the Senate what will be considered after the vote is taken on the foreign aid conference report?

Mr. HUMPHREY. We hope that by that time the House will have acted on the vocational education conference report, which will be handled in the Senate

by the Senator from Oregon. We will consider that after the House acts.

Mr. DIRKSEN. I understand that is before the House today.

Mr. HUMPHREY. Yes.

Mr. DIRKSEN. I thank the Senator.

During the delivery of Mr. MORSE's speech,

Mr. DIRKSEN. Mr. President, will the Senator from Oregon yield, with the understanding that the colloquy will be printed elsewhere?

Mr. MORSE. I yield.

Mr. DIRKSEN. If there is no impertinence involved, I should like to inquire how long the Senator will engage the attention of the Senate.

Mr. MORSE. A couple of hours.

Mr. DIRKSEN. A couple of hours.

FOREIGN ASSISTANCE ACT OF 1963— CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I have agreed with the leadership to make my speech in opposition to the foreign aid conference report this evening, in order that the Senate might enter into its unanimous understanding, that debate shall be limited tomorrow to 1 hour to each side, with the vote at 2 p.m.

The record against the conference report on foreign aid really was made during the 3-week period of debate on the foreign aid bill of the recent past. Nevertheless, Senators who feel strongly about our opposition to the conference report should make this record, for the reason that the remarks today and during the 2-hour period tomorrow are not the last that will be heard of the foreign aid problem which confronts this country. When the Senate reconvenes in January Senators will have been in close touch with their constituencies over the holidays.

I am satisfied that Senator after Senator and Representative after Representative will find that the overwhelming majority of the American people want no part of this conference report, and they want no part of the foreign aid policies that prevail in this country at the present time. The senior Senator from Oregon has said many times in the historic debate this year on foreign aid that they will support a foreign aid program; but they want that program reformed. They want to put an end to the shocking waste and inefficiency, and downright corruption—and I use that word advisedly—that has come to characterize so much of foreign aid in so many places in the world.

Therefore, I feel that I owe a trust to the people of my State to make this address tonight in the Senate for the Record.

I wish to associate myself with the brilliant and eloquent speech that was made earlier today by the Senator from Alaska [Mr. GRUENING] in opposition to

the conference report. He expressed many of the views that the senior Senator from Oregon will express tonight.

I am pleased and delighted to know that my good friend ERNEST GRUENING, of Alaska, will vote against the conference report. He helped immeasurably in the debate in which we sought to amend the foreign aid bill.

As I told him, I was disappointed that on the final vote on the bill he saw fit to vote for it; I respect his reason for so doing, but disagree with it.

He seemed to feel that voting for it might be helpful in obtaining a better conference report. But I have been in the Senate long enough to know that that never happens—that a better conference report is obtained if a Senator continues to oppose a bill that he believes is wrong in its major parts. The foreign aid bill, in its major parts, has been wrong from the very beginning; and it is wrong now; and it should not be approved by the adoption of the conference report.

So I say, in the opening of my address, that the conference report on the foreign aid bill should be rejected.

I am very much disappointed in the procedures that were followed by the Foreign Relations Committee in the handling of the foreign aid bill. I am disappointed that the Foreign Relations Committee sent to the floor of the Senate a conference report on foreign aid that most of us on the Foreign Relations Committee never saw until we picked it up on our desks on the floor of the Senate prior to the beginning of the debate—a Foreign Relations Committee report, Mr. President, not even seen by the members of the committee.

What kind of procedure is that? It is not pleasant to criticize the policies of a committee of which I am a member. When I find myself in such thorough disagreement with so many of the policies of the committee of which I am a member, it seems to me necessary to bring those criticisms of the policies into the light of public gaze, because I have given up any hope of trying to change the procedures of the Foreign Relations Committee behind closed doors. The procedures of the Foreign Relations Committee are going to have to be changed, in my judgment, by the mandate of the Senate. I have already announced to the Foreign Relations Committee, behind the closed doors of the committee, my unhappiness with a good many of its policies and procedures. I intend now, in the months ahead, to express my dissatisfaction with the procedures of the Foreign Relations Committee on the floor of the Senate, if it is true that we have reached the point where we cannot obtain changes within the committee itself.

I am very unhappy about the selection of the conferees for the conference on the foreign aid bill. It was very interesting where the line was drawn this year in the selection of the conferees, a selection based on the inexcusable principle of seniority that prevails in the Senate, behind which are so often hidden many disservices to the American

people in conducting the affairs of the Senate.

The line was carefully drawn, in selecting the conferees for the conference on the foreign aid bill at a point where not a single Senator opposed to the bill was selected. That is an interesting commentary, because when we find that kind of stacked procedure, we cannot expect the conference to have had presented to it very effectively the point of view of the opposition. There was no effective presentation of the views of the opposition.

We listened to the Senator from California [Mr. KUCHEL] this afternoon make a speech expressing his great disappointment because the amendment forbidding aid to countries that seize vessels in international waters was dropped in conference, although it passed the Senate by an overwhelming vote. I do not think anyone need be surprised about it. The chairman of the conference in Senate said, in effect, during the debate on the Senate floor, that he considered it to be—and I paraphrase him; I do not quote him—one of the most unsound amendments or proposals that had been made in his time in the Senate. But the overwhelming majority of Senators disagreed with him.

It is interesting that the Senate conferees dropped, in conference, policy reform after policy reform on foreign aid that was adopted in the Senate. I speak only for myself. Other Senators can interpret the action of the conference, but I tell the Senate how I interpret it. It is exactly the result we should expect when the number of conferees is so limited, so far as the Democratic side of the conference was concerned. The result is not surprising when the three Democrats who were selected, on the basis of the outworn and unsound principle of seniority, were ardent proponents of the bill, who made clear time and time again throughout the debate on the bill their general opposition to most of the reforms we sought to bring about.

Mr. President, there will be another day on which legislation dealing with foreign aid will be before the Senate. If anyone believes that I will in the slightest relent in my opposition to foreign aid as now administered, he could not be more wrong.

The American people are being fleeced, rooked, cheated, and defrauded by much of the foreign aid program.

So long as I serve in the Senate, I intend to make reform of foreign aid one of my major legislative objectives.

The reasons for my objection and opposition to the pending conference report on foreign aid, as now before the Senate, are basically two: The amounts to be authorized are too high, and some significant policy provisions added by the Senate were omitted or so drastically changed as to make them meaningless.

So important do I consider a statutory restriction on aid to military juntas that have deposed constituted governments in Latin America, that I would vote against almost any foreign aid bill that lacks such a provision; this one lacks it. Even the weak and feeble Sen-

ate language is sunk without so much as a mention in the conference report.

I believe it particularly apropos at this hour—and I predict that events in the very near future will show how apropos what I am saying now is—to a discussion of this subject matter that I now write into the history of the CONGRESSIONAL RECORD the source of the Morse amendment on juntas which I finally agreed to offer.

I fought for a junta amendment which would provide that the President of the United States could not make foreign aid available to any country whose democratically elected, constitutional form of government was overthrown by a military junta, unless the President reported to Congress that in his judgment it was in our national interest to do so, and Congress passed a concurrent resolution approving of the President's recommendation. That is the democratic process. That is representative government put to work. That is carrying out our check-and-balance system under our form of government.

The administration found that there were many in Congress who shared my point of view, many in America who shared my point of view, and many of the leaders of our friendly neighbors to the south in Latin America who shared my point of view.

I put in the CONGRESSIONAL RECORD letters and cablegrams and expressions from some of our best democratic friends who are leaders of democratic regimes in Latin America.

I am advised by the majority leader that at one of the Tuesday morning breakfasts of the leadership at the White House the position of the senior Senator from Oregon and some of his other objections to foreign aid were discussed.

As a result of that discussion, the late President, John Fitzgerald Kennedy, called me to the White House. I conferred with him for approximately 45 minutes regarding some of my major objections to the foreign aid bill, but particularly with regard to my junta amendment.

If the majority leader were present, I would call him as my witness, because he knows what the President subsequently told him about this matter. In that conference the President expressed concern as to whether or not my amendment would interfere with his Presidential right to recognize a government.

I said, "Mr. President, I taught the separation-of-powers doctrine for years, and I would not walk out on it now merely because I am in the Senate. I would be the first in the Senate to take up the forensic cudgels to defend your right under our Constitution to recognize any government that you wish to recognize. My amendment has nothing to do with your right to recognize a government. But, Mr. President, your right to recognize a government does not give you the right to spend a single taxpayer dollar to aid any government merely because you have recognized it. I do not think you should aid any government that was created by a military junta overthrowing a democratically elected, constitutional government."

The President was not aware that that was the position of the senior Senator from Oregon. He was pleased. Then we discussed my amendment. He asked me if I would modify my amendment by putting it in the negative form rather than in the affirmative.

He asked me if I would modify my amendment by providing that if the President filed a report with Congress asking for aid to be given to a so-called junta government which, in the opinion of the President, it was in the national interest to aid, he would be allowed to grant such aid provided Congress, within 30 days, did not pass a resolution forbidding it.

I made it clear to the President that I would prefer the affirmative form. I said, "You would be in a much stronger position if you were to accept an amendment providing that you would give no aid unless Congress affirmatively joined you in the approval of such aid. Furthermore, the affirmative form would make it possible, in my judgment, for you to obtain aid in a matter of hours, whereas your suggestion would require the passage of at least 30 days. If you took it in the negative form, I do not believe 30 days would be long enough."

He said he would talk with the Secretary of State about it. He expressed the view that he saw the merit in my proposal; that he was concerned about it; but that he had felt it would be preferable to make the approach that he was recommending, which was that he could grant aid after 30 days if Congress, in the 30-day period, did not pass a resolution forbidding the granting of the aid.

I shall always be glad, because it will be one of my most cherished memories, that my last conference with President Kennedy was that conference. It was a delightful one. It was a most friendly and pleasant one. All the President sought was my point of view on the issues that are in conflict on foreign aid at the present time.

The day of the conference was a beautiful day. The President walked with me from his Office, down the sidewalk to the pavement within the White House grounds, and part way down toward the southwest gate, where I was to take a car. In that walk, having finished our discussion of foreign aid, we discussed the two major education bills—the bill on higher education and the bill on vocational education. The President was most kind in his reference to the work that we had done on those two bills. He made clear to me, as I pointed out on the floor last Friday, I believe, his complete and enthusiastic endorsement of the vocational education bill, which carries out his recommendations, and particularly his supplemental report on education, which he filed on June 18 of this year.

He also asked me about the status of the higher education bill, and I explained to him the position I had taken, as I subsequently explained, that, as chairman of the Senate conferees, I preferred to bring up the higher education bill after the conference report on the vocational education bill had been agreed to.

The President completely agreed with my legislative procedure in that regard.

After a few days—and I presume that during that period of time the President spoke with the Secretary of State—the administration sent to the Senate its junta amendment. The carrier of the message was the Assistant Secretary of State for Legislative Affairs, Mr. Dutton. I am glad the Senator from Minnesota [Mr. HUMPHREY] is in the Chamber as I give this account, for the Senator from Minnesota and the Senator from Oregon met with Mr. Dutton in the Senate restaurant and there discussed the administration's proposal, which was the President's proposal. The administration's proposal contained the identical language that President Kennedy presented in his White House Office in the last conference I had with him.

In the conference with Mr. Dutton, in the Senate restaurant, I said that I would prefer 60 days, rather than 30 days. At that time the Senator from Minnesota agreed with me that such a recommendation should be made to the Secretary of State. The Senator from Minnesota could not commit the administration; he could only recommend. At that time he felt that that recommendation should go back to the Secretary of State, and it did go back.

Then the day for the final vote on a junta amendment was reached. I reached the conclusion that we could not get the 60-day provision for after all, in the legislative process it is necessary to count noses. I felt we could get the President's language, and I announced on the floor of the Senate that I would take the language that was sent to the Senate from the State Department. I tried to respect the officials of the executive department. The CONGRESSIONAL RECORD will show that I did not seek to take advantage of my conversation with the President. So I did not make the argument I am making now. But this is a very important piece of legislative history.

However, it was pretty well known in the Senate at the time it voted on the junta amendment that it was an amendment that the administration was willing to accept. I do not mean, as I made clear then, that the administration would have preferred my amendment to no amendment. But faced with the serious possibility that they would have to accept an amendment, this was their proposal for compromise, and this was the President's own language, as he stated it to me in my last conference with him.

When the vote was taken on the final Morse junta amendment, the amendment was defeated. The Senate had a right to work its will in that respect. In my judgment, the Senate made a serious mistake, particularly in view of the oncoming problems in Latin America. Time will prove the significance of my statement.

Now we have a conference report which does not contain a single word that will be helpful in connection with the junta problem that faces us in Latin America. The conference report says not one word about the problem. That

is one reason why I oppose the conference report, for, in my judgment, the problem of coups in Latin America probably has to be placed at the top of the list in any evaluation of U.S. relations with Latin America.

Either this great Nation must make it crystal clear to Latin America that it will not aid, directly or indirectly, military juntas in overthrowing democratically elected governments in Latin America, or the United States will have to assume a larger responsibility for the loss to communism of one Latin American government after another in the immediate future.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. Is not this a principle that was deeply enshrined in the agreement at Punta del Este? Were not the principles of evolution in economic progress under democratic forms the principles repeatedly set forth by President Kennedy?

Mr. MORSE. I believe so. That was always my understanding. I believe that if we encourage military juntas, by recognition of governments set up by military juntas, we shall be doing Khrushchev's job for him.

I repeat, Mr. President, that, in my judgment, if the United States recognizes military-junta governments set up in the Dominican Republic or in Honduras, the United States will be doing Khrushchev's job and Castro's job for them, will play directly into the hands of the Communist elements in Latin America, will discourage our democratic friends in Latin America, and will provide, in regard to Latin America, another example of American hypocrisy. Unhappily, throughout Latin America our record is pockmarked with hypocrisy.

Mr. President, I believe it is regrettable that we are confronted with a conference report which says nothing about this urgent problem of juntas in Latin America. For that reason, I am opposed to the conference report, and I am satisfied that our democratic friends in Latin America have been dealt a serious blow by the conference report.

I would that we had adopted at least the language proposed by President Kennedy, although again I make clear that I am not saying that he would have preferred that language to no language at all. But I think time will prove that at least language as strong as that which President Kennedy was willing to accept would have been one of the great weapons we could have used against junta takeovers.

Equally important is the determination that when nations are economically capable of financing their own development and their defenses, the American taxpayers shall be relieved of the burden of financing them. The Senate amendment defining such nations was eliminated.

The necessity for a complete country-by-country review of foreign aid next year was emphasized in two Senate provisions, neither of which now remains in the bill. The first was my own amendment repealing the authorization for the

Development Loan Fund for the fiscal years 1965 and 1966. That provision was entirely eliminated. The second Senate amendment was that offered by the Senator from Kentucky [Mr. COOPER], requiring the President to set up committees to review economic aid in each country. These committees were to be of three to five members, with a majority representing the public, and reporting to the President and the Congress whether the recipient country has a practical development program, is providing the maximum amount of self-help, has adopted reforms necessary to the success of the program, and whether the projects being financed by the United States contribute materially to the needs of that country's development and to the purpose of the United States in strengthening democratic processes.

This Senate amendment was similar in purpose to my own amendment which would have canceled all foreign aid at the close of the fiscal year 1964 and started over with criteria very much like those outlined in the Cooper amendment.

The conference gutted this amendment, by making the appointment of these committees permissive, rather than mandatory, and by allowing the President to determine the makeup of the committees, if he appoints any at all.

I submit that this issue, while it does not go to the heart of the current program, does go to the heart of the future of foreign aid. The language of the conference report is a clear indication that those who wrote it and signed it have no intention of requiring a reevaluated and revamped program from the administration. Virtual elimination of these two Senate amendments is the proof of the pudding that the report of the Senate Foreign Relations Committee, calling for a revamped program for 1965, is nothing more than window dressing.

MAKEUP OF CONFERENCE

To begin at the beginning, however, I would call attention to the makeup of the conference itself. Last year, the Senate was represented by seven conferees. They were Senators Fulbright, Sparkman, Humphrey, Mansfield, Capehart—who replaced Senator Wiley—Hickenlooper, and Aiken. This year the Senate was represented by only five conferees. They were the same gentlemen, except for the absence of Senators Capehart and MANSFIELD.

In other words, there was not represented among the majority side of the Senate conferees the clear and unequivocal demand by Senate Democrats—which I think was clearly demonstrated in the floor action on this bill—that foreign aid be revised and reduced. Not a single serious critic of foreign aid represented the Senate in the conference. At the rate we are going, however, the Senate representation is going to have to be even smaller next year if it is going to continue studiously avoiding Democratic Senators on the conference committee who will demand meaningful changes in the program.

MONEY FIGURES OF BILL

The introduction to the statement by the House conferees points out that the

final money figure in the conference report is \$100 million more than the House approved and \$100,290,000 less than the Senate approved. The only substantial increase in the Senate figures was for the Social Progress Trust Fund, which put the amount at \$180 million, compared to \$155 million allowed by the Senate and \$200 million allowed by the House. There was also a \$2 million increase in AID administrative expenses over what the Senate provided.

I shall always be at a loss to understand that. If there is any group whose wasteful administration is so flagrant that it is known around the world, it is the group responsible for the military expenditures of AID. If there is any place where we had a better opportunity to save the American taxpayers great sums of money, I do not know where it could be found. However, instead, the conferees recommend a \$2 million increase.

But with the possible exception of the funds for Latin America, I believe the House figures were more realistic throughout than were the Senate figures on the items in disagreement.

The authorizations for development loans, for supporting assistance, for military assistance, and for the contingency fund are still far in excess of what should be spent in foreign aid. I do not even exempt the Latin American program from that statement. There are increasing signs that the largest recipients of U.S. aid in Latin America are drifting away from the objectives of the Alliance and are failing to fulfill their own obligations under it. In Argentina, we have seen every U.S. dollar of private investment there held hostage for more foreign aid dollars. Senators will recall that the Senate had no more than adopted the Hickenlooper amendment suspending aid, when contracts with private investors were canceled without fair compensation, and the Government of Argentina pointed out that there was far more American wealth in Argentina that it could seize than was represented in the oil contracts, if the United States made good on the Hickenlooper amendment.

Mr. President, my position in regard to threat is this: Let us call Argentina's hand. So far as I am concerned, until Argentina submits a plan, under the Alliance for Progress program, as called for by the Act of Punta del Este, I favor not giving Argentina one dollar of aid under the Alliance for Progress, or any other U.S. source.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. In line with the Senator's discussion of the conference report concerning the junta amendment, lest the record be in doubt, the Senator's discussion is accurate. The Senator from Oregon was rightfully put out with me for not having supported that amendment.

I say to the Senator that my reason for my vote was that the administration preferred not to have his amendment. They thought it was preferable to what they thought they might get. The Senator related the situation accurately.

It is a regrettable mistake that the bill is without the junta amendment. I want the Senator to know that. I also want the Senator to know that I believe it is regrettable that the Cooper amendments, which were in the bill, were dropped.

I tried my best to maintain those amendments. I was not very successful.

I did not want the Senator's statement today, in the light of the fact that I was present in the Chamber, to go uncorroborated in reference to the amendment. I owe the Senator that fairness, and I wanted the RECORD to so reveal.

Mr. MORSE. The Senator is very kind, and I appreciate it very much.

Mr. President, I continue my discussion of the conference report.

The Act of Bogotá and the Act of Punta del Este both made it perfectly clear that private investment was to be the source of by far the largest part of development capital. Now we find that to one of the largest participants and beneficiaries from the Alliance, our private capital is only a hostage being held to coerce the United States into giving Argentina more of our taxpayer dollars.

I know that more recent word is that Argentina is having some second thoughts. Some accord on the oil contracts is reportedly possible. But irrespective of its outcome, the incident proves to me that some Latin American countries are not yet ready for the Alliance for Progress.

Argentina has yet to submit a plan called for by the Act of Punta del Este as a basis for eligibility to receive foreign aid under the Alliance for Progress program. But she is after the money, and she has been receiving it without a plan. She has been getting millions of dollars out of the President's contingency fund, as has Brazil, yet neither country has submitted a plan.

So long as we follow such an inefficient administrative course of action in handling foreign aid, what can we expect from Latin America but a flouting of the wishes of the United States?

As I have stated previously in this speech, in effect we sanction military overthrows by waiting a few weeks and then recognizing them, and then aiding them. We weaken every friendly democratic nation in all of Latin America by so doing. I am at a loss to understand such an American policy.

I ask Senators to go to the Pan American Union and talk with the representatives of Latin American countries. I am able to do so, because I have the confidence of many of them. They do not take us seriously when we use nice sounding words about seeking to strengthen the arms of democratic leaders in Latin America. They know our sorry record of the past—and it is a disgraceful one, to the everlasting discredit of this Nation. We have come to the assistance of military juntas within a few weeks after they have overthrown democratically elected governments. We go on supporting them as though nothing had happened.

Argentina is not alone in flouting the wishes of the United States. Brazil also does. The response to American offers of aid on the part of the Goulart government has been still more inflation and

a still sharper turn to the left. I believe that before anything like \$600 million is spent in Latin America, the whole program must be reviewed right from its roots, country by country.

I called this to the attention of Mr. Moscoso in a letter I sent to him this morning in regard to the Alliance for Progress program and the great difficulties which I believe will confront in the months and years immediately ahead unless the administration of the Alliance for Progress program itself is drastically changed.

I see no likelihood that \$600 million, plus the \$180 million of the Social Progress Trust Fund, could be effectively and efficiently spent in Latin America in fiscal 1964.

INVESTMENT GUARANTEES

Adoption of the House language on investment guarantees was an improvement in the bill over the Senate version. But it is only a small beginning in the direction of reducing and processing the objectives of foreign aid. In this case, the amendment states that aid is prohibited to any less developed country which fails to enter into an agreement with the United States to institute an investment guarantee program providing protection to private investors against inconvertibility and expropriation or confiscation. The Senate language was only a "sense of Congress" statement to the same effect. I note that the effective date was changed, however, from December of 1964 to December of 1965. I think that is too generous. I see no reason why Congress should not make it clear that nations seeking capital from the United States cannot receive public money from our taxpayers while at the same time they reject, discourage, or even seize the investments of our private citizens. By moving the effective date to the end of 1965, we have suspended its applicability to the program for fiscal 1964. It is now only a promise, a statement of intention. I regret that the conferees did not write it into this year's program.

PURPOSES, OBJECTIVES, AND PRIORITIES

The omission of the House amendment requiring a detailed statement of the purposes, objectives, and priorities of economic assistance programs in the request for authorization is another setback. Why should not such an outline be included in the request for authorization? The statement of the conferees suggests that this information is contained in the executive branch presentations to the committees. But we all know that these presentations often do more to cover up than to reveal the purposes, objectives, and priorities of aid. The Senator from Louisiana [Mr. ELLENDER] described in detail the changes in the use of various grant funds between the time of presentation to Congress and the final expenditure. The Senator from Louisiana showed very clearly that the contingency fund is the chief source of money for countries and purposes that are not contained in the executive branch presentations to Congress.

To put these purposes into the authorization would not preclude a degree of discretion in use of the contingency fund for emergencies affecting the vital interests of the United States. But it would, I believe, reduce the extent to which aid programs in many countries are revised upward after Congress has been shown a different outline of what is planned for them.

SHORT-TERM EMERGENCY ASSISTANCE

The House provision which is now section 101(c) (3) is an improvement insofar as it goes. But it urges only that development loan money not be diverted to such short-range purposes as budget support, balance-of-payment problems, and military purposes. It says nothing about uses of supporting assistance or contingency funds for these same purposes.

I am interested to note that the language approved spells out these undesirable uses of development loan funds, which I think should be extended to all kinds of U.S. aid in certain parts of the world. It says "such as budgetary purposes, balance-of-payments purposes, or military purposes." I offered an amendment in the Senate prohibiting expenditure of any kind of aid money for the first two of these purposes in Latin America. I intend to continue pressing the prohibition at every opportunity. Now that this language is part of the foreign aid statute, there is a precedent, and a very small beginning, to curb this unproductive use of American money.

AID TO SOUTH VIETNAM

The statement of the conferees notes that the Senate's "sense of Congress" language on South Vietnam is retained. It states that aid to that country should be extended or withheld "at the discretion of the President" to further the objectives of victory in the war against communism and the return of Americans involved in the struggle. That is not much of an amendment. It certainly is no help to the President or to his administration. It is congressional buck-passing at its most obvious. Least of all, it will not absolve Members of Congress from the responsibility for getting and keeping the United States involved politically and militarily in one of the most useless foreign policy ventures of the postwar era.

Our forces in South Vietnam should be withdrawn right now, before we are dragged down to the position of France in 1954. That is where we are going to end up in Vietnam. I do not think it is a question of which faction we put in power in South Vietnam. It is a question of whether the United States can run any country in Asia by remote control. And that control is not so remote that it will not cost the American taxpayers upward of \$300 million in aid to that nation alone in the current fiscal year. That is in addition to the cost of keeping 15,000 American troops on the scene.

The infatuation of Far East policymakers with "the domino theory" in southeast Asia is not only expensive but it is ineffective. I shall develop that

theme at some other time; but this provision is merely an evasion of one of the most important issues of the whole program.

INTEREST RATES

In my opinion, the House provision regarding interest rates on development loans should have been retained. Instead, it was modified to permit a grace period of up to 10 years, during which the rate may be as low as three-quarters of 1 percent, whereas the House language provided for no grace period. In view of the fact that the House said nothing about a grace period and the Senate allowed a grace period up to 5 years, one might logically expect the grace period to be not more than 5 years. But it magically rose in this conference to 10 years, and the 35-year limit of the loans called for by the Senate also disappeared.

The tightening of the interest rates on loans must be a foremost objective next year in considering a foreign aid authorization.

If anybody wants proof or justification for the statement of the senior Senator from Oregon that the American taxpayers are being fleeced, defrauded, and deceived by this bill, let him examine the conference report on interest rates. It will continue the rate at three-quarters of 1 percent for up to 10 years. It will continue the 10-year grace period, with no requirement for payment on the capital. It will continue the shocking present arrangement whereby Russia, Great Britain, France, West Germany can lend, on a short-term loan basis, at 5 and 6 percent interest and get paid off at the expense of the American taxpayers, who, under this program, put up loans at three-quarters of 1 percent for 10 years and thereafter not more than 2 percent. If that is not rooking and cheating and defrauding the American taxpayer, I do not know the definition of the terms.

I said during the debate, and I say tonight, that the American taxpayers must hold to political accountability those responsible for that kind of bill. Until the American taxpayers walk into that citadel of freedom, the voting booth, and hold politicians accountable for this kind of injustice, we shall not have the lesson learned here in the Congress that a program such as this cannot be foisted on the American taxpayers by the politicians and the politicians not be held to an accountability.

EVALUATION OF PROGRAMS

I move next to an item I mentioned at the outset—the Cooper amendment requiring a country-by-country reevaluation of economic assistance. As adopted by the Senate, the bill required the President to appoint committees dominated by public representatives to review economic aid in each country. The committees were to consider the performance of the recipient in working out a general development program and in carrying out self-help and reform; whether specific projects are contributing to development; and any other matters which the committees believed would aid Congress in considering the program authorization for fiscal 1965.

This highly meritorious provision was watered down to virtually nothing. We now find the President merely authorized to appoint a committee "to review and evaluate the economic development program under this act, and to report to the President and to the Congress its findings."

It has been pointed out in the press that the Clay Committee has already done that, so it is very unlikely that the President will make any use of this provision.

I especially regret the omission of the intent and meaning of the Cooper amendment because the conferees have dropped without so much as a mention in their report the Morse amendment repealing the aid authorizations for fiscal years 1965 and 1966. The action of the Senate in approving that amendment was a fortification of the Foreign Relations Committee call for a revamped program next year. Adoption of the Morse amendment wiped the slate clean, and required the administration to come in with a new program. Adoption of the Cooper amendment was a requirement for a public review of foreign aid country by country.

Mr. President, I will not proceed in the Senate until the Chair gets the Sergeant at Arms to produce order both in the Press Gallery and on the floor of the Senate. It is about time that order is maintained in the Senate. I request that the Sergeant at Arms be produced immediately, and that he notify the Press Gallery that another sound out of the Press Gallery will result in the clearing of the Press Gallery, and that another sound out of an assistant of the Senate on the floor will result in his ejection from the floor of the Senate.

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). The Sergeant at Arms will be notified accordingly.

Mr. MORSE. Mr. President, I do not know what more the Senate could have done in the bill to emphasize our determination to have foreign aid reexamined.

But the conferees have dumped all these provisions out the window. They have left the Senate with nothing but the language of the Foreign Relations Committee report, asking the administration for the umpteenth time to revamp foreign aid. The action of the conferees is notice to me that they intend to let the administration off scot free. They do not propose to require a revamping of foreign aid—they only want to ask for it.

I say to the President of the United States that you have ample authority to do for the Congress and the country what Congress has refused to do for itself. That is to set up publicly dominated committees to review not only economic aid, but aid of every kind, to each country in the world now receiving it, and to make recommendations to you and to Congress on how the program should be changed. To the Cooper amendment should be added the military aid programs as a subject for review, too, because we know that the extent and purpose of our military aid has a very great bearing on the extent and purpose of our economic aid.

Judging from the Senate amendments that have disappeared from this bill, and judging from the testimony currently being given to the Appropriations Committees by Mr. Rusk, Mr. McNamara, and Mr. Bell, I can only say that there is no intention, no plan, and no expectation of any kind within the administration or among the managers of this bill that foreign aid will really be reconsidered for fiscal 1965.

The Senate has been treated to another version of the old shell game, in which Congress always picks up the wrong shell no matter how sure we think we are where the pea is and no matter how many of the shells we pick up. The Senate did its best to nail down its demand for a new program. The conferees have taken the nails out; and the administration is busily declaring that it needs every cent of the \$3.6 billion in this bill for the current year. I have heard not a word of any review or revamping. I have heard only how badly it needs the money. I am satisfied that the Rusk-McNamara-Bell statements before the Appropriations Committees are also the preview of next year's program, and that we are going to be presented with nothing but the same old justifications for the same old expenditures in the same old countries for the same old purposes.

RESTRICTIONS ON MILITARY ASSISTANCE

While I welcome retention of the Senate's purpose in limiting military aid to Latin America, again I regret that it does not go far enough. Moreover, although there is no word in the conference report nor in the statement of the House managers about it, the feeble Senate language regarding Latin American juntas has been dropped entirely. The \$55 million ceiling on Latin American military aid is retained, as is the \$25 million ceiling on such aid to Africa. The limitation on Latin American military aid to past commitments, and the security of the United States or the security of a country against overthrow of a duly constituted government remains.

But the warning flag to nations to the south that the United States means what it says about supporting constitutional government has been pulled down. The Foreign Relations Committee language was weak enough; it was so weak that I sought to strengthen it on the Senate floor. The only worse thing than the committee language on this point is no language at all, and now in the conference report we have no language at all.

I have already referred to the political climate and events in Latin America that I think call for a basic review of American financing of the Alliance for Progress. The sudden overthrow of elected governments in four countries of the Alliance is another major reason why such a review is urgently needed. As I have said, I am not at all sure that the major countries of Argentina and Brazil are ready for the Alliance for Progress. But there are military and oligarchic factions in virtually every Latin American country that are not ready, either.

To the extent that the Alliance has failed to achieve its purpose, the United States has to share a large part of the

burden for the failure, because we have not applied the conditions and standards that are essential to its success. We have not been tough enough in insisting on the standards which alone can bring success in the program.

We have made only one beginning in establishing firm and absolute standards, and that is in the area of protecting American private enterprise. I am a firm supporter of the Hickenlooper amendments. I see no purpose to be served in supplying taxpayer money to nations which have expropriated private money.

But it is to the everlasting shame and discredit of the United States that we have not shown the same concern for constitutionalism in Latin America. As I said during the Senate debate on this matter, the U.S. Government should have at least as much concern for constitutionalism in Latin America as it has for Esso and Texaco in Latin America.

I do not question for a moment that a major purpose of the Alliance for Progress is to increase stability in the Western Hemisphere, and to decrease the possibility of Communist takeovers. But there is no greater threat to stability and no more fertile ground for Communist takeovers than the countries ruled by military juntas. Until we have a firm and clearly established policy, known to all factions and elements within each country, that no American assistance of any kind shall be extended to a junta that comes to power by destroying a constitutional power, we are not going to achieve the objectives of the Alliance for Progress.

ASSISTANCE TO INDONESIA

I note with some satisfaction that the Senate language restricting aid to Indonesia was retained. It prohibits aid to that country unless the President finds that it is "essential to the national interest of the United States." I think both Houses would have achieved their purpose only by banning aid to this country entirely.

Senators know that the presentation figures show Indonesia down for aid in fiscal 1964 amounting to more than \$50 million. Almost half of that is supposed to be grant aid of one kind or another. The reluctance of the administration to cut off aid to Indonesia in spite of the most flagrant affronts to the policies and principles of the United States has been well established. When the bill was under debate in the Senate, aid to Indonesia was still being continued at that time. We also learned from the Senator from Louisiana [Mr. ELLENDER], that Indonesia is one of the countries that has received aid considerably above and beyond what was scheduled for her in the presentation to Congress for fiscal 1963.

I very seriously doubt that the provision voted by the Senate and retained by the conferees will really terminate aid to Indonesia. The terms "national interest" and "vital interests" and "national security" have been stretched so far by previous aid administrators that they are now almost devoid of real meaning. Putting the word "essential" in front of any of these terms will bring forth a little more explanation from

downtown, but I doubt that the outcome will be any different.

The Senator from Wisconsin [Mr. PROXMIRE] brought to me the other day a classified document. That classified document made perfectly clear the intention of the State Department and the AID officials to continue aid to Indonesia, both economic and military. Although the figures are classified, I say to the American people that they involve tens of millions of dollars. If this administration continues that program for Indonesia, so far as the senior Senator from Oregon is concerned, it has bought a fight; and it has bought a fight not only with the senior Senator from Oregon and other Senators who share this view, but also with the American people.

That causes me to say again that I wonder how long Congress will continue to be taken advantage of by the State Department and the Pentagon by being denied the right to extend to the American people the facts about their foreign policy by the use of the word "classified." Whenever the State Department and the Pentagon want to hide from the people facts that they are entitled to know, they put the word "classified" on them, and place those of us in Congress who are serving the people in a position where we cannot violate that label, because if we were to do so we would subject ourselves—and rightly so—to the discipline of Congress.

But this is a basic policy question. I say to the American people: "It is about time you rose up and made it perfectly clear to any administration, Democratic or Republican—for this policy has existed through both Democratic and Republican administrations—that you want the word "classified" limited to situations in which the great national interest is really and truly involved, and not misused, as it is being misused, time and time again, by the Pentagon and the State Department. This is such an example."

Why should not the American people be told now of every dollar that the State Department and the Pentagon propose to spend by way of military and economic aid in Indonesia? I should like to have any Member of the Senate or any member of the administration give me an answer to that question. Why should not the American people be told that plans are underway to spend many millions of their dollars in Indonesia, a country headed by a corruptionist, an aggressor, a man who is a threat to peace in Asia and may very well be a threat to the peace of the world. Yet it is now being proposed that we spend many more millions of dollars on him in the coming year. This must be stopped; and the American people are going to demand that it be stopped.

I shall point out before I finish what a series of conferences downtown have produced by way of a new strategy to get around the Congress. The recent historic debate on foreign aid, really the first comprehensive one the Senate has had for years, and the first one that has resulted in having some amendments adopted to the foreign aid program, really dehorned the sacred bull of the State Department and the Pentagon.

It has the bureaucrats upset. But they have not met with any desire to conform to the will of Congress. They are scheming to flout Congress. They are scheming to get around Congress. They are scheming to put Congress in a position where they will be able to nullify the check of the Constitution that is granted to Congress, the provision of Constitution that provides that no funds may be spent except as appropriated by law. That is what they are up to.

There are some Senators who dare to oppose them. We shall oppose them. We shall go exactly as far as we can under the restrictions that are placed upon us in respect to classified material to warn the American people of what the Pentagon and the State Department are up to.

That is why, staying within my rights, I am warning the American people tonight that there is no intention on the part of either Secretary McNamara or Secretary Rusk or Administrator Bell to bring an effective end to economic or military aid to Sukarno. We must hold the administration to an accounting. It is not easy to oppose one's administration; but I shall oppose this administration, as I have opposed all administrations in the past during my 19 years in the Senate, whenever I believe the administration is following a course of action that is not in the public interest. Aid to Sukarno is not in the public interest. I dare the administration to announce the exact sums that it proposes to make available to Sukarno. Then let the American people pass judgment on the program.

LIMITATION ON GRANT ASSISTANCE

The statement of the House conferees on section 301(e) (3) makes it clear that the Morse amendment defining "economically developed nation" has been removed from the bill. There is no reason I can fathom for its removal. The statement says that such a determination is one of "reasonable judgment." It does not say that the judgment of the Senate is in any way faulty. It was the judgment of the Senate that we should apply the finding of the General Assembly of the United Nations in determining what nations are economically developed, and not give them any more money. What is wrong with that? The conference report does not say.

It does allude to U.S. base rights in Portugal and Spain. But the General Assembly resolution does not mention Portugal or Spain as being economically developed.

I think it is perfectly evident that this is not a matter of what is reasonable judgment, but a question of who is to exercise it. The administration does not want Congress to exercise a "reasonable judgment" in foreign aid matters. It wants that privilege reserved entirely to itself. This is one of the chief obstacles Congress will have to overcome if the United States is ever to have a truly revamped foreign aid program.

Do not be surprised by the action taken by the conference committee. It is only necessary to consider the personnel of the conference. When no voices representing the opposition are a part of the

conference, we ought to expect this kind of result. As I said earlier in my speech, one of the major mistakes was in the selection of the conferees, to begin with.

EXEMPTIONS OF CERTAIN ACTS FROM THE PROHIBITION OF ASSISTANCE

The conferees agreed to language in section 302(h) that excludes from the various prohibitions in the act, the Peace Corps, the student and cultural exchange program, Export-Import Bank operations, and title II of the Food for Peace Act. This title relates to famine or disaster relief, including such relief through voluntary agencies.

This means that all the provisions seeking to ban aid to Communist countries, to Indonesia, to nations that seize U.S. property without compensation, and to aggressor nations will not affect a very large part of American aid. I think the Export-Import Bank operations should most certainly be included in any ban on aid, and I regret that the conferees added it to the loophole.

Of course, the conference report is not clear on how this section jibes with the so-called aggressor amendment. As approved by both Houses, this amendment states that no assistance shall be provided under this or any other act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, and so forth.

I recognize that title II of the 1954 act would probably not be covered, since it deals with relief rather than with sales. But to continue the Peace Corps, cultural exchange, Export-Import Bank operations, and famine relief to nations that are in clear violation of the principles and objectives of the American Government, seems to me to vitiate much of the meaning of a ban on aid to them under the Foreign Assistance Act.

USE OF PRIVATE ENTERPRISE FOR TECHNICAL ASSISTANCE

Under this heading the House conferees discussed section 302(a). They noted that they had accepted the Senate language to encourage use of private enterprise, rather than Federal agencies, where the former is able to provide the goods and services on a contract basis.

I very much regret that in approving the Senate amendment, the conferees did not improve upon it to make use of some Federal services which enhance these private services. It has repeatedly been brought to my attention that the planning and supervision of construction constitute one of the major weaknesses of U.S. aid programs abroad. The aid agency itself has never organized the kind of engineering supervision of this kind of work that is already available in other Federal agencies.

The Corps of Engineers of the Army, for example, and the Bureau of Yards and Docks in the Navy not only have long experience in this field themselves, but have enabled such complex new agencies as NASA to get their programs going much more effectively and efficiently than they could have done alone.

I believe that in calling for utilization of professional and other services from private enterprise, the law should also utilize in the planning, administration, and supervision of contracts the services

of the Corps of Engineers and the Bureau of Yards and Docks.

CONCLUSION

Finally, I would also point out to the Senate that the conference report has dropped entirely the Senate amendment relating to fishing rights. It will be remembered that we terminated aid to nations that unilaterally extend their fishing limits beyond those recognized by the United States. I think this was an entirely salutary provision. It did no more than establish an American determination to settle international rights and claims by negotiation. Far from being an arbitrary provision, as has been charged, the Kuchel amendment was an upholding of negotiation as the means of settling disputes. Why in the world should not the Congress say that we will not extend aid to nations that unilaterally and arbitrarily violate an international understanding on territorial or fishing limits?

Mr. President, you will look in vain for any explanation of why this amendment was eliminated. So will you look in vain for any explanation of why the Morse amendments repealing the aid authorizations for the next fiscal years and defining economically developed countries were eliminated.

Most important, however, is the elimination or watering down of the provisions that were to guarantee Congress a new program next year. In my opinion, this is the real issue in this year's foreign aid bill. It is an issue of whether Congress means what it says when we call for a revamping of foreign aid. We can always cut the funds if we do not like the program; but how do those of us who believe foreign aid can have useful and fruitful application go about getting the kind of standards and requirements that produce such a program? That is our problem; but we have had the ground cut out from under us by the conference report.

Our only recourse is a country-by-country review of foreign aid by ourselves. When the aid authorization comes before the Senate Foreign Relations Committee next year, it will be up to us to examine every program, in every country, in all its ramifications. I serve notice on the State Department and the Pentagon that that will be the approach I will make. I also serve notice on the Foreign Relations Committee that never again, so long as I am a member of that committee, with a bill as important as this one, will I go along in a cooperative attitude and arrangement of 10 minutes at a time for cross-examination, the objective being to permit the Secretary of State or the Secretary of Defense or Mr. Bell, the Director of AID, to conclude their presentations at one session of the committee hearings.

Of course, I shall abide by the will of my colleagues in regard to the rotation system; but next time when we take up foreign aid, country by country, I shall insist, as a Senator from a sovereign State, representing its people, that we keep Mr. Rusk, Mr. Bell, and Mr. McNamara before the committee for

as many days as will be required in order to have adequate cross-examination, on a country-by-country basis, in regard to the AID program set forth in the administration's proposal.

We on the Foreign Relations Committee must go into the question of the purposes and objectives of both economic and military aid and their relationship to each other; the degree of self-help; the existence or lack of existence of a country program; and all the other factors that determine whether aid is worthwhile. Interested Senators will have to undertake, themselves, the kind of country-by-country review contemplated by the Cooper amendment. I shall be doing my best to do that in the months ahead; and as a member of the Foreign Relations Committee, I shall exercise my rights, as a member of that committee and as a Member of the Senate, to do what the Senator from Kentucky [Mr. COOPER] sought to have done by way of the appointment of the kind of commission or committee which he contemplated to have appointed to investigate the foreign aid program and to consider it on a country-by-country basis.

Mr. President, an article, published this morning in the New York Times, has a close and direct bearing on the pending conference report. The article has the headline:

Johnson Calls in Passman on Aid.

The article was written by Felix Belair, Jr. I ask unanimous consent that the entire article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JOHNSON CALLS IN PASSMAN ON AID—WHITE HOUSE MEETING DRAWS LINES FOR A SHOWDOWN

(By Felix Belair, Jr.)

WASHINGTON, December 11.—President Johnson intervened today to prevent a further slash in this year's foreign aid funds.

He sought to maintain the \$3.6 billion compromise authorization recently approved by Senate and House negotiators.

He summoned Speaker JOHN W. MCCORMACK and Representative OTTO E. PASSMAN, Chairman of the House Appropriations Subcommittee on Foreign Aid, to a White House conference with David E. Bell, Administrator of the Agency for International Development and Lawrence F. O'Brien, congressional liaison chief for the President.

From the meeting emerged a clear definition of the battlelines in what has already become the toughest behind-the-scenes fight over foreign aid in many years. President Johnson gave the component parts of the \$3.6 billion he wants for this year's commitments. Mr. PASSMAN outlined his own set of figures. They were far apart both on figures and categories.

No agreement or compromise was sought or offered by either side. But it was implicit in the President's position that he was prepared to force a showdown on the House floor if Mr. PASSMAN carried out his announced intention to bring in an appropriation bill of less than \$3 billion for what the administration calls its substantive aid program.

Another major consequence of the meeting was to make it impossible for the Louisiana Democrat to outsmart the administra-

tion by making a deal on a certain appropriation figure to avoid a floor fight and then including in his agreement figure many extraneous items that the administration does not regard as part of the aid program.

Mr. PASSMAN has employed this technique with success several times in recent years. After reaching an understanding with the Speaker and the White House he has then included in the foreign aid appropriations bill such items as the Peace Corps, the civil administration expenses for the Ryukyu Islands and new funds for various Federal and multilateral financing agencies.

At today's meeting, for instance, the wily foe of the aid program included in his figures an estimated total of \$700 million of so-called carryover funds from prior appropriations. He proposed to include these in the appropriation bill he intends to bring out next week.

He was informed at the conference that his \$700 million figure was irrelevant since much of the amount was in the form of unobligated balances of various loan programs that were not subject to reappropriation and did not lapse at the close of the fiscal year.

President Johnson made it clear that the only carryover funds in which he was interested were \$209 million of unexpended balances of military and economic aid appropriations that lapsed last June 30 and had to be reappropriated for that reason.

The President included in his \$209 million an item of \$127 million that was unexpended from his cold war contingency fund and that the administration said it was turning back to the Treasury Department. That was before Senate-House negotiators compromised differences and brought back agreement on a contingency fund of \$160 million, compared with the administration's \$300 million asking figure.

Now, President Johnson made clear, he wants the \$127 million put back in the appropriation bill.

Representative PASSMAN was keeping his own counsel about his intentions. But some members of his subcommittee indicated that the President's intervention has put him in the most difficult position in many years in trying to win over a majority of the subcommittee to his formula.

This was reflected in his recent attempts to make a no-floor-fight deal with the Speaker. But Mr. MCCORMACK's unwillingness to be maneuvered into the position of middleman culminated in today's White House meeting.

Resentment of some members of the subcommittee at what they considered Mr. PASSMAN's attempt to railroad his formula through that group broke into the open earlier in the day. On the House floor, Mr. PASSMAN sought unanimous consent to file by midnight Friday a report from the full appropriations panel on his bill.

Mr. MORSE. Mr. President, the article indicates that President Johnson is insisting upon a foreign aid appropriation of at least \$3 billion in new money for the purposes of the Foreign Assistance Act, plus re-appropriation of some unspent funds from last year. I particularly call attention to these words in Mr. Belair's article:

President Johnson made it clear that the only carryover funds in which he was interested were \$209 million of unexpended balances of military and economic aid appropriations that lapsed last June 30 and had to be reappropriated for that reason.

The President included in his \$209 million an item of \$127 million that was unexpended from his cold war contingency fund and that the Administration said it was turning back to the Treasury. That was before Senate-

House negotiators compromised differences and brought back agreement on a contingency fund of \$160 million, compared with the Administration's \$300 million asking figure.

Now, President Johnson made it clear, he wants the \$127 million put back in the appropriation bill.

In my opinion, it is time for the American people to rise up and put a stop to the freehanded, freewheeling use of what is euphemistically called a contingency fund.

Why does this, or any other President, require an advance appropriation for allegedly unanticipated emergencies, amounting to almost \$300 million? That is the sum the administration is clearly determined to have, if it can get it. On what basis is the figure \$300 million fixed? How can the administration know that it must have \$300 million?

What is it up to, that it is so sure it must have \$300 million?

This demand, and it is becoming nothing less than a demand, for \$300 million in money unrestricted and unlimited as to use, should be resisted not only by the Congress but by all the American people.

My suspicions are rising that contingency money is not for unforeseen contingencies at all. I think most administrations have a pretty good idea what they are going to do with contingency funds before they are ever appropriated. In short, the emergencies are not unforeseen or unanticipated. They are known in advance.

I refer Senators again to the figures placed in the RECORD during the debate on this authorization bill. As our magnificent friend from Louisiana [Mr. ERLENDER] proved beyond any question, not more than \$35 million was spent out of the contingency fund last year for real unforeseen emergencies. That is out of appropriated funds of \$250 million—\$35 million spent for real emergencies.

The real emergencies were natural disasters, and upheavals in various countries in Latin America resulting from the Cuban missile crisis of 1962. At that time, we made available small amounts to several countries in South and Central America to forestall Castro-inspired disorders.

But out of the contingency fund we also extended \$7 million to Ecuador to cover a budget deficit, and "to avoid serious political disturbances which would result from the Government's inability to meet its immediate expenses."

Did Senators ever hear of a budget deficit in the United States? I am at a complete loss to understand why it is thought proper to take \$7 million out of the contingency fund, unknown at the time by Congress or the American people, to shore up a deficit in the budget of Ecuador. I said during the debate on the bill, and I repeat now in the debate on the conference report, that it is an improper use of contingency funds. The purpose for which contingency funds should be spent, on the basis of which it has always been implied they are being asked, is for an emergency to the United States that threatens the security of the Republic. We had better get back to our objective—and fast.

Three hundred million dollars for a contingency fund is \$300 million of un-

checked funds. Forget about the individual involved. Think only of the office. With \$300 million, if a President wished to misuse it, we would soon be at war. The constitutional power of Congress to declare war would become meaningless. In principle this is not a safe practice. Any practice that is not safe in principle is a practice that should be checked by the Congress and prohibited by law.

We should stop granting to a President of the United States unchecked contingency fund money, except in a small reasonable amount which he might need to take care of a national emergency or an emergency that might involve serious national interests overnight, so to speak.

Name one. Just name one, Mr. President, that \$100 million would not be perfectly adequate to take care of. It takes a President only 20 minutes to get from the White House to a joint session of Congress. If Congress is not in session—and it looks like Congress will always be in session from now on almost all the time—we can return to Washington in 24 hours.

No, Mr. President, no President can possibly justify on the basis of the element of time \$300 million for a contingency fund.

What we are really doing in effect as a Congress is waving a constitutional responsibility. There is a tendency to downgrade Congress and to seek to undermine the powers of Congress and to build up the powers of the Executive. It is dangerous. It is dangerous because, I point out, it changes our form of government. It changes our form of government from a government of 3 coordinate, coequal branches of government to a form of government in which the Executive is supreme. It is not safe for the American people to live under a government which has become a government in which the Executive has become supreme.

Do not make the mistake of thinking, I say to the American people, that our system of representative government cannot be changed into a system of executive-controlled government. Whenever the ugly head of executive supremacy rears itself, the Congress should strike it down. It is rearing its ugly head in connection with the issue of contingency funds. In principle, \$300 million requested for contingency funds is a movement in the direction of making the executive supreme. It must be stopped. If it is true that the administration is proposing that \$127 million of unexpended funds in the contingency fund which would otherwise revert to the Treasury of the United States should be reappropriated to the executive and added to the \$160 million set forth in the conference report for contingency funds, it should be stopped by the Congress.

Oh, I know the comments that will be made on the argument I have made. It will probably be said that this is a serious attack on the President. Nonsense. But it is a serious attack on a proposal to enhance the power of the Executive which is inconsistent with our system of government based upon three coordi-

nate and coequal branches of government.

Those principles of government had better be preserved. I do not intend to be a party to voting to this President or to any other President any such request for additional Executive power as is suggested in the Belair story.

Mr. President, when I say that I have become suspicious that a practice has grown up and contingency funds are asked for because it is pretty well known in advance what their probable use will be, I am not merely yielding to suspicion.

I refer Senators again to what I have pointed out, that \$7 million went to cover a budget deficit in Ecuador. I submit that the budget deficit in Ecuador was an emergency in Ecuador, but it was not an emergency in the United States. We merely found it convenient to dip into the contingency fund and bail out Ecuador.

Mr. President, are we to chase around the world shoring up every budget that has a deficit? We do not have that much money. In my judgment, we cannot justify it in a single specific instance.

In fiscal 1963, we also used \$23.9 million out of the contingency fund to support the economy of the Dominican Republic. One million of it went to assist agriculture and industrial diversification, for some reason that completely eludes my wildest imagination, in respect to a U.S. national emergency. The use of \$22,750,000 of this remains "confidential."

Do Senators believe it is safe, in a democracy, to give any President of the United States that many millions of dollars to spend in accordance with his own judgment or whims, unchecked by the taxpayers of the United States?

Oh, I know. It will be said that these are abstract principles of government I am talking about, and that therefore the objections are impractical and theoretical. I repeat, the only rights of freedom the American people have are in relationship to the abstract principles of government under which they live.

Never argue with me that we can justify expediency in the name of practicality. Never argue with me that we can compromise these basic principles and guarantees of our system of government and still preserve for the American people their rights to freedom, for their rights to freedom are dependent upon maintaining good faith and respect in the carrying out of these abstract principles of government.

I am greatly concerned about the ease with which administrations have been able to get through the Congress these violations of abstract principles of government, as they have been succeeding to do in connection with the contingency fund. We must hold the Presidency to an accountability.

The contingency fund use in the Dominican Republic was all grant money. So was \$2 million in contingency funds given to Trinidad-Tobago.

Twenty-five and a half million of contingency fund dollars went to Brazil in the form of a loan.

Why in the world should we loan money to Brazil out of a contingency fund? How does that meet a definition

of "U.S. emergency"? What is wrong with insisting that an administration come to the Congress and get legislative approval for a \$25 million loan to Brazil? I do not know what is wrong with that, in view of the fact that it is exactly what the Constitution of the United States provides.

I happen to believe that any dollar spent out of a Presidential contingency fund for any so-called emergency which is not a U.S. emergency, which endangers the security of the United States, is an unconstitutional act on the part of the President of the United States. Oh, I know it will be said, "You cannot very well test it in the courts, Senator." But that does not make it any less unconstitutional.

Let us take a little longer look at the \$25.5 million of the contingency funds that went to Brazil in the form of a loan.

It was extended last March, when the Brazilian Finance Minister negotiated a \$84 million package from several American aid sources to balance its international payments.

Twenty million dollars more went to Argentina to correct its serious balance-of-payments and budget deficit. Hence a total of \$45 million was used from the contingency fund for Brazil and Argentina alone in fiscal 1963, not for any unforeseen situations at all, but to bail them out of embarrassing situations that were foreseen by many in both countries.

There is another shocking phase of this. That was American taxpayers' money, and in some amounts it was used to pay American business creditors of the Brazilian and Argentine Governments. I am at a loss to understand how anyone could possibly believe that could be justified. I am at a loss to understand how any one could believe one could justify using American taxpayers' dollars from a Presidential contingency fund to bail out foreign governments and to help foreign governments pay American business interests to whom they owe money.

Then there are those in this country who get a little concerned about subsidies to American farmers. No economic group in the United States has received anywhere near the amount in subsidy from the American taxpayers that American business interests have. But here is an unjustifiable subsidy.

I have just related the facts to show how the contingency funds were spent in Latin America up to March of fiscal year 1963.

Of course, this is not anything like the only aid these countries received from us. It is only in addition to the aid they received from the other categories of foreign aid.

I think it is apparent that the contingency fund is the loophole of the Alliance for Progress. Unless it is closed, the Alliance cannot demand effective self-help from the biggest countries of the hemisphere—Brazil and Argentina. So long as these two largest nations of South America are able to flout the requirements of the Alliance and obtain money from the United States, anyway, through the contingency fund, the other nations of Latin America are not going to see much need for them

to meet the requirements of the Alliance, either.

CONTINGENCY FUND IN FAR EAST

How were contingency funds used in the Far East? Why, primarily for Indonesia. Out of the President's fund for uses he determines "to be important to the national interest" the United States furnished almost \$20 million last year to Sukarno and Indonesia. As was pointed out in the Senate on November 6, \$17 million was in the form of a loan to mitigate serious internal financial and balance-of-payments problems. A grant of \$2.7 million was made to Indonesia to assist in equipping and training the mobile brigade, a special unit of the Indonesian National Police which has been trained to deal with civil disturbances.

Of course, the mobile brigade was not interested in "dealing" with the civil disturbance which wrecked the British Embassy not long ago and threatened the lives of its employees. As we all know, there are only certain civil disturbances that many nations desire to deal with, and they are glad to have American training. But what folly our policymakers commit when they think that by financing the training and equipping of such forces we assure that American interests will be promoted.

Sukarno—and put it down, Mr. President, because it is undeniably true—will promote Sukarno's interests, and that is all. The money we have wasted from the contingency fund for these purposes is only a small fraction of what has been wasted from other sources for the same purposes.

Finally, out of the contingency fund we extended \$80,000 to Indonesia to aid flood victims in Java. I call that a genuine unforeseen emergency.

The other nation of the Far East which received money from the contingency fund in fiscal 1963 was Thailand. It was a grant of \$9.5 million, the purposes of which still remain "confidential." Too bad, Mr. President. I do not know why the American taxpayers should not know for what the money was spent.

CONTINGENCY FUND IN NEAR EAST

Three countries of the Near East received money from the contingency fund. Iran received \$465,000 to take care of earthquake victims; Syria received \$7,000 to acquire Salk vaccine after an outbreak of polio in rural areas; and the United Arab Republic received a \$10 million loan.

What emergency was involved that brought about the use of \$10 million from the contingency fund? Why, the UAR had a "stabilization" problem. She had already obtained a loan from us of \$20 million from other aid sources, and the contingency fund was only used to boost it to \$30 million.

I can understand, of course, that a nation that finances a war in Yemen, that contributes troops to Algeria for use against Morocco, and that spends vast sums every year to propagandize the Arab world against Israel would have some budgetary stabilization problems. It was very generous of the United States to help the UAR finance these activities. I am against our financing them from

any source; but to call this a contingency that it is in the national interest of the United States to finance is simply absurd.

CONTINGENCY FUNDS IN AFRICA

In Africa, contingency funds were all used for medical purposes or natural disaster relief. To Algeria went \$753,000 to finance a Care-Medico team of doctors and nurses. To Mauritania went \$54,000 to provide inland transportation for food furnished under title II of Public Law 480. To Tunisia went \$113,000 to provide blankets for flood victims in the Gabes region. I find this an incredible figure, but that is the explanation for the expenditure. Morocco received \$500,000 for urgent flood relief; and Libya received \$27,000 to aid victims of an earthquake at Barce.

Finally, \$150,000 has been spent as a result of a flood in India, an earthquake in Turkey, a cholera epidemic in Taiwan, a typhoon in Hong Kong, a typhoon in Thailand, and the collapse of a dike in Korea.

This analysis has covered the uses of the contingency fund during the first 9 months of fiscal 1963. It describes how \$120,028,000 was used, of the \$250 million appropriated. I think the Senator from Louisiana [Mr. ELLENDER] is probably generous in concluding that \$35 million of this was spent for true contingencies that could not be financed out of the regular categories or programed for the forthcoming fiscal year.

REVERSION OF CONTINGENCY FUNDS TO TREASURY

One of the highlights of the debate on the contingency authorization was, it will be remembers, the stress put upon the return of unspent contingency funds to the Treasury. The figure of \$117 million was given. But now we are told that what was returned to the Treasury must be taken out again. To do so makes a mockery of the effort to fix authorization ceilings.

This is typical of the Treasury Department. It is also typical of the State Department, the Pentagon Building, and the administration of AID. I regret to say it, but I have learned it is true—they are masters of deception.

They come before us and try to pacify us into going along with the program on the basis that they will return \$117 million to the Treasury. We take it for granted that the taxpayers will get the \$117 million returned. I say to the Senate, do not be so naive. Do not be so trusting. That is their argument of expediency for the moment. Just wait a few weeks or months. They think we shall have forgotten it. They will have completely reversed their field. They will be back, as they are now, before the Appropriations Committee, seeking to keep the \$117 million.

Mr. President, it is serious. We cannot even deal with them at arm's length. What we must do is exercise the checking power that our constitutional forefathers gave the Congress of the United States. We must make clear to them that they cannot spend a dime except as authorized by law, as provided for by the Constitution, and that they cannot continue to weaken, or attempt to weaken, or evade, or avoid the checking powers of the Congress of the United States by the

type of expediency they are resorting to in their various presentations of requests for foreign aid, including contingency fund aid.

The \$160 million we have provided in the conference report for the contingency fund is right now being undermined by the demand for that plus \$127 million more in funds unspent from last year.

The American people must not be deluded about foreign aid appropriations. The deception that is too often practiced on them is to reappropriate unspent money which does not show up in the figure for new obligational authority. By that device it will be possible for some to make the claim that foreign aid funds were being kept to \$3 billion or a little less. But the public will not be told that over \$200 million more is also being appropriated under another provision of the bill which gives money not for new purposes but for old ones.

The price tag on foreign aid funds, according to the account in the New York Times, is not \$3 billion; it is \$3.2 billion. I intend to make this fact perfectly clear to the American people, so there will be no misrepresentation of how much of their money is going into foreign aid in fiscal 1964.

Today a leader of the House of Representatives, who is fully informed in regard to unspent balances, said to me, "You have not heard anything yet." To use his language, he said, "The deal is to reach a settlement on \$3 billion. The purpose is to let it go out to the country that a great saving has been made and there has been a great cut made in the foreign aid program, and that only \$3 billion was allowed."

But, he said, the gimmick is a sleeper provision which will permit the administration to spend another \$400 million—not \$200 million as referred to by the New York Times—of unexpended funds.

If it happens, who is responsible for it? The Congress.

The people have given us the power to check. The Constitution gives us the power to check. In fact, I am shocked and alarmed that there is any thought over on the House side of an appropriation of \$1 dollar more than \$2,700 million. If the appropriation figure ended up with \$2,500 million, it would be ample.

I also intend to make clear to the American people that there is no need for a contingency fund of anything like the \$287 million, which the President is apparently seeking. A fund of such size is unnecessary for true emergency purposes which cannot await specific Congressional action. It can, in fact, be a positive threat to the principle that the foreign policy of the United States belongs to the people of the United States and not to any one officeholder or group of officeholders.

Let it not be forgotten by either the Congress or the people that when a true emergency, threatening the interests of the United States, arose in Berlin in 1961, the Congress of the United States appropriated \$3.2 billion almost immediately, almost overnight. That is how contingencies and emergencies which truly threaten the vital interests of the United States should be handled.

I have one final topic to discuss before

I close. I said earlier in my speech that I would disclose, before this speech was over, the tactics and strategy—yes, the schemes—of the bureaucrats downtown to evade and avoid and run around the checking powers of Congress. I made mention of it last night in a speech on the floor of the Senate. We have pending before the Foreign Relations Committee a couple of bills, which came to us from the Treasury Department. The Secretary of the Treasury came before the committee and testified for them. That is a part of the scheme. What they are up to is to change the administration of American foreign aid involving billions of American taxpayer dollars into a system of multilateral administrative set-ups, whereby other countries, which put up very little money, will really come to have a controlling voice in the administration of the expenditure of American taxpayer money.

They will try to rush some of that legislation through before we quit on December 20. If I can only get some pledges of help, they will not do it.

The time is at hand for the American people to come to realize what these officials are up to. The administration of the expenditure of American taxpayer dollars in the foreign aid program must be kept by the Congress under its complete control. If any foreign country does not like it, it does not have to take the money. It is that simple. This is taxpayer money, and not the money of the Secretary of the Treasury Dillon, or the Secretary of State Rusk, or Bell of AID, or McNamara of the Pentagon, or the President of the United States himself.

Under this constitutional checking system of ours, Congress must say, "You can spend it for this purpose, and for this purpose alone. No one else will have a voice in determining the policy of expenditure."

That does not stop any country in Latin America—and I say this as one of the delegates at Bogotá and Punta del Este, which brought the Alliance for Progress program into possibility of implementation—that they cannot make their recommendations, that they cannot make their proposals, that they cannot submit their plans. However, Congress must be on guard. The American people must warn Congress to keep on guard. We must be on guard against turning the administration of the funds for foreign aid over to any multilateral commission or organization. To do that would put these Secretaries or the President in the position of being able to say, as they are now able to say to a too great degree in connection with the International Monetary Fund and the World Bank, "After all, these are not merely American funds. After all, the charter of these organizations—and the United States is a charter member, and Congress approved our becoming a charter member—authorizes this multilateral administration."

This is a great threat to the taxpayers. It explains why the senior Senator from Oregon in the debate on foreign aid sought to have adopted an amendment that would end all foreign aid at the end of fiscal year 1965 and establish a new foreign aid program with the neces-

sary terms, conditions, and restrictions that would have to be complied with by the applicant countries, limited in number to not more than 50, instead of the 107 into which we are now pouring the taxpayers' largess, many of which are not entitled to a single dollar.

If Congress falls for this propaganda of the Secretary of the Treasury, the Secretary of State, the Secretary of Defense, and the Director of AID, it will have lost a considerable portion of its checking power under the Constitution in regard to the regulating of the expenditure of taxpayers' money. It will be extremely hard to make the dangers clear. It will be most difficult to persuade Members of Congress, to say nothing of the American public, to think in terms of abstract principles of government. Nevertheless, that is what is involved. The whole system of representative government is involved.

But in the debate this year we served notice on the bureaucrats that we were aware of the dangers of bureaucratic control, and the bureaucrats do not intend to give up without a struggle to protect their selfish interests.

I understand that tomorrow a couple of these bills will again be before the Committee on Foreign Relations. We shall discuss them later. If the committee takes final action on them tomorrow—and I think a majority of the Committee on Foreign Relations will be as willing to sacrifice the rights of the taxpayers in regard to these bills as the conference report shows they were willing to sacrifice the rights of the taxpayers in connection with foreign aid generally—we shall have to fight the battle again on the floor of the Senate. Then we shall have to fight it on the political platforms of America. We shall have to urge the American people to exercise their precious right and duty to hold to political accountability the present Members of Congress who are willing to support such a frightening and dangerous weakening of our whole system of representative government by voting to enhance the power of the executive branch of the Government and making it supreme, rather than coequal and coordinated with the other two branches of Government.

That is my case against the conference report. I sincerely hope that tomorrow the Senate will reject the conference report. If the Senate rejects it, then under the parliamentary situation we will be in a position to call for another conference. There is no hurry. The rush act on the foreign aid bill has been pulled on us for months. There are so many millions of dollars in the pipeline that it is not necessary to appropriate another dollar for many months. Time is not of the essence, contrary to the false representations of the spokesmen for the administration.

What is of the essence is that Congress keep the faith with the taxpayers in regard to its clear obligation to fulfill that provision of the Constitution which gives Congress a checking power on foreign policy, and to see to it that the conference report is rewritten so that the necessary checks will be put into it to protect the rights of the people.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Dec. 16, 1963
For actions of Dec. 13 and 14, 1963
88th-1st; Nos. 205 &
206

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HIGHLIGHTS: Senate agreed to conference report on foreign aid authorization bill. Senate agreed to conference report on vocational education bill. Senate passed manpower development and training bill. Sen. Humphrey inserted Secretary Freeman's speech to Union Grain Terminal Assoc. Sens. Jordan and McGee expressed concern over meat imports. Sen. Muskie urged enactment of Talmadge-Humphrey cotton bill. Sen. Javits expressed concern over possible "breakup" of European Common Market. Sen. Humphrey inserted his statement on relationship of REA and FPC and Sec'y Rusk's speech on importance of agriculture to foreign relations. House committee reported foreign aid appropriation bill.

SENATE - Dec. 13

1. FOREIGN AID. Agreed to, 61 to 26, the conference report on H. R. 7885, the foreign aid authorization bill. This bill will now be sent to the President. (pp. 23277, 23277-8, 23279-81, 23282-98) See Digest 199 for items of interest.
2. VOCATIONAL EDUCATION. Agreed to, 82 to 4, the conference report on H. R. 4955, to strengthen and improve the quality of vocational education and to expand vocational education opportunities. This bill will now be sent to the President. (pp. 23298-312, 23373-4) See Digest 202 for items of interest.
3. MANPOWER DEVELOPMENT. Passed without amendment H. R. 8720, to amend and extend the Manpower Development and Training Act of 1962. This bill will now be sent to the President. (pp. 23341-2). See Digest 204 for items of interest.

4. MEAT IMPORTS. Sens. Jordan and McGee expressed concern over the effects of meat imports on the domestic livestock industry and inserted items on the matter. pp. 23278-9, 23327
5. COTTON. Sen. Muskie reviewed problems in the domestic textile industry and urged passage of the Talmadge-Humphrey bill as a solution to these problems. pp. 23324-5
6. ELECTRIFICATION. Sen. Humphrey inserted his testimony before the Federal Power Commission concerning the relationship between REA and the FPC in which he expressed his opposition to FPC exercising jurisdiction over rural electric cooperatives. p. 2336
7. FARM PROGRAM. Sen. Humphrey inserted Secretary Freeman's speech before the Farmers Union Grain Terminal Association reviewing agricultural policy for the past three years. pp. 23336-9
8. FOREIGN AFFAIRS. Sen. Humphrey inserted Secretary of State Rusk's speech before the Farmers Union Grain Terminal Association concerning the importance of agriculture in conducting our foreign relations. pp. 23339-40
9. FOREIGN TRADE. Sen. Javits expressed concern over reports of possible "breakup" of the European Common Market and urged "the administration to leave no stone unturned in an effort to settle difference between the United States and the EEC in the best long-term interest of both." pp. 23321-4
10. WATER RESOURCES. Sen. Kuchel inserted Sen. Hruska's statement favoring passage of S. 1111, the proposed Water Resources Planning Act to provide for the optimum development of the Nation's water and related land resources. pp. 23351-2
11. RECREATION; PARKS. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 6756, to revise the boundaries of the Mesa Verde National Park, Colo., and S. 792, to provide for the establishment of the Sleeping Bear Dunes National Lakeshore, Mich. p. D993
12. COFFEE. The "Daily Digest" states that the Finance Committee "announced that hearings originally scheduled for Monday, December 16, on H. R. 8864, proposed International Coffee Agreement Act, have been postponed until next year, following completion of consideration of the tax bill." p. D992
13. TRANSPORTATION. Passed as reported S. 2317, to amend the provisions of Sec. 15 of the Shipping Act of 1916 so as to provide for the exemption of certain terminal leases from penalties. p. 23374
14. MILITARY CONSTRUCTION. Both Houses agreed to the conference report on H. R. 9139, the military construction appropriation bill. This bill will now be sent to the President. pp. 23342-4, 23382-8
15. COOPERATIVES. Sen. Humphrey inserted an address by Herbert J. Waters on cooperatives, "The Co-Op Way - Abroad." pp. 23331-3
16. PERSONNEL. Sens. Carlson, Miller, McGovern, and Humphrey debated the merits of soliciting Federal employees for contributions to political dinners. pp. 23344-6



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PROCEEDINGS AND DEBATES OF THE 88th CONGRESS, FIRST SESSION

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No. 205

Senate

The Senate met at 12 o'clock meridian, and was called to order by the Acting President pro tempore, Hon. LEE METCALF, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Thou Immanuel, God with us, again by Thy grace the journeying months have brought us near to the shining glory of the holy night.

Amid the tumult and terror of man's inhumanity to man, we hear anew the tidings of the angels' song and the music that is not of earth. Amid all the bitterness and ill will of these days, we are grateful for the gentle, balmy climate of the Christmastide. May an understanding sympathy that knows no boundaries of border or breed or birth, find lodging even in hearts now hardened by cynicism.

In this happy season of thinking of others and of gathering around the family hearths, save us from a festivity that knows nothing of receptivity, and from decoration that forgets dedication. May the holly of this joyous time enshrine the holy, and its crimson beads be but emblems of the myrrh of sacrifice, the gift of contrite hearts. Hasten the day when the mighty melody above a little eastern town, "Peace to Men of Good Will," shall be the divine harmony of all earth's myriad tongues.

We ask it in the name of the Bethlehem Babe. Amen.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on December 11, 1963, the President had approved and signed the act (S. 1243) to change the name of the Andrew Johnson National Monument, to add certain historic property thereto, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session,
The ACTING PRESIDENT pro tempore laid before the Senate messages

from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4955) to strengthen and improve the quality of vocational education and to expand the vocational education opportunities in the Nation.

The message also announced that the House had passed a bill (H.R. 8720) to amend the Manpower Development and Training Act of 1962, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H.R. 9009) to amend further the Peace Corps Act, as amended, and it was signed by the Acting President pro tempore.

FOREIGN ASSISTANCE ACT OF 1963— CONFERENCE REPORT

The ACTING PRESIDENT pro tempore. Under the order of yesterday, the Chair lays before the Senate the conference report on H.R. 7885, the Foreign Assistance Act of 1963.

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. Further debate is limited to 2 hours, with the time equally divided and controlled, to be followed by a vote at not later than 2 p.m. today on the question of agreeing to the report.

Mr. MANSFIELD. Mr. President, I yield myself 1 minute.

The ACTING PRESIDENT pro tempore. The Senator from Montana is recognized for 1 minute.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, December 12, 1963, was dispensed with.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Rules and Administration and the Committee on Foreign Relations were authorized to meet during the session of the Senate today.

CORRECTION OF THE RECORD

Mr. MORSE. Mr. President, I yield 1 minute to the Senator from Texas [Mr. YARBOROUGH].

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that my remarks in the CONGRESSIONAL RECORD for December 11, 1963, be corrected in the second paragraph in column 2 of page 22999 with the substitution of the following in lieu of the paragraph 2 in column 2 as it now appears:

President Kennedy becomes the only President in the history of the United States to achieve immortality in the quest for peace and freedom, without fighting a war. When we think of immortal leaders in this connection, the names of George Washington, Abraham Lincoln, Woodrow Wilson, and Franklin Roosevelt leap to our lips. But each fought a war to achieve greatness as a defender of peace and freedom. How much more difficult was President Kennedy's achievement—to advance the cause of peace and freedom without fighting a war.

The ACTING PRESIDENT pro tempore. The correction will be made as indicated.

FOREIGN ASSISTANCE ACT OF 1963— CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of confer-

ence on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President—

The ACTING PRESIDENT pro tempore. The time is under control.

Mr. MORSE. Mr. President, I yield myself 2 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Oregon is recognized for 2 minutes.

Mr. MORSE. Mr. President, yesterday and last evening the Senator from Alaska [Mr. GRUENING] and I made two major speeches on the floor of the Senate, in opposition to the conference report, and urging its rejection. Nevertheless, those who read the newspapers this morning would not know that the Senator from Alaska and the Senator from Oregon spoke yesterday against the conference report. However, that is typical of the journalistic concealment policies of the American Pravda press and is very typical of the abuse of the precious constitutional principle of freedom of the press that the American press, by and large, is constantly committing.

I know the wire service representatives will say they sent out stories, but that something happened to them "upstairs." The wire services did send out some of my remarks, so I assume that what happened did happen "upstairs."

It is too bad that I happen to be involved in this particular matter; but this treatment is also received by other Senators. The sad fact is that this instance is but another example of the situation in which the American press relates to the American people only what the press wishes them to read; and that is typical of the Pravda press in Russia.

However, Mr. President, these two major speeches contain a very great deal of factual material in strong opposition to and criticism of the conference report; in fact, these two speeches have set forth about all the statements which those of us who are in opposition to the conference report care to make; and the speeches appear in the CONGRESSIONAL RECORD.

So I await with great interest the defense of the conference report by the chairman of the committee.

I yield back the remainder of the time assigned to me. I suggest that unless some Senator who wishes to defend the conference report wishes to speak at this time, there now be a quorum call, with the proviso that the time required for it not be charged to the time available under the agreement, to either side, until a proponent of the conference report appears in the Chamber, to defend the report.

Mr. President, I wish to supplement my comments about the concealment practices of the American press by saying that my remarks apply particularly to the newspaper known as the Washington Post, of Washington, D.C., which purports to print all the news, and to another paper of propaganda in the United States—the one known as the New York Times.

Mr. JORDAN of Idaho. Mr. President, will the Senator from Oregon yield 2 minutes to me?

Mr. MORSE. Yes. Mr. President, I yield 2 minutes to the Senator from Idaho.

The ACTING PRESIDENT pro tempore. The Senator from Idaho is recognized for 2 minutes.

IMPORTS OF LIVESTOCK AND LIVESTOCK PRODUCTS

Mr. JORDAN of Idaho. Mr. President, the U.S. Tariff Commission and the Trade Information Committee are holding hearings to determine the effects of imports of livestock and livestock products into the United States and to gain information that will be helpful in future negotiations with other countries on our import and export policies.

Some excellent presentations have been made. One of the most knowledgeable persons, and one who is a tireless champion of our American producers, is U.S. Senator MILWARD L. SIMPSON, of the great State of Wyoming. Having been Governors of adjoining Western States, Senator SIMPSON and I have found that there is no better way to learn firsthand the problems of a State than to be its Chief Executive.

Senator SIMPSON introduced proposed legislation, S. 557, which I cosponsored, to increase tariffs on cattle, beef, and veal imported each year in excess of annual quotas. He also appeared and presented to the Tariff Commission and the Committee a statement which indicates the serious situation existing in the livestock industry at present and the effects on the livestock economy of recent accelerated imports of livestock and meat products. Mr. President, I ask unanimous consent that a copy of the statement by Senator SIMPSON be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY MILWARD L. SIMPSON, U.S. SENATOR, BEFORE THE U.S. TARIFF COMMISSION, DECEMBER 10, 1963

I want to thank you for the opportunity of appearing here this morning. I come before the Commission as a representative of the Wyoming Stock Growers Association, the Wyoming Wool Growers Association, and the State of Wyoming.

Mr. Dean T. Prosser of the Wyoming Stock Growers Association was to be here, but he is unable to appear. I ask that his statement be made a part of the record and considered as a vital portion of the case against the inclusion of beef and beef products on the preliminary negotiation list.

Mr. Prosser's statement clearly demonstrates the importance of the beef industry to the State of Wyoming. He points to the damaging effect that the excessive beef imports are having on our Wyoming cattlemen and asks that no steps be taken which would further reduce the little protection that we do have.

Today I appear before this Commission in opposition to the proposed reduction in tariff on livestock commodities and particularly the reduction in tariffs on beef and beef products.

The need of America and the need of the livestock men of this great Nation is not

to reduce tariffs on beef imports but rather to establish quotas and increase the tariffs on the excessive quantities of beef shipped into this country.

Today our livestock industry finds itself in a precarious position due to the excessive beef imports which are shipped into this country. The Foreign Agriculture Service Division of the Department of Agriculture has informed me that the beef and veal imports increased 41 percent in 1962 over 1961. And, further, that the imports during January through August 1963, were 22 percent above the same months of 1962. This clearly demonstrates that the problem is becoming more acute rather than diminishing or leveling off.

These beef imports are not filling a need which our suppliers cannot satisfy; but, rather, they are competing with our domestic suppliers, and they are capturing a substantial portion of the market.

In 1960 the per capita civilian consumption of beef and veal in the United States was 91.4 pounds. Four and four-tenths pounds of the consumed beef was imported meat. In 1962 the per capita consumption was 95.4 pounds and 8 pounds of that total was imported beef. Thus, total meat consumption increased 4.3 percent while the consumption of imported beef increased 81.8 percent.

With over 11 percent of our consumed beef, or about 1½ billion pounds, coming from foreign lands, it is easy to see that in a free market, such as our livestock market is, beef imports do have a direct relationship to the prices obtained by our American cattlemen.

Recently the fat cattle market slid better than \$5 per hundredweight, and as a result of this catastrophe, the feeder markets have also declined from \$3 to \$6 per hundredweight. One of the reasons for this drop in prices was that beef imports can be sold here in the States 5 to 10 cents a pound cheaper than beef can be produced and marketed by our American livestock men.

A substantial portion of the imported beef is of a manufacturing or processing quality. In fact, about 40 percent of the processing beef consumed in America is imported. It is argued by some that the imported processing beef does not affect the price of our cattle. This is a fallacious argument. The Department of Agriculture has often reported that beef is its own worst competitor. Consequently, when cow beef or processing beef, 40 percent of which is imported, competes with fed beef for the consumer's dollar, cow prices have a direct effect on fat cattle prices and vice versa. To wit, if our American people are eating frankfurters and bologna made from cheap imported processing beef, they will not be buying our domestically raised beef, and our prices will be driven down.

I believe that current levels of imports are having an extremely adverse economic impact on our cattle industry and that further reductions in the present existing tariff would prove catastrophic to the major source of income for the ranchers and farmers of this country.

Both the Wyoming Stock Growers Association and the American National Cattlemen's Association are asking for a quota system. I feel that this is needed if we are to secure a permanent and successful cattle industry in America.

The President of these United States has the authority to establish a quota system. I urge and recommend that instead of the removal or reduction of the present tariffs that the administration act under the law in negotiating agreements with foreign governments in an effort to limit the export to the United States of livestock commodities.

In January of this year I introduced in the U.S. Senate a bill which would curb the excessive beef imports. It would establish an

annual quota equal to the average annual quantity of beef imported during the preceding 5-year period. The beef imports making up this quota would be taxed at the present rate. Imports coming into this country in addition to this quota would be subject to an additional duty. The bill has widespread support. It is cosponsored by Senators MITCHEM, YOUNG of North Dakota, JORDAN of Idaho, BENNETT, TOWER, MCGEE, GOLDWATER, DOMINICK, ALLOTT, and CURTIS.

There is a drastic need for relief, and it is my hope that the President will act under his authority to establish a quota system. If he should refuse to do this, legislation will be needed to establish the system.

Gentlemen, I have spoken mainly of the beef industry, but the sheep industry is in the same precarious position. Imports of lamb and mutton continue to threaten the existence of our domestic sheep industry. Further tariff reductions would only cause additional economic distress for survival.

Poundage of dressed lamb imports has increased 89 percent during the first 9 months of 1963 compared to the same period in 1962. They were up 1,000 percent as compared to the same period in 1957. Poundage of dressed mutton imports is up 7,264 percent during the first 9 months of 1963 as compared to the same period in 1957.

Present low tariffs on live lamb and on dressed lamb and mutton do not meet differences in costs of production here and abroad. Additional reductions in duties at this time would further aggravate the present serious economic situation of the domestic sheep industry.

Protection is needed—not a reduction in tariffs. I urge you to strike from the list of commodities subject to a reduction in tariffs, beef, beef products, lamb and mutton.

Mr. JORDAN of Idaho. Mr. President, the problems facing the livestock industry under existing conditions are of concern to all Americans, consumers as well as producers. The U.S. News & World Report of December 16, 1963, carries an article of general interest, entitled, "A Farm Problem That Closely Concerns the New President." I ask unanimous consent that this article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A FARM PROBLEM THAT CLOSELY CONCERNS THE NEW PRESIDENT

(NOTE.—Farm troubles—declining cattle prices, wheat surpluses, cotton subsidies—may get more attention now. That's the hope of cattlemen and other farmers. President Johnson is a rancher and cattleman himself. He knows personally what it's like to sell cattle at low prices. One of the hottest issues: rising imports of foreign beef.)

OMAHA, NEBR.—There is one important U.S. business that now is depressed—the cattle business.

It just happens that cattle raising is the business in which President Lyndon B. Johnson is engaged on his ranch in Texas. The President is reported recently to have used strong language about the price he received for a batch of cattle.

Here in Omaha, on the Nation's largest cattle market, prices are down as much as 25 percent from a year ago for the kind of choice fat cattle that provide the most popular cuts of beef.

There is trouble, too, for the cattlemen on the ranges of the West and Southwest who raise the calves that go into feed lots on their way to dinner tables.

Cattlemen in the past have shied away from controls and subsidies. They are asking none now.

What cattlemen do want is a curb on the flood of imported beef that they hold is helping drive down prices they receive.

DISSATISFIED CONSUMERS

Cattlemen are irritated, too, because consumers are complaining about the high cost of beef, despite the sharply lower prices for cattle. Latest official figures show that while the average retail price of a pound of beef has dropped 6 cents in the past year, the farmer's share of that price has dropped nearly 10 cents.

Until now, the men who raise cattle on the range and those who fatten them in feed lots have received short shrift in Washington. Officials of the Department of Agriculture have brushed off complaints about rising beef imports.

The feeling now is that President Johnson, as one who understands the cattle business, will be more inclined to listen to cattlemen's complaints.

Other segments of the farming industry, too, are watching Washington for signs of the new President's attitude toward agriculture.

Throughout the Wheat Belt and the Cotton Belt, there is strong sentiment for new farm programs.

A GLUT OF WHEAT?

Wheatgrowers, last May, voted down a plan advanced by Agriculture Secretary Orville L. Freeman to apply rigid Government controls over all phases of their business from planting to marketing. Had the plan been accepted, the wheat price would have been supported at a relatively high level.

Mr. Freeman accepted the farmers' verdict. Now, with no compulsory production control, the result could be a huge wheat crop and much lower prices unless the present drought in parts of the winter wheat belt persists and spreads. Many growers of wheat hope that President Johnson will ask Congress to provide a voluntary control plan for wheat in 1964, as well as reasonably good price support for those who wish to cooperate.

A SUBSIDY PLAN

As for cotton, the House, on December 4, approved a new plan. This plan provides a subsidy payment to enable U.S. textile mills to buy American cotton at a price competitive with that at which it is now sold to foreign textile mills in the world market.

Many in the Senate favor a somewhat different approach to the cotton problem. It will be President Johnson's aim to find a compromise that is acceptable to both the Senate and the House.

At the moment, however, cattlemen feel that it is their industry that most urgently needs attention.

Early in December, cattle prices were still dropping, and latest available figures showed the flood of imported beef rising to an all-time high.

In the Omaha stockyards, low prices and beef imports were the prime topic of conversation. Farmer after farmer told of heavy losses.

FOR A YEAR'S WORK: A LOSS

A Nebraska farmer related this experience, which stockyard officials said was typical: A year ago, in November 1962, he bought 75 beef calves that weighed an average of 400 pounds apiece. After feeding them a year, he sold them on November 17 weighing an average of 1,117 pounds apiece. These fat cattle topped the market that day at \$23.50 a hundredweight. The farmer lost \$35 a head, and that figure included no allowance for his labor.

Over all, prices for fattened cattle have dropped steadily for a year. The kind of choice cattle that brought \$29 a hundredweight in Omaha a year ago brought barely \$22 early in December of this year.

The price decline for fattened cattle has been reflected on the ranges where calves are

raised and sold to cattle feeders for fattening. On the average, prices for these "feeders" have been down by \$2 to \$4 a hundredweight.

In Denver, an official of the American National Cattlemen's Association reports that ranchers who got from \$30 to \$32 a hundredweight for calves in 1962, have been selling calves for \$24 to \$26 a hundredweight in 1963.

Secretary Freeman holds that the major factor depressing prices has been the large number of cattle coming to market. He says that 90 percent of the imported beef is of lower grades used for hamburger and low-priced cuts, and that there has been little or no price decline for cull beef cows and other kinds of cattle that supply the cheaper grades of beef in the United States.

Experts in the cattle business agree that heavy marketings of cattle have been a major factor in price declines. They disagree, however, with Mr. Freeman's view that beef imports have not been a factor. They are urging that quotas be set for imported beef, which now are subject to only a small tariff.

Fred W. Gilmore, president of the Omaha stockyards, points out that an estimated 30 percent of meat from U.S. cattle winds up as ground beef or hamburger. Thus, in his opinion, beef imported in the volume now coming into the United States does compete directly with American beef.

"FALL GUY"?

Says Mr. Gilmore: "If we expect to sell abroad, we must be willing to accept their produce in return. My only point is: Why should the livestock producer be the fall guy? For every dollar of beef or veal we export, beef and veal imports equal \$25."

Cushman S. Radebaugh, president of the Cattlemen's Association, states: "Foreign beef shipped here during the past year literally displaced more than 3 million animals which could have grazed American grasses and eaten well into the huge grain surplus."

Official figures show that in 1957 total imports of beef and veal came to 616 million pounds and equaled 4 percent of total U.S. production. This year, it's estimated that total imports will be close to 2 billion pounds, or more than three times the 1957 level, and equal to 11 percent of U.S. production.

In Australia, where exports of beef to the United States jumped from 17 million pounds in 1958 to 445 million pounds in 1962, a farm paper noted that a delegation of American cattlemen had asked the Australian Government to cut down on the flow of beef to the United States.

Commented the Australian paper: "Contrast this with what would happen in Australia if our markets were depressed and we suspected that imports were the reason. More than likely we would have a delegation on the first plane to Canberra [the capital] and down would go the chopper in the form of a prohibitive tariff or an arbitrary control of imports."

In the view of U.S. cattlemen, it's time for their Government to do something. They are looking to the cattleman in the White House to lend an ear to their story.

FOREIGN ASSISTANCE ACT OF 1963—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, at this time I suggest that there be a quorum call, with the understanding that the time required for it not be charged to the time available to either side.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered; and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I yield 5 minutes to the Senator from Pennsylvania [Mr. CLARK] from the time available on the conference report.

Mr. CLARK. Mr. President, I should like to express my keen disappointment in the action of the conferees in striking from the conference report one-half of section 105 of the Senate bill, which dealt with the problem of controlling population growth.

Senators will recall the Senate provision stated on page 21 of the report of the managers on the part of the House:

Funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control.

The report of the managers on the part of the House states that the managers agreed to a modification of the Senate provision so that it would include the first part of the Senate amendment. The conferees, however, struck out the second part of the Senate amendment, which would have authorized the provision of technical and other assistance to cooperating countries in carrying out programs of population control.

The second part of section 105—that is, the part which the conferees struck out at the insistence of the House—was a valuable provision and should have been retained.

Senators will recall that this year, for the first time, the Senate took formal cognizance of the existence of the population problem, not only in the United States, but all over the world. I have had occasion frequently to advert to the problem, and so has the Senator from Alaska [Mr. GRUENING].

The chairman of the Senate Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT] took the initiative in inserting section 105 into the Senate version of the Foreign Assistance Act of 1963. So far as I know, there was no objection either in the Foreign Relations Committee or on the floor of the Senate to section 105, as the Senator from Arkansas [Mr. FULBRIGHT] had steered the bill through committee and through floor action.

The Senator from Alaska [Mr. GRUENING] and I had occasion to point out that the attitude of the Catholic Church toward measures of population control has drastically altered.

Dr. John Rock has published, with substantial support from the Catholic Church, of which he is a devout member, a book entitled "The Time Has Come." The burden of the book is that the time has come to speak out on the

critical problem of population control. A number of other eminent Catholics, including Monsignor O'Brien of Notre Dame University, have spoken out on the same subject.

There is now developing a consensus among all religious bodies and thoughtful citizens of the need for the Government to take a good, hard look at problems of population control, particularly in underdeveloped countries.

I regret, therefore, that the House conferees were unwilling to accept the provision which passed the Senate without objection. I am glad, however, that the conference report recommends the expenditure of funds to conduct research into the problem of controlling population growth. I would hope that the Administrator of the program would construe this provision very broadly indeed.

The ACTING PRESIDENT pro tempore. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, will the Senator yield me 1 additional minute?

Mr. MORSE. I yield the Senator 1 more minute.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania is recognized for 1 additional minute.

Mr. CLARK. Mr. President, I reiterate my hope that the Administrator of the program will construe the authorization retained in the conference report very broadly and that in the next fiscal year we shall see a real breakthrough in efforts to establish, through programs of research, a meaningful series of methods for investigating through statistical data, and for creating through planning programs population control which can begin to make an impact on the quite frightening problem of population growth which confronts the whole world.

I point out that two of every three human beings will go to bed hungry tonight and that an unlimited birth rate is perhaps the single most serious obstacle to bringing to those two of every three people an adequate diet and an opportunity for a healthy and useful life.

I thank my friend for yielding.

Mr. MORSE. Mr. President, I yield 3 minutes to the Senator from Ohio [Mr. YOUNG].

The ACTING PRESIDENT pro tempore. The Senator from Ohio [Mr. YOUNG] is recognized for 3 minutes.

PHASING OUT UNNECESSARY MONEY

Mr. YOUNG of Ohio. Mr. President, President Johnson by telephone and typed directives has ordered Government departments, including the Defense Department and all Government agencies, to report immediately further cuts made in employment and spending plans. He is demanding that the Defense Department, now costing American taxpayers approximately \$1 billion each week, eliminate unnecessary spending and cut redtape. The generals and admirals are squealing.

This Nation has achieved an overkill capacity with 3,500 major delivery vehicles capable of deluging the Soviet

Union with nuclear missiles. In addition we have a superfluity of manned bombers, each of which is capable of carrying a nuclear bomb with explosive killing capacity equal to all the bombs dropped in World War II by the Allies and Germans. Were the Soviet Union to unleash an attempted nuclear Pearl Harbor without warning, there is no possibility that in one strike, two strikes or more, they could destroy anything but a fraction of our missile bases, manned bombers, and very few of our Polaris submarines, each one of which fires 16 missiles with nuclear warheads. We have the competence to deliver 22 billion tons of TNT equivalent. In fact, the United States has 7 tons of TNT equivalent for each person on this planet. Talk about overkill. Yet, General Wheeler and other top brass still want more. Our President knows the facts that we have the competence to destroy every city in the Soviet Union by a factor at least 1,000 times overkill. Even were half of our atomic warhead delivery vehicles to be destroyed or miss their target in the Soviet Union, our overkill would be horrifying to any enemy.

Unnecessary spending has been discouraging to our taxpayers who now rejoice over our President's firmness and determination to cut and cut more. Secretary of Defense McNamara responded by ordering closing of many military installations including the Army depot in Port Clinton, Ohio, which must be phased out by January 1967. "Phased out" is Pentagonese for closing. Some Congressmen who have proclaimed themselves "watchdogs of the Treasury" are yelping the loudest when the economy ax is poised over their districts. Lord Byron, many years ago, wrote:

'Tis sweet to hear the watchdogs honest bark
Bay deep-mouth'd welcome as we draw near home.

Some Congressmen who brag about their record favoring governmental economy now seem to be yelping the loudest when military installations within their districts are affected by President Johnson's cutback.

FOREIGN ASSISTANCE ACT OF 1963—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I yield myself 20 seconds and ask for the attention of my good friend the Senator from Montana [Mr. MANSFIELD].

I want my friend the majority leader to know I am waiting with bated breath and great curiosity the rationalizations for the conference report from its proponents. Since I have now consumed nearly 30 minutes of my time, I wonder if they would oblige me with their first defense of this monstrosity.

Mr. MANSFIELD. Mr. President, I yield 5 minutes to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER (Mr. McIntyre in the chair). The Senator from Vermont is recognized for 5 minutes.

Mr. AIKEN. Mr. President, I am interested in the extemporaneous remarks of the Senator from Oregon. Yesterday he talked about not taking people off the hook. Today I notice he is putting the "bait" on his breath rather than on the hook.

I do not really understand the full logic of the Senator's arguments. I shall take 2 or 3 minutes on the conference report, which Senators will be called to vote upon in the near future.

As one of the conferees, I freely admit that the proposal is far from perfect legislation. There are some things in it to which I feel almost any Senator could find objection. There are also things left out of it which I am sure any Senator could find reason to support.

We must realize that only about 3 weeks remain of the present year, and that the provisions of the conference report will apply only for the following 6 months. It is my opinion that during the 6 months the Congress and the executive branch of our Government should get busy to work out a revision not only of our foreign aid program, but also of the entire Foreign Service, and our relationships with other countries.

I believe the Senator from Oregon has performed a real service, although perhaps he exasperated some of us at times during the length of time he took to perform that service. The Senator has performed a real service by pointing out glaring weaknesses in the program as it exists at the present time.

As I have said, we should pay attention to revising our foreign relations operations generally. I have received complaints from Ambassadors. One of them resigned because he was humiliated by other agencies of Government which perhaps did not have direct supervision over him. He was bypassed in undertaking to carry out a program about which he knew more than those who bypassed him knew.

He is not the only ambassador who has been humiliated by having to say, "I can't say yes or no, I can't say maybe, until I talk with Washington," and perhaps get an authorization from somebody who does not know much about the matter being discussed.

There have been other occasions when persons on lower levels, to whom the State Department has insisted on giving the title of ambassador, have been sent to foreign countries. We have seen ambassadors reduced to the level of clerkships; and we have seen clerks elevated to the role of ambassadors.

A great deal of work needs to be done. I feel, as I know many of my colleagues do, that we are only looking for trouble when we try to force our image on every country in the world with which we have relationships and which we are trying to help in some way or another.

Let the Senate approve the conference report. It has only 6 months to run. Then let us go to work on a more

thorough revision of our foreign aid program—I do not say "review"; I am through using the word "review."

Mr. MANSFIELD. Mr. President, if the Senator will allow me to do so, I wish to yield myself 2 minutes to take up certain measures on the calendar to which there is no objection. This is a most unusual procedure.

Mr. MORSE. Mr. President, will that be on the time of the proponents of the conference report?

Mr. MANSFIELD. Yes.

Mr. MORSE. It is very interesting, I should observe.

REPORT TO CONGRESS BY COMMISSION ON DISPOSITION OF ALCATRAZ ISLAND

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 753, Senate bill 2364.

There being no objection, the bill (S. 2364) to provide that the Commission on the Disposition of Alcatraz Island shall have 6 months after its formation in which to make its report to Congress was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 4 of the Act entitled "An Act to establish a Federal Commission on the disposition of Alcatraz Island", approved October 16, 1963 (77 Stat. 247), is amended by striking out "December 31, 1963" and inserting "six months after the date on which all the members of the Commission have been appointed"

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 772), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the bill is to provide that the Commission on the Disposition of Alcatraz Island should have 6 months after its formation in which to make its report to the Congress.

STATEMENT

The Commission on the Disposition of Alcatraz Island was established by Public Law 88-138 (77 Stat. 247, approved October 16, 1963). Section 4 of the act provides that the Commission shall submit a report to the Congress not later than December 31, 1963.

The December 31, 1963, date does not allow sufficient time for the organization of the Commission and the preparation of its report. The bill amends the act to provide that the report shall be submitted not later than 6 months after the date on which all the members of the Commission have been appointed.

The committee believes that the bill is meritorious and recommends it favorably.

Attached and made a part of this report is a letter dated December 6, 1963, from the General Services Administration, and a letter dated December 9, 1963, from the Department of Justice, on a similar House bill, H.R. 9341.

REMOVAL OF REQUIREMENT OF ALIEN TO MAKE DECLARATION OF INTENTION TO BECOME CITIZEN BEFORE ENLISTMENT OR APPOINTMENT TO RESERVE COMPONENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 756, House bill 3005.

There being no objection, the bill (H.R. 3005) to amend sections 510 and 591 of title 10, United States Code, to remove the requirement that an alien must make a declaration of intention to become a citizen of the United States before he may be enlisted or appointed in a Reserve component was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 775), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

This bill would authorize enlistments in the Reserve components by persons who have been lawfully admitted to the United States for permanent residence.

EXPLANATION

Sections 510 and 591 of title 10, United States Code, prescribe qualifications for enlistment and appointment in the Reserve components of the Armed Forces. Among the qualifications for enlistment or appointment is that the person must have made a declaration of intention to become a citizen of the United States or he must have previously served in the Armed Forces.

Before enactment of Public Law 87-143, similar requirements of a legal declaration of intention to become a citizen were imposed on aliens desiring to enlist in the Regular Army or the Regular Air Force. Public Law 87-143 repealed the requirement for declaration of intention to become a citizen as it applied to persons desiring to enlist in the Army or the Air Force. After enactment of that act the Army and the Air Force have enlisted persons who could furnish proof of lawful admission to the United States for permanent residency. This bill would conform the qualifications for enlistment or appointment in the Reserve components to those applicable to enlistment in the Regular Army or the Regular Air Force.

The Immigration and Nationality Act of 1952 eliminated the requirement for the "declaration of intent" as a prerequisite to naturalization and made such a declaration an optional decision without any bearing whatever on the alien's eligibility to become a citizen of the United States.

An alien cannot now be enlisted in the Reserve components if he has not filed a declaration of intent to become a citizen. However, this same alien may enlist in the Regular components or he may be inducted under the Universal Military Training and Service Act and sent overseas. But while overseas he is ineligible to apply for officer candidate school or for a direct Reserve appointment with concurrent active duty because he has not filed a "declaration of intent," and he may not file one unless he does so while physically present in the United States.

This bill would remove the requirement for declaring an intent to become a citizen and requires instead proof of lawful admission to

the United States for permanent residence. Thus otherwise qualified aliens would be permitted to become members of the Reserve components under the same conditions as those prescribed for enlistment in the Regular components.

TRAVEL AND TRANSPORTATION ALLOWANCES PERFORMED UNDER INCORRECT ORDERS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 757, House bill 4338.

There being no objection, the bill (H.R. 4338) to amend title 37, United States Code, to authorize travel and transportation allowances for travel performed under orders that are canceled, revoked, or modified, and for other purposes was considered, ordered to a third reading, read the third time, and passed.

FOREIGN ASSISTANCE ACT OF 1963— CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, how much time have I left?

The PRESIDING OFFICER. Six minutes.

Mr. MANSFIELD. I think the opposition ought to take some time.

The PRESIDING OFFICER. The Chair meant to say 56 minutes.

Mr. MORSE. What was the decision of the majority leader?

Mr. MANSFIELD. I thought the Senator from Oregon ought to take some of the remaining time.

Mr. MORSE. Mr. President, I am waiting for one of my beloved and able colleagues to come to the floor to speak for 15 minutes against the monstrous conference report. It is interesting that the only defense I have heard against it so far is that it will expire in 6 months.

I wonder if the proponents of the conference report would be willing to divide the amount authorized, and, instead of the agency getting \$3.6 billion, in a further fleecing of the American taxpayer, cut the amount, on the basis that it has only 6 more months to go, because the pipelines are full. If we stop giving foreign aid a dime, the pipelines are full of hundreds of millions of dollars of the American taxpayers' money. We would not have to give foreign aid a cent.

It is a most interesting argument in defense of the conference report that we ought to adopt it because there are only 6 more months to go. The proponents do not want a review; they want a revision. It is the same old story as in the committee report. The committee report made our case. Now, in the last couple of hours of debate on the terrible conference report, the proponents of the report do not want a review; they want a revision. It is about time. It is long overdue. I should think they would be willing to come to an agreement that

foreign aid be cut back \$3 billion and give \$600 million—\$100 million a month for the next 6 months. That is too much, but I might be willing to agree to that. I would not agree to anything more.

Therefore, I shall vote against the conference report.

The Senator from Alaska [Mr. GRUENING] and the Senator from Oregon made their case yesterday. There have been no comments from the proponents of the conference report concerning the devastating reports of the Comptroller General of the United States, an agent of the Congress, who in report after report, as found on his on-the-spot checks, said he found waste of hundreds of millions of dollars of the taxpayers in the foreign aid program.

Now, in the dying moments of the debate, we are told by the proponents of the report that it ought to be revised. I think it ought to be stopped—s-t-o-p-p-e-d. It ought to be stopped. We ought to bring the whole fiasco to an end and stop deceiving the American people into believing that foreign aid, as it is now conducted, is of some benefit to this Republic. We ought to stop waving the flag behind the desk of the Presiding Officer into tatters with the old, fallacious lie that it is cheaper to keep men from foreign countries in uniform with American taxpayers' dollars than to put American boys in uniform and on foreign shores.

The undeniable fact is that the so-called foreign armies are no defense to the United States. Go to Korea. Go to Taiwan. Go to any place else in the world where we are supporting foreign armies. They are not protecting American security. Take the Pacific, for example. The U.S. 7th Fleet, the U.S. air armada, the thousands of American boys whom we have stationed in the Pacific, are the ones who are protecting American security. Yet the proponents wave the flag and give the American people the false impression that the forces in foreign countries would be of help to us in time of war. We would have to spend more American taxpayers' money for them and, at the same time, spend the billions of dollars required for full mobilization of the United States. We ought to cut it out. We ought to take a look at the foreign aid program, as I have said over and over in the debate, and start anew, on the basis of new conditions, new requirements, new restrictions. We ought to say to foreign countries, "If you want foreign aid on the basis of this kind of arrangement, come and ask for it. Commit yourself to these requirements and we will have a new type of foreign aid, which will take in only 50 of you. Only 50 of you—not 107—will be able to dip your hands into the U.S. Treasury.

Such a program would be based upon proved need. That means that Great Britain is out; France is out; Canada is out; Portugal is out; the Lowlands are out; Norway is out. Why in the world are the American taxpayers subsidizing those countries? Why in the world should the American taxpayers be building infrastructure in France?

This development in this country is a shocking thing. I am shocked by the developments in Congress and in the executive branch of the Government. We owe it not only to our people, but we owe it also to the security of this Republic, to end foreign aid and to begin again.

I am delighted that the chairman of the Committee on Foreign Relations has come into the Chamber.

I now take my seat in great curiosity and with more than bated breath to listen to the defense of the shocking, inexcusable conference report on foreign aid, by which it is proposed to continue to take from the American people hundreds of millions of dollars that ought to be saved for them.

I insert in the CONGRESSIONAL RECORD at this point an article which appeared in this morning's Washington Post. There was one thing in this morning's Washington Post that amounted to something. The article points to some abject poverty in the United States. We would give away \$3,600 million in foreign aid. But, if we try to do something for the underdeveloped areas of America, for the poverty stricken people of America, we are confronted with the great economy drive argument.

Charity begins at home. It is about time that Congress took a look at the needs of the American people and appropriated some money for the benefit of underdeveloped areas of the Nation.

I ask unanimous consent that this enlightening and shocking story of poverty in the United States be inserted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 13, 1963]
TWENTY-SIX MILLION OTHERS HAVE BARE ESSENTIALS: 1 OUT OF 10 AMERICANS LIVES IN ABJECT POVERTY, STUDY REVEALS
(By Eve Edstrom)

Twenty million Americans—about 1 out of 10—exist in such "abject poverty" that they must do without bare necessities.

Another 26 million—which adds up to almost one out of four Americans—live at "minimum adequacy" levels.

These are the conservative estimates upon which the National Policy Committee on pockets of poverty focused yesterday at the opening of a 2-day session here.

Its meetings come at a time when the Johnson administration is considering programs to eradicate mass poverty in affluent America.

The committee, which includes such distinguished political economists as Harvard's Seymour Harris, warned that "even with a more affluent America," the number of poor will increase substantially during the next two decades unless remedial steps are taken.

Furthermore, the committee released material drawn from a 2-year study which emphasizes that poverty will not be done away with "by policies aimed at bringing about full employment."

This is because today's impoverished families sit outside of the marketplace, their lot is not the direct result of inadequate economic growth rates because they are not part of the economic structure.

"Their poverty is the result of special circumstances rather than of the rate * * * of economic activity," it was stated.

In setting forth the "special circumstances," the committee put forth a formula for not being poor, as well as for being poor.

To not be poor, it was stated, one must be a white northern city resident between the ages of 25 and 45 who is married with no more than two children, who has attained as much education as possible, and who is in good physical and mental health.

The surest way to be poor is to be non-white, live in a rural area, and be a female who is over 65 and is the head of a household.

In the above circumstances, 84 out of every 100 of these nonwhite rural families live at lower than subsistence levels.

Actually, the committee emphasizes that all nonwhites, whether they live in the city or on the farm, all families headed by young or old females, all residents of rural areas and the South, and all persons over 65 have high-risk poverty rates.

AGED MAKE SOME PROGRESS

However, in the last decade and because of social security, the aged have made the most progress in moving out of the "abject poverty" state.

Another poverty prone segment of the population involves the young—male family heads between the ages of 14 and 25—and their numbers are increasing.

"The honor of being called family head bestowed too soon brings with it a greater likelihood of poverty, particularly since 1957," it was said. "For most, low income is no momentary detour but the foreshadowing of a life of poverty."

"Their situation is worsening and * * * the problem of the young in contemporary America typifies the problem of the poor: submerged like an iceberg."

Poverty also attacks those with less than 8 years of education and families which have more than 6 children under 18.

Such groups now comprise a "new class of Americans—those split off from our affluent society," said James G. Patton, chairman of the 38-member national policy committee.

"They constitute a shocking paradox in American life. When the economy dips their plight worsens but when it rises they benefit little if at all."

This is why programs must be developed to tackle the special problems of the underprivileged, in addition to programs to stimulate the economy, he said.

Poverty can be eradicated by the year 2000, Patton said, but only if the United States embarks on new or expanded educational, housing, public works, medicare conservation corps, and food stamp programs.

Patton, who also is president of the National Farmers Union, said he and other committee members had consulted with the late President Kennedy on ways to eliminate poverty and will consult with President Johnson after firm recommendations are adopted.

The committee, founded 2 years ago by the Farmers Educational Foundation, includes former President Truman and foremost economists, scientists, sociologists, business and professional leaders from every region of the country.

Much of the committee's data on poverty is based on a study which economist Oscar Ornati directed for the 20th Century Fund. It will be published next spring.

LESS THAN \$2,500 INCOME

In explaining his economic groupings, Ornati stated that families of four, with income of less than \$2,500 annually, were placed in the "abject poverty" group. Families of four, with annual incomes of less than \$4,500, were included in "minimum adequacy" group.

Mr. MORSE. Mr. President, I yield the floor for the time being. Does the Senator from Arkansas wish to speak at

this time, or shall I yield to the senior Senator from Louisiana [Mr. ELLENDER]?

Mr. FULBRIGHT. I do not wish to speak now.

Mr. MORSE. I yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I cannot help but express disappointment at the bill as it comes before the Senate from committee of conference. It seems to me that our conferees merely bowed down to the House managers and struck from the bill practically every amendment of any consequence which was adopted by the Senate after 3 weeks of debate.

One of the amendments stricken dealt with the \$200 million in the investment guarantee fund. In the present bill, as it will be debated by the Senate, there is a fund of \$270 million known as the investment guarantee fund.

When the investment guarantee fund was first set up in 1948, the law required that reserves of 100 percent be maintained. Over the years the law was amended and reserve requirements were steadily decreased.

In 1961, when the Attorney General was requested to render an opinion with regard to the necessity for reserves in the Development Loan Fund, he advised that in connection with guarantees made under the Development Loan Fund and the investment guarantee fund, reserves were not necessary because the guarantee contracts were backed by the full faith and credit of the U.S. Government.

In fact, in the bill before us, the law has been changed regarding the reserve requirement. It provides that in accord with the Attorney General's opinion guarantee contracts are now unequivocally backed by the full faith and credit of the U.S. Government.

In view of this fact, when this bill was considered on the floor of the Senate I offered an amendment to reduce the reserves of \$270 million presently existing in the guarantee fund by rescinding the \$200 million borrowing authority. This amendment was adopted by the Senate, but unfortunately it was deleted in conference.

The Investment Guarantee Fund has been in existence for over 15 years, and during this time the total losses of the Fund have amounted to only \$667,000. In view of this experience, it would appear that the \$70 million that would have remained in the reserve, had my amendment been retained by the conferees, would have been more than adequate to take care of the losses that might have been sustained in any one future year. In fact, in the justifications presented by the Agency to the Senate Appropriations Committee on the foreign aid bill for fiscal year 1964, it was admitted that the \$270 million presently in the reserve is far in excess of need.

That is why I cannot understand the action of the conferees in permitting my amendment to be stricken from the bill.

As I pointed out in the debate, which took place 3 or 4 weeks ago, efforts are even now being made by our administration to use a part of this fund for purposes other than guarantees for private investors.

As I pointed out, if the \$200 million

item were stricken, there would still remain \$70 million, which would be more than adequate, to provide for losses.

However, our conferees receded on this amendment. I do not know what was behind their withdrawal. However, I understand that some of the big bankers were fearful that if borrowing authority were rescinded they would not feel so secure in making loans and investments abroad.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. Yes, I will yield on the Senator's time.

Mr. FULBRIGHT. I will yield myself such time as I will take to ask the question.

Mr. ELLENDER. Very well; I yield.

Mr. FULBRIGHT. This question arose in conference. The Senator has made it quite clear that either way there is absolutely no effect upon the appropriation of money authorized by the bill. The House merely took the position, in accord with what the Senator has said, that since the Government is unquestionably liable for the amount, striking the notes which would be redeemed by the amendment would have no substantial effect. It was thought that psychologically, if the amount were struck out fears might be raised in the minds of some people who are not as thoroughly aware of the way it operates as the Senator from Louisiana and others are.

This proposal was considered to be a useless gesture. I personally thought it would be all right to keep it in the bill. The House objected. As often happens, the conferees on the part of the House insisted on thier position. I did not envision any substantive damage that might be done; in fact, I do not believe it does any damage to our financial obligations, or does damage in any other way. It is strictly a bookkeeping operation. I believe the Senator has explained it that way. If the notes issued by the Treasury were redeemed, we would be liable. If a catastrophe occurred which would impose an obligation on this country to repay, we would have to do it under present understandings. So, Mr. President, it is purely a bookkeeping gesture. It did not seem like the kind of issue that we should fight to the death to sustain and thereby hold up the conference report. That is about all there was to it.

Mr. ELLENDER. At least, the administration would have had to return to Congress for the appropriations if my amendment prevailed. I do not know of any time when Congress failed to appropriate money to pay just bills. The conference report would take control away from Congress; and my fear, as I said in the original debate, is that sooner or later, if that money remains available, it will come to be used for purposes other than paying off losses on guarantee contracts. As I stated during the debate on the bill, the House has already attempted to use some of this money for other purposes. Fortunately, the attempt did not succeed. But if such a large sum of money remains available in the reserve, the chances are that some day it will be used for other purposes.

During the course of the extensive debate on the bill, the Senate adopted amendments which were offered by the distinguished junior Senator from Colorado, which closed to the executive branch a method of financing development loans that has been much criticized by the Congress.

In sections 204 and 253 of the Foreign Assistance Act of 1961, as amended, it has been provided that payments made by borrowers of development loans and on Alliance for Progress loans could be reloaned to borrowers without congressional act. These provisions permitted the executive department to bypass the Appropriations Committees of Congress in the funding of its loan program.

If the junior Senator from Colorado had not offered amendments which in effect require that these loan repayments be reappropriated before they could be used again and thus close the "revolving door," I would have offered such amendments myself when the foreign aid bill was originally considered by the Senate.

It is most unfortunate that the conferees saw fit to lessen Congress' control of expenditures in this program by deleting the amendments of the junior Senator from Colorado.

I am a realist, however, and I know that at this late hour in the session there is no chance of reversing the action taken by the conferees, but I wish to point out that unless the "revolving door" financing provision is deleted from next year's foreign aid bill, I will do all in my power to have it stricken when the bill is considered in the Senate next year.

The conferees yielded on another very important amendment.

During the very first week of the great debate on foreign aid which occurred last month, the Senate adopted an amendment sponsored by the distinguished senior Senator from Oregon, which deleted from the bill the \$1,500 million of authorization for the Development Loan Fund for each of the fiscal years 1965 and 1966.

In advocating this amendment, the senior Senator from Oregon pointed out that it was absolutely essential for his amendment to be adopted, since it would put the Agency for International Development on notice that Congress was displeased with the foreign aid program as presently constituted, and that if this program were to continue, a completely new approach would be necessary for fiscal year 1965. The amendment was adopted by the Senate because of this reason.

The action of the conferees in effect, then, would express approval of the program as presently set up. I do not believe this is truly the will of Congress. I do not believe we are helping the program by perpetuating this continuing authority for the Development Loan Fund. I am surprised that the Senate conferees yielded on this amendment. I think they were wrong to do so.

I must iterate that I deeply regret that the Senate conferees were unable to retain more of the Senate amendments when the Foreign Aid Authorization Act, as approved and passed by the

Senate, was taken to conference with Members of the House. I am sure that each of those amendments, if they had prevailed, would have done a great deal to strengthen our foreign aid program. Certainly their adoption indicated that the aid administrators had better look to their laurels and begin a businesslike review of the program for the coming fiscal year.

I was particularly disappointed to note the changes which occurred in the amendment, sponsored by me, designed to limit military aid to African countries to not more than \$25 million in any fiscal year. The text of that amendment, as adopted by the Senate, is as follows:

SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

(b) Internal security requirement shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee of Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African Countries.

Now the foreign aid authorization bill, as it came to the Senate from the House, also included a section dealing with aid to African countries. It provided that military aid could be given only for internal security requirements, and for public works, or civic action programs authorized by section 505(b) of the act. I have some arguments with the latter section, but I am completely opposed to allowing "internal security requirements" be the basis for the granting of military aid. This is exactly what I was striving to avoid. These three words "internal security requirements" are to blame for a large part of the current situation in Latin America. Once we get a military aid program off the ground in Africa, it will not be long before our friends to the south of us appear to be living in the utmost peace and prosperity by comparison.

I remind the Senate that my amendment placed an annual ceiling of \$25 million on grant programs of defense articles for African countries. It also prohibited assistance for internal security requirements unless the President determined otherwise.

Reading from page 24 of the conference report, I find that the committee of conference accepted a compromise between the two versions; that is, between the House and Senate language relating to military aid to African countries. In my view, it is not very much of a compromise, because the impact of my amendment has been dissipated completely.

The compromise language states that grant programs of defense articles for African countries for fiscal year 1964 shall not exceed \$25 million. Notice that the limiting figure applies only to fiscal year 1964. Nothing is said of future fiscal years, and it is the future that we must look to in the present. Action should be taken now to make as sure as possible that a tight lid is clamped, and kept closed, on the military aid program

as it applies to Africa. Bear in mind that Africa is a new continent, so far as our military aid programs are concerned. I am certain that our military missions, if not kept reined in, will make sure that it grows up very rapidly until it becomes like so many other areas which are struggling under the armies built up and maintained by the American taxpayer.

The language adopted by the conference committee provides that grant military assistance may be furnished to African countries only for internal security unless the President determines otherwise. That is a far cry from my original language, adopted by the Senate, which stated very plainly that:

Internal security requirements shall not, unless the President determines otherwise * * * be the basis for military assistance programs for African countries.

The committee of conference reversed that language; its intent is negated completely.

The danger in this matter lies in the definition of "internal security." When do armaments provided for "internal security" become the agents for external aggression? As I pointed out in my African report, I discovered our country had spent over \$600,000 to train paratroopers for the newly emerging and desperately poor country of Mali. By what definition I asked, and I again ask, by what definition can the training of paratroops be justified as internal security? There cannot, of course, be any valid answer.

But beyond this, consider the injustice we are doing these newly independent nations, and their people, by encouraging their governments to build up large military forces which must be maintained, at least someday, by taxes on the native population. We are doing them a grave wrong, and apparently are doing it, with our eyes wide open and of our own free will.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield on the Senator's time.

Mr. FULBRIGHT. On my time. I do not quite understand the Senator. The conference report retains \$25 million.

Mr. ELLENDER. Yes, but it is effective for only 1 year. And it is not necessary to secure the prior approval of the President. The military authorities can continue to use the money if they decide it is necessary to be used for internal security. It would not require positive action by the President. The President is only required to act if the aid is given for some reason other than internal security or civic action.

Mr. FULBRIGHT. I am puzzled by the point the Senator from Louisiana is making. The language reads:

SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives.

Mr. ELLENDER. That is similar to to the language I placed in the bill.

Mr. FULBRIGHT. It is still in the report.

Mr. ELLENDER. But it has been changed.

Mr. FULBRIGHT. I thought I was reading from the conference report, on page 7. Perhaps I did not read it correctly; but I used to read correctly in the old days. What is the Senator from Louisiana reading from? The language of the conference report reads:

SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries in fiscal year 1964, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000.

I do not understand what the Senator from Louisiana is complaining about.

Mr. ELLENDER. My amendment, deleted in the conference, reads as follows:

SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed \$25,000,000.

(b) Internal security requirement shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African countries.

The conference committee action would require no positive action by the President, and that is where the trouble is.

The conference committee has allowed the military authorities to do as they please. They may alone determine the requirements. Military missions exist in many countries of the world. If my memory serves me correctly, there are only six or seven military missions in Africa, although I do not remember the exact number. Those missions abroad continually send recommendations to the Department of Defense, in Washington. I have even known of places—such as Pakistan, Afghanistan, or India—where the military missions have said that a certain amount of money was needed to supply the needs of a certain number of soldiers.

Then the host country will say, "That may be true, but we cannot afford that much."

The reply is "Do what you can, and we will do the rest."

Let us consider the case of Mali, which I have already presented. We spent \$600,000 in Mali, to train paratroopers. But anyone with commonsense knows that paratroopers are not necessary in order to protect the citizens of Mali. That training was requested in order to make possible some action against the neighbors of Mali.

There is also the case of Somali, to which we have furnished much aid.

When that country asked us for weapons, we said, after conferring with the British and the Italians, "We think we can furnish you with about \$17 million in hardware."

They replied, "Oh, no; that is not enough. Russia will give us \$26 or \$30 million. So we do not want yours." Now they will be getting that equipment from Russia while continuing to receive economic aid from us. Is that for internal security purposes? No; it is to enable Somali to take over part of Kenya. Somali is getting ready to annex a considerable part of Kenya, because Somali says that in that area there are more Somalis than Kenyans.

Such situations will continue; and if we let these countries have more military equipment than is necessary for their own police forces, we can expect trouble in the future.

It will be recalled that we tried to assist Pakistan, and the result was to make the Afghans angry with us. Today, we are trying to help India, and the result is that we have the Pakistanis angry with us. So I say we must limit our military assistance to the amounts required solely for domestic police forces as such needs are determined and reported by the President.

That was my objective in connection with this amendment. I thought it was necessary to apply some brake on the amount of military equipment to be given by the United States to the African countries, inasmuch as ultimately much of it may be used by them beyond their own borders, in order to annex or take over other areas.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield for a question?

Mr. ELLENDER. I yield.

Mr. MORSE. We are helping Pakistan, are we not?

Mr. ELLENDER. Yes.

Mr. MORSE. Does the Senator from Louisiana agree that when we are helping Pakistan, we are also aiding Red China?

Mr. ELLENDER. That seems to be the case, particularly if the programs now envisioned go into effect. I understand that Pakistan is now flirting with Red China, and that Chou En-lai is going there. Why he will visit there, I do not know; but undoubtedly it will not be merely to have a good time. Surely, he must have some ulterior motive. But despite the flirtation with Red China, we are furnishing Pakistan, too, with much economic aid and other aid. I do not know what the motive is but it may be that these countries are learning lessons from Western Europe. I well remember that when Schumann of France and others were up for election in Western Europe, at a time when we were giving their countries aid, they said, "You had better give us more aid, or the big Russian bear will catch us." So we gave them far more than had been anticipated by those who voted for the Marshall Plan.

However, there is not time now to discuss more instances of this sort.

Mr. GRUENING. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER. The time yielded to the Senator from Louisiana has expired.

Mr. MORSE. Mr. President, how much time remains available to me?

The PRESIDING OFFICER. Fifteen minutes.

Mr. MORSE. How much time does the Senator from Louisiana wish to have?

Mr. ELLENDER. Five minutes.

Mr. MORSE. Mr. President, I yield 5 more minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 5 more minutes.

Mr. GRUENING. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. GRUENING. Has any adequate explanation been given of our folly in Cambodia, into which we have poured several hundred million dollars, only to find that not only has that money been wasted, and also that the military aid and arms we have provided Cambodia will be turned against us by Red China. Is a similar situation developing in connection with Pakistan?

Mr. ELLENDER. We never seem to learn. Many of those weapons are used against our friends, and there is no doubt that we shall come to regret that we have given much of our money and much military equipment to Cambodia and other countries.

So I am giving this warning to the Senate. The situation I have described has developed in the Far East and in almost all other parts of the world; yet we do not seem to learn from experience.

Mr. GRUENING. Perhaps my question should be addressed to the chairman of the Foreign Relations Committee; possibly he has the explanation.

Mr. ELLENDER. I cannot yield to him at this time.

Mr. GRUENING. I understand.

Mr. ELLENDER. Mr. President, I requested the adoption of another amendment, and I spoke at length on it. It was an amendment to Public Law 480. I think the House committee went far afield by including in its version of the bill the provisions which dealt with Public Law 480.

May I call the attention of Senators to page 20 of my 1960 report on foreign operations of our Government, where I devote a section to what appears to be administrative abuses and inept business transactions with foreign governments, which result in financial losses to our country that can run into billions of dollars and also cause a serious and unnecessary drain on the U.S. dollar.

As you know, under the Public Law 480 program, we sell surplus agricultural products to foreign countries and accept payment in the currencies of these countries to be used for loans and grants to develop the economic resources of such countries and to defray expenses of U.S. programs in such countries. The United States subsidizes these exports, through private channels, by paying the difference between the U.S. price of the commodity at dockside and its price on the world market.

The exporter receives U.S. dollars but the commodities are paid for in the currency of the importing country. The currency is deposited in a U.S. Treasury account in a bank of the importing country to be allocated and used in accordance with the provisions and objectives of the Act and the provisions of the special sales agreement negotiated in connection with each sale or series of sales.

Under title I, alone, agreements for sale of agricultural commodities from 1955 to June 30, 1960, totaled an estimated \$6.8 billion CCC cost. It can readily be seen that this is big business and that if properly handled, this program could go a long way not only toward assisting, through loans, the economic development of foreign countries, but in defraying the expense of U.S. programs overseas. However, I found that in many of these sales an unrealistic exchange rate, bearing little relation to the commercial market rate of exchange, was used in generating the foreign currencies from these sales.

For example, I selected 12 sales made to 4 countries which I visited; namely, Spain, Poland, Turkey, and Yugoslavia. These sales, the agreements on which were entered into between 1955 and 1959, generated foreign currencies the dollar equivalent of which was \$857 million plus. However, if these sales had been made at the commercial market rates of exchange, prevailing at the approximate time of the sales, these 12 sales should have generated approximately \$1,488 million, or \$631 million more than was realized. A schedule on page 21 of my report reflects some of the details on the particular sales.

I have been unable to obtain any intelligent justification as to why such unrealistic exchange rates were used in the sales of these commodities to the great financial loss to the United States. The shocking thing about these transactions is that while the cost of subsidizing these commodities at the world market price is reported, in detail, to the Congress by CCC, no mention can be found anywhere of the losses sustained by accepting an import exchange rate well below the commercial rate prevailing at the time of the sale.

The acceptance of such arbitrary exchange rates is not unique to the agreements in the countries I have cited. There are at least 12 countries where sales agreements were entered into and a special import exchange rate was used which was substantially different from the commercial market rate of exchange prevailing at the time. In many countries where we accepted such import rates, which were less than the going rate of exchange, we are spending U.S. dollars to buy foreign currencies to pay for U.S. programs.

Actually, this is only one type of a series of unbusinesslike practices and administrative abuses growing out of these commodity sales, which are supposed to be carried on in a businesslike manner, but which result in huge dollar losses to the United States. For example, although in a number of countries that portion of the sales proceeds which is to be loaned to the foreign government

is placed in a special account in a bank of that country and loan agreements are signed, the money is not actually borrowed and it lies idle, not bearing interest and depreciating to the extent that the country's currency may depreciate in relation to the dollar.

Further, it is not uncommon that although a Public Law 480 commodity sale may have generated only a portion of the proceeds it should have, because of the acceptance of an unrealistic exchange rate, the loan agreement calls for a different rate, which is more favorable to the borrower and further shrinks the proceeds of the sale. Further, many of these loan agreements provide that they can be repaid in U.S. dollars or in the currency of the foreign country, but the incentive for paying in dollars is only 1-percent reduction in the interest rate. Also most of these loan agreements can be changed at any time without the knowledge of the Treasury or the Congress and, too frequently, they appear to deteriorate into something resembling a gift rather than a loan.

In the sale of surplus commodities under Public Law 480, an interdepartmental committee, consisting of representatives of the various U.S. Government agencies which have an interest in, or will be users of, a portion of the sales proceeds, determine the percentage of such portion that will be used for the various purposes in the importing country. These committees are sometimes referred to as "buzzard" committees.

From some of the contracts which have been negotiated, it might appear that instead of the United States negotiating in its own interest, each agency was trying to obtain the largest possible percentage of the sales receipts for its own use, while the State Department seemingly was trying to obtain all it could for the foreign country involved, and one can only wonder who was present representing our Government and the taxpayer.

As a result, it might appear that particular agencies are allocated funds far in excess of their real or immediate needs, which funds are then frozen in bank accounts in the foreign countries involved and are subject to depreciation through the inflation of the currency of such countries, while, at the same time, the U.S. Treasury is going into the commercial market to buy currencies of these same countries with U.S. hard dollars, to operate its other programs.

We cannot expect to do business on such a basis without going bankrupt. We can afford to make gifts to peoples of underprivileged countries, or when a disaster occurs in some foreign land, but when we permit our business transactions with foreign countries even though one of the objectives is the economic development of such countries, our transactions should be on a business basis. Otherwise, we are not only suffering huge losses, but we are gaining the disrespect of the people with whom we are dealing.

In my opinion, the practices which I have outlined present a fantastic picture of waste and irresponsibility which can amount to billions of dollars of losses to the United States.

In this connection and on the basis of these facts, to correct such abuses, I introduced an amendment to Public Law 488—section 101(f)—which was approved August 8, 1961, and which required this country, in making Public Law 480, title I sales, to obtain, under such agreements, rates of exchange which were not less favorable than the rates at which U.S. Government agencies could buy currencies from the U.S. disbursing officers in the respective countries.

This amendment, for the most part, stopped this practice. The House foreign aid authorization bill, section 402(a), changed section 101(f) of Public Law 480 so as to require only that the United States obtain the highest rates of exchange legally obtainable. This amendment would not only permit the relaxing of the terms of the sales agreements with respect to the rate of exchange; it would also permit U.S. Government agencies conducting programs with foreign currencies to purchase such currencies at rates other than those at which the commodities were sold.

House Report No. 646, at page 48, gives this as the only substantial reason for this amendment, and states that the Government agencies would like to get the currencies at realistic rates of exchange from the U.S. Treasury. Nothing is said as to why the U.S. Government should not get realistic rates when the commodities are sold—and, Mr. President, let no one tell you that these unfavorable rates we received for these sales resulted from a desire to get rid of the commodities. They resulted from political or giveaway considerations dictated by the State Department or the foreign-assistance groups.

Perhaps I can shed more light on this amendment by going into a little more detail. It is my understanding that in two countries—namely, Indonesia and Poland—the purpose of the Ellender amendment was defeated—although I do not know on what authority—by fixing the official rates of exchange between these two countries and the United States at arbitrarily low rates to correspond with the collection rates received in the Public Law 480 sales. This, of course, did not please the agencies downtown which had a need for foreign currencies, because when they came up for an appropriation from Congress for construction or other program purposes in certain foreign countries, they wanted to receive their full dollar's worth. In this regard, we cannot blame them; but why should we not also get our dollar's worth in making these Public Law 480 sales?

It probably was not surprising that at the hearings on the State Department appropriation bill this year, representatives of the Foreign Buildings Operations of the State Department, which uses substantial foreign currencies, complained:

The recent Ellender amendment to Public Law 480 had the effect of requiring this program to purchase Public Law 480 Polish zlotys at the rate of 24 to \$1 instead of the previous rate of 55 to \$1, which overnight multiplied the cost by a 2.3 factor.

It was pointed out that this was not at all the result of the so-called Ellender amendment, but was due to the action of the executive department in accepting an arbitrarily low exchange rate in connection with Public Law 480 commodity sales to Poland. Inasmuch as the witnesses indicated that they had received their impression from the Treasury Department, there was addressed to the Secretary of the Treasury, by the subcommittee chairman, a letter, dated September 12, 1963, which, in substance requested advice as to why such an arbitrarily low exchange rate had been established.

By letter of October 11, 1963, from the Secretary, after an explanation to the effect that 24 zlotys to \$1 was the best rate the U.S. negotiators could get in negotiating the sales to Poland, it was pointed out that any of the sales proceeds which the United States did not use, would, by the terms of the agreement, be repaid by Poland in dollars, after a specified number of years, at the same rate, and that as the disbursing officer's sales to the U.S. agencies were also at 24 to \$1, no loss to the U.S. Government was involved. In other words, it was simply bypassing the law. Accordingly, why is there any need to change section 101(f), if we are not losing money under it now, provided Poland lives up to its agreement and we do not decide later to give Poland most of the proceeds? Why should we change the law so that we shall begin to lose money on such transactions? Again, let me point out that we did not have to make the sales to Poland at substantially less than half of the world market price; and, accordingly, the decision to make these sales had to be a purely political determination, and in the interest of foreign aid. Incidentally, it is my understanding that the Treasury Department reportedly was unable to advise the committee what a realistic exchange rate between the United States and Poland would be at the present time; but if we ask any traveler who recently has been in Poland, he will tell us that, except from the U.S. disbursing officer and from official Polish banks, one can obtain throughout Poland 75 zlotys to \$1, and nobody asks any questions.

I think the facts that I have given show ample reason why an amendment such as this should not be attached to the foreign aid authorization act, and I urged my colleagues attending the conference with the House on this bill not to recede to the House position on section 402(a) of H.R. 7885.

Notwithstanding my plea for the deletion of the House amendment, the Senate conferees agreed to the House.

Mr. President, I wish to point out that the agencies in attempting to obtain some shortsighted selfish gains for themselves and their employees abroad by this House amendment, have really outsmarted the U.S. Government. The language of the House amendment reads as follows:

(f) Obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries.

I emphasize "highest" and "legally obtainable." The highest legally obtainable rate in most multiple rate countries would be the tourist rate, which would be much higher than the so-called official rate or commercial rate for imports. As I interpret it, this amendment would make Public Law 480 agreements non-negotiable in the very countries where our agencies want to get away from the Ellender amendment.

A good example is Brazil, where the rate of exchange in the community banks down there is about 1,200 cruzeiros to \$1. This is the highest legally obtainable rate. Do you think the Brazilians are going to give us 1,200 cruzeiros to the dollar in purchasing our wheat and other agricultural commodities?

I do not want to hold up this bill, but I am giving fair warning to the agencies that the action they have taken by getting the House amendment adopted and deleting the so-called Ellender amendment is unconscionable. Until we have had a chance to review Public Law 480 in all of its facets and ramifications next year, I would hope, in fact I urge them, to continue the former policy under the Ellender amendment in the best interest of the American taxpayers.

I ask unanimous consent to have printed in the RECORD a letter of the distinguished Senator from Arkansas [Mr. McCLELLAN] in regard to this question to Mr. Dillon and the reply of Secretary Dillon in which he has pointed out that I was right.

There being no objection, the letter and reply were ordered to be printed in the RECORD, as follows:

SEPTEMBER 12, 1963.

HON. DOUGLAS DILLON,
The Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: On August 29, 1963, in connection with appropriations hearings dealing with the Foreign Buildings Operations of the State Department and the use of foreign currencies, it was developed that the Department had inserted in its fiscal year 1964 justifications for funds that "The recent Ellender amendment to Public Law 480 had the effect of requiring this program to purchase Public Law 480 Polish zlotys at a rate of 24 to \$1 instead of the previous rate of 55 to \$1. Overnight, this multiplied costs by a 2.3 factor."

It was pointed out to the witness that the Ellender amendment¹ only required that in negotiating title I, Public Law 480 sales agreements, the President shall "obtain rates of exchange applicable to the sales of commodities under such agreements which are not less favorable than the rates at which U.S. Government agencies can buy currencies from the U.S. disbursing officers in the respective countries." When the witness was asked who had made the interpretation of this amendment, the reply was that the interpretation had been made by the Treasury Department.

There was further discussion as to the validity of the Treasury interpretation and as to why U.S. agencies received only 24 zlotys to \$1, when the regular rate was 55 to \$1.

As chairman of the subcommittee handling appropriations for the State Department, I have been requested to ask you why this interpretation had been placed upon the law by your Department. I should also like to know at what rate of exchange agricultural commodities are being sold to Poland, and further, if the rate set by the Treasury

is responsible for other Government agencies receiving less Polish currency for the dollar than the regular rate of 55 to \$1. If this is the case, it is further requested that you apprise the various agencies concerned that this is not the fault of the Ellender amendment, but results from an executive decision.

Sincerely yours,

JOHN L. MCCLELLAN.

THE SECRETARY OF THE TREASURY,
Washington, D.C., October 11, 1963.

HON. JOHN L. MCCLELLAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MCCLELLAN: Thank you for your letter of September 12, inquiring about the rate of exchange applied to the sale of agricultural commodities to Poland and also asking "if the rate set by the Treasury is responsible for other Government agencies receiving less Polish currency for the dollar than the regular rate of 55 to \$1."

The rate of 55 zlotys to the dollar was a rate used solely within the U.S. Government but not used in dealings with the Polish Government or with exchange dealers. It was determined by the Treasury Department to be a reasonable rate, in view of the relative level of prices in Poland and the United States in 1954, and was utilized by the U.S. disbursing officer for sales of zlotys available under the Surplus Property Agreement of April 22, 1946, and later from title I sales to U.S. agencies and to authorized U.S. Government personnel.

As of February 11, 1957, the Polish Government announced establishment of an official rate of exchange at 24 zlotys to \$1 for tourist and certain other invisible transactions and this remains the highest rate of exchange officially established by the Government. The U.S. disbursing officer continued to use the 55 to \$1 rate, however, until it became necessary to observe the maximum official rate of 24 to \$1 on December 15, 1961, as a result of discussions arising from negotiation of a new Public Law 480 sales agreement.

The U.S. negotiators had attempted during some 5 months of negotiations to obtain agreement to the rate of 55 to \$1 for the Public Law 480, title I agreement signed on December 15, 1961. The Polish representatives remained adamant, however, and said they could not agree to a rate higher than 24 to \$1 because of what they deemed overriding political considerations, and because it would be against Polish law. U.S. agencies were, therefore, confronted with a choice between accepting the more appreciated exchange rate, or concluding no Public Law 480, title I agreement with Poland. It was decided that the overall interest of the United States would be served by conclusion of the agreement with a 24 to \$1 exchange rate.

Since 1957, the Public Law 480 agreements with Poland provide that, to the extent that the zlotys are not used by the United States, they will be repurchased by Poland with dollars at this same rate over a specified period of years in the future. Since relatively few of the zlotys are being used, the bulk of them will be subject to this provision and, to the extent that the zlotys are repurchased, no loss to the U.S. Government will result.

If a case arises where the negotiators of Public Law 480, title I sales agreements are unable to obtain a deposit rate as high as the rate at which U.S. Government agencies could otherwise buy local currencies in the market with dollars, the Treasury Department has regarded the Ellender amendment as requiring a conformity between the deposit rate that is obtained and the rate used by U.S. disbursing officers in making sales to U.S. agencies. The 24 zlotys to \$1 is the highest deposit rate which the negotiators of the sales agreement with Poland were able to obtain and it is currently in force. The rate for disbursing officer sales to U.S. agencies is also 24 zlotys to \$1. You will appreciate that what is a less favorable rate than

¹ Sec. 101(f), Public Law 480.

formerly, from the buying agencies' point of view, is a more favorable rate from the point of view of Commodity Credit Corporation whose local currency is being sold; and that, therefore, there is no loss to the U.S. Government on the zlotys used by the U.S. Government agencies concerned.

Sincerely yours,

DOUGLAS DILLON.

Mr. ELLENDER. Mr. President, I am glad to note that the junior Senator from Wyoming, Senator McGEE, in his report on "Personnel Administration and Operations of Agency for International Development" has endorsed the so-called Ellender amendment to Public Law 480.

I would also like to call attention to an amendment that was adopted by the Senate and retained in conference. I make particular reference to the Senate amendment which added a new subsection (b) to section 612 of the Foreign Assistance Act authorizing the Secretary of the Treasury to sell U.S.-owned foreign currencies to U.S. citizens for travel or other purposes.

Mr. President, this is a good amendment but it contains an error which I will correct when Public Law 480 is reviewed and rewritten next year. The error made is in connection with the dispositions of receipts. The amendment provides that the receipts from these sales will go into the miscellaneous receipts of the Treasury. However, the receipts should be returned to the Commodity Credit Corporation instead of the Treasury. As I have stated I will correct this oversight when Public Law 480 is rewritten next year.

I ask unanimous consent to have an excerpt from his report printed in the RECORD and other material that I have on the amendment.

For the reasons I have advanced, I urge the Senate to reject the conference report.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM MCGEE REPORT

The Public Law 480 programs administered overseas by AID, although receiving much more attention currently than under predecessor agencies, are still understaffed and are not receiving nearly the attention necessary to realize their full potential. These foreign agriculture programs, which have aggregated approximately \$19 billion (U.S. costs), have been sold short almost from their inception in 1954. They simply have not received the same treatment as those programs for which the administering agencies (AID and predecessor organization) have had to come to Congress for direct appropriations; for example:

Prior to the so-called Ellender amendment, agricultural sales at world market prices for foreign currencies (under title I) were made at unrealistically low foreign exchange rates, which admittedly resulted in rates below world market prices of approximately \$700 million.

The loans to foreign governments of currencies generated by title I agricultural commodity sales generally have not been given the attention which dollar loans from direct appropriations have received.

Outright grants of these sales proceeds to foreign countries have, at times, been made in little short of a cavalier manner and, at times, under circumstances difficult to understand. Although the law requires congressional sanction of such grants, except in

cases where the President determines it would be inappropriate or inconsistent with the purposes of the act, all such grants (approximately \$1½ billion) have been made by the "exception" route, and, at times, have amounted to as much as 37½ percent of total sales proceeds.

There appears to have been a widespread misconception that as the commodities, the sales of which generated these currencies, were surplus to the needs of the United States, less value should be attached to these currencies. This has resulted in excessive concessions to some countries to the great detriment of this most important and valuable foreign assistance program.

The argument that it was necessary to make the concessions which were made in Public Law 480 title I sales in order to consummate such sales, does not hold water; first, because under the regular concessions permitted by the law—of subsidizing the commodities to world market prices, of accepting local currencies in payment, of financing much of the ocean freight, or loaning a large percentage of the proceeds back to the purchasing country, and of using the remainder of the proceeds in the country—make such sales competitive practically anywhere, and second, because the greatest concessions in the form of loans and grants back to the recipient countries were made in those countries which were the least able to purchase such commodities in the open market.

DEPENDENCY SCHOOLS ABROAD TO BE ADMINISTERED BY THE SECRETARY OF STATE

In considering the foreign aid authorization act of 1964, the House, in addition to the amendments it made to the Foreign Assistance Act of 1961, as amended, also included a number of amendments to other laws.

It is not my intent to dwell on each of these amendments, but I would like to point out that it is bad legislative practice to amend other laws in this particular controversial legislation. I have already illustrated the evils that are inherent in this practice in the statement I made to the Senate in connection with the amendment of section 101(f) of Public Law 480.

At this time I would like merely to bring to the attention of the Senate some far-reaching legislation that was included in the bill by the House, stricken by the Senate, but finally incorporated into the measure because the conferees of the Senate yielded to the House. The particular amendment to which I have reference is an amendment to the Foreign Service Act of 1946, amending section 1081 thereof and providing as follows: "The Secretary [of State] * * * is authorized in such manner as he deems appropriate and under such regulations as he may prescribe to establish, operate, and maintain primary schools and school dormitories and related educational facilities for primary and secondary schools outside the United States or to make grants of funds for such purposes or otherwise provide for such educational facilities. * * * The Foreign Service Building Act of 1926, as amended * * * may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include but shall not be limited to hiring, transporting, and payment of teachers and other necessary personnel."

I wonder if this legislation would have been adopted at this time if it had been made subject to the complete scrutiny of the Congress. Does the Congress want the Secretary of State to operate dependency schools abroad? Is the Congress aware of the ultimate cost of this program? I heard no discussion regarding this legislation on the floor. I know nothing about its ultimate cost, and I am confident that the majority of Senators here today lack such knowledge.

This practice of amending other laws through the medium of the foreign aid bill must be stopped. There is a real deception inherent in getting Congress to focus its attention on foreign aid and then slipping in amendments to other laws, very often with far-reaching consequences. I cannot emphasize too strongly the need for keeping the foreign aid bill a clean bill, to include only legislation on foreign assistance, and not amendments to the Foreign Service Act, Public Law 480, and what have you.

Mr. MORSE. Mr. President, am I correct in my understanding that I have 10 minutes left on the conference report?

The PRESIDING OFFICER. Ten minutes remain to the Senator from Oregon.

Mr. MORSE. I should like to call to the attention of the Senator from Arkansas [Mr. FULBRIGHT] the fact that the Senator from Iowa [Mr. MILLER] wishes to ask him some questions. I wonder whether the Senator from Arkansas would yield to the Senator from Iowa a few minutes of the time available to him, inasmuch as I should like to reserve the 10 minutes I have left for final rebuttal.

Mr. FULBRIGHT. I am ready to yield some time.

Mr. MORSE. Will the Senator from Arkansas yield 5 minutes of his time to the Senator from Iowa so that he may ask his questions?

Mr. MILLER. I say to the Senator from Oregon that I believe I can say all I need to say in 2 minutes, but I should like to leave some time, of course, to the Senator from Arkansas to respond to one or two questions that I do not believe will take much time.

Mr. MORSE. I am glad to yield 2 minutes to the Senator from Iowa to start with, and I hope the Senator from Arkansas will yield him more time.

Mr. MILLER. I thank the Senator from Oregon. On page 63 of the bill, as passed by the Senate, is a new section which was added by virtue of an amendment which would have provided a ceiling of \$5 million annually for the U.S. shares of the contributions to the Food and Agriculture Organization. This amendment would have meant that for the fiscal year ending June 30, 1964, the United States could spend up to \$5 million for its share of the contributions to the work of the FAO.

The FAO operates on a calendar year basis. For the calendar year ending December 31, 1964, the United States will be committed to \$5.7 million; so that after next June 30, in the fiscal year 1965 budget, we could well appropriate the money necessary to make up the difference between the \$5 million limitation contained in the bill as passed by the Senate and the \$5.7 million to which we are obligated under the budget now approved for the FAO.

Our own budget experts in the U.S. delegation to the FAO conference advocated a \$36.7 million budget for the biennium, which would have required a \$5.3 million as the U.S. share of the contributions. However, the Director General of FAO had recommended a \$39.7 million budget, which was finally reduced \$900,000 to \$38.8 million for the

biennium. This will entail the \$5.7 million contribution by the United States.

I regret to say that the \$5 million ceiling item was deleted by the conference committee, and I can find nothing in the conference report about it. I should like to ask the Senator from Arkansas if he would please explain why to the Senate.

Mr. FULBRIGHT. Mr. President, I yield myself 2 minutes to respond to the Senator from Iowa [Mr. MILLER].

As the Senator has already stated, the limitation of \$5 million was in place of the former limitation or a percentage. We now contribute 32.2 percent of the FAO budget, as the Senator knows.

I believe he attended the conference. As the Senator has already pointed out, the \$5 million would have required, we believe, a default in the obligation we heretofore have had in contributing 32.2 percent of the budget as accepted.

The House had no such limitation. We had the \$5 million put in by the Senator from Iowa. We thought, as a practical matter, that we did not wish to take arbitrary action at this late date which might put us in the position of defaulting on what had been our previous agreement as to our percentage of the total. Heretofore we have operated on the general principle that in relation to most of the international organizations we would like to approximate that one-third. That is approximately what our contribution is to the basic operation of the United Nations as opposed to certain specific operations, such as UNICEF, the labor organization, and so on. The proposal approximates the general principle of one-third of the amount. I believe that on other occasions the Senate has followed this principle in an effort to increase the contribution of other Members rather than appropriate specific amounts in dollars.

We have tried it both ways in the past. Usually we have come back to the percentage basis of computation.

I do not feel very strongly about the question. The House did. It had no such limitation. It said that the proposal would be unworkable.

We cannot anticipate what the programs will be from year to year. If we should put an arbitrary limit on it, we might run into difficulty. It does not allow for any expansion of the budget. It is believed that the maintenance of the percentage limitation is the more flexible and the more workable way to limit our contribution. That is about all I can say.

Mr. MILLER. Will the Senator from Arkansas yield for another question?

Mr. FULBRIGHT. I am glad to yield.

Mr. MILLER. I recognize the desirability of flexibility which the percentage formula provides. However, it seems that our budget experts on our delegation should have some backing by Congress. When our budget experts, after a great amount of time, come forward with a proposed budget of \$36.7 million, which would entail \$5.3 million a year as our share of our contribution, they should receive a little more consideration than they did.

Mr. FULBRIGHT. I do not understand the reasoning of the Senator from Iowa. Even that figure is above the specific limitation of \$5 million proposed.

Mr. MILLER. Perhaps the Senator did not hear me when I pointed out that since the FAO is on a calendar year basis, the \$5.3 million would cover the entire calendar year of 1964; whereas the bill which the Senate is considering runs only through June 30, 1964, so there would be ample time in the 1965 budget to make up that \$300,000 difference.

Mr. FULBRIGHT. I do not know what else to say. I believe it is unnecessary to deal with these relatively small items and make special appropriations. If the Senator wishes, he could lower the percentage. I would be in favor of lowering the percentage so that we would not have to deal with individual items.

Mr. President, I now yield 5 minutes to the Senator from Kentucky [Mr. COOPER].

Mr. COOPER. Mr. President, I support the conference report. I am happy that in my service in the Senate I have supported the concept of foreign aid. There are many people in the country who believe that the foreign aid program should be ended. It is evident from the actions of Congress this year that there are not many who believe that funds should not be cut. As I said in recent weeks, I have not felt, in this debate, that they should not be cut. I voted for cuts. Although I support the concept of foreign aid, I believe we do not have sufficient information to know whether the program is as effective as it should be.

What I say today is not in derogation of the work of the committee, because I am sure that members of the Foreign Relations Committee know more about the program than do we who are not its members, as interested as we are in it. I believe that this year, for the first time in many years, there has been a comprehensive and effective debate upon foreign aid.

I do not wish to belabor this subject, though it is of great interest to me. I wish to speak briefly to a point I raised in the debate.

I offered an amendment which was adopted by the Senate, the purpose of which was to establish, at the direction of the President, certain committees to be made up both of persons outside Government service and in Government service, to make searching examinations and reports on our foreign aid program in various areas of the world; such as southeast Asia, the Middle East, Africa, Latin America, and, if necessary, specific countries.

My purpose in offering the amendment was to suggest that the work of the Clay Committee should be extended. The Clay Committee and its report in respect to foreign aid have had a greater impact upon Congress, and indeed upon the country, than any other report ever made.

My purpose was to extend that work, to determine whether, in specific areas or in certain countries which receive the greater portion of our aid, 15 or 16 receive one-half of our economic aid, the

program is effective, because if cuts are to be made, they will be applied generally to the program and will fall upon the just as well as the unjust.

The conference in effect struck the amendment which I offered, though not wholly. I believe the recommendation would permit the President to order such studies if he felt them to be proper. I note, also, that an amendment has been added which I believe is similar in intent to the one I offered. Section 102(f) reads:

No assistance shall be furnished under this title for a project unless the President determines that such project will promote the economic development of the requesting country, taking into account the current human and material resource requirements of that country and the relationship between the ultimate objectives of the project and the overall economic development of the country, and that such project specifically provides for appropriate participation by private enterprise.

A great part of that language was in the amendment I offered.

I know the President of the United States is a man of good, solid, practical judgment. I say that not only from a general estimate of him, but also because of my memory of the report he made to us on foreign aid in various countries after he had made one of his first trips around the world, at which time he reviewed, in very practical terms, to 50 or 60 of us in the Foreign Relations Committee room, what he thought was the effectiveness of the program in various countries.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, will the Senator yield me 2 more minutes?

Mr. FULBRIGHT. I yield the Senator 2 more minutes.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 2 additional minutes.

Mr. COOPER. Mr. President, my only purpose in speaking today is to say that I hope the President will extend the work of the Clay Committee. I hope he will establish what he believes to be proper committees, to be made up of some men in Government service and some men of great ability outside of Government service, to make a report to the Congress and to the people regarding the effectiveness of this program.

I say, most respectfully, that no such information is available to us today. There have been five agencies since the Marshall plan. There have been 11 administrators. The reports which have come to us have not given us information about specific countries.

There is a division in the Foreign Relations Committee. There is a division in the Appropriations Committee. The Clay Committee has been the first committee able to give any kind of comprehensive report on the total program. I hope that similar committees will be established to give comprehensive reports on various countries. Unless this occurs, there will continue to be an ineffective program in many countries of the world and eventually—perhaps in a short time—this program will not sur-

vive. That is my reason for urging that we obtain the fullest information, because I believe the program should survive where it is effective. Many others believe the same.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a speech entitled "Foreign Aid" by Hon. Eugene R. Black, former President of the World Bank. In this speech he makes many of the points I make, although his authority is greater than mine.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

FOREIGN AID

(Text of an address by Eugene R. Black, former President of the World Bank, director of the Chase Manhattan Bank, before the New York Chamber of Commerce, New York City, N.Y., on November 12, 1963)

Mr. Champion, gentlemen, when I retired from the World Bank last January, I solemnly resolved that I would retire from making public speeches at the same time. For the first 40 or 50 years of my life I got along very well without making any public speeches, and, on leaving the World Bank I had hoped to return to this comfortable state of affairs. But I didn't figure on George Champion's insidious persuasiveness. He undermined my good resolutions, and he did so by appealing to the all-too-obvious need for those of us once connected with that business called foreign aid to speak out occasionally, to remind people that there is a problem, a very important problem, and that we have to learn to live with the problem just as surely as every new June bride has to learn to live with her mother-in-law.

The open season on foreign aid in Congress is exceptionally late and violent this year; the Appropriations Committees still have to reach their separate verdicts and the House-Senate conference, as usual, will have a job of compromising to do. In these circumstances, I do not want anything I say here to be interpreted as a lack of support of foreign aid. I believe in foreign aid. More important in the present circumstances, I think David Bell, the man charged with making the Agency for International Development work well, deserves from Congress a chance to show his mettle. Working with Mr. Bell on the Clay Committee, I was very impressed with his grasp of the complexities of his job and with the toughness of his mind.

In fact, if I could wish Mr. Bell one thing, I would wish him a clear-cut contract for at least 5 years in order that he might have a decent opportunity to put into effect some of the changes I know he wants to make. In the 15 years since the beginning of the Marshall plan we have had the ECA, the TCA, the MSA, the FOA, the ICA and now AID. There have been 11 different foreign aid administrators, including Mr. Bell. That's an average tenure in office of less than 18 months. For a business that can't by its nature succeed in the short run, that is a formula for ineffectiveness if ever there was one.

I would also wish him some relief from his constant, and for long periods, total preoccupation with congressional reviews. Foreign aid is the only major program in the Federal budget which, in addition to the normal and necessary reviews of the Appropriations Committees, has to be authorized all over again each year in the House and Senate. In addition to that part of the foreign aid budget concerned with what I would call economic development, there is a large military aid budget which Mr. Bell must defend, yet which logically belongs in the regular military budget because after all, an important justification for giving arms and other forms of military support to foreign

nations is that we thereby economize on our own military commitments and expenditures. Aid must absorb an enormous and I think quite unnecessary administrative overhead because it has four congressional hurdles to clear anew each year, and a bill to defend which covers an unnecessarily wide variety of subjects. Mr. Bell deserves to be relieved of some of these chores, which for so much of the year effectively prevent him from doing the job that he was hired to do.

I do hope Mr. Bell has a chance to do the job I think he can do; I do not want anything I say here to be interpreted as opposing the pending legislation, or in favor of substantial cuts in the amount requested. But I do not hesitate to say that I think the way our Government has administered foreign aid in the past has been seriously remiss in several important respects. In fact, I think it is clear now that there is a large consensus on this score in Congress, in AID itself and among interested outsiders like my colleagues on the Clay Committee.

The recent report of the Senate Foreign Relations Committee reflected this growing consensus in several important respects. First, the committee stressed the need to introduce more stability into the administration of foreign aid; second, the committee underscored the importance of persuading other nations, particularly former beneficiaries of the Marshall plan, to carry more of the financial burden. Finally, and I think most important, the committee made an appeal for more attention to the quality of the assistance that we give. Let me for a few minutes give my own variations on these three themes.

The Senators said that they were "unenthusiastic about aid programs * * * whose major purpose is to provide an alternative to Soviet bloc aid." Now here I think they put their fingers on one of the prime causes of instability in the administration of foreign aid in the past and of public disillusionment with foreign aid in the present. I have frequently argued that we ought to be very skeptical about crediting or debiting foreign aid for dramatic changes in the political atmosphere. It has been my experience that foreign aid has rarely gotten us anywhere in the short run. Foreign aid can be—should be—a most effective agent against communism in the long run by encouraging those policies and practices in other nations which lead to lasting economic growth. But it cannot be effective if it is turned on and off like a faucet in response to unreasonable political expectations.

I have been most interested of late to see how the Russians themselves appear to be painfully discovering the fact that foreign aid is not a very useful weapon for political skirmishes. I have over the years confidently predicted that the Soviets would find foreign aid an unrewarding business from the point of view of their political interests. Now it would seem that they are beginning to think so too.

The Soviets have a vested interest in everybody else's troubles. Buttressed by their naive belief in communism as the wave of the future, they are out to create political and economic instability as a prelude to communism. To them foreign aid is definitely a temporary business, designed to secure windfall economic and political profits.

Let's take a look at the record. No doubt some will regard Cuba as their shining success. But Russian foreign aid did not create Castro or bring him to power. Russian foreign aid only came after he was in power. The question is, "Will Russian foreign aid keep Castro in power?" This must be an embarrassing question to the Soviets; Cuba's bill which the Soviets have to pay is currently running at \$1.5 million a day. Perhaps \$2 billion worth of ruble aid has already gone to Cuba. Recent evidence in the newspapers suggest that the Soviets are

very unhappy at this continuing drain. It would seem that the Soviets face the choice of reducing the drain by assuming ever more directly the functions of the Cuban Government or of gradually backing away. Cuba, after all, is a relatively rich country, and this the Soviets know. Russian foreign aid to Cuba is almost certain to be a temporary business and so far it has clearly not been a very successful business.

What about the other countries to which the Russians have sent foreign aid in search of windfall profits? The list includes India, Afghanistan, Ceylon, Nepal, and Burma in South Asia; Syria, Iraq, and Egypt in the Middle East; Mali, Guinea, Ethiopia, Ghana, and Somalia in Africa; Cambodia and Indonesia in the Far East; and Brazil and Argentina in Latin America. These are the countries to which the Soviets have given or lent each \$50 million or more which is hardly a large sum by the standards of U.S. aid, or, as a matter of fact, by World Bank standards. What about the windfall profits achieved?

In Iraq, a major recipient of Soviet aid, the Communist-backed prime minister, Kassem, lacked staying power, he was assassinated, and the Communist Party was outlawed under the succeeding regime. In Egypt, despite the Aswan Dam and considerable military assistance, the Communist Party remains outlawed—and the Egyptian Government last year decided to adhere to the General Agreements on Tariffs and Trade (GATT) the bulwark of the West's multilateral trading system. India, despite a billion dollars in Soviet aid, remains the world's largest working democracy and is clearly not alined with the Communists.

If the Soviets have failed to show much in the way of windfall profits out of their foreign aid, their often obviously temporary and troublemaking interest in the business has been brought home forcibly to many countries. Burma has experienced the ill effects of having its rice shipped to Russia and resold on the world market; Egypt has had the same experience with its cotton. Guinea, until recently exclusively dependent on Soviet bloc aid, has learned what it is to wait while promised Soviet delivery dates slip by and, in company with other countries, has experienced the illusion of the Soviet terms of aid, which are characteristically low in interest charges and high in the price of the goods shipped. Also, the goods have frequently been quite inferior, and there have been lots of difficulties with spare parts.

Our own foreign aid program has been similarly unsuccessful insofar as it has been used as an instrument for bartering against the Communists for the favor of the governments of the underdeveloped countries or for short-term political advantage in those countries. Foreign aid just is not suitable as a means of inoculating governments against communism or bringing about instant conversions from that political religion. Yet despite Mr. Bell's several references to the long-term problems to which foreign aid must be addressed, we still hear promises of economic and political windfall profits held out as arguments for increasing or maintaining the level of foreign aid. And recently these arguments have taken a new twist; we now hear urgent pleas to stop foreign aid when a coup d'état is staged in a country we have been helping, and a less tolerant ruler replaces a more tolerant one, and I'm afraid that here again we are pursuing unreasonable political expectations in the name of foreign aid.

Instead of trying to identify foreign aid with unrealistic political expectations, we ought to have been identifying it with high priority development projects—projects which are well engineered, well planned financially and which promise to produce things these countries want and need to earn their way in the world. Foreign aid in

these countries ought to be identified with fiscal policies which offer some hope that local savings will flow into serious developments and not flee the country or disappear in inflation. Foreign aid ought to be identified, not with promises by countries of what they may do in the future, but with the first tangible steps toward action necessary to make economic growth a reality. Foreign aid ought to be identified with tax collection, not tax evasion; it ought to be identified with a healthy investment climate for foreign capital and not with the expropriation of foreign properties.

Here again there is a growing consensus, shared by the Senate committee and I know by Mr. Bell himself, that the major trouble with our foreign aid programs in the past has been too much concern over quantity and packaging, and too little concern over the quality of the product itself. I have said that a lot of the labels we have put on the foreign aid package in the past have been seriously misleading. I might add that I think there has been too much excitement over the quantities involved. Foreign aid has always been a stimulant to American exports; it is more directly now a stimulant than ever before. The Senate committee estimated that only 10 percent of current foreign aid expenditures represent a drain on the balance of payments. In view of this I cannot get very excited about the argument that foreign aid is a serious drain on our balance of payments.

I can and do get concerned over the fact that in the past we have been trying to spend more foreign aid than we have been able to administer effectively. We have been most reluctant to demand the conditions necessary to make aid effective in terms of economic development. We have settled for promises when we should have waited for action to justify our support. We have not developed that standard of project selection and preparation which should be the very hallmark of our work. In general we have succeeded in identifying foreign aid with large amounts of money, but not with large numbers of projects and programs which are building economic strength into the countries we are trying to help. Fortunately there has been concern in AID about these shortcomings as recent changes indicate.

Congress has tried in some cases to build into the foreign aid legislation some of the necessary conditions which should govern foreign aid if it is to be effective in terms of economic growth. There is for example the Hickenlooper amendment which would bar aid to countries which expropriate American property without prompt and adequate compensation. As a matter of fact, there is a new amendment to the Hickenlooper amendment which is being discussed now. That amendment goes even further than the original one and says that if any contracts or concessions are canceled by a foreign government, that no aid should be given to the country that canceled these contracts or concessions until adequate compensation has been paid, and paid in convertible currency. I'd like to say I am highly in favor of the Hickenlooper amendment and his new one. Congress has also opposed using foreign aid to support government-owned industries. I certainly favor this legislative limitation. In both cases the climate for private investment is at stake. Not only should we, as a matter of course, use our aid in every way possible to improve the climate for our own and other foreign private investments; we should also avoid encouraging the governments of these new nations to expand their operations into areas where other forms of finance and enterprise can be encouraged. There is no government now receiving foreign aid which does not have more now on its administrative plate than it can digest. So, to condone with or aid the acquisition of foreign industrial

properties or to use aid to foster government-owned industries cannot, in my opinion, be justified in the name of promoting economic growth.

But most of the conditions which should govern foreign aid if it is to be effective cannot be legislated. As a matter of fact, attempts to do so would only compound further the already very difficult administrative problem which the AID Administrator faces. The tests of success in any foreign aid program are easy to state in generalities: Is the program identified with high priority projects which are producing a higher standard of living? Is the Agency insisting on reasonable fiscal policies as a prior condition for its help? Does the program encourage reforms needed for economic growth? But there is no way that Congress, through legislation, can insure that any foreign aid program will pass these tests. In spite of the fact that whole libraries of books have been written attempting to define some fiscal policies, there is in practice no substitute for careful and mature personal judgment in deciding when fiscal conditions are ripe for aid and when they are not. Nor is there any reliable substitute for personal judgment when it comes to choosing among projects—when it comes to deciding what is of high priority and what is not. Our Congress cannot legislate reforms for other nations; they have to be negotiated. So, on all of these counts the AID Administrator's lot is not an easy one. He must adopt standards, deliberately; he must set conditions, consciously; and he must do these things without leaving the legitimate preserve of economic development and wandering into the purely political preserve.

Since the line between these two preserves is often very unclear, anybody who undertakes to administer foreign aid is, by definition, living dangerously. I have always thought that an international organization could offer certain protections which are particularly valuable in the administration of foreign aid—provided, that is, that the international organization is like the World Bank or the Monetary Fund, itself governed by financial principles and not simply an organization to allow a lot of recipient nations to divide up the contributions of a few donor nations. I think, as a matter of fact I know, it is somewhat easier for an international organization to ask for, to demand, and to receive the assurances and conditions necessary for effective aid without being accused of undue interference in the international affairs of the recipient countries or of trying to get some political advantage. I was therefore interested to see the Senate Foreign Relations Committee pick up this argument and lend its own endorsement in its recent report. I personally believe that the balance between bilateral and multilateral aid should be redressed in favor of multilateral aid. I would even make a guess that it will be redressed as time goes on. And as it becomes more evident that foreign aid can only be effective if it is identified with projects and programs that are in fact producing lasting economic wealth.

I do not look for or recommend any radical shift away from bilateral aid in favor of multilateral aid, but I do look for a gradual shift. I don't think bilateral aid can ever be completely free from the political pressures of the moment; to some extent it is bound to be wasted in efforts to put out political fires. In the long run, I think foreign aid will come to be accepted most readily where it is administered by organizations, like the World Bank and the Monetary Fund organizations whose primary objective is economic development and not to gain some political or commercial benefits.

But the problems besetting our foreign aid program are not basically institutional. Whether foreign aid is administered inter-

nationally, regionally or bilaterally, the important thing is the quality of the product—the conditions asked and the standards set.

I'd like to leave you with these three thoughts:

Some say that if the threat of communism were to disappear tomorrow, Congress would immediately cut off all foreign aid. I think this is a cynical argument. We don't need foreign aid because the Communists make it necessary. We malign the power and impact of our own heritage when we couple foreign aid with the twists and turns of Communist policy. We give foreign aid because it is both imperative and unavoidable that we participate in the development of those countries which, largely because of their many-sided encounters with Western civilization, are desperately seeking some escape from their poverty. We have foreign aid because the achievements of our way of life in the past have made it a matter of self-respect in other nations to ameliorate their mass poverty. The presence or absence of the threat of communism in no way alters this fact. If we are to remain a great nation in the Western tradition—if we are to remain true not just to our humanitarian tradition, not just to our economic precepts which are built on the fact that prosperity flourishes only when the maximum number of people and nations share in it—if we are to remain true to our own heritage and if we are to accept the responsibilities history has thrust on us, then we will continue foreign aid.

Second, I would like to suggest that we approach Congress in this direct way, and stop pretending that foreign aid is a sure cure for the political ills that plague us at the moment. Foreign aid should be presented to Congress as a means of promoting economic growth and nothing else. It should be presented in terms of projects designed to produce real wealth. It should be presented in response to actions, not promises, on the part of other countries which are seriously interested in economic growth. It should be presented, not as a bribe for other nations to reform, but as an investment in other nations where reforms are already underway. Do this and I suggest the political benefits will come as natural byproducts. Can we not say of our own experience that it is by concentrating on economic development that we have most successfully ameliorated our own political problems? Should we not say of foreign aid that economic development is what we are after in the realistic hope that it will yield political byproducts consistent with our own security and prosperity? We've tried putting the political byproducts first: now I think we should try putting economic development first.

Finally, I agree with the Senate Foreign Relations Committee that more effort and thought should be given to ways and means of internationalizing our aid effort. The challenge of development in Asia, Africa and Latin America affects all Western nations because all Western nations have contributed so much to the kind of world we live in today—a world divided increasingly by the gap in wealth between those who have practiced economic development and those who are only just now learning how. It makes political sense, but more important it makes economic sense to pool the resources and talents of the Western nations in organizations which have no other purpose than promoting development. This is the best way, I submit, to gain acceptance for the conditions which must be met before foreign aid can do its work.

The question, then, is not: "Should we continue foreign aid?" Of course we should and we can afford every penny which is administered effectively. The question is: "How can we improve the quality of the product?" Foreign aid is one business

where it should be a matter of pride to produce a quality product. And if we insist on this I predict that the growing opposition to foreign aid by Congress and others will disappear as it should.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from New York [Mr. JAVITS].

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. JAVITS. Mr. President, I support the conference report. The only reason for taking time to speak is that the report carries out, in a very important respect, such a forecast for the future as to deserve to be marked significantly in this debate.

There seems to be a general feeling, which I share, that the foreign aid program, if it is to last—and I believe it must last, as an essential offensive against communism in the world and as an essential offensive for freedom in the world—must have a new direction, a new concept, and a new technique.

Very clearly, as always happens, what is coming is forecast by what is. To me the most significant aspect of the report for the future, though it is not by any means the most important provision in an absolute sense, is the establishment of an advisory committee on private enterprise, which is now contained in the report and can be found at page 8.

The language provides that the advisory committee, which will meet frequently—a working committee meeting every month—shall furnish information as to exactly how the private enterprise system is being utilized. I emphasize that this does not mean only private enterprise as we generally think of it, as business and profitmaking concerns, but includes, as is set forth, “labor and professional,” “universities and foundations,” and “persons with extensive experience in government,” who are now out of government. They will chart the way in which the foreign aid program can be carried on by private enterprise.

I predict that beginning with the fiscal year 1965, and in the years after that, the foreign aid program of the United States will be extensively carried on under contract with business, and non-profit private enterprise organizations will be intimately woven in with consortiums of business concerns which at one and the same time will be pursuing manufacturing and other activities directly and with partners in underdeveloped areas and will be carrying out Government programs for training, technical assistance, and other activities in the most economical way.

I believe that the absolute dollar amount to be spent can be materially cut in respect to the entire conduct of this Government, and yet I believe the program can be carried on with infinitely more efficiency and greater fidelity to the real purposes—the encouragement of freedom and the encouragement of private enterprise—if we readapt the program completely along those lines.

It is not beyond the realm of possibility that the American people may be interested in investing in a foreign aid corporation very much along the lines of the Communications Satellite Corp., now

in the process of development, as an additional way in which the massive sums required—which are required in credit as well as in money and in technical assistance as well as in more tangible resources—may be invested in this effort.

At one and the same time that foreign aid appropriations in a governmental sense may be reduced, the aggregate amount utilized for foreign aid must be materially increased. The only way to accomplish that is to harness the private enterprise system.

Finally, the insistence in the proposed legislation upon the absolute indispensability of participation by other nations, especially the European nations, is a major point of emphasis. This must be the primary thrust of American foreign policy in the foreign aid field.

The Senator from Minnesota [Mr. HUMPHREY] and I are trying to work on this problem with a great Latin American investment company. The unity and the consortium of foreign private enterprise—notably in Europe and Japan—with American private enterprise, in partnership with Latin American private enterprise, such as the company we are endeavoring to have succeed, and with private enterprise in other areas—whether it be Africa, Asia, or the Middle East—will be the ultimate answer to the problem.

I emphasize this forecast for the future. The United States is becoming much more hardheaded about the program. That is clearly shown by the amendment a number of Senators sponsored along with the Senator from Alaska [Mr. GRAVENING] concerning President Nasser.

The country is also becoming more hardheaded about the utilization of the totality of its resources, including private enterprise, for the purpose of making the program a success. I predict that will be the program of the future.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. I thank the Senator very much.

Mr. CARLSON. Mr. President, will the Senator yield me one-half a minute?

Mr. FULBRIGHT. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, some persons who are vitally interested in this program would like to see the transfer of funds from development research to supporting assistance because they feel it could be better carried on. I ask the chairman of the committee if that cannot be done under existing law, and also if there is anything in the conference report that would prevent it.

Mr. FULBRIGHT. There is clear authority to take that money from any source in part 1, from supporting assistance or from grants.

Mr. CARLSON. I thank the chairman.

Mr. FULBRIGHT. In view of the amount involved, it would be perfectly proper to put it into supporting assistance.

Mr. President, I commend to the Senate the adoption of the conference foreign aid bill for 1963. It is, in my judg-

ment, a fair and reasonable compromise between the original Senate and House bills, between which there were many differences and conflicting provisions.

There is much in the conference bill which may be displeasing to Members of the Senate. I myself am by no means satisfied with every detail of the compromise bill.

In the introducing the presentation of the bill as it came from the committee, I made quite clear in my statement that I was not satisfied with the present form of the program, and recommended certain additional changes in my initial statement. I still think the program needs revising, but I do not recommend that it be completely mutilated, or that the power to administer efficiently be destroyed.

There is nothing alarming or shocking about this. It is in the nature of any compromise that no one can be satisfied with it in all its particulars. The important point is that an accommodation has been reached that includes many of the preferences of each House and that on the whole should be satisfactory to both Houses.

The conference bill has been criticized for what is said to be too high an authorization. I am at a loss to understand the basis of this criticism. It will be recalled that the administration originally asked for an authorization of \$4.9 billion and then, after the Clay Report, reduced its request to \$4.5 billion. The Foreign Relations Committee reduced this amount by \$300 million and the Senate reduced it by another \$500 million to a total authorization of slightly more than \$3.7 billion. The conference bill reduces this figure by over \$100 million to a total authorization of less than \$3.6 billion. I do not see how the Senate conferees could have reduced this amount further without putting themselves in clear violation of the will and intent of the Senate.

The conference bill has been criticized on the ground that certain policy provisions included by the Senate have been omitted or altered. This is perfectly true. It is also true that certain provisions of the House bill have been omitted in deference to the wishes of the Senate. This, as no one needs to be reminded, is the normal and traditional procedure of conferences between the two Houses.

Major provisions of the Senate bill which were not in the House bill were retained by the conference. Among these are the following: A provision for research into problems of population growth; a provision for assistance to Latin American cooperatives; restrictions on military assistance to Latin America; restrictions on military assistance to Africa.

I am still at a loss to know exactly what the Senator from Louisiana was complaining about. I thought, and still believe, as I read this restriction, that it is in accord with his argument. In any case, there is a restriction of a rather strict limitation on military assistance to Africa.

There is a provision for the sale of foreign currencies to U.S. citizens for travel or other purposes; an expansion

of the Hickenlooper amendment regarding the expropriation of U.S. property to cover the nullification of contracts with American citizens and providing for the evaluation of claims by the Foreign Claims Settlement Commission; a ban on assistance to economically developed nations; a provision encouraging the participation of private enterprise in the technical assistance program; the inclusion of fish in the list of commodities available for sale under the provisions of Public Law 480; and finally, the restoration of the President's authority to grant most-favored-nation trade treatment to Poland and Yugoslavia.

The conference bill is a fair and reasonable compromise between the House and Senate bills. It cannot be entirely satisfactory to every Member of each body or to either body as a whole. It represents a consensus of the wishes of the two Houses, which is precisely what a conference bill is supposed to do. As the senior Senator from Oregon noted in his speech to the Senate yesterday on this bill, "after all, in the legislative process it is necessary to count noses."

That is exactly what was done in conference. Under the circumstances, I believe the compromise is a very fair one, and does not depart in any material way from the usual processes that have been followed in the past with regard to conferences between the two bodies.

A moment ago the Senator from Alaska asked a question, and wished to know if I would comment on Cambodia. Our experience in Cambodia was most unfortunate. It is unfortunate that the Dyna-Soar project was abandoned because, according to the press it was a false start. It cost only \$400 million. I regret that fact. I suppose the Secretary of Defense would say, "We were mistaken in that particular undertaking." Perhaps we were mistaken on Cambodia.

I remind the Senator that Mr. Sihanouk, head of that country, has his own views. I do not know what the Senator from Alaska thinks we should do—whether we should stay in there, go over there and take it over; or whether he thinks we should have gone in the first place. It may well be that we should not have interested ourselves in that country; but at the time we did, it was the policy of the then administration, and Congress, as is usually the case on matters of foreign policy, to recognize the primacy of the Executive, under our Constitution, in these matters, and to follow those suggestions as a matter of policy.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Minnesota.

THE COOPERATIVE MOVEMENT IN LATIN AMERICA

Mr. HUMPHREY. Mr. President, earlier in the foreign aid debate, I referred briefly to the role which the cooperative movement is playing in the development of Latin America. I mentioned that I offered an amendment to the existing aid bill to assist in the de-

velopment of an Inter-American cooperative finance system, an amendment which was accepted by the Foreign Relations Committee. This bill, with one modification, was passed by the Senate.

A significant breakthrough in expanding the self-help, private enterprise feature of our assistance program in Latin America is made by new provisions included in H.R. 7885 which authorizes the President to:

Assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.

This was the amendment I introduced 2 years ago, to encourage giving further attention to the cooperative movement in this hemisphere.

There are today nearly 6 million people in Latin America who are already members of more than 16,000 cooperatives. These cooperatives are urban and rural. They deal in credit and fishing. They are trying to provide housing and transportation. In short, they include people from every walk of life. The charter of Punta del Este and the inauguration of the Alliance for Progress are offering new hope and new expectations among these people and among the millions who are not yet a part of any institution or system which permits them to participate in their own economic development and the economic development of their countries. A strong integrated cooperative movement offers one of the finest means through which a significant segment of these masses can organize their own institutions to permit them to participate economically and which, incidentally, will teach them the value of a private enterprise system and the value of practicing democracy. It gives them a stake in the stability of their own government since they will, for the first time, own something which can be lost.

To make the cooperative program more effective, I proposed and the Senate recommended the local currency be made available to support the establishment of an Inter-American cooperative finance institution. The report of the Senate Foreign Relations Committee states clearly the views of the Senate:

The committee has long been impressed with the constructive role which cooperatives can play, not only in promoting economic growth, but also in contributing to the democratic development contemplated by the Alliance for Progress. In order to give special emphasis to the importance which the committee assigns to the role of cooperatives, special provision is made in this bill for the use of certain foreign currencies available to the United States in Latin America to assist the cooperative movement.

First, a new subsection is added to section 251 of the act, which contains the general authority for the Alliance for Progress. This new subsection provides that the President "shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and

social development under the Alliance for Progress."

Second, a new provision is inserted in section 253 of the act, which relates to Alliance for Progress fiscal provisions, to make foreign currencies available for this purpose. The foreign currencies involved are those which have accrued as a result of loans which are repayable in foreign currencies. Most of these loans were made by the Development Loan Fund between 1958 and 1961. Since the latter date, all development loans have been repayable in dollars. However, as a result of earlier development loans, the United States now has about \$7 million in Latin American currencies. This amount is expected to increase, as a result of repayments, to about \$60 million over the next 5 years. The President is authorized to reserve up to \$25 million of these currencies in any fiscal year, for loans to cooperatives. These funds will be available for this purpose without regard to section 612 of the act, or of any other act which makes foreign currencies available only as specified in appropriations acts.

The foreign currencies to which this amendment applies can be used not only for loans to individual cooperatives but also to provide seed capital, should that prove desirable, to a central inter-American cooperative finance institution for relending.

In the debate in the Senate, one sentence was struck out—that which would make local currency available without going through the appropriations process.

I would like to make it clear that the Senate has not changed its mind in regard to the priority which cooperatives should enjoy under our aid program. In the distribution of local currency which may become available, it is the intention of the Senate that the inter-American cooperative finance institution shall have the highest priority.

Mr. President, I make this statement because I realize that priorities are established on the availability and use of so-called foreign currencies. I can think of nothing more valuable than to promote reform in the agrarian or agricultural areas of Latin America. A rural development program or agrarian reform program is utterly worthless unless it is possible to have supervised credit. That credit usually comes from a cooperative movement. The only way in which poor people in rural areas have an opportunity to improve their lot in life is through a cooperative institution. It is no longer a matter of an individual farmer having his own individual plot of land. We are now faced with the fact that the choice is between cooperation and collectivism. We do not want collectivism; therefore, by having individual ownerships pooled through cooperatives such as we have known in the United States, and as are known in Scandinavian countries, much can be done to lift the standard of living in the rural sections of Latin America.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. FULBRIGHT. I yield 2 more minutes to the Senator from Minnesota.

Mr. HUMPHREY. I would put clear emphasis upon the Alliance for Progress program, in particular. The tendency is to look upon the program primarily as a

capital development program. It seems to me that greater emphasis must be placed upon the human needs, the social needs—the needs of the people in those areas.

Capital development is important, but if we can develop a reasonably stable political environment, private capital development will fulfill much of the need that is now being filled by public capital.

I hope there will be no diminution in our desire to see to it that the Alliance for Progress, in particular, will work in the fields of education, health, community development, and the improvement of transportation, particularly with reference to farm-to-market-type roads, communication, and telecommunication; and that, above all, we will see to it that the needs of the young people in vocational training and technical training fields are satisfied.

In many programs entirely too much emphasis is placed upon the sheer financial aspects, and not enough upon the social aspects. Therefore I hope that there will be a more rapid processing of projects. The delay is intolerable. I have spoken about this situation on many occasions. I understand the administration will make some reorganization of the foreign aid program, particularly with reference to the Alliance for Progress. I hope, if it does so, it will give more authority in the field, to the mission directors and those on the spot doing the job, rather than requiring clearance on a project through 25 different desk operations. Twenty-five of them will not do a better job than two or three. If a decision cannot be made in the field, and on one or two levels higher than that, the decision will never be made, at least not satisfactorily. To have it go through 25 desks is nothing but nonsense.

Finally, I know that in the conference report the House managers make a statement to this effect:

The House managers believe that if excess currencies become available in Latin America in some subsequent period in significant amounts, the reservation of such currencies authorized by this provision, as well as any other reservation of foreign currencies for future use, should be reexamined in order to evaluate the relationship of such reserved currencies to current U.S. requirements.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield 1 more minute to the Senator from Minnesota.

Mr. HUMPHREY. I wish to make it clear that that is the view of the House, not the view of the Senate. Certainly it is not the view of the Senator from Minnesota. There will be excess foreign currencies in Latin America. Those currencies ought to be utilized for programs that give direct benefits to the people who need these programs the most. Too much attention is being given to people who need little help and are getting much, and far too little attention is being given to people who need much help and are being given little.

I saw yesterday in the public works bill an instance of this, when the people of Minnesota were denied a part in the accelerated public works program. I do not like it, and I intend to make a point of it for the RECORD.

Mr. MORSE. Mr. President, I am shocked, disappointed, and saddened. I have been waiting with bated breath and great expectation and high anticipation for the ultimate defense of this monstrosity. I thought that at some time during the debate in the weeks that have been given to it, something might have been said which would make sense in defense of this shocking waste of taxpayer dollars.

I have listened in vain. I feel somewhat like the little boy who had waited for a long time for his Dutch uncle to take him to the theater. He had been told what a great play he would see.

Finally he got into the theater, with all its glamour—something like this Chamber—and discovered that it was a Greek tragedy, with the players speaking Greek.

I feel that that is what I have been listening to in defense of the bill.

Let the RECORD speak for itself.

I ask unanimous consent that at the end of my remarks in opposition to the concurrent conference report on foreign aid there be inserted in the CONGRESSIONAL RECORD these items from the New Republic.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

[From the New Republic, Nov. 23, 1963]

AID BUT NOT COMFORT

The President is of the opinion that "this is the worst attack on foreign aid we've seen since the Marshall plan," but the administration invited attack before the battle began. First, Mr. Kennedy appointed a Commission headed by General Clay which he must have known would not be disposed either to firmly endorse the President's original request for \$4.9 billion (it was trimmed to \$4.5 billion in the Clay report), or come up with any radically new approach that took into realistic account the urgent and growing needs of developing nations over the next decade. Then in the Senate, almost before debate had opened on the President's foreign aid request, Senators MANSFIELD and FULBRIGHT, Senator DIRKSEN concurring, volunteered to cut it by \$385 million. From then on, it was every man for himself. At one point, Senator ANDERSON rose to ask what the chairman of the Foreign Relations Committee, Mr. FULBRIGHT, really thought of the bill. Liberals like FRANK CHURCH and ERNEST GRUENING, neither of whom is up for reelection for another 5 years, teamed up with budget balancers and America-firsters like BARRY GOLDWATER to hack away. Not Senators MANSFIELD and DIRKSEN, but the Oregon maverick WAYNE MORSE took charge. Anti-Kennedy southerners, many of whom had heretofore voted for the program, now took pleasure in slicing a bit here and a bit there. What Senator LONG of Louisiana termed the most ridiculous piece of amending legislation in his experience was approved—"no assistance shall be furnished under this act to any country which has extended or hereafter extends its jurisdiction for fishing purposes over any area of the high seas beyond 3 miles from the coastline of such country." The Chilean, Ecuadoran and Peruvian peasants who will be hurt by this are in no position to compete with the tuna fishermen of California and Washington, represented by Senators KUCHEL and MAGNUSON; the crabmen of Alaska, backed by Senators GRUENING and BARTLETT; or Senator TOWER's Texas shrimpers—whose collective difficulties with foreign boundary makers led to the amendment's adoption. Senator PROXMIER gave the show away when he stated in support of his own

amendment to deprive the President of any discretion in giving assistance to Yugoslavia (adopted, and unadopted 24 hours later): "I honestly believe that the vast majority of people in Yugoslavia do not approve of this dictator. Certainly the people who have come to Wisconsin from Yugoslavia have nothing good to say about him."

Foreign aid, it is always said, has no constituency and is therefore especially vulnerable. Yet Congressmen say privately that the hostility of their constituents this year is very little, if any, greater than in the past. Nor can one explain the abandon with which internationally minded Senators have been trying to write a new bill on the floor of the Senate on the grounds that something is wrong with the program. Many things may be wrong with it, but they will not be righted this way.

Who is to blame? To a large extent, the very leaders who clearly see the importance of foreign aid. It has been presented by them for the past decade not as a continuing obligation of the rich to the poor, which it is, but as "a weapon maintaining the influence of the United States," as the President said on November 14, or as good for American business. Congress then steps in and decides to cut off funds to countries where U.S. influence has waned or which restrict U.S. fishing rights. And if, as its salesmen have been saying for so long, aid is a weapon against communism, why give it to Poland or Yugoslavia? The appeal that has been muted is the appeal to conscience. The Government has been and still is willing to cast its bread upon the waters, for we have wheat in embarrassing and expensive surplus, but thereafter the discussion is in terms of mutual backscratching. A unanimous enterprise is reduced finally to a slush fund.

[From the New Republic, Nov. 30, 1963]

THE AID PROGRAM—A SENATORIAL DISSENT

The New Republic's lead editorial last week entitled "Aid but Not Comfort" missed completely the significance of the 3-week debate in the Senate on the foreign aid authorization bill. The editorial gave the impression that a small band of willful, liberal Senators imposed their will upon the majority of the Senators in order to protect local interests in their home States. Then you sounded slightly bewildered in trying to explain the Senate's actions despite the alleged lack of increased hostility to the foreign aid program as expressed in letters received from home.

What has happened in the last decade is that when the friends of foreign aid complained about the program's operations, they were told to suppress their criticisms lest they lend aid and comfort to the program's opponents. They were told that if they would but vote for increased authorizations and appropriations the deficiencies would be remedied. This has gone on year after year, but the changes in the program, repeatedly promised, have not been made. Every few years a bone is thrown to the complaining friends of the program by renaming it.

This year the suppressed emotions of the friends of foreign aid exploded on the floor of the Senate.

Fifty-seven Senators (of the 86 voting) voted for Senator KUCHEL's amendment on the arrest of U.S. fishermen in the belief that it was ludicrous for the United States to continue paying Ecuador \$152 million a year while that country continued to use the naval vessels given them as part of our Latin American military aid program to arrest U.S. fishermen 200 miles off the coast of Ecuador. (The wording of the amendment in the New Republic was not correct.)

Sixty-five Senators (of the 78 voting) voted for my antiaggressor amendment because they felt strongly that it made no sense to continue to pour \$224 million per year into Egypt (nearly \$1 billion to date) while that country continued to spend approximately

the same amount waging aggressive wars in Yemen and continued to purchase offensive Communist weapons, including ground-to-ground missiles, submarines, jet fighter planes, to carry out its repeatedly announced intention of waging war against Saudi Arabia, Jordan, Israel, and Morocco.

The Senate itself, by a voice without dissent, agreed to add my amendment cutting off military aid to Latin America in view of the repeated instances where that aid has been used by military juntas to overthrow constitutionally elected governments.

Seventy-eight Senators (of the 80 voting) joined Senator JOHN SHERMAN COOPER in his amendment to authorize the President to appoint committees to "review, evaluate, and make recommendations respecting foreign aid programs."

The Senate Foreign Relations Committee, in its report on the bill, had itself, in no uncertain terms, pointed out the need for changes in the program, but failed to reflect its beliefs in the bill it reported.

The admission by the majority and minority leaders, almost at the beginning of the debate, that the total could be trimmed an additional \$385 million cast doubt on the validity of all authorization requests, especially since high administration officials, a few short weeks before, had pleaded with members of the Foreign Relations Committee that the higher figure was absolutely essential for our security.

After the vote on the final passage of the bill in the Senate, a State Department employee was overheard to remark that the Department had done remarkably well since it had padded its request by \$1 billion just to take care of congressional cuts.

The fact is that the program has had too much money and has been profligate in its use of the vast sums appropriated, oftentimes hurting rather than helping the countries aided.

One reason for the faulty analysis by the New Republic may well be that there has been an almost complete blackout of news about the program. Recently I completed a lengthy study of the foreign aid program in 10 Middle Eastern and African countries for the Senate Committee on Government Operations. My findings were contained in a printed report (472 pages) which, for the first time, went into the program in those countries in depth. Yet the press and periodicals contained very little, if any, mention of those findings. That report demonstrated with facts and figures how too much U.S. aid could hurt rather than help the economy of a country. The more recent example of Colombia being unable to spend our aid is another instance of the same prodigality.

In addition to our giving certain countries more money than they can absorb, we are giving AID dollars to countries which are not really interested in economic development or are not ready for the type of economic development they need to undertake.

Why should we continue to give aid to the rich European countries, which our aid has rehabilitated, to the tune of \$899.1 million in fiscal year 1963? Japan belongs in that same category.

Should we continue to pour our dollars (140 million of them in fiscal year 1963) into Indonesia so that Sukarno can destroy Malaysia while his domestic economy goes from bad to worse?

How long are we to continue to sink \$172 million a year into Brazil which continues to break its promises of economic reform?

How long should the United States agree to send over \$156 million a year to Argentina while it permits its chaotic politics to disrupt any worthwhile efforts at economic development?

Our Greek, Lebanon, and Israel programs are supposedly stopped. Should not, therefore, the foreign aid tab be less by the amount (\$200 million) they received in fiscal year 1963?

Just adding the amounts of aid to the countries named—without naming other which are indifferent to their own best interests—we reach a total of over \$1.5 billion by which the grant and loan authorizations can be cut. A \$2.5 billion appropriation would be entirely adequate apart from the fact that \$6.5 billion in the foreign aid pipeline are unspent and available.

The astounding fact is that our aid now goes to 107 countries around the world. In some of these countries our AID program is large—in others it is small. Money is the new weapon of diplomacy. No funds can be spent from the Treasury unless it has been appropriated by the Congress. That is what the Constitution provides. In appropriating funds, the Congress must state the purposes for which they may be spent. The administrators of all programs—both foreign and domestic—would, of course, like to have a blank check. But we do have a government of checks and balances. Congress cannot delegate its duties to the Executive any more than the Executive can shift its duties to the Congress.

What has happened during previous years is that the Congress has not fulfilled its duties with respect to the foreign aid program. The loud shrieks of anguish heard on Capitol Hill and echoed in much unperceptive newspaper and magazine comment concerning the recent foreign aid debate really reflect the realization that the Senate was seeking for the first time to regain that control over the foreign aid program which it should have exercised all along, and by doing so has substantially improved the program.

ERNEST GRUENING,
U.S. Senate.

[From the New Republic, Nov. 30, 1963]

PROGRESS FOR WHOM?

Senator GRUENING's statement to the New Republic in this issue reflects a spreading pessimism in high as well as low places about Latin America. The Alliance for Progress seems not much of an alliance, and not much progress can be reported either. The Organization of American States, in the words of a distinguished Bolivian author and diplomat, Fernando Diez de Medina, "has demonstrated its bureaucratic paralysis. It acts sporadically. It reflects the thinking in Washington rather than the thinking in Latin America." AID injections to prevent political infection are increased, and the patient gets sicker. The hoped-for healing effects of new investment are canceled out by the low prices of basic commodities Latin America has to trade, and by a population that at present rates will give that continent a half-billion people by the end of this century. Long-term economic development requires confidence in the future. But there is little of that. Latin Americans have sent more than \$11 billion overseas since the end of World War II. One military coup succeeds another. In his speech to the Inter-American Press Association last week, President Kennedy recited once more the sad statistics of poverty and repeated the ritual warning, surely wearisome by now to Latin Americans, that Communists must keep out. But it was tired stuff.

The United States has offered \$1 billion a year to buy reform (also known as "modernization"). But who will judge which reforms, where, and how speedily accomplished? The administration says the Latin Americans must answer that question. It does not really mean that, however; obviously the Latins cannot decide for themselves how money from American taxpayers is to be used; too much of it would go into unwise public works, or into very wise private pockets. For their part, most South American governments resent interference from the north, but they also resent non-interference which takes the form of no help. There is another paradox. Although the

administration is urging more private investment in Latin America, it acknowledges the sovereign right of any government to expropriate these investments so long as just compensation is given. Not only does the prospect of just compensation add nothing to the attractiveness of private investment abroad, but as the government of President Illia in the Argentine is demonstrating, that very investment is a club with which a government can beat further concessions out of the United States. Argentina has replied to protests at her cancellation of oil contracts with American business firms by threatening to seize other American properties if the United States takes retaliatory action. Mr. Illia perhaps thinks that he can go far before U.S. aid is withdrawn, for by permitting us to help them, the Latins offer us an excuse to provide more employment at home. Of \$1.8 billion given to date to Latin America under the Alliance, 80 percent has gone to buy goods and services in the United States.

In 1961, the administration announced plans to spend \$260 million to finance the development of the wretched northeast section of Brazil. Almost none of that money has been spent. (It takes about 2 years to get AID approval for a project; it is always manna mañana.) AID officials refused to grant Peru funds to buy picks and shovels for Indian workers; that's against regulations, not a sound business proposition—picks and shovels could be lost or stolen.

As for the importance of constitutional government in this hemisphere, the President at one point in his address last week may have invited new coups. That is the meaning certain groups in Latin America, fearful of a "leftist" takeover, will read into his words: "The American States must be ready to come to the aid of any government requesting aid to prevent a takeover linked to the policies of foreign communism rather than to an internal desire for change." Nor will it soon be forgotten in South America that the leaders of recent military coups were trained and equipped by the United States.

Mr. MORSE. Mr. President, I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I shall vote against the conference report.

First, in the bill which was passed by the Senate there was a provision to the effect that no aid was to be granted under the act to any country which contemplated using money in establishing a Government-operated enterprise in competition with private enterprise, unless it clearly appeared that private enterprise was not adequately doing the job.

That provision in the Senate bill has been stricken.

I do not believe that our country can give money for the purpose of socializing countries around the world without eventually endangering the security of our own Nation.

Second, the bill which passed the Senate prohibited the granting of any aid, of any type, under the act to Communist countries. That provision has been stricken.

Third, in the Senate committee the Mundt-Lausche amendment was adopted, providing that when loans are made they shall bear interest at not less than 2 percent a year, beginning in the 5th year, and that they shall have an amortization period of not more than 35 years.

The Mundt-Lausche amendment was diluted in committee. Our amendment

initially provided a rate of 2 percent from the date the obligation began. The dilution by the committee has been aggravated by the dilution by the conferees. There are other reasons why I shall vote against the conference report, but these three I definitely state.

Mr. MORSE. Mr. President, I yield 1 minute to the Senator from South Dakota.

Mr. MUNDT. Mr. President, I join in the expression of disappointment just expressed by the Senator from Ohio. I, too, shall vote against the conference report. I deeply deplore the back-trucking which was done on our constructive work in raising interest rates on foreign aid loans to a more realistic figure.

I take the remainder of the time yielded to me to call the attention of the Senate to a rather astonishing development from the standpoint of our trade concessions to Red Russia and her slavish satellites. Many Senators and taxpayers will be shocked to learn that on December 11 the Department of Commerce announced that it had granted a license to sell and ship wheat to East Germany, a Communist country whose government we do not even recognize. The announcement is eloquently silent as to whether the credit guarantees the American taxpayer is expected to extend on Red purchases generally will be made available to a government which we deny exists. I shall try to ascertain those factors and discuss them later. If Export-Import Bank credit is to be extended to East Germany it will indeed be a curious procedure in view of our non-recognition of Communist East Germany and our opposition to the Berlin Wall it has erected as a barrier to normal East-West city relations.

This action demonstrates the importance of the issues of S. 2310, which would have prohibited extension of American public credit to communist countries. These issues remain undecided in this body. All we decided by the rollcall vote on November 26 was to defer the decision, by laying the bill on the table. The basic issues are as vital and significant today as they were then.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Grain Sale Prospect Up; East Zone to Get Wheat," written by Frank C. Porter, and published in the Washington Post of December 11, 1963; and an article entitled "\$3.2 Million Export of Wheat to East Germany Authorized," written by William M. Blair, and published in the New York Times of December 11, 1963.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 11, 1963]

GRAIN SALE PROSPECT UP; EAST ZONE
TO GET WHEAT

(By Frank C. Porter)

Prospects for wheat sales to the Soviet Union brightened yesterday. At the same time, the Department of Commerce licensed the shipment of \$3.2 million of wheat to East Germany.

Under Secretary of Commerce Franklin D. Roosevelt, Jr., emerged from a meeting with shipowner groups and announced that U.S.

flag vessels are expected to be fully employed on other business for the next 6 or 7 months.

In reversing the ban against shipment of subsidized commodities behind the Iron Curtain, the administration decreed that 50 percent of wheat commitments must be carried in domestic bottoms where available.

But operators of U.S. tramps and tankers charge at least \$3 a ton more on Soviet routes than do foreign shipowners. The Russians have balked at paying this higher delivered price.

Not so the Hungarians, who have purchased some \$15 million worth of U.S. wheat. But on the second shipment of 100,000 tons, the domestic seller sought a waiver of the shipping preference.

Last week the Commerce Department granted it, ruling that U.S. ships were then completely tied up with food for peace, other foreign aid and oil cargoes.

National Maritime Union President Joseph Curran promptly fired off a blast, insisting that the ships were available, and that specifications and orders had been "jockeyed"—a protest that he subsequently softened.

But representatives of the American Maritime Association and the American Tramp Shipowners' Association said after their meeting with Roosevelt yesterday that they support the waiver and agree with administration policy.

Roosevelt also said the Department is seeking reaction from the shipping trade on the draft for a proposed tightening of waiver procedures. The draft would require applicants to solicit all U.S. shipowners before seeking a waiver. It would also require traders to seek domestic bottoms on a 30-day-availability basis.

[From the New York Times, Dec. 11, 1963]

\$3.2 MILLION EXPORT OF WHEAT TO EAST
GERMANY AUTHORIZED
(By William M. Blair)

WASHINGTON, December 10.—An export license for the sale of \$3.2 million worth of wheat to East Germany was issued today by the Commerce Department.

This will be the first agricultural commodity sale made to a Soviet bloc country since November 21 and the first since negotiations with the Soviet Union for the sale of \$250 million worth of wheat became stalled.

The American seller of the wheat, believed to be about 1.5 million bushels, was not named.

The Department announcement came as representatives of the U.S. tramp shipping industry conferred with Under Secretary Franklin D. Roosevelt, Jr., on what both sides labeled a "misunderstanding" over cargo preference on part of a shipment of wheat to Hungary.

Tramp ship operators and maritime labor unions protested the waiver granted to Cargill, Inc., to permit the grain concern to ship 91,000 tons of a 100,000-ton commitment of wheat sold to Hungary on foreign-flag vessels.

The Maritime Administration waived the requirement that 50 percent of the shipment must be carried in U.S.-flag vessels because Cargill reported it was able to obtain ships for only 9,000 tons.

In public statements, Mr. Roosevelt and the tramp ship representatives pictured the conference as having cleared up the "misunderstanding." But privately both sides appeared to agree that only future developments would tell whether the matter had been settled.

After the meeting the Maritime Administration announced, in effect, that it would get out of the shipbroker business. In the future, it said, exporters or grain dealers must show if American vessels are available for shipments to Communist countries.

The Maritime Administration said it was circulating a proposal that applications from

grain dealers for waiver of the 50-percent cargo preference provision must be accompanied by certification that the dealers had canvassed all possibilities.

This canvass would include publication of the shipping requirements in a daily ship news outlet, with the shipping industry allowed 30 days to reply.

If the grain dealer then applied for a waiver, the Maritime Administration will publish the application in a shipping news daily and allow 5 days for protests. After this the waiver will be granted.

The proposal, circulated for comment by dealers and the shipping industry, also noted that the Government's guideline on rates for U.S. ships in the 15,600- to 30,000-ton class would apply.

This limits the waivers to larger vessels on which the Government has reduced cargo rates by 20 percent to promote the sale of wheat to the Soviet Union. The Russians had complained of the U.S. rates, which are higher than foreign-flag charter rates.

Smaller vessels, including 10,000-ton Liberty ships, are still under the higher rates applicable to foreign aid shipments of farm commodities under Public Law 480, the surplus disposal statute.

Max Harrison, president of the American Maritime Association, said after the conference that "we're in accord with the program" and wished to "help the administration carry out its program."

"We have no problem with the administration," he said.

Mr. Roosevelt said both the labor union representatives, with whom he met yesterday, and ship management "fully support the program."

It is obvious, he said, that the sale of wheat to Communist countries and sales under Public Law 480 "will keep the American merchant marine fully occupied for the next 7 months."

"We do not want to grant waivers," he said, adding that waivers would be granted "only when a seller fully documents his case that American ships are not available."

In the Cargill case he said, the lack of American ships, including Liberty vessels, was "documented to the satisfaction of labor and management." Earlier, the American Maritime Association and the labor unions—the National Maritime Union and the Seafarers International Union—had contended that U.S.-flag vessels were available.

Mr. MORSE. Mr. President, I yield the remainder of my time to that great leader of the opposition, the distinguished Senator from Alaska.

Mr. GRUENING. Mr. President, the Senate, when it was debating the foreign aid bill, vastly improved it. Although it was far from satisfactory, I felt obliged to vote for it, for the Senate had accepted two of my amendments, and others which I had supported. And feeling that the bill had been improved and favoring foreign aid, I voted for it. Most of that improvement has been undone in conference. I spelled out that undoing fully in a long speech yesterday. I shall therefore be obliged to vote against accepting the conference report.

It is shocking to think how these errors—these wasteful practices, these subsidizations of unworthy governments, these giveaways to curry a dictator's favor, these ill-considered projects—continue. The distinguished chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], in answer to a question as to why we had committed follies in Cambodia—\$300 million worth and the arms and military training we have given the

Cambodians now will be used to help Red China—pointed out that we make mistakes at home, such as in the case of the Dyna-Soar.

The point is that we continue to make the same mistakes in the foreign aid program over and over again. Year after year, we have pointed out the folly of providing military aid to countries that either misuse it for purposes other than mutual security or which could not use it effectively if war came. Yet we keep right on doing it.

Apart from the gross errors in the foreign aid program, which I cited in 3 weeks of debate last month and particularly in my remarks yesterday, I point out also that if we consider the program country by country, and eliminate the countries that should not have foreign aid, we could reduce the present authorization by \$2 billion. Those are plain facts.

Consider the new and prosperous countries of Europe, countries made prosperous by our past lavish aid. They are still getting it and should not. Consider Japan in the same category. Consider Taiwan, that little island which has now received \$4,500,00 in every form of economic and military aid from us, but which will be defended, if it ever needs defense, by our 7th Fleet.

Consider aggressor nations such as Egypt and Indonesia, which are waging costly wars or preparing to wage them with the funds we supply them to help their presumably undernourished and unemployed people. Go through the gamut of countries, including the newly independent, into which we rush immediately with our aid, including colonies of mother countries, and into which we have rushed our aid even before they are set free.

The minute a new nation is spawned, we rush in without even knowing what it needs, if indeed it is our obligation to take care of it. Why do we feel compelled to rush in and assist a former colony all over again, the very minute its independence is announced, when we scarce know what would best serve our objectives? Why do we not let the old colonial powers carry over this obligation? We do not require them to contribute their share. We have given aid to British Honduras, British Guiana, and Dutch Guiana while they were still colonies. How can the powers whose colonies they are, be expected ever to assume their responsibilities in assisting our aid programs to the underdeveloped nations seriously when we insist on playing Lady Bountiful in their own bailiwicks?

There is one other aspect I wish to stress. While the debate has been taking place, and with no interruption in the flow of our AID dollars abroad, the domestic aid program, the accelerated public works program which would put our mounting numbers of unemployed Americans to work, is starving for lack of funds. An ad hoc committee appointed by the chairman of the Committee on Public Works has been holding hearings this week. Before that committee have appeared Governors, mayors, and State officials to tell of the vast number of useful projects which are

processed, approved and ready to go but for which there are no funds. The accelerated public works fund of \$900 million—which has done splendid work while it lasted has long since run dry and there will be no replenishment for months.

The contrast between what we do not do for the people at home and what we insist on doing for people abroad is shocking. Such a practice—such a double standard—must stop.

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the Senator from California.

Mr. KUCHEL. Mr. President, over the years, it has been my feeling that the cause of American freedom and American liberty and their perpetuation would be enhanced, in the never-ending struggle with international communism, by a program under which we would be of assistance, economic and military, to the friendly nations, which desire to maintain their freedom and which would stand with the free nations of the West in opposing the onslaughts of communism in any fashion.

I have supported the foreign aid program. It has not been easy. I wish to reexpress today my bitterness at the cavalier fashion in which the conferees dealt with an amendment I sponsored in the Senate and which was approved by the Senate by a 2 to 1 vote. I wish also to express my supreme dissatisfaction with some of the other amendments which were torn out of the bill as it left the Senate by the conferees of the House and the Senate.

However, I do not care to tear down the temple merely because of a great and inexcusable error which was committed in conference.

Nevertheless, with considerable pain, I shall support the conference report today.

I voice the hope of one humble American that the Government of the United States will stand by the rights of its citizens in the use of the open seas. I express the hope, too, that when a foreign aid bill comes before the Senate again, next year, it will be presented in a far more acceptable fashion.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on the question of the adoption of the conference report, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON (when his name was called). On this vote, I have a pair with

the senior Senator from New Hampshire [Mr. COTTON]. If the senior Senator from New Hampshire were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. TALMADGE], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Georgia [Mr. TALMADGE] would vote nay.

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Virginia would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK] is absent on official duty.

The Senator from New Hampshire [Mr. COTTON] and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

If present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from Nebraska [Mr. HRUSKA] would each vote "nay."

The pair of the Senator from New Hampshire [Mr. COTTON] has been previously announced.

The result was announced—yeas 61, nays 26, as follows:

[No. 268 Leg.]

YEAS—61

Aiken	Hayden	Moss
Allott	Hickenlooper	Muskie
Anderson	Hill	Nelson
Bartlett	Holland	Neuberger
Bayh	Humphrey	Pastore
Boggs	Inouye	Pearson
Brewster	Jackson	Pell
Burdick	Javits	Prouty
Byrd, W. Va.	Keating	Proxmire
Cannon	Kennedy	Randolph
Case	Kuchel	Ribicoff
Church	Mansfield	Saltonstall
Clark	McCarthy	Scott
Cooper	McGee	Smathers
Dirksen	McGovern	Smith
Dodd	McIntyre	Sparkman
Douglas	McNamara	Williams, N.J.
Fong	Metcalf	Yarborough
Fulbright	Miller	Young, Ohio
Hart	Monroney	
Hartke	Morton	

NAYS—26

Beall	Johnston	Russell
Bennett	Jordan, N.C.	Simpson
Bible	Jordan, Idaho	Stennis
Byrd, Va.	Lausche	Symington
Curtis	Long, La.	Thurmond
Eastland	McClellan	Tower
Ellender	Mechem	Williams, Del.
Ervin	Morse	Young, N. Dak.
Gruening	Mundt	

NOT VOTING—13

Carlson	Goldwater	Robertson
Cotton	Gore	Talmadge
Dominick	Hruska	Walters
Edmondson	Long, Mo.	
Engle	Magnuson	

So the report was agreed to.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the conference report was agreed to be reconsidered.

Mr. HUMPHREY. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

VOCATIONAL EDUCATION ACT OF 1963—CONFERENCE REPORT

Mr. MORSE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4955) to strengthen and improve the quality of vocational education and to expand the vocational education opportunities in the Nation. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of December 10, 1963, pp. 22797-22803, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the question of agreeing to the report.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I ask unanimous consent that time for debate on the conference report be limited to 15 minutes to a side, with the rule of germaneness to apply.

The PRESIDING OFFICER (Mr. McGovern in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. CHURCH. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. Mr. President, I yield to the Senator from Idaho [Mr. CHURCH].

The PRESIDING OFFICER. How much time does the Senator from Oregon yield?

Mr. MORSE. I yield 1 minute to the Senator from Idaho.

DISPOSITION OF JUDGMENT FUNDS ON DEPOSIT TO THE CREDIT OF THE KOOTENAI TRIBE OR BAND OF INDIANS, IDAHO

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2139) to provide for the disposition of the judgment funds on deposit to the credit of the Kootenai Tribe or Band of Indians, Idaho, which was to strike out all after the enacting clause and insert:

That the unexpended balance of funds on deposit in the Treasury of the United States to the credit of the Kootenai Tribe or Band of Indians of the State of Idaho that were appropriated by the Act of September 8, 1960 (74 Stat. 830), to pay a judgment by the Indian Claims Commission in docket

154, and the interest thereon, may be advanced or expended for any purpose that is authorized by the tribal governing body and by the Secretary of the Interior. Any part of such funds that may be distributed per capita to the members of the tribe shall not be subject to the Federal or State income tax.

Mr. CHURCH. Mr. President, the purpose of S. 2139 is to provide for the distribution of an award to the Kootenai Tribe or Band of Indians by the Indian Claims Commission. The Senate passed S. 2139 on October 22, 1963.

The House has amended the bill by striking the word "approved." In its report No. 903, accompanying the companion bill H.R. 8527, the House Committee on Interior and Insular Affairs explained its amendment as follows:

H.R. 8527 was amended to provide that the judgment funds may be used only for programs jointly authorized by the tribal governing body and the Secretary of the Interior. In a number of cases on other Indian reservations similar funds have been expended for programs authorized by the tribal governing body and approved by the Secretary. Instances have been cited wherein recipients have willfully violated the spirit of family planning by purchasing furnishings or equipment for resale at ridiculously low prices. It is hoped that reported loopholes in the present system of using family funds to purchase items which are readily disposed of for cash can be closed.

As the sponsor of S. 2139 in the Senate, the House amendment is satisfactory to me and to other members of the Committee on Interior and Insular Affairs. Therefore, Mr. President, I move that the Senate concur in the amendment of the House to S. 2139.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

The motion was agreed to.

ADULT INDIAN VOCATIONAL TRAINING

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1868) to amend the act of August 3, 1956 (70 Stat. 986), as amended, relating to adult Indian vocational training, which was, to strike out all after the enacting clause and insert:

That (a) the first section of the Act entitled "An Act relating to employment for certain adult Indians on or near Indian reservations", approved August 3, 1956 (70 Stat. 986; 25 U.S.C. 309), is amended (1) by inserting in the first sentence thereof immediately after "twenty-four months," the following: "and, for nurses' training, for periods that do not exceed thirty-six months," and (2) by striking out the period at the end of the last sentence in such section and inserting in lieu thereof a comma and the following: "or with any school of nursing offering a three-year course of study leading to a diploma in nursing which is accredited by a recognized body or bodies approved for such purpose by the Secretary."

(b) Section 2 of said Act of August 3, 1956, as amended, is further amended to read as follows:

"Sec. 2. There is authorized to be appropriated for the purposes of this Act the sum of \$12,000,000 for each fiscal year, and not to exceed \$1,500,000 of such sum shall be available for administrative purposes."

Mr. CHURCH. Mr. President, S. 1868, as passed by the Senate on August 28, 1963, amended the act of September 22, 1961, entitled "An act relative to employment for certain adult Indians on or near Indian reservations," by increasing the amount authorized to be appropriated for the program from \$7,500,000 to \$12 million annually and by increasing the portion of this amount that may be used for administering the program from \$1 million to \$1,500,000.

The House has amended the Senate bill by striking all after the enacting clause and inserting new language that would enable Indian students to enroll in a nurse training program at accredited schools for 36-month periods. All other vocational training programs would continue to be limited to 24 months. The purpose in extending the time for the training of nurses is to allow them sufficient time to earn certificates as registered nurses. The Public Health Service endorses this proposal, and it is expected that a sizable number of students will take advantage of the extended training period provided by this legislation. The House did not change the authorized appropriations for vocational training, which is increased to \$12 million annually.

As the sponsor of S. 1868 in the Senate, the House amendment is satisfactory to me and to other members of the Committee on Interior and Insular Affairs. Therefore, Mr. President, I move that the Senate concur in the amendment of the House to S. 1868.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

The motion was agreed to.

VOCATIONAL EDUCATION ACT OF 1963—CONFERENCE REPORT

The Senate resumed consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4955) to strengthen and improve the quality of vocational education and to expand the vocational education opportunities in the Nation.

Mr. MORSE. Mr. President, I am most pleased to present to the Senate the conference report on H.R. 4955 of which part A is the Vocational Education Act of 1963; part B is the extension and amendment of the National Defense Education Act; and part C is the extension of the federally impacted areas legislation Public Laws 815 and 874.

Mr. President, I ask unanimous consent at this point in my remarks to have printed in the RECORD excerpts from the text of the conference report and the statement of managers on the part of the House relating to this act, together with a table which sets forth on a State-by-State basis the estimated distribution of the funds under section 2 of the conference bill.

There being no objection, the excerpts, statements, and table were ordered to be printed in the RECORD, as follows:

CONFERENCE REPORT (H. REPT. No. 1025)

The committee of conference on the disagreeing votes of the two Houses on the

Public Law 88-205
88th Congress, H. R. 7885
December 16, 1963



An Act

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1963".

Foreign Assist-
ance Act of 1963.

PART I

CHAPTER 1—POLICY

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is amended as follows:

- (a) In the chapter heading strike out the words "SHORT TITLE AND".
- (b) Section 101, which relates to short title, is repealed. Repeal.
75 Stat. 424.
22 USC 2151
- (c) Section 102, which relates to statement of policy, is amended as follows: note.
22 USC 2151.

(1) Insert between the fourth and fifth paragraphs the following additional paragraph:

"It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign." 75 Stat. 429;
76 Stat. 256.
22 USC 2181-2184.

(2) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert in lieu thereof "shall emphasize long-range development assistance".

(3) Immediately after the tenth paragraph insert the following new paragraph:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries." 75 Stat. 426.
22 USC 2161-2201.

(4) The first sentence of the last paragraph is amended by striking out "Finally, the" and substituting "The", and by inserting "(including private enterprise within such countries)" immediately after "countries".

(5) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress 77 STAT. 379.
77 STAT. 380. urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."

(6) Immediately after the last paragraph, add the following new paragraph:

"It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the development loan fund, is amended as follows:

(a) Amend section 201, which relates to general authority, as follows:

(1) In the second sentence of subsection (b), which relates to considerations to be taken into account in making loans from the development loan fund, strike out clauses (1) and (2) and insert in lieu thereof the following: “(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,”.

(2) Subsection (d), which relates to interest rates on development loans, is amended by inserting immediately after “in n event” the following: “shall such funds (except funds loaned under section 205 and funds which prior to the date of enactment of the Foreign Assistance Act of 1963 were authorized or committed to be loaned upon terms which do not meet the minimum terms set forth herein) be loaned at a rate of interest of less than 2 per centum per annum commencing not later than ten years following the date on which the funds are initially made available under the loan, during which ten-year period the rate of interest shall not be lower than three-fourths of 1 per centum per annum, nor”.

(3) Add the following new subsection (f) :

“(f) No assistance shall be furnished under this title for a project unless the President determines that such project will promote the economic development of the requesting country, taking into account the current human and material resource requirements of that country and the relationship between the ultimate objectives of the project and the overall economic development of the country, and that such project specifically provides for appropriate participation by private enterprise.”

(b) Amend section 202(a), which relates to authorizations for the development loan fund, as follows:

(1) Strike out “and \$1,500,000,000 for each of the next four succeeding fiscal years,” and insert in lieu thereof “, \$1,500,000,000 for the fiscal year 1963, \$925,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years,”.

(2) Immediately before the period at the end thereof insert the following: “: *Provided further*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise”.

75 Stat. 426;
76 Stat. 256.
22 USC 2161.

22 USC 2165.

22 USC 2162.

77 STAT. 380.
77 STAT. 381.

22 USC 2151,
2161, 2351,
2352.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$220,000,000", respectively.

75 Stat. 428;
76 Stat. 256.
22 USC 2172.

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

22 USC 2174.

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".

(2) In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".

(3) Add the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$19,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$4,700,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

75 Stat. 429;
76 Stat. 256.
22 USC 2181.

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

22 USC 2182.
22 USC 2184.

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the

71 Stat. 357;
68 Stat. 846.
22 USC 1872,
1933.
62 Stat. 143.
22 USC 1509.
77 STAT. 381.
77 STAT. 382.

77 STAT. 382.

aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 222 by adding at the end thereof the following new subsection:

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States."

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".

(2) Strike out subsection (c).

TITLE V—DEVELOPMENT RESEARCH

SEC. 105. Section 241 of the Foreign Assistance Act of 1961, as amended, which relates to development research, is amended by inserting "(a)" after the section heading and by adding at the end thereof the following new subsection:

"(b) Funds made available to carry out this section may be used to conduct research into the problems of population growth."

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after "reasonable terms" the following: "(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(2) In subsection (e) strike out "economical" and substitute "economically".

(3) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(4) Add the following new subsection (g):

"(g) In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America

as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress."

(b) Amend section 252, which relates to authorization, as follows: 76 Stat. 258.

(1) In the first sentence, strike out "fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert in lieu thereof "fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000,". 22 USC 2212.

(2) Immediately after "1963" the second time it appears therein, insert the following: "and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964".

(3) At the end thereof add the following new sentence: "In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise." 22 USC 2151, 2211, 2351, 2352.

(c) Amend section 253, which relates to fiscal provisions, by inserting immediately after the first sentence thereof the following new sentence: "All receipts in foreign currencies from loans made under this title or for nonmilitary assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of this or any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000) as he shall determine to be necessary to provide for the programs authorized by said subsection (g)."

22 USC 2213.

68 Stat. 832.
22 USC 1751
note.

TITLE VII—EVALUATION OF PROGRAMS

SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is further amended by adding at the end thereof a new title as follows: 75 Stat. 426.
22 USC 2161-
2213.

"TITLE VII—EVALUATION OF PROGRAMS

"SEC. 261. The President may appoint a committee to review and evaluate the economic development program under this Act, and to report to the President and to the Congress its findings."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 108. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively. 75 Stat. 433;
76 Stat. 259.
22 USC 2222.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 109. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$380,000,000", respectively. 75 Stat. 434;
76 Stat. 259.
22 USC 2242.

CHAPTER 5—CONTINGENCY FUND

SEC. 110. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out “1963” and “\$300,000,000” and substituting “1964” and “\$160,000,000”, respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is amended as follows:

(a) In the chapter heading strike out the words “SHORT TITLE AND”.

(b) Section 501, which relates to short title, is repealed.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out “the fiscal years 1962 and 1963” and “\$1,700,000,000 for each such fiscal year, which sums” and substitute “fiscal year 1964” and “\$1,000,000,000, which”, respectively.

(b) In section 505(a), which relates to utilization of assistance, change the period at the end thereof to a colon and add the following proviso: “*Provided*, That, except (1) to the extent necessary to fulfill prior commitments or (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.”

(c) In section 510(a), which relates to special authority, strike out “1963” in the first and second sentences and substitute “1964”.

(d) In section 511, which relates to restrictions on military aid to Latin America, strike out “\$57,500,000” and substitute “\$55,000,000, of which a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense”.

(e) Add the following new section:

“SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries in fiscal year 1964, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000.”

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601(b), which relates to encouragement of private enterprise, is amended as follows: 75 Stat. 438.
22 USC 2351.

(1) At the end of paragraph (3), strike out "and".

(2) In paragraph (4), strike out "wherever appropriate" and insert in lieu thereof "to the maximum extent practicable", and strike out the period at the end thereof and substitute a semicolon.

(3) Add the following new paragraphs at the end thereof:

"(5) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and

"(6) utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering)."

(b) At the end of section 601 add the following new subsection:

"(c)(1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under part I of this Act, who shall appoint the Committee. 22 USC 2151
note.

"(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

"(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred in attending meetings of the Advisory Committee. 60 Stat. 808.

"(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than December 31, 1964, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

"(5) The expenses of the Committee, which shall not exceed \$50,000, shall be paid from funds otherwise available under this Act."

(c) Section 611(b), which relates to completion of plans and cost estimates, is amended by striking out "circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962,". 22 USC 2361.

(d) Section 612, which relates to use of foreign currencies, is amended as follows: 22 USC 2362.

(1) Insert "(a)" after the section heading.

(2) Add the following new subsection (b) :

"(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts."

(e) Section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended as follows:

(1) Subsection (a) is amended as follows:

(A) Insert "(1)" immediately after "(a)".

(B) At the end thereof add the following new paragraphs:

"(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance.

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

(2) Subsection (e) is amended to read as follows:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other

68 Stat. 832.
22 USC 1751
note.
68 Stat. 454.
7 USC 1691
note.

75 Stat. 444;
76 Stat. 260.
22 USC 2370.

65 Stat. 645.
22 USC 1611-
1611d.

Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

“(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

“(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

“(3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

“Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.”

5 USC 133z-
15 note.

(3) Add the following new subsections:

“(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

68 Stat. 454.
7 USC 1691
note.

“(1) the United States,

“(2) any country receiving assistance under this or any other Act, or

“(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

“(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

“(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

“(l) No assistance shall be provided under this Act after December 31, 1965, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

“(m) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000.”

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Amend section 621, which relates to exercise of functions, by striking out the last sentence thereof and substituting the following: “In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.”

(b) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (a)(2) strike out “two shall have the rank of Deputy Under Secretaries” and substitute “one shall have the rank of a Deputy Under Secretary”.

(2) In subsection (a)(3) strike out “nine” and substitute “ten”.

(3) In subsection (b) strike out “paragraphs (2) and” and substitute “paragraph”.

(4) In subsection (d)(1) after the words “Deputy Inspector General, Foreign Assistance,” where they first appear insert “who shall be appointed by the President by and with the advice and consent of the Senate,” and strike out “\$19,500” and substitute “\$20,000”.

75 Stat. 429;
76 Stat. 256.
22 USC 2181.

75 Stat. 445;
76 Stat. 262.
22 USC 2381.

75 Stat. 447;
76 Stat. 262.
22 USC 2384.

(c) Amend section 626(b), which relates to experts, consultants, and retired officers, as follows:

75 Stat. 451.
22 USC 2386.

(1) Strike out the entire first sentence.

(2) In the second sentence strike out "Nor shall such service" and substitute "Service of an individual as an expert or consultant under subsection (a) of this section shall not".

(d) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection (c):

22 USC 2391.

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

60 Stat. 999.
22 USC 801
note.

(e) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

22 USC 2395.

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(f) Amend section 636, which relates to provisions on uses of funds, by adding the following new subsection (h):

22 USC 2396.

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

(g) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$54,000,000", respectively.

76 Stat. 262.
22 USC 2397.

(h) After section 637 add the following new section:

"SEC. 638. PEACE CORPS ASSISTANCE.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended; or the Export-Import Bank Act of 1945, as amended; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended."

75 Stat. 612.
22 USC 2501
note.
75 Stat. 527.
22 USC 2451
note.
59 Stat. 526.
12 USC 635
note.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

68 Stat. 457.
7 USC 1721-
1724.
75 Stat. 461.
22 USC 2403.

75 Stat. 462.
22 USC 2404.

SEC. 304. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

68 Stat. 832.
22 USC 1751
note.

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

74 Stat. 869.

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) Insert following the enacting clause "That this Act may be cited as the 'Latin American Development Act'".

(b) In section 2 strike out "\$500,000,000" and substitute "\$680,000,000".

76 Stat. 876.
19 USC 1861.

SEC. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87-794, approved October 11, 1962) is amended as follows:

(a) Insert "(a)" before the words "The President shall".

(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a) which, at the time of enactment of this subsection, was receiving trade concessions, when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

SEC. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), is amended as follows:

75 Stat. 306.
7 USC 1701.

(a) Section 101(f) is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

68 Stat. 457.
7 USC 1705.

(b) Section 105 is amended by adding at the end thereof the following new sentence: "The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

7 USC 1706.

(c) (1) Section 106 is amended by adding at the end thereof a new sentence as follows: "For the purposes of this title and title IV, the term 'surplus agricultural commodity' shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

Effective date.

(2) The amendment made by paragraph (1) of this subsection shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965.

7 USC 1701-
1709.

7 USC 1722.

(d) Section 202 is amended by striking out "economic development" and inserting in lieu thereof "economic and community development".

SEC. 404. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: "*Provided*, That in individual cases when personally approved by the Secretary further extension may be made."

74 Stat. 833.
22 USC 961.

(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after "on authorized home leave;" the following: "accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;"

60 Stat. 1026.
22 USC 1136.

(c) Title IX of the Foreign Service Act of 1946, as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

22 USC 1131-
1158,
70 Stat. 705.
22 USC 1139.

"USE OF GOVERNMENT OWNED OR LEASED VEHICLES

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

60 Stat. 810.

(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

22 USC 801
notes, 803-
810.

"PART I—EDUCATIONAL FACILITIES

"SEC. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel."

44 Stat. 403.
22 USC 299.

70 Stat. 890.

SEC. 405. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170f-170t), is amended by inserting immediately after section 12 the following new section:

"Sec. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of

60 Stat. 999.
22 USC 801
note.

the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed \$750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."

22 USC 1928a. SEC. 406. The first sentence of the first section of the Act entitled "An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956 (70 Stat. 523), is amended to read as follows: "That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area."

Approved December 16, 1963.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 646 (Comm. on Foreign Affairs), No. 1006 (Comm. of Conference).

SENATE REPORT No. 588 (Comm. on Foreign Relations).

CONGRESSIONAL RECORD, Vol. 109 (1963):

Aug. 22: Considered in House.

Aug. 23: Considered and passed House.

Oct. 22, 24, 28-30: Considered in Senate.

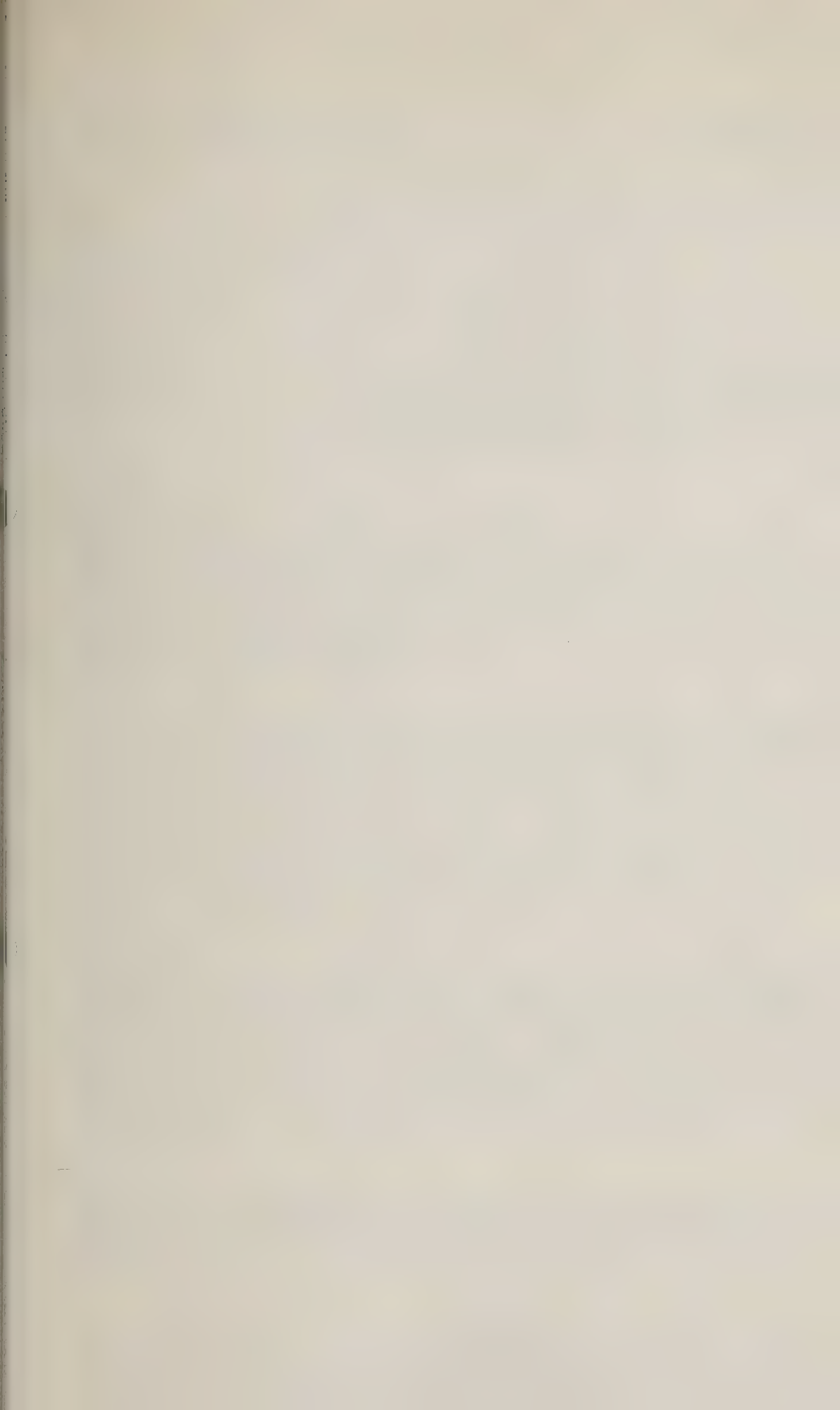
Nov. 1, 4-8, 12-14: Considered in Senate.

Nov. 15: Considered and passed Senate, amended.

Dec. 9: House agreed to conference report.

Dec. 12: Conference report considered in Senate.

Dec. 13: Conference report agreed to in Senate.



DECEMBER 16, 1963

Office of the White House Press Secretary

THE WHITE HOUSESTATEMENT OF THE PRESIDENT
ON SIGNING H. R. 7885, THE FOREIGN
ASSISTANCE ACT OF 1963.

I have today signed the Foreign Assistance Act of 1963. The economic and military aid programs authorized by this bill are indispensable to the security of the United States and the free world. This bill reflects this nation's determination to maintain that security by helping those nations willing to help themselves.

It also reflects, unfortunately, the growing tendency to hamstring executive flexibility with rigid legislative provisions wholly inappropriate and potentially dangerous in a world of rapid change. I wish to make clear now, for example, that -- when a free and peaceful government is ever established in Cuba -- I intend to exercise my authority to provide essential health, educational and other assistance to the Cuban people, without waiting for a long and complex adjudication.

In addition, this bill reflects a dangerous reduction in funds and a consequent dangerous reduction in our security. We cannot oppose the spread of communism and promote the growth of freedom by giving speeches. A policy of weakness and retreat -- which any further reduction at the appropriation stage would represent -- cannot be justified by the needs of our security, the financial strength of our nation or the attitude of our citizens.

All of us desire greater efficiency in our aid programs -- and, make no mistake about it, we are going to improve it -- but in our pursuit of efficiency, let us not hamper the progress and safety of free men.

I have already directed Administrator Bell to put our foreign operations on a sounder basis -- to insist on maximum effort by aid recipients -- and to intensify our efforts to eliminate excess or ineffective personnel. We will resist reorganization for reorganization's sake -- but we do intend to present to the Congress next year a more effective, efficient aid program.

Our cautious new hopes for a reduction in the risk of all-out war may only imply an increase in communist efforts to prevail through economic, political and conventional military means, particularly in the under-developed countries. The aid programs of Truman, Eisenhower and Kennedy are needed now more than ever -- this is no time to fail.

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

JUNE 17, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. CHURCH (for himself, Mr. BARTLETT, Mr. BIBLE, Mr. CANNON, Mr. DOUGLAS, Mr. ERVIN, Mr. GRUENING, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. NELSON, Mr. PROXMIRE, Mr. SIMPSON, Mr. TALMADGE, Mr. YARBOROUGH, and Mr. YOUNG of North Dakota) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 8, beginning with line 13, strike out through
2 the word "amended" in line 14 and insert in lieu thereof
3 the following:

4 "SEC. 301. Chapter 1 of part III of the Foreign Assist-
5 ance Act of 1961, as amended, which contains general pro-
6 visions, is amended as follows:

1 “(a) Section 611 (b) ”.

2 On page 8, between lines 17 and 18, insert the following:

3 “(b) In section 620, which relates to prohibition against
4 furnishing aid to certain countries, add the following new
5 subsection (i) :

6 “ ‘(i) No assistance shall be furnished on a grant basis
7 under any provision of this Act to any country, except to
8 fulfill firm commitments made prior to July 1, 1963, unless
9 the President shall have determined that it would be an
10 undue economic burden upon such country to purchase or
11 provide the supplies, equipment, or services proposed to be
12 furnished.’ ”

13 On page 10, between lines 6 and 7, insert the following:

14 “(d) Amend section 634 (d) , which relates to reports,
15 by striking out ‘or 614 (b)’ and inserting in lieu thereof
16 ‘614 (b) , or 620 (i) ’.”

17 On page 10, line 7, strike out “(d)” and insert “(e) ”.

18 On page 10, line 17, strike out “(e)” and insert “(f) ”.

AMENDMENTS

Intended to be proposed by Mr. Church (for himself, Mr. Bartlett, Mr. Bible, Mr. Cannon, Mr. Douglas, Mr. Ervin, Mr. Gruening, Mr. Morse, Mr. Moss, Mr. Mundt, Mr. Nelson, Mr. Proxmire, Mr. Simpson, Mr. Talmadge, Mr. Yarborough, and Mr. Young of North Dakota) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 17, 1963

**Referred to the Committee on Foreign Relations and
ordered to be printed**

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

JUNE 19, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1276)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

1 On page 8, line 13, after "SEC. 301." insert "(a)".

2 On page 8, between lines 17 and 18, insert the follow-
3 ing:

4 “(b) Section 620 of the Foreign Assistance Act of
5 1961, as amended, which relates to prohibition against fur-
6 nishing assistance to certain countries, is amended by adding
7 at the end thereof the following new subsection:

8 ““(i) No assistance shall be provided under this Act to
9 the government of any country which has refused to carry
10 on negotiations with a view to entering into an agreement

1 with the President providing for the institution of an invest-
2 ment guaranty program under title III of chapter 2 of part
3 I. The restrictions imposed by this subsection may be
4 waived by the President where he determines that such
5 waiver is necessary in the interests of the national security.’ ”

6 On page 10, between lines 6 and 7, insert the follow-
7 ing:

8 “ (d) Amend section 634 (d) , which relates to notifica-
9 tion of congressional committees of certain determinations
10 of the President, by striking out ‘or 614 (b) ’ and inserting
11 in lieu thereof ‘614 (b) , or 620 (i) ’ .”

Amdt. No. 113

88TH CONGRESS
1ST SESSION

S. 1276

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 19, 1963

Referred to the Committee on Foreign Relations and
ordered to be printed

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

JUNE 20, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS (for himself, Mr. MORSE, Mr. CASE, Mr. SCOTT, Mr. SALTONSTALL, and Mr. KUCHEL) to the bill (S. 1276) to amend the Foreign Assistance Act of 1961, viz: At the end of the bill insert the following:

1 That section 620 of the Foreign Assistance Act of 1961,
2 as amended, is amended by adding at the end of section 620
3 a new subsection as follows:

4 “(i) Notwithstanding any other provision of law, no
5 assistance shall be furnished under this Act, as amended, or
6 under the Agricultural Trade Development and Assistance
7 Act to any country, government agency, or government sub-
8 division which will be enabled thereby to utilize its own

1 resources to further military aggression, subversion, or other
 2 hostile acts which endanger the security and independence
 3 of the United States or other countries receiving aid under
 4 this Act. This restriction may not be waived pursuant to
 5 any authority contained in this Act unless the President finds
 6 and promptly reports to the Congress that such waiver is in
 7 the national security interest and the reasons therefor.”

Amdt. No. 116

**88TH CONGRESS
1ST SESSION**

S. 1276

AMENDMENT

Intended to be proposed by Mr. JAVITS (for himself, Mr. MORSE, Mr. CASE, Mr. SCOTT, Mr. SALTONSTALL, and Mr. KUCHEL) to the bill (S. 1276) to amend the Foreign Assistance Act of 1961.

JUNE 20, 1963

Referred to the Committee on Foreign Relations and
ordered to be printed

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

JUNE 20, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. KEATING (for himself, Mr. DOUGLAS, Mr. CASE, Mr. DODD, Mr. DOMINICK, Mr. HARTKE, Mr. KUCHEL, Mr. MORSE, Mr. PROXMIRE, Mr. SALTONSTALL, Mr. SCOTT, and Mr. SIMPSON) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 8, beginning with line 13 strike out through
2 the word "amended" in line 14 and insert in lieu thereof
3 the following:

4 "SEC. 301. Chapter I of part III of the Foreign Assist-
5 ance Act of 1961, which contains general provisions, is
6 amended as follows:

7 "(a) Amend section 611 (b)".

8 On page 8, line 15, strike out "is amended".

1 On page 8, between lines 17 and 18 insert the following:

2 “(b) Amend section 620, which relates to prohibitions
3 against furnishing aid to certain countries, by inserting at
4 the end thereof a new subsection as follows:

5 ““(i) The President shall suspend assistance to the
6 government of any country to which assistance is provided
7 under this Act when the government of such country or any
8 governmental agency or subdivision within such country
9 on or after January 1, 1963—

10 ““(1) purchases or contracts to purchase from any
11 country referred to in subsection (f) military equipment
12 in quantities requiring a significant diversion of its own
13 domestic resources from the economic development
14 which is the purpose of this Act, or

15 ““(2) expends a substantial proportion of its own
16 domestic resources on military preparations, subversion,
17 or propaganda directed against any other country re-
18 ceiving assistance under this Act,

19 unless the President determines that such suspension would
20 be contrary to the national security and promptly notifies
21 the Committee on Foreign Relations and the Committee on
22 Appropriations of the Senate and the Speaker of the House
23 of such determinations and the reasons therefor.

24 ““The President shall include in his recommendations
25 to the Congress for programs under this Act for each country

1 an estimate, with respect to the fiscal year for which the
2 recommendation is made and for the preceding fiscal year, of
3 the extent of such country's military purchases made or
4 contracted for from any country referred to in subsection
5 (f), and the extent of its expenditures for military prepara-
6 tion, subversion, or propaganda against other countries
7 receiving assistance under this Act.' "

AMENDMENTS

Intended to be proposed by Mr. KEATING (for himself, Mr. DOUGLAS, Mr. CASE, Mr. DODD, Mr. DOMINICK, Mr. HARTKE, Mr. KUCHEL, Mr. MORSE, Mr. PROXMIRE, Mr. SALTONSTALL, Mr. SCOTT, and Mr. SIMPSON) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 20, 1963

**Referred to the Committee on Foreign Relations and
ordered to be printed**

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

JULY 18, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1276, a bill to amend further the Foreign Assistance Act of 1961 as amended, and for other purposes, viz: On page 8, between lines 17 and 18, insert the following:

1 SEC. 302. Chapter I of part III is amended by adding
2 at the end thereof a new section as follows:

3 "SEC. 620. (a) PROHIBITION ON FURNISHING OF
4 ASSISTANCE SUBSEQUENT TO JUNE 30, 1965.—Notwith-
5 standing any other provision of this Act, no assistance shall
6 be furnished pursuant to this Act to any country or area (or
7 enterprise therein) subsequent to June 30, 1965 unless—

8 "(1) Such country or area has requested such

1 assistance and can show that it is pursuing the follow-
2 ing economic, political, and military policies:

3 “(A) That it (i) is seriously and continuously
4 engaged in measures of self-help, (ii) has taken
5 appropriate steps to assure that its own private
6 capital resources will be utilized within its own coun-
7 try or area, (iii) will encourage the development of
8 the private enterprise sector of its own economy,
9 (iv) has taken adequate steps, where appropriate
10 and necessary, to bring about reforms in such fields
11 as land distribution and taxation to enable its peo-
12 ple fairly to share in the products of its development,
13 and that the project or program for which economic
14 aid is requested will contribute to the economic or
15 social development of the country;

16 “(B) That it is promoting the maximum
17 amount of individual freedom and is encouraging its
18 people freely to choose their own government;

19 “(C) That it seeks to establish and maintain
20 only such military force as may be adequate to pre-
21 vent the internal overthrow of an elected govern-
22 ment or to deter threatened external Communist
23 attack;

24 “(2) The furnishing of such assistance is required
25 by an irrevocable commitment made, or contractual

1 obligation incurred, prior to the date of enactment of
2 this section; or

3 “(3) In case of any such assistance extended in
4 the form of loans, the interest rate thereon is not less
5 than the average rate payable on obligations of the
6 United States of comparable maturities.

7 “(b) The total number of countries or areas receiving
8 assistance under this Act subsequent to June 30, 1965, shall
9 not exceed fifty.”

AMENDMENT

Intended to be proposed by Mr. Morse to S. 1276, a bill to amend further the Foreign Assistance Act of 1961, as amended, and, for other purposes.

JULY 18, 1963

**Referred to the Committee on Foreign Relations and
ordered to be printed**

S. 1276

IN THE SENATE OF THE UNITED STATES

JULY 22, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING (for himself, Mr. SIMPSON, Mr. ERVIN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. MORSE, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 2, between lines 3 and 4, insert the following
2 new section:

3 “SEC. 102. Section 201 (b) of title I of chapter 2 of
4 the Foreign Assistance Act of 1961 (Public Law 87-195),
5 as amended, is further amended by adding at the end thereof
6 the following new sentence: ‘Loans shall bear interest at a
7 rate not less than the rate arrived at by adding one-quarter
8 of 1 per centum per annum to the rate which the Secretary
9 of the Treasury determines to be equal to the average annual

1 interest rate on all interest-bearing obligations of the United
 2 States then forming a part of the public debt as computed at
 3 the end of the fiscal year next preceding the date the appli-
 4 cation for the loan is approved and by adjusting the result
 5 so obtained to the nearest one-eighth of 1 per centum;’ ”

6 Renumber the remaining sections appropriately.

Amdt. No. 132

88TH CONGRESS
1ST SESSION

S. 1276

AMENDMENTS

Intended to be proposed by Mr. GRUENING (for himself, Mr. STIMPSON, Mr. ERYN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. MORSE, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 22, 1963

Referred to the Committee on Foreign Relations and
ordered to be printed.

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

AUGUST 23, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 8, between lines 17 and 18, insert the following new section:

1 SEC. 302. Section 620 of the Foreign Assistance Act of
2 1961, as amended, is amended by adding at the end thereof
3 the following new subsection:

4 “(i) No loan or grant shall be made under any provision
5 of this Act to any country, or to any recipient therein, un-
6 less such country shall have agreed to exempt from all cus-
7 toms duties or other import taxes levied by such country
8 any articles procured in the United States or any of its terri-
9 tories with the proceeds of such loan or grant, including any

- 1 amounts thereof loaned by the original recipient to borrowers
2 within such country.”

Amdt. No. 175

88TH CONGRESS
1ST SESSION

S. 1276

AMENDMENT

Intended to be proposed by Mr. GRUENING
to the bill (S. 1276) to amend further the
Foreign Assistance Act of 1961, as
amended, and for other purposes.

August 23, 1963

Referred to the Committee on Foreign Relations
and ordered to be printed

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

AUGUST 23, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (S. 1276)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz: On page 8, between
lines 17 and 18, insert the following new section:

1 SEC. 302. Section 620 of the Foreign Assistance Act of
2 1961, as amended, is amended by adding at the end thereof
3 the following new subsection:

4 “(i) No assistance shall be provided under this or any
5 other Act, and no sales shall be made under the Agricultural
6 Trade Development and Assistance Act of 1954, to any
7 country which the President determines is engaging in or
8 preparing for aggressive military efforts directed against—

9 “(1) the United States,

1 “(2) any country receiving assistance under this
2 or any other Act, or

3 “(3) any country to which sales are made under
4 the Agricultural Trade Development and Assistance
5 Act of 1954,
6 until the President determines that such military efforts or
7 preparations have ceased and he reports to the Congress
8 that he has received assurances satisfactory to him that such
9 military efforts or preparations will not be renewed. This
10 restriction may not be waived pursuant to any authority
11 contained in this Act.”

Amdt. No. 174

88TH CONGRESS
1ST SESSION

S. 1276

AMENDMENT

Intended to be proposed by Mr. GRUENING
to the bill (S. 1276) to amend further the
Foreign Assistance Act of 1961, as amended,
and for other purposes.

August 23, 1963

Referred to the Committee on Foreign Relations
and ordered to be printed .

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

AUGUST 23, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 8, between lines 17 and 18, insert the following new section:

1 SEC. 302. Section 620 of the Foreign Assistance Act of
2 1961, as amended, which relates to prohibitions against fur-
3 nishing assistance to certain countries, is amended by adding
4 the following new subsection:

5 “(i) No assistance shall be furnished under this Act to
6 the Government of the Federal Peoples Republic of Yugo-
7 slavia unless and until the President determines that such
8 Government has made an acceptable arrangement for the
9 payment of claims arising out of the nationalization or other

1 taking by such Government of property of persons who are
 2 citizens of the United States on the date of enactment of this
 3 Act, in any case in which (1) such persons were not citi-
 4 zens of the United States on the date of such nationalization
 5 or other taking, or (2) such nationalization or other taking
 6 occurred subsequent to July 19, 1948.”

Amdt. No. 173

**88TH CONGRESS
1ST SESSION**

S. 1276

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

August 23, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 11, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. STENNIS to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 8, between lines 17 and 18, insert the following:

1 SEC. 302. Section 620 (a) of the Foreign Assistance
2 Act of 1961, as amended, which relates to prohibitions
3 against furnishing assistance to Cuba, is amended as follows:

4 (a) Insert “(1)” immediately after “(a)”.

5 (b) At the end thereof add the following new para-
6 graph:

7 “(2) No funds authorized to be made available
8 under this Act (except under section 214) shall be
9 used to furnish assistance to any country which has

1 failed to take appropriate steps, not later than sixty
2 days after the date of enactment of the Foreign Assist-
3 ance Act of 1963—

4 “(A) to prevent ships or aircraft under its
5 registry from transporting to Cuba (other than to
6 United States installations in Cuba) —

7 “(i) any items of economic assistance,

8 “(ii) any items which are, for the pur-
9 poses of title I of the Mutual Defense Assistance
10 Control Act of 1951, as amended, arms, am-
11 munition and implements of war, atomic energy
12 materials, petroleum, transportation materials
13 of strategic value, or items of primary strategic
14 significance used in the production of arms,
15 ammunition, and implements of war, or

16 “(iii) any other equipment, materials, or
17 commodities, so long as Cuba is governed by the
18 Castro regime; and

19 “(B) to prevent ships or aircraft under its
20 registry from transporting any equipment, materials,
21 or commodities from Cuba (other than from United
22 States installations in Cuba) so long as Cuba is
23 governed by the Castro regime.”

Amdt. No. 190

88TH CONGRESS
1ST SESSION

S. 1276

AMENDMENT

Intended to be proposed by Mr. STENNIS to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

SEPTEMBER 11, 1963

Referred to the Committee on Foreign Relations and
ordered to be printed

88TH CONGRESS
1ST SESSION

S. 1276

IN THE SENATE OF THE UNITED STATES

OCTOBER 3, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. KUCHEL (for himself and Mr. ENGLE) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 8, between lines 17 and 18, insert the following:

1 SEC. 302. Section 620 of the Foreign Assistance Act of
2 1961, as amended, which relates to prohibitions against
3 furnishing assistance to certain countries, is amended by add-
4 ing the following new subsection:

5 “(i) No assistance shall be furnished under this Act
6 to any country which (1) has extended, or hereafter ex-
7 tends, its jurisdiction for fishing purposes over any area of
8 the high seas beyond three miles from the coastline of such

1 country, and (2) hereafter imposes any penalty or sanction
2 against any United States fishing vessel on account of its
3 fishing activities in such area. The provisions of this sub-
4 section shall not be applicable in any case in which the
5 extension of jurisdiction is made pursuant to international
6 agreement to which the United States is a party.”

Amdt. No. 211

88TH CONGRESS
1ST SESSION

S. 1276

AMENDMENT

Intended to be proposed by Mr. KUCHEL (for himself and Mr. ENGLE) to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 3, 1963

Referred to the Committee on Foreign Relations
and ordered to be printed

S. 1276

IN THE SENATE OF THE UNITED STATES

OCTOBER 7 (legislative day, OCTOBER 3), 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 10, strike out lines 9 through 16, inclusive, and insert in lieu thereof the following:

- 1 (k) Any cost-type contract or agreement (including
- 2 grants) entered into with a university, college, or other edu-
- 3 cational institution for the purpose of carrying out programs
- 4 authorized by part I shall not contain any provision authoriz-
- 5 ing the payment of an amount for indirect expenses actually
- 6 incurred in connection with such contract or agreement (or
- 7 grant) in excess of 20 per centum of the direct costs.

Amdt. No. 213

Amdt. No. 213

**88TH CONGRESS
1ST SESSION**

S. 1276

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (S. 1276) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 7 (legislative day, OCTOBER 3), 1963
Referred to the Committee on Foreign Relations and ordered to be printed.

H. R. 7885

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 11, 1963

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. KEATING (for himself, Mr. DOMINICK, Mr. DOUGLAS, Mr. KUCHEL, Mr. PROXMIRE, and Mr. SCOTT) to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 18, line 25, following "military" insert "or
2 propaganda".

3 On page 19, line 7, following "military" insert "or
4 propaganda".

5 On page 19, line 10, following "military" insert "or
6 propaganda".

Amdt. No. 191

Amdt. No. 191

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. KEATING (for himself, Mr. DOMINICK, Mr. DOUGLAS, Mr. KUCHEL, Mr. PROXMIRE, and Mr. SCOTT) to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

SEPTEMBER 11, 1963

Referred to the Committee on Foreign Relations and ordered to be printed.

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 22, 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING (for himself, Mr. JAVITS, and Mr. MORSE) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 51, between lines 13 and 14 insert the follow-
2 ing new subsection:

3 “(f) No assistance shall be provided under this or any
4 other Act, and no sales shall be made under the Agricultural
5 Trade Development and Assistance Act of 1954, to any
6 country which the President determines is engaging in or pre-
7 paring for aggressive military efforts directed against—

8 “(1) the United States,

Amdt. No. 231

1 “(2) any country receiving assistance under this or
2 any other Act, or

3 “(3) any country to which sales are made under
4 the Agricultural Trade Development and Assistance Act
5 of 1954,

6 until the President determines that such military efforts or
7 preparations have ceased and he reports to the Congress that
8 he has received assurances satisfactory to him that such mili-
9 tary efforts or preparations will not be renewed. This re-
10 striction may not be waived pursuant to any authority con-
11 tained in this Act.”

Amdt. No. 231

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. GRUTENING (for himself, Mr. JAVITS, and Mr. MORSE) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 22, 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 22, 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING (for himself, Mr. SIMPSON, Mr. ERVIN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. MORSE, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 50, delete beginning at line 8 through line 17,
- 2 and between lines 3 and 4 insert the following new section:
- 3 “(6) In the case of loans under part I shall establish
- 4 terms under which interest shall be at a rate not less than the
- 5 rate arrived at by adding one-quarter of 1 per centum per
- 6 annum to the rate which the Secretary of the Treasury
- 7 determines to be equal to the average annual interest rate
- 8 on all interest-bearing obligations of the United States then
- 9 forming a part of the public debt as computed at the end of

1 the fiscal year next preceding the date the application for the
 2 loan is approved and by adjusting the result so obtained to
 3 the nearest one-eighth of 1 per centum;”.

4 Renumber the remaining sections appropriately.

Amdt. No. 232

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. GRUENING (for himself, Mr. SIMPSON, Mr. ERVIN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. MORSE, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 22, 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 22, 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 51, between lines 13 and 14, insert the follow-
2 ing new subsection:

3 “(f) No loan or grant shall be made under any provi-
4 sion of this Act to any country, or to any recipient therein,
5 unless such country shall have agreed to exempt from all
6 customs duties or other import taxes levied by such country
7 any articles procured in the United States or any of its
8 territories with the proceeds of such loan or grant, including
9 any amounts thereof loaned by the original recipient to bor-
10 rowers within such country.”

Amdt. No. 233

Amdt. No. 233

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 22, 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 24 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 50, delete lines 19 through 24 and on page 51 delete lines 1 and 2 and insert in lieu thereof the following:

1 “(k) Any cost-type contract or agreement (including
2 grants) entered into with a university, college, or other edu-
3 cational institution for the purpose of carrying out programs
4 authorized by part I may provide for the payment of the re-
5 imburseable indirect costs of said university, college, or other
6 educational institutions on the basis of predetermined fixed-
7 percentage rates (determined in accordance with a formula
8 established by the Bureau of the Budget for determining
9 costs), applied to the total, or an element thereof, of the re-
10 imburseable direct costs incurred, provided that none of the

1 funds provided herein shall be used to pay any recipient of
2 a grant for the conduct of a research project an amount for
3 indirect expenses in connection with such project in excess
4 of 20 per centum of the direct costs.”

Amdt. No. 234

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. GRUENING to
the bill (H.R. 7885) to amend further the
Foreign Assistance Act of 1961, as amended,
and for other purposes.

OCTOBER 24 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 24 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING (for himself, Mr. ERVIN, Mr. NELSON, Mr. PROXMIRE, Mr. CANNON, Mr. MCGOVERN, Mr. MORSE, and Mr. SMATHERS) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: Insert between lines 8 and 9 on page 41 the following:

1 “(d) Section 505 (a) of the Foreign Assistance Act
2 of 1961 (Public Law 87-195) is hereby amended by chang-
3 ing the period at the end thereof to a comma and adding
4 the following proviso: ‘*Provided*, That, except (1) to the
5 extent necessary to fulfill prior commitments and (2) to the
6 extent that the President finds, with respect to any Latin
7 American country, that the furnishing of military assistance
8 under this Act is necessary to safeguard the security of the
9 United States, and so informs the Congress, no further

- 1 military assistance under any provision of this Act shall be
 2 furnished to any Latin American country.’ ”

Amdt. No. 235

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. GRUENING (for himself, Mr. ERVIN, Mr. NELSON, Mr. PROX-
 MIRE, Mr. CANNON, Mr. MCGOVERN, Mr.
 MORSE, and Mr. SMATHERS) to the bill (H.R.
 7885) to amend further the Foreign Assist-
 ance Act of 1961, as amended, and for other
 purposes.

OCTOBER 24 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 24 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

- 1 “(k) No assistance shall be furnished under this Act to
- 2 the Government of the Federal Peoples Republic of Yugo-
- 3 slavia unless and until the President determines that such
- 4 Government has made an acceptable arrangement for the
- 5 payment of claims arising out of the nationalization or other
- 6 taking by such Government of property of persons who are
- 7 citizens of the United States on the date of enactment of this
- 8 Act, in any case in which (1) such persons were not
- 9 citizens of the United States on the date of such nationaliza-

- 1 tion or other taking, or (2) such nationalization or other
- 2 taking occurred subsequent to July 19, 1948.”

Amdt. No. 236

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 24 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 556

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 36, line 24, strike out "subsection" and insert
2 "subsections".

3 On page 37, strike out the quotation marks at the end of
4 line 5.

5 On page 37, between lines 5 and 6, insert the following:

6 "(c) Funds made available to carry out this section may
7 be used to conduct research into means of enabling the
8 investing public in the United States to participate more
9 fully in the economic development of less developed
10 countries."

Amdt. No. 238

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 28 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 30, after line 25, insert the following:

2 (1) inserting between the fourth and fifth para-
3 graphs the following additional paragraph:

4 "It is the sense of the Congress that the institution of
5 full investment guaranty programs under title III of chapter
6 2 of this part with all recipient countries would be regarded
7 as a significant measure of self-help by such countries im-
8 proving the climate for private investment both domestic
9 and foreign."

10 On page 31, lines 1, 4, 6, and 9, strike out "(1)",
11 "(2)", "(3)", and "(4)" and insert "(2)", "(3)",
12 "(4)", and "(5)", respectively.

Amdt. No. 239

Calendar No. 556

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 556

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 53, between lines 16 and 17, insert the following:

- 1 (b) Section 104 is further amended by adding at the
- 2 end thereof the following new sentence: "Loans made
- 3 under authority of this section to foreign governments or
- 4 other borrowers in foreign countries shall bear interest at
- 5 rates not lower than 4 per centum per annum."

Amdt. No. 240

Amdt. No. 240

Calendar No. 556

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

October 28 (legislative day, October 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 556

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 32, after the period in line 20, insert the
2 following: "Funds made available under section 212 for
3 capital projects may be expended for any such project only
4 when the recipient nation has consented to the project and
5 has agreed to finance at least 25 per centum of the cost
6 thereof."

Amdt. No. 241

Amdt. No. 241

Calendar No. 556

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. EILENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No.556

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 40, line 23, strike out \$1,300,000,000. Insert
- 2 in lieu thereof \$1,000,000,000.

Amdt. No. 242

Amdt. No. 242

Calendar No. 556

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 32, line 16, after the word "agreed" insert the
2 following: "to accept the assistance, to contribute a sub-
3 stantial portion of the local cost thereof, and".

4 On page 32, after the period in line 20, add the follow-
5 ing: "Funds made available under section 212 for technical
6 assistance may be used to furnish assistance in the form of
7 equipment or commodities only when necessary for instruc-
8 tion or demonstration purposes."

Amdt. No. 243

Amdt. No. 243

Calendar No. 556

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 28 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

Calendar No.556

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 41 between lines 8 and 9, insert the following:

1 “(d) SEC. 512. RESTRICTIONS ON MILITARY AID TO
2 AFRICA.—(a) Notwithstanding the provisions of section
3 614 (a) of this Act, the value of grant programs of defense
4 articles for African Republics, pursuant to any authority
5 contained in this part other than section 507, in any fiscal
6 year beginning with fiscal year 1963, shall not exceed
7 \$25,000,000.

8 “(b) Internal security requirements shall not, unless the
9 President determines otherwise and promptly reports such

- 1 determination to the Senate Committee on Foreign Relations
2 and to the Speaker of the House of Representatives, be the
3 basis for military assistance programs for African Republics.”

Amdt. No. 244

Calendar No. 556

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 28 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 31, line 18, after "SEC. 102." insert "(a)".
- 2 On page 32, between lines 5 and 6, insert the following:
- 3 “(b) Section 202 (a) of the Foreign Assistance Act of
- 4 1961, as amended, which authorizes appropriations for the
- 5 Development Loan Fund, is amended by striking out ‘and
- 6 \$1,500,000,000 for each of the next four succeeding fiscal
- 7 years’ and substituting a comma and the following:
- 8 ‘\$1,500,000,000 for the fiscal year 1963, \$900,000,000
- 9 for the fiscal year 1964, and \$1,500,000,000 for each of the
- 10 next two succeeding fiscal years’.”

Amdt. No. 246

Amdt. No. 246

Calendar No. 556

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

October 28 (legislative day, October 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KEATING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 PART V—MISCELLANEOUS

2 SEC. 501. It is the sense of the Congress that any agree-
3 ment hereafter entered into between the Government of the
4 United States and the Government of Czechoslovakia relat-
5 ing to the settlement of claims, determined by the Foreign
6 Claims Settlement Commission, by nationals of the United
7 States against the Government of Czechoslovakia for losses
8 resulting from nationalization or other taking of property
9 of such nationals, shall be submitted to the Senate for its
10 advice and consent.

Amdt. No. 247

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. KEATING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KUCHEL (for himself and Mr. ENGLE) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, between lines 3 and 4, insert the following:

1 SEC. 302A. Section 620 of the Foreign Assistance Act
2 of 1961, as amended, which relates to prohibitions against
3 furnishing assistance to certain countries, is amended by add-
4 ing the following new subsection:

5 “(i) No assistance shall be furnished under this Act
6 to any country which (1) has extended, or hereafter ex-
7 tends, its jurisdiction for fishing purposes over any area of
8 the high seas beyond three miles from the coastline of such
9 country, and (2) hereafter imposes any penalty or sanction
10 against any United States fishing vessel on account of its

1 fishing activities in such area. The provisions of this sub-
2 section shall not be applicable in any case in which the
3 extension of jurisdiction is made pursuant to international
4 agreement to which the United States is a party.”

Amdt. No. 248

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. KUCHEL (for himself and Mr. ENGLE) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MILLER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

1 “(k) In order to encourage preservation of the financial
2 solvency of the United Nations which is being threatened
3 by the failure of some member nations to pay currently their
4 assessments and/or contributions to the United Nations, no
5 assistance shall be furnished under the provisions of this Act
6 (other than supporting assistance under chapter 4 of part I,
7 assistance from the contingency fund established under chap-
8 ter 5 of part I, and military assistance under chapter 2 of
9 part II), or any other law authorizing assistance to foreign
10 countries (other than military assistance, supporting assist-

1 ance, or assistance from the President's contingency fund),
2 to the government of any nation which is more than one year
3 in arrears in its payment of any assessment by the United
4 Nations for its regular budget or for peace and security opera-
5 tions, unless the President determines that such government
6 has given reasonable assurance of paying (independently of
7 such assistance) all such arrearages and placing its payments
8 of such assessments on a current basis, or determines that
9 such government, by reason of unusual and exceptional cir-
10 cumstances, is economically unable to give such assurance."

Amdt. No. 249

Calendar No. 566

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. MULLER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 53, beginning with line 6 strike out through
- 2 line 4 on page 54.

Amdt. No. 250

Amdt. No. 250

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. EILENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz: In lieu of the com-
mittee amendment insert the following:

- 1 That this Act may be cited as the "Foreign Assistance Act
- 2 of 1963".

3 PART I

4 CHAPTER 1—POLICY

5 SEC. 101. Chapter 1 of part I of the Foreign Assistance
6 Act of 1961, as amended, is hereby redesignated "POLICY"
7 and section 101, which relates to short title, is hereby
8 deleted.

9 SEC. 102. Section 102 of the Foreign Assistance Act of

1 1961, as amended, which relates to statement of policy, is
2 amended as follows:

3 (a) In the last sentence of the seventh paragraph, strike
4 out "should emphasize long-range development assistance"
5 and insert in lieu thereof "shall emphasize long-range de-
6 velopment assistance".

7 (b) Immediately after the seventh paragraph, insert the
8 following:

9 "The Congress further declares that, in order to assure
10 that each program of assistance under this part is admin-
11 istered in such a manner as will most effectively carry out
12 the policies stated in this section, each request for authoriza-
13 tion of funds for such program shall be accompanied by a
14 detailed statement setting forth—

15 " (1) the purposes of such program,

16 " (2) the specific objectives of such program, and

17 " (3) the priorities assigned to such purposes and
18 objectives,

19 which will be adhered to in the administration of such
20 program."

21 (c) The eighth paragraph is amended to read as
22 follows:

23 "It is the sense of the Congress that in the administra-
24 tion of these funds great attention and consideration should
25 be given to those countries which share the view of the United

1 States on the world crisis and which do not, as a result of
2 United States assistance, divert their own economic resources
3 to military or propaganda efforts directed against the United
4 States or against other countries receiving aid under this
5 Act, whether or not such efforts are supported by the Soviet
6 Union or Communist China.”

7 (d) Immediately after the tenth paragraph insert the
8 following:

9 “It is the sense of the Congress that, in the administra-
10 tion of programs of assistance under chapter 2 of this part,
11 every possible precaution should be taken to assure that such
12 assistance is not diverted to short-term emergency purposes
13 (such as budgetary purposes, balance-of-payments purposes,
14 or military purposes) or any other purpose not essential to
15 the long-range economic development of recipient countries.
16 It is further the sense of the Congress that short-term emer-
17 gency purposes such as those referred to in the preceding
18 sentence should be met, to the extent possible, through inter-
19 national institutions (such as the International Monetary
20 Fund) which are equipped to condition assistance on im-
21 mediate economic and monetary reform.”

22 (e) The first sentence of the last paragraph is amended
23 by inserting “(including private enterprise within such
24 countries)” immediately after “countries”.

25 (f) Immediately after the first sentence of the last para-

1 graph insert the following new sentence: "In particular, the
2 Congress urges that other industrialized free-world countries
3 increase their contributions and improve the forms and terms
4 of their assistance so that the burden of the common under-
5 taking, which is for the benefit of all, shall be equitably borne
6 by all."

7 CHAPTER 2—DEVELOPMENT ASSISTANCE

8 TITLE I—DEVELOPMENT LOAN FUND

9 SEC. 103. The second sentence of section 201 (b) of
10 the Foreign Assistance Act of 1961, as amended, which
11 relates to considerations to be taken into account in making
12 loans from the Development Loan Fund, is amended as
13 follows:

14 (a) Strike out clauses (1) and (2) and insert in lieu
15 thereof the following: "(1) whether financing could be ob-
16 tained in whole or in part from other free-world sources on
17 reasonable terms, including private sources within the United
18 States, (2) the economic and technical soundness of the
19 activity to be financed, including the capacity of the recipient
20 country to repay the loan at a reasonable rate of interest,".

21 (b) Strike out "and" at the end of clause (5).

22 (c) Insert immediately before the period at the end of
23 such second sentence the following: ", and (7) the economic
24 development plans of the requesting country, which plans

1 should specifically provide for appropriate participation by
2 private enterprise and include an analysis of current human
3 and material resources, together with a projection of the
4 ultimate objectives of the plans with respect to the overall
5 economic development of such country”.

6 SEC. 104. Section 202 (a) of the Foreign Assistance Act
7 of 1961, as amended, which relates to authorizations for the
8 Development Loan Fund, is amended by inserting im-
9 mediately before the period at the end thereof the following:
10 “: *Provided further*, That, in order to effectuate the purposes
11 and provisions of sections 102, 201, 601, and 602 of this
12 Act, not less than 50 per centum of the funds appropriated
13 pursuant to this subsection for the fiscal years ending June
14 30, 1965, and June 30, 1966, respectively, shall be available
15 only for loans made for purposes of economic development
16 through private enterprise”.

17 SEC. 105. Section 201 (d) of the Foreign Assistance
18 Act of 1961, as amended, which relates to interest rates on
19 development loans, is amended by inserting immediately
20 after “in no event” the following: “less than 2 per centum
21 per annum nor”.

22 SEC. 106. Section 202 (a), which relates to authoriza-
23 tion, is amended by striking out “and \$1,500,000,000 for
24 each of the next four succeeding fiscal years,” and inserting

1 in lieu thereof “, \$1,500,000,000 for the fiscal year 1963,
2 \$900,000,000 for the fiscal year 1964, and \$1,500,000,000
3 for each of the next two succeeding fiscal years,”.

4 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
5 COOPERATION

6 SEC. 107. Title II of chapter 2 of part I of the Foreign
7 Assistance Act of 1961, as amended, which relates to
8 development grants and technical cooperation, is amended
9 as follows:

10 (a) Section 211 (a), which relates to general authority,
11 is amended—

12 (1) by striking out “and” at the end of clause (5)
13 contained in the second sentence thereof; and

14 (2) by inserting immediately before the period at
15 the end of the second sentence the following: “, and (7)
16 whether such activity could be financed through a de-
17 velopment loan available under title I of this chapter”.

18 (b) In section 212, which relates to authorization,
19 strike out “1963” and “\$300,000,000” and substitute
20 “1964” and “\$217,000,000”, respectively.

21 (c) Amend section 214, which relates to American
22 schools and hospitals abroad, as follows:

23 (1) In subsection (a) strike out “use, in addition
24 to other funds available for such purposes, funds made

1 available for the purposes of section 211 for” and sub-
2 stitute the word “furnish”.

3 (2) In subsection (b) strike out “to use” and “for-
4 eign currencies accruing to the United States Govern-
5 ment under any Act, for purposes of subsection (a)
6 of this section and for” and substitute “to furnish” be-
7 fore the word “assistance”.

8 (3) Add the following new subsection:

9 “(c) There is hereby authorized to be appropriated to
10 the President for the purposes of this section, for the fiscal
11 year 1964, \$12,000,000, to remain available until expended.
12 Of the sums authorized to be appropriated under this sub-
13 section, not to exceed \$2,200,000 shall be available for
14 direct dollar costs in carrying out subsection (b) and
15 \$2,000,000 shall be available solely for the purchase of
16 foreign currencies accruing to the United States Government
17 under any Act.”

18 TITLE III—INVESTMENT GUARANTIES

19 SEC. 108. Title III of chapter 2 of part I of the Foreign
20 Assistance Act of 1961, as amended, which relates to
21 investment guaranties, is amended as follows:

22 (a) Amend section 221 (b), which relates to general
23 authority, as follows:

24 (1) In the first sentence after “wholly owned” in-

1 sert “(determined without regard to any shares, in
2 aggregate less than 5 per centum of the total of issued
3 and subscribed share capital, required by law to be held
4 by persons other than the parent corporation)”.

5 (2) In paragraph (1) strike out “\$1,300,000,000”
6 in the proviso and substitute “\$2,500,000,000”.

7 (3) In paragraph (2) strike out “\$180,000,000”
8 in the third proviso and substitute “\$300,000,000”.

9 (4) In paragraph (2) strike out “1964” in the
10 fourth proviso and substitute “1965”.

11 (b) Amend section 222 (a), which relates to general
12 provisions, by striking out “section 221 (b)” and substi-
13 tuting “sections 221 (b) and 224”.

14 (c) Amend section 222 (b), which relates to general
15 provisions, by striking out “section 221 (b)” in both places
16 it appears and substituting “sections 221 (b) and 224”.

17 (d) Amend section 222 (d), which relates to general
18 provisions, to read as follows:

19 “(d) Any payments made to discharge liabilities under
20 guaranties issued under sections 221 (b) and 224 of this
21 part, sections 202 (b) and 413 (b) (4) of the Mutual
22 Security Act of 1954, as amended, and section 111 (b) (3)
23 of the Economic Cooperation Act of 1948, as amended (ex-
24 clusive of informational media guaranties), shall be paid first
25 out of fees referred to in section 222 (b) as long as such fees

1 are available, and thereafter shall be paid out of funds, if any,
2 realized from the sale of currencies or other assets acquired
3 in connection with any payments made to discharge liabilities
4 under such guaranties as long as such funds are available,
5 and thereafter shall be paid out of funds heretofore appro-
6 priated for the purpose of discharging liabilities under the
7 aforementioned guaranties, and thereafter out of funds real-
8 ized from the sale of notes issued under section 413 (b) (4)
9 (F) of the Mutual Security Act of 1954, as amended, and
10 section 111 (c) (2) of the Economic Cooperation Act of
11 1948, as amended, and finally out of funds hereafter made
12 available pursuant to section 222 (f).”

13 (e) Amend section 222 (e), which relates to general
14 provisions, to read as follows:

15 “(e) All guaranties issued prior to July 1, 1956, all
16 guaranties issued under sections 202 (b) and 413 (b) (4)
17 of the Mutual Security Act of 1954, as amended, and all
18 guaranties heretofore or hereafter issued pursuant to this
19 title shall be considered contingent obligations backed by
20 the full faith and credit of the Government of the United
21 States of America. Funds heretofore obligated under the
22 aforementioned guaranties (exclusive of informational media
23 guaranties) together with the other funds made available
24 for the purposes of this title shall constitute a single reserve

1 for the payment of claims in accordance with section 222 (d)
2 of this part.”

3 (f) Amend section 222 by adding at the end thereof the
4 following new subsection:

5 “(g) In making a determination to issue a guaranty
6 under section 221 (b), the President shall consider the pos-
7 sible adverse effect of the dollar investment under such
8 guaranty upon the balance of payments of the United
9 States.”

10 (g) Amend section 224, which relates to housing
11 projects in Latin American countries, as follows:

12 (1) In subsection (b) strike out “\$60,000,000”
13 and substitute “\$150,000,000”.

14 (2) Strike out subsection (c).

15 TITLE VI—ALLIANCE FOR PROGRESS

16 SEC. 109. Title VI of chapter 2 of part I of the Foreign
17 Assistance Act of 1961, as amended, which relates to the
18 Alliance for Progress, is amended as follows:

19 (a) Amend section 251, which relates to general
20 authority, as follows:

21 (1) In subsection (b), amend the next to the last
22 sentence thereof by inserting immediately after “reason-
23 able terms” the following: “(including private sources
24 within the United States), the capacity of the recipient

country to repay the loan at a reasonable rate of interest,”.

(2) In subsection (e) strike out “economical” and substitute “economically”.

(3) In subsection (f) strike out “Agency for International Development” and substitute “agency primarily responsible for administering part I”.

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out “fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year” and insert in lieu thereof “fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$450,000,000,”.

(2) Immediately after “1963” the second time it appears therein, insert the following: “and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964.”.

(c) Section 252, which relates to authorization, is amended by adding at the end thereof the following new sentence: “In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this

1 section for the fiscal years ending June 30, 1965, and June
2 30, 1966, respectively, shall be available only for loans made
3 for purposes of economic development through private enter-
4 prise.”

5 (d) After section 253, which relates to fiscal provisions,
6 insert the following new section:

7 “SEC. 254. RESTRICTIONS ON ASSISTANCE.—(a) None
8 of the funds made available under authority of this Act
9 may be used to furnish assistance to any country covered
10 by this title in which the government has come to power
11 through the forcible overthrow of a prior government which
12 has been chosen in free and democratic elections.

13 “(b) The provisions of this section shall not require
14 the withholding of assistance to any country if, following a
15 determination by the President that the withholding of such
16 assistance would be contrary to the national interest, the
17 two Houses of Congress adopt a concurrent resolution ap-
18 proving the continuance of such assistance.”

19 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
20 PROGRAMS

21 SEC. 110. Section 302 of the Foreign Assistance Act
22 of 1961, as amended, which relates to international organiza-
23 tions and programs, is amended by striking out “1963” and
24 “\$148,900,000” and substituting “1964” and “\$136,050,-
25 000”, respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 111. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out “1963” and “\$415,000,000” and substituting “1964” and “\$380,000,000”, respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 112. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out “1963” and “\$300,000,000” and inserting in lieu thereof “1964” and “\$150,000,000”, respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated “POLICY” and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504 (a), which relates to authorization strike out “the fiscal years 1962 and 1963” and “\$1,700,000,000 for each such fiscal year, which sums” and substitute “fiscal year 1964” and “\$1,000,000,000, which”, respectively.

1 (b) In section 510 (a), which relates to special author-
2 ity, strike out "1963" in the first and second sentences and
3 substitute "1964".

4 (c) At the end of such chapter, add the following new
5 section:

6 "SEC. 512. RESTRICTIONS ON MILITARY AID TO
7 AFRICA.—No military assistance shall be furnished on a
8 grant basis to any country in Africa, except for internal
9 security requirements or for programs described in section
10 505 (b) of this chapter."

11 PART III

12 CHAPTER 1—GENERAL PROVISIONS

13 SEC. 301. Section 601 (b) of the Foreign Assistance Act
14 of 1961, as amended, which relates to encouragement of pri-
15 vate enterprise, is amended as follows:

16 (a) Strike out "and" at the end of paragraph (3).

17 (b) Strike out the period at the end of paragraph (4)
18 and insert in lieu thereof a semicolon.

19 (c) At the end thereof add the following new para-
20 graphs:

21 "(5) utilize, wherever practicable, the services of
22 United States private enterprise (including, but not
23 limited to, the services of experts and consultants in tech-
24 nical fields such as engineering) ; and

1 “(6) take appropriate steps to discourage national-
2 zation, expropriation, confiscation, seizure of ownership
3 or control of private investment and discriminatory or
4 other actions having the effect thereof, undertaken by
5 countries receiving assistance under this Act, which di-
6 vert available resources essential to create new wealth,
7 employment, and productivity in those countries and
8 otherwise impair the climate for new private investment
9 essential to the stable economic growth and development
10 of those countries.”

11 SEC. 302. Section 611 (b) of the Foreign Assistance
12 Act of 1961, as amended, which relates to completion of
13 plans and cost estimates, is amended by striking out “circular
14 A-47 of the Bureau of the Budget” and substituting “the
15 Memorandum of the President dated May 15, 1962”.

16 SEC. 303. Section 611, of the Foreign Assistance Act
17 of 1961, as amended, which relates to completion of plans
18 and cost estimates, is amended by adding to the end thereof
19 the following subsection:

20 “(e) The President shall establish such procedures as
21 he may deem necessary to assure to the maximum extent
22 practicable all contracts for construction outside the United
23 States made in connection with any agreement or grant
24 subject to subsection (a) of this section shall be made

1 in accordance with the same standards applicable to contracts
2 made by the Federal Government for similar construction
3 within the United States.”

4 SEC. 304. Section 620 (a) of the Foreign Assistance Act
5 of 1961, as amended, which relates to prohibitions against
6 furnishing assistance to Cuba, is amended as follows:

7 (a) Insert “(1)” immediately after “(a)”.

8 (b) Insert immediately after the second sentence thereof
9 the following new sentence: “No funds provided under this
10 Act shall be used to make any voluntary contribution to
11 any international organization or program for financing proj-
12 ects of economic or technical assistance to the present Gov-
13 ernment of Cuba.”.

14 (c) At the end thereof add the following new para-
15 graphs:

16 “(2) Except as may be deemed necessary by the Presi-
17 dent in the interest of the United States, no assistance shall
18 be furnished under this Act to any government of Cuba, nor
19 shall Cuba be entitled to receive any quota authorizing the
20 importation of Cuban sugar into the United States or to
21 receive any other benefit under any law of the United States,
22 until the President determines that such government has
23 taken appropriate steps according to international law stand-
24 ards to return to United States citizens, and to entities not
25 less than 50 per centum beneficially owned by United States

1 citizens, or to provide equitable compensation to such citizens
2 and entities for property taken from such citizens and en-
3 tities on or after January 1, 1959, by the Government of
4 Cuba.

5 “(3) No funds authorized to be made available under
6 this Act (except under section 214) shall be used to furnish
7 assistance to any country which has failed to take appro-
8 priate steps, not later than 60 days after the date of enact-
9 ment of the Foreign Assistance Act of 1963—

10 “(A) to prevent ships or aircraft under its registry
11 from transporting to Cuba (other than to United States
12 installations in Cuba) —

13 “(i) any items of economic assistance,

14 “(ii) any items which are, for the purposes of
15 title I of the Mutual Defense Assistance Control
16 Act of 1951, as amended, arms, ammunition and
17 implements of war, atomic energy materials, petro-
18 leum, transportation materials of strategic value, or
19 items of primary strategic significance used in the
20 production of arms, ammunition, and implements of
21 war, or

22 “(iii) any other equipment, materials, or com-
23 modities,

24 so long as Cuba is governed by the Castro regime; and

1 “(B) to prevent ships or aircraft under its registry
2 from transporting any equipment, materials, or com-
3 modities from Cuba (other than from United States
4 installations in Cuba) so long as Cuba is governed by
5 the Castro regime.”

6 SEC. 305. Section 620 (e) of the Foreign Assistance Act
7 of 1961, as amended, which relates to suspension of assist-
8 ance, is amended as follows:

9 (a) In clause (2), immediately after “operational con-
10 ditions,” insert “or has taken other actions,”.

11 (b) Strike out “equitable and speedy compensation for
12 such property in convertible foreign exchange” and insert
13 in lieu thereof “speedy compensation for such property in
14 convertible foreign exchange equivalent to the full value
15 thereof”.

16 SEC. 306. Section 620 (f) of the Foreign Assistance Act
17 of 1961, as amended, which relates to prohibitions against
18 furnishing certain assistance to Communist countries, is
19 amended by inserting immediately before the period after
20 “Union of Soviet Socialist Republics” the following: “(in-
21 cluding its captive constituent republics)”.

22 SEC. 307. Section 620 of the Foreign Assistance Act
23 of 1961, as amended, which relates to prohibitions against
24 furnishing assistance to Cuba and certain other countries,

1 is amended by adding at the end thereof the following new
2 subsections:

3 “(i) No assistance shall be provided under this or any
4 other Act, and no sales shall be made under the Agricultural
5 Trade Development and Assistance Act of 1954, to any
6 country which the President determines is engaging in or
7 preparing for aggressive military efforts directed against—

8 “(1) the United States,

9 “(2) any country receiving assistance under this
10 or any other Act, or

11 “(3) any country to which sales are made under
12 the Agricultural Trade Development and Assistance
13 Act of 1954,

14 until the President determines that such military efforts or
15 preparations have ceased and he reports to the Congress
16 that he has received assurances satisfactory to him that
17 such military efforts or preparations will not be renewed.
18 This restriction may not be waived pursuant to any au-
19 thority contained in this Act.

20 “(j) No assistance under this Act shall be furnished to
21 Indonesia unless the President determines that the furnish-
22 ing of such assistance is in the national interest of the United
23 States. The President shall keep the Foreign Relations
24 Committee and the Appropriations Committee of the Senate

1 and the Speaker of the House of Representatives fully and
2 currently informed of any assistance furnished to Indonesia
3 under this Act.

4 “(k) Until the enactment of the Foreign Assistance
5 Act of 1964 or other general legislation, during the calendar
6 year 1964, authorizing additional appropriations to carry
7 out programs of assistance under this Act, no assistance
8 shall be furnished under this Act to any country for con-
9 struction of any productive enterprise with respect to which
10 the aggregate value of such assistance to be furnished by
11 the United States will exceed \$100,000,000. No other
12 provision of this Act shall be construed to authorize the
13 President to waive the provisions of this subsection.

14 “(l) No assistance shall be provided under this Act
15 after December 31, 1964, to the government of any less
16 developed country which has failed to enter into an agree-
17 ment with the President to institute the investment guaranty
18 program under section 221 (b) (1) of this Act, providing
19 protection against the specific risks of inconvertibility under
20 subparagraph (A), and expropriation or confiscation under
21 subparagraph (B), of such section 221 (b) (1).

22 “(m) No assistance shall be furnished under this Act
23 for the construction or operation of any productive enter-
24 prise in any country unless the President determines that
25 similar productive enterprises within the United States are

1 operating at a substantial portion of their capacity and that
2 such assistance will not result in depriving such United
3 States enterprises of their reasonable share of world markets.
4 The President shall keep the Foreign Relations Committee
5 and the Appropriations Committee of the Senate and the
6 Speaker of the House of Representatives fully and currently
7 informed of assistance furnished under this Act for the
8 construction or operation of productive enterprises in all
9 countries, including specifically the numbers of such enter-
10 prises, the types of such enterprises, and the locations of
11 such enterprises.

12 “(n) No assistance shall be furnished under section
13 201, 211, or 251 of this Act to the government of any
14 country which does not agree to permit such reviews, in-
15 spections, and audits by the United States as the President
16 may require for the purpose of ascertaining whether such
17 assistance is being administered within the recipient country
18 to carry out the purposes for which it was furnished.”

19 CHAPTER 2—ADMINISTRATIVE PROVISIONS

20 SEC. 308. Chapter 2 of part III of the Foreign Assist-
21 ance Act of 1961, as amended, which relates to administra-
22 tive provisions, is amended as follows:

23 (a) Amend section 624, which relates to statutory offi-
24 cers, as follows:

25 (1) In subsection (a) (2) strike out “two shall

1 have the rank of Deputy Under Secretaries” and sub-
2 stitute “one shall have the rank of Deputy Under Secre-
3 tary”.

4 (2) In subsection (a) (3) strike out “nine” and
5 substitute “ten”.

6 (3) In subsection (b) strike out “paragraphs (2)
7 and” and substitute “paragraph”.

8 (b) Amend section 626 (b), which relates to experts,
9 consultants, and retired officers, as follows:

10 (1) Strike out the entire first sentence.

11 (2) In the second sentence strike out “Nor shall
12 such service” and substitute “Service of an individual as
13 an expert or consultant under subsection (a) of this
14 section shall not”.

15 (c) In section 631, which relates to missions and staffs
16 abroad, add the following new subsection (c):

17 “(c) The President may appoint any United States
18 citizen who is not an employee of the United States Govern-
19 ment or may assign any United States citizen who is a United
20 States Government employee to serve as Chairman of the
21 Development Assistance Committee or any successor com-
22 mittee thereto of the Organization for Economic Cooperation
23 and Development upon election thereto by members of said
24 Committee, and, in his discretion, may terminate such ap-
25 pointment or assignment, notwithstanding any other provi-

1 sion of law. Such person may receive such compensation and
2 allowances as are authorized by the Foreign Service Act of
3 1946, as amended, not to exceed those authorized for a chief
4 of mission, class 2, within the meaning of said Act, as the
5 President may determine. Such persons may also, in the
6 President's discretion, receive any other benefits and per-
7 quisites available under this Act to chiefs of special missions
8 or staffs outside the United States established under this
9 section."

10 (d) Amend section 635, which relates to general au-
11 thorities, by adding the following new subsection (k) :

12 " (k) Any cost-type contract or agreement (including
13 grants) entered into with a university, college, or other
14 educational institution for the purpose of carrying out pro-
15 grams authorized by part I may provide for the payment
16 of the reimbursable indirect costs of said university, college,
17 or other educational institution on the basis of predetermined
18 fixed-percentage rates applied to the total, or an element
19 thereof, of the reimbursable direct costs incurred."

20 (e) Amend section 636, which relates to provisions on
21 uses of funds, by adding at the end thereof the following new
22 subsection:

23 " (h) In carrying out programs under this Act, the
24 President shall take all appropriate steps to assure that, to
25 the maximum extent possible, (1) countries receiving as-

1 sistance under this Act contribute local currencies to meet
2 the cost of contractual and other services rendered in con-
3 junction with such programs, and (2) foreign currencies
4 owned by the United States are utilized to meet the costs
5 of such contractual and other services.”

6 (f) Amend section 637 (a) , which relates to administra-
7 tive expenses, by striking out “1963” and “\$53,000,000”
8 and substituting “1964” and “\$54,000,000”, respectively.

9 CHAPTER 3—MISCELLANEOUS PROVISIONS

10 SEC. 309. Section 644 (f) of the Foreign Assistance Act
11 of 1961, as amended, which relates to definition of defense
12 services, is amended by inserting “including orientation”
13 after “training” the first time it appears.

14 SEC. 310. Section 645 of the Foreign Assistance Act
15 of 1961, as amended, which relates to unexpended balances,
16 is amended to read as follows:

17 “SEC. 645. UNEXPENDED BALANCES.—Unexpended
18 balances of funds made available pursuant to this Act, the
19 Mutual Security Act of 1954, as amended, or Public Law
20 86-736 are hereby authorized to be continued available for
21 the general purposes for which appropriated, and may at
22 any time be consolidated, and, in addition, may be consoli-
23 dated with appropriations made available for the same gen-
24 eral purposes under the authority of this Act.”

1 PART IV—AMENDMENTS TO OTHER LAWS

2 SEC. 401. The Act to provide for assistance in the
3 development of Latin America and in the reconstruction of
4 Chile, and for other purposes (Public Law 86-735, 22
5 U.S.C. 1942 et seq.), is amended as follows:

6 (a) In section 2 strike out “\$500,000,000” and sub-
7 stitute “\$700,000,000”.

8 (b) Insert following the enacting clause “That this
9 Act may be cited as ‘the Latin American Development and
10 Chilean Reconstruction Act’ ”.

11 SEC. 402. (a) Section 101 (f) of the Agricultural Trade
12 Development and Assistance Act of 1954, as amended, is
13 amended to read as follows:

14 “(f) obtain rates of exchange applicable to the
15 sale of commodities under such agreements which are
16 not less favorable than the highest of exchange rates
17 legally obtainable from the government or agencies
18 thereof in the respective countries.”

19 (b) Section 105 of such Act is amended by adding at
20 the end thereof the following new sentence: “The President
21 shall utilize foreign currencies received pursuant to this title
22 in such manner as will, to the maximum extent possible,
23 reduce any deficit in the balance of payments of the United
24 States.”

1 (c) Section 202 of such Act is amended by striking
2 out "economic development" and inserting in lieu thereof
3 "economic and community development".

4 SEC. 403. (a) Section 571 (a) of the Foreign Service
5 Act of 1946, as amended, is amended by changing the final
6 period to a colon and adding the following: "*Provided, That*
7 in individual cases when personally approved by the Secre-
8 tary further extension may be made."

9 (b) Section 911 (2) of the Foreign Service Act of
10 1946, as amended, is amended by inserting immediately after
11 "on authorized home leave;" the following: "accompanying
12 him for representational purposes on authorized travel within
13 the country of his assignment or, at the discretion of the Sec-
14 retary, outside the country of his assignment, but in no case
15 to exceed one member of his family;"

16 (c) Title IX of the Foreign Service Act of 1946, as
17 amended, is amended by striking out section 921 (d), re-
18 lating to use of Government vehicles, and by inserting im-
19 mediately after section 913 the following new section:

20 "USE OF GOVERNMENT OWNED OR LEASED VEHICLES

21 "SEC. 914. Notwithstanding the provisions of section 5
22 of the Act of July 16, 1914, as amended (5 U.S.C. 78),
23 the Secretary may authorize any principal officer to approve
24 the use of Government owned or leased vehicles located at

1 his post for transportation of United States Government
2 employees and their dependents when public transportation
3 is unsafe or not available.”

4 (d) Title X of the Foreign Service Act of 1946, as
5 amended, is amended by adding at the end thereof the follow-
6 ing:

7 “PART I—EDUCATIONAL FACILITIES

8 “SEC. 1081. Whenever the Secretary determines that
9 educational facilities are not available, or that existing educa-
10 tional facilities are inadequate, to meet the needs of children
11 of American citizens stationed outside the United States
12 engaged in carrying out Government activities, he is author-
13 ized, in such manner as he deems appropriate and under
14 such regulations as he may prescribe, to establish, operate,
15 and maintain primary schools, and school dormitories and
16 related educational facilities for primary and secondary
17 schools, outside the United States, or to make grants of funds
18 for such purposes, or otherwise provide for such educational
19 facilities. The provisions of the Foreign Service Buildings
20 Act, 1926, as amended, and of paragraphs (h) and (i) of
21 section 3 of the Act entitled ‘An Act to provide certain basic
22 authority for the Department of State’, approved August 1,
23 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized
24 by the Secretary in providing assistance for educational

1 facilities. Assistance may include, but shall not be limited
2 to, hiring, transporting, and payment of teachers and other
3 necessary personnel.”

4 SEC. 404. The Act entitled “An Act to provide certain
5 basic authority for the Department of State”, approved
6 August 1, 1956 (5 U.S.C. 170f-170t), is amended by in-
7 serting immediately after section 12 the following new
8 section:

9 “SEC. 13. There is hereby established a working capital
10 fund for the Department of State, which shall be available
11 without fiscal year limitation, for expenses (including those
12 authorized by the Foreign Service Act of 1946, as amended)
13 and equipment, necessary for maintenance and operation
14 in the city of Washington and elsewhere of (1) central
15 reproduction, editorial, data processing, audiovisual, library
16 and administrative support services; (2) central supply
17 services for supplies and equipment (including repairs),
18 and (3) such other administrative services as the Secretary,
19 with the approval of the Bureau of the Budget, determines
20 may be performed more advantageously and more economi-
21 cally as central services. The capital of the fund shall consist
22 of the amount of the fair and reasonable value of such supply
23 inventories, equipment, and other assets and inventories on
24 order, pertaining to the services to be carried on by the
25 fund, as the Secretary may transfer to the fund, less the

1 related liabilities and unpaid obligations, together with any
2 appropriations made for the purpose of providing capital.
3 Not to exceed \$750,000 in net assets shall be transferred
4 to the fund for purposes of providing capital. The fund
5 shall be reimbursed, or credited with advance payments,
6 from applicable appropriations and funds of the Department
7 of State, other Federal agencies, and other sources author-
8 ized by law, for supplies and services at rates which will
9 approximate the expense of operations, including accrual
10 of annual leave and depreciation of plant and equipment of
11 the fund. The fund shall also be credited with other receipts
12 from sale or exchange of property or in payment for loss or
13 damage to property held by the fund. There shall be trans-
14 ferred into the Treasury as miscellaneous receipts, as of the
15 close of each fiscal year, earnings which the Secretary deter-
16 mines to be excess to the needs of the fund. There is hereby
17 authorized to be appropriated such amounts as may be
18 necessary to provide capital for the fund.”

19 SEC. 405. The first sentence of the first section of the
20 Act entitled “An Act to authorize participation by the
21 United States in parliamentary conferences of the North
22 Atlantic Treaty Organization”, approved July 11, 1956
23 (70 Stat. 523), is amended to read as follows: “That not
24 to exceed eighteen Members of Congress shall be appointed
25 to meet jointly and annually with representative parliamen-

1 tary groups from other NATO (North Atlantic Treaty
2 Organization) members, for discussion of common problems
3 in the interests of the maintenance of peace and security in
4 the North Atlantic area.”

Amdt. No. 251

Calendar No. 566

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

October 29 (legislative day, October 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

- 1 On page 40, line 23, in lieu of "\$1,300,000,000" insert
- 2 "\$1,000,000,000".

Amdt. No. 252

Amdt. No. 252

Calendar No. 566

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

1 On page 38, between lines 2 and 3, insert the following:

2 “(1) Strike out ‘fiscal years 1963 through 1966,
3 not to exceed \$600,000,000 for each such fiscal year’
4 and insert in lieu thereof ‘fiscal years 1963, 1965, and
5 1966, not to exceed \$600,000,000 for each such fiscal
6 year, and for use beginning in the fiscal year 1964, not
7 to exceed \$400,000,000.’”

8 On page 38, lines 3, 12, and 13, strike out “(1)”,
9 “(2)”, and “(3)” and insert “(2)”, “(3)”, and “(4)”,
10 respectively.

88TH CONGRESS
1ST Session

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 39, line 10, after the section heading insert
2 “(a)”.

3 On page 39, strike out the quotation marks at the end
4 of line 17.

5 On page 39, between lines 17 and 18, insert the follow-
6 ing:

7 “(b) None of the funds made available under authority
8 of this Act may be used to furnish assistance to any country
9 covered by this title in the form of balance-of-payment loans
10 or budget support.”

Amdt. No. 254

Amdt. No. 254

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

October 29 (legislative day, October 22), 1963
Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

- 1 On page 40, line 10, in lieu of "\$175,000,000" insert
- 2 "\$150,000,000".

Amdt. No. 255

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

- 1 On page 40, line 5, in lieu of "\$400,000,000" insert
- 2 "\$380,000,000".

Amdt. No. 256

Amdt. No. 256

Calendar No. 566

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

October 29 (legislative day, October 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 33, line 2, in lieu of "\$225,000,000" insert
- 2 "\$217,000,000".

Amdt. No. 257

Amdt. No. 257

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 41, line 5, in lieu of "\$50,000,000" insert
- 2 "\$30,000,000".

Amdt. No. 258

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, between lines 3 and 4, insert the following:

1 (e) Add the following new section at the end thereof:

2 “SEC. 620A. (a) PROHIBITION ON FURNISHING OF
3 ASSISTANCE SUBSEQUENT TO JUNE 30, 1965.—Notwith-
4 standing any other provision of this Act, no assistance shall
5 be furnished pursuant to this Act to any country or area
6 (or enterprise therein) subsequent to June 30, 1965 unless—

7 “(1) Such country or area has requested such
8 assistance and can show that it is pursuing the following
9 economic, political, and military policies:

10 “(A) That it (i) is seriously and continuously
11 engaged in measures of self-help, (ii) has taken

1 appropriate steps to assure that its own private
2 capital resources will be utilized within its own
3 country or area, (iii) will encourage the develop-
4 ment of the private enterprise sector of its own
5 economy, (iv) has taken adequate steps, where
6 appropriate and necessary, to bring about reforms
7 in such fields as land distribution and taxation to
8 enable its people fairly to share in the products of
9 its development, and that the project or program for
10 which economic aid is requested will contribute to
11 the economic or social development of the country;

12 “(B) That it is promoting the maximum
13 amount of individual freedom and is encouraging
14 its people freely to choose their own government;

15 “(C) That it seeks to establish and maintain
16 only such military force as may be adequate to
17 prevent the internal overthrow of an elected govern-
18 ment or to deter threatened external Communist
19 attack;

20 “(2) The furnishing of such assistance is required
21 by an irrevocable commitment made, or contractual
22 obligation incurred, prior to the date of enactment of
23 this section; or

24 “(3) In case of any such assistance extended in the
25 form of loans, the interest rate thereon is not less than

1 the average rate payable on obligations of the United
2 States of comparable maturities.

3 “(b) The total number of countries or areas receiving
4 assistance under this Act subsequent to June 30, 1965,
5 shall not exceed fifty.”

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, between lines 3 and 4, insert the following:

1 “(e) At the end thereof add a new section as follows:

2 “SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 “(1) the total amounts obligated or reserved dur-
5 ing fiscal year 1964 for assistance under part I of this
6 Act to the Republic of China and South Korea shall
7 not exceed amounts equal to 75 per centum of the
8 respective amounts specified for such purpose for such
9 countries in the presentation material submitted to the
10 Congress during its consideration of the Foreign As-
11 sistance Act of 1963; and

1 “(2) the total amounts obligated or reserved dur-
2 ing fiscal year 1964 for assistance under part II of this
3 Act to such countries shall not exceed 75 per centum
4 of the respective amounts specified for such purpose for
5 such countries in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to the above-named
8 countries are less than the sums which, but for the provi-
9 sions of this section, would have been available for such
10 purpose, and such amounts shall be deducted from appro-
11 priations or other funds available for such purpose and
12 deposited in the general fund of the Treasury.”

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, between lines 3 and 4, insert the following:

- 1 (e) At the end thereof add a new section as follows:
- 2 “SEC. 620A. (a) Notwithstanding any other provision
- 3 of this Act—
- 4 “(1) the total amounts obligated or reserved during
- 5 fiscal year 1964 for assistance under part I of this Act
- 6 to South Vietnam, Laos, and Indonesia shall not exceed
- 7 amounts equal to 75 per centum of the respective
- 8 amounts specified for such purpose for such countries in
- 9 the presentation material submitted to the Congress dur-
- 10 ing its consideration of the Foreign Assistance Act of
- 11 1963; and

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1964 for assistance under part II of this Act
3 to such countries shall not exceed 75 per centum of
4 the respective amounts specified for such purpose for
5 such countries in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to the above-named
8 countries are less than the sums which, but for the provisions
9 of this section, would have been available for such purpose,
10 and such amounts shall be deducted from appropriations or
11 other funds available for such purpose and deposited in the
12 general fund of the Treasury.”

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, between lines 3 and 4, insert the following:

1 (e) At the end thereof add a new section as follows:

2 “SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 “(1) the total amounts obligated or reserved dur-
5 ing fiscal year 1964 for assistance under part I of this
6 Act to India and Pakistan shall not exceed amounts
7 equal to 75 per centum of the respective amounts speci-
8 fied for such purpose for such countries in the presenta-
9 tion material submitted to the Congress during its
10 consideration of the Foreign Assistance Act of 1963;
11 and

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1964 for assistance under part II of this
3 Act to such countries shall not exceed 50 per centum
4 of the respective amounts specified for such purpose
5 for such countries in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to the above-named
8 countries are less than the sums which, but for the provisions
9 of this section, would have been available for such purpose,
10 and such amounts shall be deducted from appropriations or
11 other funds available for such purpose and deposited in the
12 general fund of the Treasury.”

Amdt. No. 262

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

October 29 (legislative day, October 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, between lines 3 and 4, insert the following:

1 (e) At the end thereof add a new section as follows:

2 “SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 “(1) the total amounts obligated or reserved during
5 fiscal year 1964 for assistance under part I of this Act
6 to Turkey, Portugal, Greece, and Spain shall not exceed
7 amounts equal to 75 per centum of the respective
8 amounts specified for such purpose for such countries
9 in the presentation material submitted to the Congress
10 during its consideration of the Foreign Assistance Act
11 of 1963; and

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1964 for assistance under part II of this Act
3 to such countries shall not exceed 75 per centum of the
4 respective amounts specified for such purpose for such
5 countries in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to the above-named
8 countries are less than the sums which, but for the provisions
9 of this section, would have been available for such purpose,
10 and such amounts shall be deducted from appropriations or
11 other funds available for such purpose and deposited in the
12 general fund of the Treasury.”

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, between lines 3 and 4, insert the following:

- 1 (e) At the end thereof add a new section as follows:
- 2 “SEC. 620. (a) Notwithstanding any other provision of
- 3 this Act—
- 4 “(1) the total amounts obligated or reserved dur-
- 5 ing fiscal year 1964 for assistance under part I of this
- 6 Act to Jordan, Saudi Arabia, the United Arab Republic,
- 7 Iran, and Israel shall not exceed amounts equal to 75 per
- 8 centum of the respective amounts specified for such
- 9 purpose for such countries in the presentation material

1 submitted to the Congress during its consideration of the
2 Foreign Assistance Act of 1963; and

3 “(2) the total amounts obligated or reserved dur-
4 ing fiscal year 1964 for assistance under part II of this
5 Act to such countries shall not exceed 75 per centum of
6 the respective amounts specified for such purpose for
7 such countries in such presentation material.

8 “(b) The President shall determine the amounts by
9 which the sums available for assistance to the above-named
10 countries are less than the sums which, but for the provisions
11 of this section, would have been available for such purpose,
12 and such amounts shall be deducted from appropriations or
13 other funds available for such purpose and deposited in the
14 general fund of the Treasury.”

Amdt. No. 264

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 39 strike out lines 10 to 17 inclusive, and insert in lieu thereof the following:

- 1 “SEC. 254. RESTRICTIONS ON ASSISTANCE.—(a) None
2 of the funds made available under authority of this Act
3 may be used to furnish assistance to any country covered
4 by this title in which the government has come to power
5 through the forcible overthrow of a prior government which
6 has been chosen in free and democratic elections.
- 7 “(b) The provisions of this section shall not require the
8 withholding of assistance to any country if, following a de-
9 termination by the President that the withholding of such
10 assistance would be contrary to the national interest, the

1 two Houses of Congress adopt a concurrent resolution approv-
 2 ing the continuance of such assistance.”

Amdt. No. 265

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PROXMIRE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48, strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

- 1 “(k) No assistance shall be furnished under this Act to
- 2 the Republic of Indonesia. No other provision of this Act
- 3 shall be construed to authorize the President to waive the
- 4 provisions of this subsection.”

Amdt. No. 266

Amdt. No. 266

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Proxmire to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 47, between lines 12 and 13, insert the following:

1 (3) Subsection (f), which provides restrictions on as-
2 sistance to Communist countries, is amended by inserting
3 before the period at the end of the second sentence thereof
4 a comma and the following: "but in no event shall such
5 restriction be waived in the case of the Federal Peoples
6 Republic of Yugoslavia".

7 On page 47, line 13, strike out "(3)" and insert in
8 lieu thereof "(4)".

Amdt. No. 267

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 39, between lines 17 and 18, insert the following:

1 TITLE VII—EVALUATION OF PROGRAMS

2 SEC. 107. Chapter 2 of part I of the Foreign Assistance
3 Act of 1961, as amended, is further amended by adding at
4 the end thereof a new title as follows:

5 “TITLE VII—EVALUATION OF PROGRAMS

6 “SEC. 261. The President shall appoint such committees
7 as may be necessary, each composed of at least five members,
8 including representatives of the public, to review and evalu-
9 ate the economic development program of each country
10 receiving economic aid under this Act, and to report to the

1 President and to the Congress not later than June 1, 1964,
2 their findings with respect to the following—

3 “(1) whether the recipient country (a) has a
4 practical national development program which affords
5 a reasonable expectation that the objectives of such
6 program will be attained, taking into consideration the
7 human and natural resources and capabilities of the
8 country, (b) is providing the maximum amount of self-
9 help within its capabilities, and (c) has adopted the
10 fiscal, administrative, and social reforms necessary to the
11 success of such program;

12 “(2) whether the specific projects to which United
13 States aid is allocated will contribute materially to the
14 fulfillment of the primary needs of the recipient country’s
15 development program, and to the purpose of the United
16 States to assist in raising the standards of living of the
17 people of the country; and

18 “(3) such other matters as in their opinion will be
19 useful to the Congress in its consideration of legislation
20 authorizing or appropriating funds for financing foreign
21 aid programs for 1965 and subsequent fiscal years.

22 “SEC. 262. Committees referred to in section 261 shall
23 be appointed first to review the economic development pro-
24 grams for the following countries, which have received
25 approximately one-third of the assistance extended by the

1 United States under foreign aid programs: Korea, India,
2 Japan, China, Greece, Vietnam, Brazil, Pakistan, Turkey,
3 Philippines, and Iran.

4 "SEC. 263. Legislation authorizing or appropriating
5 funds for carrying out economic development programs for
6 fiscal year 1965 and subsequent fiscal years shall not be
7 enacted until the Congress has received and considered the
8 reports referred to in this title."

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 29 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 30 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LAUSCHE (for himself and Mr. DOMINICK) to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 Strike out all of the language beginning on page 52,
- 2 line 7, down to and including line 5 on page 53.

Amdt. No. 269

AMENDMENT

Intended to be proposed by Mr. LAUSCHE (for himself and Mr. DOMINICK) to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961 as amended and for other purposes.

OCTOBER 30 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 30 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 42, between lines 11 and 12, insert the
2 following:

3 “(b) At the end of section 601 add the following new
4 subsection:

5 ““(c) (1) There is hereby established an Advisory
6 Committee on Private Enterprise in Foreign Aid. The
7 Advisory Committee shall carry out studies and make recom-
8 mendations to the President with respect to the formulation
9 of a program for achieving the most effective utilization of
10 private enterprise in carrying out the objectives of this Act.

11 ““(2) The Advisory Committee shall consist of five
12 members not more than three of whom shall be members of

1 the same political party, appointed by the President, by and
2 with the advice and consent of the Senate. Such appoint-
3 ments shall be made from the business world, from the uni-
4 versities and foundations, and from among persons with ex-
5 tensive experience in government. One of the members shall
6 be designated by the President as chairman of the Advisory
7 Committee.

8 ““(3) Members of the Advisory Committee shall re-
9 ceive no compensation for their services but shall be entitled
10 to reimbursement in accordance with section 5 of the Ad-
11 ministrative Expenses Act of 1946 (5 U.S.C. 73b-2) for
12 travel and other expenses incurred in attending meetings of
13 the Advisory Committee.

14 ““(4) The final report of the Advisory Committee shall
15 be submitted to the President not later than December 31,
16 1964, whereupon the Committee shall cease to exist. The
17 President shall transmit such report to the Congress at the
18 beginning of the 89th Congress.

19 ““(5) There is hereby authorized to be appropriated
20 such sum as may be necessary to enable the Advisory Com-
21 mittee to carry out its functions.’”

22 On page 42, line 12, strike out “(b)” and insert
23 “(c)”.

1 On page 42, line 16, strike out “(c)” and insert
2 “(d)”.

3 On page 43, line 12, strike out “(d)” and insert
4 “(e)”.

APPENDICES

U. S. 5882

Amdt. No. 270

Calendar No. 566

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. JAVRS to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 30 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 30 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 47, between lines 12 and 13 insert the follow-
2 ing:

3 “(3) Subsection (f), which provides restrictions on
4 assistance to Communist countries, is amended by inserting
5 before the period at the end of the second sentence thereof
6 a comma and the following: ‘but in no event shall such
7 restriction be waived in the case of the Federal Peoples
8 Republic of Yugoslavia’.”

9 On page 47, line 13, strike out “(3)” and insert in lieu
10 thereof “(4)”.

11 On page 54, after line 4 insert the following:

12 “(d) Section 107 is amended by inserting before the

- 1 period at the end thereof a comma and the following: 'or
2 (3) the Federal Peoples Republic of Yugoslavia'."

Amdt. No. 271

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

October 30 (legislative day, October 22), 1963
Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 31 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PROXMIRE to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 48 strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

- 1 “(k) No assistance under this Act shall be furnished to
- 2 Indonesia unless the President determines that the furnishing
- 3 of such assistance is in the national interest of the United
- 4 States. The President shall keep the Foreign Relations
- 5 Committee and the Appropriations Committee of the Senate
- 6 and the Speaker of the House of Representatives fully and
- 7 currently informed of any assistance furnished to Indonesia
- 8 under this Act.”

Amdt. No. 279

AMENDMENT

Intended to be proposed by Mr. Proxmire to
H.R. 7885, an Act to amend further the
Foreign Assistance Act of 1961, as amended,
and for other purposes.

OCTOBER 31 (legislative day, OCTOBER 22), 1963
Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 31 (legislative day, OCTOBER 22), 1963

Ordered to be printed

AMENDMENTS

Proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, AND Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 31, line 18 after "SEC. 102", insert the
2 following: "(a)".

3 On page 32, after line 5, insert the following:

4 "(b) Section 202 of the Foreign Assistance Act of
5 1961, as amended, is amended by striking out 'for each
6 of the next four succeeding fiscal years,' and inserting 'for
7 the fiscal year 1963, \$975,000,000 for the fiscal year 1964,
8 and \$1,500,000,000 for each of the next two succeeding
9 fiscal years,'."

1 On page 38, strike out lines 3 through 12 and insert:

2 “(1) Strike out ‘for use beginning in each of the fiscal
3 years 1963 through 1966, not to exceed \$600,000,000 for
4 each such fiscal year’ and insert ‘for use beginning in the
5 fiscal year 1963 not to exceed \$600,000,000, for use
6 beginning in the fiscal year 1964 not to exceed
7 \$525,000,000, and for use beginning in each of the fiscal
8 years 1965 and 1966 not to exceed \$600,000,000’.”

9 On page 38, line 13, strike out “(3)” and insert “(2)”.

10 On page 40, lines 9 and 10, strike out “‘\$300,000,000’
11 and” and “and ‘\$175,000,000’, respectively”.

12 On page 40, line 23, strike out “\$1,300,000,000” and
13 insert “\$1,000,000,000”.

14 On page 42, between lines 11 and 12 insert the follow-
15 ing:

16 “(b) Section 611(a), which relates to completion of
17 plans and cost estimates, is amended by inserting before the
18 semicolon at the end of subparagraph (1) a comma and
19 the following: ‘and, in any case in which such estimate of
20 cost exceeds \$500,000, until such estimate of cost and the
21 feasibility of the project have been approved by the Corps of
22 Engineers, United States Army, or by a reputable United
23 States private firm of engineers’.”

AMENDMENTS

Proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 31 (legislative day, OCTOBER 22), 1963

Ordered to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

OCTOBER 31 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

1 On page 38, in lines 22 to 24, strike out “, notwithstand-
2 ing the provisions of section 612 of this Act or the pro-
3 visions of any other Act,”.

4 On page 38, line 25, after the comma insert “in such
5 amounts as may be specified from time to time in appropria-
6 tion Acts”.

Amdt. No. 282

Amdt. No. 282

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

OCTOBER 31 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 40, line 5, strike out "\$400,000,000" and insert in lieu thereof "\$325,000,000".

Amdt. No. 284

Amdt. No. 284

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 2, line 11, of the pending amendment (No.
- 2 280), strike out "\$175,000,000" and insert in lieu thereof
- 3 "\$100,000,000".

Amdt. No. 285

Amdt. No. 285

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ERLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 38, line 22, after the word "shall" strike out
- 2 all through the word "Act" on line 24.

Amdt. No. 287

Amdt. No. 287

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, October 22), 1963
Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 41, line 2, which relates to special authorities,
- 2 after the period strike out “\$300,000,000” and insert in lieu
- 3 thereof “\$150,000,000”.

Amdt. No. 288

Amdt. No. 288

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 51, line 12, strike out "\$52,000,000" and
- 2 insert in lieu thereof "\$50,000,000".

Amdt. No. 289

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Proposed by Mr. HOLLAND to Amendment No. 280 proposed by Mr. MANSFIELD (for himself and others) to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 1, line 8, strike the figure "\$1,500,000,000"
- 2 and insert the figure "\$975,000,000".

Amdt. No. 290

Amdt. No. 290

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Proposed by Mr. HOLLAND to Amendment No. 280 proposed by Mr. MANSFIELD (for himself and others) to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, October 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. THURMOND to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 52 strike out all beginning on line 15 down
- 2 through line 5 on page 53.

Amdt. No. 291

Amdt. No. 291

Calendar No. 566

**86TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. THURMOND to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DOMINICK to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 31, line 18, after the section number insert
2 “(a)”.

3 On page 32, between lines 5 and 6, add the following:

4 “(b) Section 203 of the Foreign Assistance Act of
5 1961, as amended, which relates to fiscal provisions with
6 respect to development loans, is amended to read as follows:
7 “‘SEC. 203. All receipts from loans made under and in
8 accordance with this title shall be available for use for the
9 purposes of this title, subject only to the annual appropria-
10 tion thereof. Receipts so appropriated and other funds made
11 available under this title for use for the purposes of this
12 title shall remain available until expended.’”

AMENDMENTS

Intended to be proposed by Mr. DOMINICK to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. YOUNG of Ohio to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 41, between lines 8 and 9, insert the following:

1 (d) Add the following new section:

2 "SEC. 512. PROHIBITION AGAINST MILITARY ASSIST-
3 ANCE TO SPAIN.—No military assistance shall be furnished
4 under this Act to the Government of Spain. No other pro-
5 vision of this Act shall be construed to authorize the Presi-
6 dent to waive the provisions of this section. The provisions
7 of this section shall not be construed to prohibit sales to
8 the Government of Spain of defense articles or services under
9 section 507."

Amdt. No. 293

Amdt. No. 293

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Young of Ohio to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 1 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. LAUSCHE (for himself and Mr. DOMINICK) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 52, beginning with line 15, strike out through
- 2 line 5 on page 53.
- 3 On page 53, line 6, strike out "SEC. 403" and insert in
- 4 lieu thereof "SEC. 402".

Amdt. No. 294

88TH CONGRESS
1ST SESSION**H. R. 7885**

AMENDMENTS

Intended to be proposed by Mr. LAUSCHÉ (for himself and Mr. DOMINICK) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the amendments proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 1, lines 7 to 9 of the amendments, strike out
2 “\$975,000,000 for the fiscal year 1964, and \$1,500,000,000
3 for each of the next two succeeding fiscal years,” and insert
4 in lieu thereof “and \$900,000,000 for the fiscal year 1964.”

5 On page 2 of the amendments, strike out lines 10 and
6 11 and insert in lieu thereof the following:

7 “On page 40, line 10, strike out ‘\$175,000,000’ and
8 insert in lieu thereof ‘\$150,000,000’.”

AMENDMENTS

Intended to be proposed by Mr. MORSE to the amendments proposed by Mr. MANSFIELD (for himself, Mr. DIRksen, Mr. FULLBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. Aiken) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 51, between lines 13 and 14, insert the following:

1 “(f) No assistance shall be furnished under this Act for
2 the construction or operation of any productive enterprise in
3 any country unless the President determines that similar pro-
4 ductive enterprises within the United States are operating at
5 a substantial portion of their capacity and that such assist-
6 ance will not result in depriving such United States enter-
7 prises of their reasonable share of world markets. The Presi-
8 dent shall keep the Foreign Relations Committee and the Ap-
9 propriations Committee of the Senate and the Speaker of the
10 House of Representatives fully and currently informed of as-

- 1 sistance furnished under this Act for the construction or
2 operation of productive enterprises in all countries, including
3 specifically the numbers of such enterprises, the types of such
4 enterprises, and the locations of such enterprises.”

Amdt. No. 296

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. GRUENING to
the bill (H.R. 7885) to amend further the
Foreign Assistance Act of 1961, as amended,
and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 51, between lines 13 and 14, insert the following:

1 “(k) No assistance shall be furnished under section 201,
2 211, or 251 of this Act to the government of any country
3 which does not agree to permit such reviews, inspections,
4 and audits by the United States as the President may require
5 for the purpose of ascertaining whether such assistance is
6 being administered within the recipient country to carry
7 out the purposes for which it was furnished.”

Amdt. No. 297

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. GRUENING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the amendments proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 1, line 7, of the amendments, strike out
- 2 "\$975,000,000" and insert in lieu thereof "\$900,000,000".

Amdt. No. 298

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the amendments proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULLBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the amendments proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 2 of the amendments, strike out lines 10 and 11 and insert in lieu thereof the following:

- 1 On page 40, line 10, strike out "\$175,000,000" and in-
- 2 sert in lieu thereof "\$100,000,000".

Amdt. No. 299

Amdt. No. 299

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the amendments proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULLBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. ARKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 41, before the period in line 2 insert a comma
- 2 and the following: "and strike out '\$300,000,000' in the
- 3 second sentence and substitute '\$150,000,000'".

Amdt. No. 300

Amdt. No. 300

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No.566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HUMPHREY (for himself and Mr. McGOVERN) to Amendment No. 280 proposed by Mr. MANSFIELD (for himself and others) to H.R. 7885, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 2, strike out lines 1 through 11.

Amdt. No. 301

Amdt. No. 301

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. HUMPHREY
(for himself and Mr. McGovern) to
Amendment No. 280 proposed by Mr. MANS-
FIELD (for himself and others) to H.R. 7885,
an Act to amend further the Foreign Assist-
ance Act of 1961, as amended, and for other
purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the amendment (No. 280) proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 2 of the amendments, strike out lines 10 and 11 and insert in lieu thereof the following:

- 1 On page 40, line 10, strike out "\$175,000,000" and
- 2 insert in lieu thereof "\$150,000,000".

Amdt. No. 302

AMENDMENT

Intended to be proposed by Mr. MORSE to the amendments (No. 280) proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the amendments (No. 280) proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 1, lines 7 to 9 of the amendments, strike out
- 2 "\$975,000,000 for the fiscal year 1964, and \$1,500,000,000
- 3 for each of the next two succeeding fiscal years," and in-
- 4 sert in lieu thereof "and \$900,000,000 for the fiscal year
- 5 1964,".

Amdt. No. 303

AMENDMENT

Intended to be proposed by Mr. Morse to the amendments (No. 280) proposed by Mr. Mansfield (for himself, Mr. Dirksen, Mr. Fulbright, Mr. Hickenlooper, Mr. Sparkman, and Mr. Aiken) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the amendments proposed by Mr. MANSFIELD (No. 280) (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 1, lines 7 to 9 of the amendments, strike out
2 “\$975,000,000 for the fiscal year 1964, and \$1,500,000,000
3 for each of the next two succeeding fiscal years,” and insert
4 in lieu thereof “and \$900,000,000 for the fiscal year 1964.”

5 On page 2 of the amendments, strike out lines 10 and 11
6 and insert in lieu thereof the following:

7 “On page 40, line 10, strike out ‘\$175,000,000’ and
8 insert in lieu thereof ‘\$150,000,000’.”

Amdt. No. 304

Amdt. No. 304

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. MORSE to the amendments proposed by Mr. MANSFIELD (No. 280) (for himself, Mr. DIRSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H. R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 4 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. SIMPSON to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 43, between lines 11 and 12 insert the following:

1 (d) Section 614, which relates to special authorities, is
2 amended by adding at the end thereof the following new
3 subsection:

4 “(d) The President shall use at least \$5,000,000 of the
5 funds made available under this Act to furnish to any pro-
6 visional government of Cuba which he determines (through
7 the holding of a referendum or otherwise) to be representa-
8 tive of a majority of the members of the major Cuban exile
9 groups such assistance under this Act or otherwise, includ-
10 ing assistance in the establishment and organization of such
11 government, which he deems to be appropriate and in the best

1 interests of the United States. The President is authorized to
 2 extend to such government all of the legal and diplomatic
 3 courtesies and privileges of a de jure government.”

Amdt. No. 305

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. SIMPSON to
 the bill (H.R. 7885) to amend further the
 Foreign Assistance Act of 1961, as amended,
 and for other purposes.

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 47, delete lines 15 to 21, inclusive, and insert the following:

1 “(i) No assistance shall be furnished under this Act
2 to any economically developed nation, except to fulfill firm
3 commitments made prior to July 1, 1963. The President
4 is directed to make no further commitments for assistance to
5 such economically developed nations and is directed to termi-
6 nate such commitments made prior to July 1, 1963, at the
7 earliest practicable time. The President is further directed
8 to report, not later than July 1, 1965, to the Speaker of the
9 House and to the Senate Foreign Relations Committee on
10 the steps which he has taken to comply with this provision.
11 “As used in this subsection, the term ‘economically

1 developed nation' means any nation listed as an exception
 2 to the definition of 'economically less developed nation' con-
 3 tained in United Nations General Assembly Resolution
 4 1875 (S. IV) and, in addition, the German Federal Republic
 5 and Switzerland.

Amdt. No. 306

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. Morse to
 the bill (H.R. 7885) to amend further the
 Foreign Assistance Act of 1961, as amended,
 and for other purposes.

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 39, strike out lines 8 to 17, inclusive.

Amdt. No. 307

Amdt. No. 307

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. SIMPSON to the bill (H.R. 7885)
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

- 1 On page 48, between lines 7 and 8, insert the following:
- 2 “(a) Amend section 621, which relates to exercise of
- 3 functions, by striking out the last sentence thereof and sub-
- 4 stituting the following: ‘In providing technical assistance
- 5 under this Act, the head of any such agency or such officer
- 6 shall utilize, to the fullest extent practicable, goods and
- 7 professional and other services from private enterprise on a
- 8 contract basis. In such fields as education, health, housing,
- 9 or agriculture, the facilities and resources of other Federal
- 10 agencies shall be utilized when such facilities are particularly
- 11 or uniquely suitable for technical assistance, are not compet-

1 itive with private enterprise, and can be made available
 2 without interfering unduly with domestic programs.' ”

3 On page 48, lines 8 and 22; page 49, line 5; page 50,
 4 line 1; and page 51, line 10, redesignate subsections (a) to
 5 (e) as (b) to (f), respectively.

Amdt. No. 308

Calendar No. 566

**88TH CONGRESS
1ST Session**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. Simpson to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 5 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 6 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the amendments proposed by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. FULBRIGHT, Mr. HICKENLOOPER, Mr. SPARKMAN, and Mr. AIKEN) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 2 of the amendments, line 7, strike out “\$525,-
2 000,000” and insert in lieu thereof “\$610,000,000”.

3 On page 2 of the amendments, between lines 13 and 14,
4 insert the following:

5 On page 41, line 5, in lieu of “\$50,000,000” insert
6 “\$40,000,000”.

Amdt. No. 310

AMENDMENTS

Intended to be proposed by Mr. Morse to the amendments proposed by Mr. Mansfield (for himself, Mr. Dirksen, Mr. Fulbright, Mr. Hickenlooper, Mr. Sparkman, and Mr. Aiken) to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 6 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No.566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 7 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING and Mr. BARTLETT to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 54, after line 4, add the following new section:

1 SEC. 404. The Act of August 27, 1954 (68 Stat. 883),
2 relating to the protection of vessels on the high seas and
3 in territorial waters is amended by:

4 (1) adding at the end of section 3 thereof the
5 following new paragraph:

6 "The owners of any fishing equipment damaged or
7 destroyed by foreign vessels fishing over the Continental
8 Shelf off the shores of the United States and its territories
9 shall be reimbursed by the Secretary of the Treasury in

1 the amount certified by the Secretary of State as being the
2 amount of the damage actually suffered.”

3 (2) inserting before the period at the end of para-
4 graph 5 the following: “or the damage to fishing
5 equipment”.

Amdt. No. 312

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. GRUENING and
Mr. BARTLETT to the bill (H.R. 7885) to
amend further the Foreign Assistance Act
of 1961, as amended, and for other purposes.

NOVEMBER 7 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 7 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DOMINICK to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 38, line 17, after the word "provisions," add
2 the following: "(1) All receipts in United States dollars or
3 from loans made under this title and from loans made for
4 the benefit of countries and areas of Latin America under
5 title I of chapter 2 of part I of this Act, notwithstanding
6 section 203, shall be available for use for loans payable as
7 to principal and interest in United States dollars in further-
8 ance of the purposes of this title, subject only to the annual
9 appropriation thereof."

10 On page 38, line 18, before the word "by" insert "(2)".

Amdt. No. 314

Amdt. No. 314

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. DOMINICK to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 7 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 8 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MUNDT to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 54, after line 4, insert the following:

- 1 SEC. 404. Neither the Export-Import Bank nor any
- 2 other agency of the Government shall guarantee the payment
- 3 of any obligation heretofore or hereafter incurred by any
- 4 Communist country (as defined in section 620 (f) of the
- 5 Foreign Assistance Act of 1961) or any agency or national
- 6 thereof, or in any other way participate in the extension of
- 7 credit to any such country, agency, or national, in connection
- 8 with the purchase of grain or any product thereof by such
- 9 country, agency, or national.

Amdt. No. 315

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Intended to be proposed by Mr. MURDER to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 8 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 12 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 33, line 2, in lieu of "\$225,000,000" insert
2 "\$220,000,000".

3 On page 40, line 5, in lieu of "\$400,000,000" insert
4 "\$350,000,000".

Amdt. No. 316

Amdt. No. 316

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. Morse to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 12 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 12 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENT

Proposed by Mr. GRUENING to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 50 delete beginning line 1 through 17 and insert in lieu thereof the following:

- 1 “(d) Section 201 (d) of the Foreign Assistance Act of
- 2 1961, as amended, which relates to interest rates on develop-
- 3 ment loans, is amended by inserting immediately after ‘in
- 4 no event’ the following: ‘less than 2 per centum per annum
- 5 nor’.”

Amdt. No. 317

Amdt. No. 317

Calendar No. 566

**88TH CONGRESS
1ST SESSION**

H. R. 7885

AMENDMENT

Proposed by Mr. Gruening to the bill
(H.R. 7885) to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

NOVEMBER 12 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

IN THE SENATE OF THE UNITED STATES

NOVEMBER 14 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. LAUSCHE to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 52, line 21, after the word "extend" insert
2 the words "for a period of two years".

3 On page 52, lines 23 and 24, strike out "a country or
4 area within the purview of subsection (a)," and insert in
5 lieu thereof "Yugoslavia".

6 On page 52, line 24, after "he" insert "(1)".

7 On page 53, line 3, strike out "or area".

8 On page 53, before the period in line 5 insert a comma
9 and the following: "and (2) receives satisfactory assurances
10 that all unsettled claims of United States nationals arising
11 out of the nationalization by the Government of Yugoslavia

- 1 of property or rights of such persons will be settled by such
- 2 Government within a reasonable time”.

Amdt. No. 320

Calendar No. 566

88TH CONGRESS
1ST SESSION

H. R. 7885

AMENDMENTS

Intended to be proposed by Mr. LAUSCHÉ to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

NOVEMBER 14 (legislative day, OCTOBER 22), 1963

Ordered to lie on the table and to be printed

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